

**EFFECT OF REVENUE COLLECTION METHODS ON FINANCIAL
PERFORMANCE OF SAMBURU COUNTY GOVERNMENT, KENYA**

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Requirements for the Conferment of the Degree of Masters of Business
Administration of Laikipia University**

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DECLARATION AND RECOMMENDATION

Declaration

I hereby declare that this research project is my original work and that it has not been submitted for the award of a degree or diploma at this or any other university.

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DEDICATION

This research task is dedicated to my children and wife for consistently believing in me. Finally, I sincerely thank my mother, siblings, niece and friends. This project would not have been possible without all of them. God's blessings be upon you.

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ABSTRACT

Kenya's county governments have faced the challenge of insufficient funding and revenue collection since the inception of devolved governments. This is primarily due to revenue collectors not directing all money collected to the County Treasury and cases of stakeholders working together with revenue collectors to avoid paying taxes. County governments should use effective revenue collection methods such as direct bank cash deposits, agency banking, and mobile banking money transfers to avoid loss of revenue. Finally, the goal of this research was to investigate how various revenue collection tactics affected Samburu County Government-Kenya's financial performance. The specific goal was to survey the impact of direct deposit revenue collection on the Samburu County Government-Kenya's financial performance; investigate the impact of mobile money revenue collection on the Samburu County Government-Kenya's financial performance; and assess the impact of banking agency revenue collection on the Samburu County Government-Kenya's financial performance. The agency theory, institutional theory, and the innovation adoption model were all used in this research. This study followed a descriptive research strategy. The population of the study comprised 374 individuals who collect funds for the government in three areas: West Samburu, East Samburu, and North Samburu. The test estimate was based on 30% of the entire population which was 112 participants. Respondents were asked to fill questionnaires. A pilot test was carried out in the Marsabit to ensure that the research instrument was dependable and trustworthy. SPSS 25 was used to analyze the data. Graphical experiences and inferential insights were used in information analysis. The study established that direct bank deposits significantly affected financial performance, accounting for 52.65% of variability. The analysis also revealed that agency banking accounts for 87.05% of financial performance variability, with a z-value of -23.52, indicating a profound impact on financial performance. Finally, the study found a significant correlation between mobile banking money transfer and financial performance in Samburu County, accounting for 54.97% of variation in financial performance. On the multivariate analysis, the Samburu County Government's financial performance was significantly influenced by direct bank deposit, agency banking, and mobile banking money transfer, with a significant correlation (R-square value of 0.8125). A strong relationship between these activities and the government's financial performance was established with agency banking showing the highest positive coefficient and mobile banking money transfer showing a weaker negative relationship. Analyzing these coefficients can help inform decision-making and strategic planning to enhance financial outcomes in County Governments of Kenya.

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ACRONYMS AND ABBREVIATIONS

CRM	Customer Relationship Management
GIS	Geographic Information System
GRA	Ghana Revenue Authority
ICT	Information Communication Technology
KRA	Kenya Revenue Authority
LGA	Local Government Authority
LGRCIS	Local Government Revenue Collection Information System
LGAOSR	Local Government Authority Open Source Revenue
OSR	Open Source Revenue

OPERATIONAL DEFINITION OF TERMS

Agency banking:	When the County Government offers the tax payers a service that is provided and managed by authorized bank as the “agent” of that service.
Asset growth:	The value of total investments as recorded in the County Government financial accounts
Direct bank deposit:	A deposit of money (revenue) by a tax payer directly into the bank accounts of the county government. The tax payer is issued with a bank slip which he/she takes later to the revenue department office as a proof of payment.
Financial performance:	A monetary indicator of the County Government's overall fiscal position during a certain time period, as evaluated by resource development and income development.
Mobile banking money transfer	A technology that allows the tax payer in the county to transfer funds (in this case the revenue) between the taxpayer bank accounts to the county government bank account by using a mobile phone.
Revenue growth:	Is the sum of cash collected by the County Government in a given time period compared to the same time period the past year.

CHAPTER ONE: INTRODUCTION

1.1 Background of the Study

The revenue collection practices in Kenyan Counties have been a matter of intense scrutiny in recent years due to concerns about the methods used. It is crucial to note that revenue collection plays a pivotal role in the financial stability and development of county governments, particularly in ensuring the delivery of essential services to the residents they serve. In Kenya, counties employ a range of revenue collection methods, which include automated payment systems, in-person collection facilities, automatic billing procedures, and mobile money platforms. These diverse practices have a significant impact on the financial performance of county governments across Kenya, influencing their ability to sustain operations and fund key services for their constituents. As highlighted by Laban and Muthinja (2023), the effectiveness of these revenue collection strategies directly correlates with the overall fiscal health and operational efficiency of county entities, underscoring the need for continuous evaluation and optimization of these processes to support sustainable development and service provision at the local level. In the light of this, on-going discussions and analyses are imperative to identify best practices and address any challenges or inefficiencies that may hinder the optimal utilization of revenue resources for the benefit of all Kenyan counties and their respective populations.

In China, it has been recognized that implementing short-term strategies plays a crucial role in focusing on key aspects such as enhancing capital taxation, undoing previous untargeted pandemic relief efforts, and capitalizing on the ongoing global tax reform initiatives. Looking ahead, it is anticipated that China will progress towards significant tax reforms that will significantly impact its financial landscape. This comprehensive set of reforms is projected to enhance the tax-to-GDP ratio by approximately 5 to 6 percentage points over the ensuing five years, with a substantial portion of this increase benefiting financially strained local governments. Furthermore, these reform initiatives are poised to not only boost economic efficiency but also address issues of inequality while reinforcing the tax system's ability to effectively stabilize economic cycles. Moreover, the reforms are expected to bolster private consumption, leading to a cascade of positive effects on various sectors

including health and climate outcomes, showcasing the broader positive implications and ripple effects originating from these strategic tax reform movements as outlined by the IMF ASIA and Pacific Department in 2024.

Hamad and Mohammed (2023) reported that in Zanzibar, there are challenges facing local government authority in enhancing revenue collection. They established that there were challenges facing enhancement of revenue collection in Zanzibar which were shifting some sources of revenue from local authority to national government. This was because employees work under pressure at the local government authority in addition to issues related to tax exemption. According to the Zanzibar Municipal Council Act 1995, the Local authorities have been given mandates to collect revenues from the identified sources. Despite the authority to collect their own revenue, the local government authority further hampered by the weak capacity of those managing the revenue collection process, and the municipal administrations, have poor technical and professional skills in management of revenue collection. Studies have recommended local government authorities to dialogue with national government to allow shifted sources of revenue to national government and be returned to the mandate of the local authorities. It was concluded that the workload of the employees at the local authority should be revised to make sure that employees do not work under pressure and the local authority needs legislate on the categories of tax exemption to avoid too much tax exemption categories.

Modernization of the income collection system entails using recent pushes to enhance the wage collection system, as well as achieving information integration and sharing inside the framework's ampleness and capability (Litvack, 2016). William and Edge (1996) define modern income-collecting techniques as the progression of development through strides made in system program and hardware issues to lessen the hazards of income decay while increasing the amount of pay collected. This thought accepted the system of advanced inventive gadgets linked to supplant manual wage-gathering procedures. Aside from being quick, practical, and effective income collection techniques, they also provide additional benefits to the distinct organization.

Governments employ various strategies to generate funds for their operations. One common approach involves leveraging direct bank cash deposits as a means of revenue collection. With this method, taxpayers seamlessly transfer money directly into the designated bank account of the county government. To acknowledge the transaction, taxpayers are issued a bank slip as confirmation, which they are required to present at the revenue department office. Alongside this traditional banking method, governments may also opt for agency banking, which involves the utilization of agents for income collection. Through this system, taxpayers benefit from convenient access to government services via authorized agents appointed by the county government, thereby enhancing operational efficiency and reaching a broader segment of the population. This collaborative approach not only facilitates revenue collection but also fosters stronger community engagement and fosters a sense of inclusivity within the taxation system, as highlighted in the insights shared by Mabwai (2017).

In Kenya, several counties like Nairobi City, Nakuru City, Nyeri, Mombasa, and Kisumu have successfully adopted innovative revenue collection management systems. For instance, in Nyeri, the introduction of the Nyeri Pay system has revolutionized the way residents make payments for county services, allowing transactions through mobile phones or pre-loaded electronic cards. Similarly, in Nairobi, the implementation of a new revenue collection platform followed the termination of the county's partnership with JamboPay, operated by Webtribe Limited. This transition has provided county residents, businesses, and organizations with a streamlined and efficient means to settle their taxes within a self-contained and regulated framework, as highlighted by the County Government of Nairobi in their 2019 report. The adoption of these modern revenue collection mechanisms signifies a progressive move towards enhancing financial transparency, accountability, and convenience for stakeholders across various Kenyan counties. It showcases a commitment to leveraging technological advancements to promote better service delivery and overall governance in the region. Such initiatives not only facilitate smoother tax compliance but also contribute to fostering trust and credibility in the public sector through the adoption of secure and user-friendly payment solutions tailored to meet the evolving needs of the community.

The data from 2015 to 2021 reveals that Samburu County Government consistently fell short of its revenue collection potential, recording figures well below the estimated capacity each year. To provide a breakdown, the County only managed to collect 46%, 47%, 54%, 92%, 95%, 80%, and 87% of its yearly projections respectively during this period. This pattern continued as the total revenue collected from 2015 to 2021 amounted to approximately Kshs. 1.3 billion, reflecting only 71% of the total forecast. It is essential to note that despite these figures, the county's overall revenue collection projection still remained below its full capacity, as indicated in the summary of revenue collection per stream for the period spanning 2015 to 2021. In analyzing these statistics, it becomes evident that there is considerable untapped potential within Samburu County's revenue collection mechanisms. The consistent shortfall in revenue collection compared to projections highlights a significant gap that the county administration needs to address in order to effectively maximize its financial resources and meet the needs of its constituents. Moving forward, a thorough review and potential revision of existing revenue collection strategies may be necessary to bridge this gap and enhance the financial sustainability and growth of the county.

The poor revenue collection is largely attributed to the inadequacy and inefficiency of the methods employed to collect revenue. The lack of effectiveness in revenue collection mechanisms has resulted in a sub-optimal revenue outcome, exacerbating the financial challenges faced by the organization. The failure to implement efficient revenue collection strategies has hindered the organization's ability to maximize its revenue potential and meet its financial obligations. Consequently, addressing the shortcomings in revenue collection methods is crucial in enhancing revenue performance and ensuring the financial stability and sustainability of the organization. The organization must rectify its ineffective revenue collection processes and streamline its operations to optimize revenue generation and improve overall financial health. In doing so, the County Government will enhance its capabilities to meet financial targets, invest in growth opportunities, and fulfill its operational requirements effectively. Moreover, by adopting more efficient revenue collection practices, the organization can bolster its financial resilience and better position itself for long-term success and growth. Ultimately, by improving its revenue collection

methods, the organization can overcome its revenue challenges and establish a solid foundation for sustained financial prosperity (CoG, 2023).

1.2 Statement of the Problem

In order for a county government to be considered as functioning effectively, it is crucial that it displays consistent growth in revenue collection over a sustained period. However, the county administrations in Kenya have faced numerous challenges ever since the establishment of devolved governments. One of the most glaring issues they encounter is the significant shortfall in revenue generation, making it difficult for them to cover their financial commitments adequately. This inadequacy in funding often leads to disruptions such as strikes by employees and delays in project completions, posing further obstacles to the smooth operation of these county entities. Moreover, a persistent challenge faced by county governments lies in the negligence of some revenue collectors who fail to deposit the entirety of the collections into the County Treasury, exacerbating the financial strains on the system. Additionally, collusion between certain traders or businesses with these revenue collectors has resulted in tax evasion, further impeding the revenue flow into the county coffers. To address these issues effectively, it is imperative for county governments to bolster their revenue collection strategies through the adoption of efficient methods such as direct bank cash deposits, agency banking services, and utilizing mobile banking platforms for seamless money transfers. By implementing these measures, county governments can enhance their capacity to meet their financial obligations and ensure the smooth and sustainable functioning of their operations.

The Department of Finance and Economic Planning for the year 2017 reported that the total local revenue collection as of the end of June 2016 fell short by approximately Ksh 183 million in comparison to the estimated target of around Ksh 341 million. Across various revenue categories, the actual figures were consistently below the set targets for that period. In parallel, by the conclusion of June 2017, the total expenditure had reached approximately Ksh 4 billion. This points to a notable reliance on financial support from the national government by the Samburu County Government, as it has not managed to achieve its revenue collection goal. Despite the diligent implementation of modern and efficient revenue collection techniques, the overall revenue collection within the county remains notably insufficient, indicating a

need for further strategic planning and enhancements in financial management practices to bridge this gap. In this context, the goal of this investigation was to evaluate the impact of income collecting procedures on the financial performance of the Samburu County government.

1.3 General Objective

The study investigated the effect of revenue collection methods on financial performance of Samburu County Government, Kenya.

1.3.1 Specific Objectives

- i. To examine the effect of revenue collection through direct bank deposit on the financial performance of Samburu County government, Kenya.
- ii. To evaluate the effect of revenue collection through agency banking on the financial performance of Samburu County government, Kenya.
- iii. To assess the effect of revenue collection through mobile banking money transfer on the financial performance of Samburu county government, Kenya.

1.4 Research Hypotheses

H₀₁: Direct bank deposit revenue collection method has no statistically significant effect on the financial performance of Samburu County government.

H₀₂: Agency banking revenue collection method has no statistically significant effect on the financial performance of Samburu County government.

H₀₃: Mobile banking money transfer revenue collection method has no statistically significant effect on the financial performance of Samburu County government.

1.5 Significance of the Study

The assessment determined that we require additional assistance from the County government and private education on income collection difficulties, as well as a change in how the government distributes funds to satisfy citizens' needs. The investigation's findings add to what we know about effective methods of collecting money, which can assist in improving how income is collected. The study's findings pave the way for future research into innovative ways to generate cash. This could make income gathering more efficient and valuable for analysts.

The study's findings can help the national government better understand the role of county governments in developing appropriate pay-collecting tactics to extend the

wage period while meeting budget requirements. The County Governments in Kenya and their agencies can benefit from receiving data and research findings that can assist them in developing plans to strengthen their empty reserves. They can collect more money by utilizing new and convincing methods of collecting cash.

Samburu County Government will benefit from acquiring more information on the most effective revenue collection methods that will improve revenue collection by the government, thereby achieving county goals and propelling financial advancement through effective revenue collection performance in its development plans.

1.6 Scope of the Study

This inquiry looked into how well the Samburu County government managed its money and collected its earnings. The person in charge of the money, officers who collect money for the sub-county, the director in control of county money, and the person who audits the county's accounts are all examples of officers in charge of the money, and Samburu County government revenue collection staff from the Samburu West, Samburu East, and Samburu North sub-counties. The variables of focus were: direct bank cash deposit, agency banking and mobile banking money transfer; and how they affect Samburu County's financial performance. Among the financial performance indicators considered in this study were asset growth and revenue growth. The study lasted two months and was conducted in Samburu County.

1.7 Limitations of the Study

In considering the statistically significant relationship that direct bank deposit, agency banking, and mobile banking money transfer have with the financial performance of Samburu County Government, it is important to acknowledge the potential limitations of this primary research study.

One limitation was the scope of data collection, as the study only focused on a specific time period and without specific financial performance indicators, which could impact the generalizability of the findings. Furthermore, external factors or variables not accounted for in the study, such as economic conditions or political changes, could introduce limitations in interpreting the direct impact of banking services on the financial performance of the county government. Overall, while the findings point to a significant relationship between banking services and financial

performance, it is important to recognize and address these limitations to ensure a comprehensive and accurate understanding of the research outcomes.

CHAPTER TWO: LITERATURE REVIEW

2.1 Introduction

This chapter discusses the theories that will guide the study and how they will aid in the interpretation of the data. It further reviews literature related to the study as guided by the study objectives which are on bank deposits and money management, agency banking and financial performance and use of mobile banking to transfer money. The research gaps are identified as the basis for the study. A conceptual model of the study is also presented.

2.2 Theoretical Framework

Agency theory, Institutional hypothesis, and innovation acknowledgment theory were the hypotheses pertinent to this study and linked to study variables.

2.2.1 Agency Theory

The agency aided in the formation of two groups: the central individual and someone who assisted them by collecting funds. When a boss hires someone to undertake a job for them, they develop a working partnership in which the Principals typically assign critical tasks to agents. Agency issues can emerge due to shortcomings and deficient data, (Jensen & Meckling 1976). In accounting, two significant agency connections are those among partners and directors, and investors and loan bosses.

Agency theory was proposed and begun by Berlie and Means (1932). The theory provides a valuable framework for examining how the choice of revenue collection methods impacts the financial performance of the Samburu County Government in Kenya. By applying the principles of agency theory, this study investigated the intricate dynamics between the County Government as the principal and its revenue collection methods as the agents, shedding light on how various methods may influence financial outcomes. For the Samburu County Government, understanding these relationships was crucial for optimizing financial performance and ensuring efficient resource allocation. Through a comprehensive analysis rooted in agency theory, this study attempted to uncover insights into the effectiveness of different revenue collection strategies and their implications for the County government's financial stability and service delivery. This approach allowed for a distinctive

exploration of the challenges and opportunities inherent in revenue management within the specific context of the Samburu County Government, offering valuable lessons for improving financial practices and governance. Ultimately, leveraging agency theory to study the effect of revenue collection methods on financial performance in this setting holds significant potential for enhancing accountability, transparency, and overall fiscal sustainability within the government.

2.2.2 Institutional Theory

The study of creating literature on institutional social science has produced in a substantial corpus of thought on institutional hypothesis (DiMaggio and Powell, 1983). Researchers distinguish two types of affiliations: specialized and institutional. This theory addressed the more profound and powerful aspects of social design. It looks at how structures like plans, rules, standards, and programmes come to be accepted as legitimate rules of social behaviour. It looks at how these structures are created, spread, accepted, and aligned with reality, as well as how they are diminished and ignored.

Hinings and Kondra (1998) used institutional theory to assess the rules and requirements that districts follow in revenue collection. In this study they were used to better understand the revenue collection management process. The central idea of institutional theory is that organisational processes and structures tend to acquire meaning and stability in and of themselves, rather than their effectiveness and efficiency in delivering the expected outcomes, such as the organization's goals and mission. Institutional theory can be effectively utilized as a framework for exploring and analyzing the impact of various revenue collection methods on the financial performance of the Samburu County Government in Kenya. By drawing on the principles of Institutional theory, this study investigated into how the established norms, beliefs, and practices within the county administration influenced the way revenue was collected and managed, consequently affecting its overall financial health and performance metrics. This approach allowed for a comprehensive examination of not just the technical aspects of revenue generation, but also the underlying institutional structures and processes that shape the financial landscape of Samburu County. Through the application of Institutional theory in this context, a proper understanding of the intricate interplay between the county's institutional

framework and its financial outcomes could be investigated, shedding light on potential areas for improvement and strategic interventions to enhance financial sustainability and efficiency. By framing the study within the realm of Institutional theory, the researcher explored the deeper socio-political dynamics at play in revenue collection practices, providing valuable insights that can inform policy decisions and managerial strategies within the Samburu County Government.

2.2.3 Technology Acceptance Model

The concept was proposed by Davis (1989), and it centres on how customers behave when they utilize a specific technology. It is expected to give concerning comfort ease of use as a reasonable assessment of the frameworks utility. Previous researchers investigated the fundamental components of Technology Acceptance Model (TAM) genuineness in anticipating people's decisions and discovered that TAM does not address the self-evident impact of growth or the consolation components that influence customer acknowledgments in organizations (Moon & Kim, 2001).

Pikkarainen et al., (2004) did a study in Finland to determine how much people valued something, and their findings led to people using friendly and free innovations in banks in the twenty-first century. Gerrard and Cunningham (2003) discovered that their clients appreciated the services they provided. These administrations range from service bills to financial record balances, loan applications, international cash transfers, and obtaining appropriate mutual fund. This hypothesis was relevant to this study because it explained how counties work and progress in managing cash receipts and payments in the County government's budgetary execution.

The Technology Acceptance Model (TAM) was effectively utilized as a framework for analyzing the impact of different revenue collection methods on the financial performance of the Samburu County Government in Kenya. By employing TAM, this study delved into how the government's adoption and acceptance of technology related to revenue collection influenced its financial outcomes. Understanding the level of acceptance and usage of technology within the revenue collection processes can shed light on the efficiency and efficacy of financial operations in Samburu County. Through TAM, variables such as perceived usefulness and ease of use of technology can be examined in relation to the financial performance indicators of the

county government. This comprehensive analysis provided insights into the extent to which technological advancements in revenue collection methods contribute to improving the financial health of the government, ultimately supporting decision-making processes aimed at enhancing fiscal sustainability and overall performance. By applying TAM in this context, a comprehensive understanding of the interplay between technology adoption, revenue collection approaches, and financial outcomes could be examined, offering valuable implications for policymakers, practitioners, and stakeholders involved in governance and financial management within Samburu County, Kenya.

2.3 Empirical Literature Review

The study examined previous researches on the impact of independent variable constructions, such as direct bank deposit income collecting tactics, the dependent variable for cash exchanges in office and mobile banking in financial performance.

2.3.1 Direct Bank Deposits Revenue Collection Method and Financial Performance

In Vietnam, Khan and Keuch (2018) examined the benefits of tax collection through bank accounts. The study's findings revealed that tax collection through bank accounts benefited taxpayers by simplifying administrative procedures, reducing time spent in customs procedures, particularly the clearing time for obtaining information to pay taxes, and assisting businesses in lowering expenses. Additionally, the citizens do not need to fill in data identified with state spending income code, code of gathering offices, bookkeeping depository income code. This sort of data would be dictated by offices and state the executives organizations which lessens blunders. When businesses pay tax at the bank, taxpayer data on the computerized customs portal is automatically updated, and all debts on accounting programs are automatically resolved, according to a spokesperson from the Dong Nai Customs Department. As a result, product clearance is quicker and more convenient. The study recommended that banks can upgrade the portal system, the utility to take care of customers better.

According to Gitaru (2017), when local governments collect a large amount of money, it promotes financial decentralisation. Electronic and mobile payments have made it simpler to collect money and pay bills. The study employed an expressive

research technique and focused on 18 Nairobi County Government divisions that existed between 2013 and 2015. Additional data was gathered from a variety of sources and analysed using direct and inferential techniques.

The amount of cash collected in Nairobi City County increased dramatically as more people began to use electronic payment gadgets. The analysis revealed that the use of modern technology is critical and flexible settlement procedures had a considerable overall impact on Nairobi City County's collection of benefits. As a result, the idea of the Nairobi City County Territory Government mastering computerized installations across all divisions and wards was supported. Furthermore, the city government had to understand more about electronic payments.

Nsemerirwe (2016) surveyed the impact of paying expenses through bank on revenue collection performance in neighborhood governments in Uganda with specific accentuation on Kampala City Council. The study was triggered by the steady income shortages that have made it hard for the neighborhood governments and Kampala City Council specifically to completely execute their spending plans. 30 respondents were purposively sampled from Kampala City Council authorities and St Balikudembe Market merchants. Primary data was also supplemented by secondary data from reports, Journals and dissertations. The findings of the study uncovered that revenue payers do not comprehend the methodology of depositing cash and presenting the slip to the revenue office.

Wanjohi and Mugambi (2016) investigated the factors that influence how county governments in Meru County, Kenya collect revenue. The information for the study was gathered using a combination of questionnaires and interviews. The responses were obtained from Meru County's Treasury office. The findings indicated that it is critical for users to have access to several bank accounts to pay for products. Owino and Ntara (2017) investigated how preparing ready to collect money influences how successfully the government can carry out its goals. The study sought to determine how much impact bank branches have on how well a firm operates. Top, middle, and lower-level managers were among those who responded. The researchers selected 111 persons for the study using a specified approach. According to the study, depositing county fees in the county bank account helps Nairobi County run more efficiently. The distinction between this study and the researcher's study was that this study

concentrated on Nairobi County whereas the researchers' study concentrated on Samburu County.

Ngicuru and Muiro (2017) investigated the factors that affect tax collection in Nairobi County, Kenya. The purpose of the study was to determine how direct charge installments to county bank accounts affected revenue collections. A descriptive research design was used for the analysis. Direct deposits to banks, according to the report, increased county revenue collection. The county government should open bank accounts with small banks so that tax payers can pay their taxes in the bank of their choice.

The influence of direct bank deposits on tax collection by the Nakuru County Government in Kenya was researched by Owidhi et al., (2018). The researchers used a survey to investigate the Nakuru County areas known as Nakuru East, Nakuru West, Njoro, Moro, Kulsoi North and South, Rongai, Subukia, Bahati, Gilgil, and Naivasha. Others included Nakuru County government officials working in the revenue, finance, and accounting departments of the aforementioned sub-counties. The findings revealed that the direct bank deposit option for Nakuru County tax payers increased revenue collection efficiency.

Chumba and Kiptum (2015) evaluated the influence of direct bank deposits on Kenya Tax Authority (KRA) tax collection in the North Rift Region. The study concentrated on KRA representatives from three KRA stations in the north crack area of Kenya. The outcomes uncovered that there is impact of direct bank deposit on revenue collection at Kenya Revenue Authority. Direct bank deposit by revenue payers' saves money on time utilized in revenue collection.

An investigation by Jakaya and Mulwa (2017) inspected the job of data correspondence innovation in conveying effective revenue collection in developing nations. Improved data collecting, visual data presentation, complex reporting, and analysis indicators are all examples of how data correspondence innovation can be useful. The new revenue collection system aided local governments in collecting funds more quickly and making more informed judgements about how to manage county resources. The results support the point that data correspondence innovation

helps revenue office frameworks naturally update on store of money to the bank account.

Gitaru (2017) investigated the challenges of using a direct bank deposit strategy for collection revenue in county governments. The study's population consisted of citizens who used to pay their taxes through banks. The outcome of the study revealed that there were occurrences where income was kept to some unacceptable financial balances number. It was tracked down that the county government had distinctive ledger accounts for various kind of incomes and accordingly citizens at times used to pay their assessments in wrong records.

While this research focused on direct bank deposit revenue collecting tactics, they did not connect their findings to county government financial performance. For example, Owidhi, et al., (2018) investigated the effect of coordinated bank stores on income collection by the Nakuru County Government in Kenya; Chumba and Kiptum (2015) investigated the effect of direct bank stores on income collection by the Kenya Revenue Authority in the North Rift Region; and Nsemerirwe (2016) investigated the impact of direct bank deposits on revenue collection by the Kenya Income Authority in the North Rift Region.

Some researchers, such as Khan and Keuch (2018), focused solely on the benefits of collecting taxes through bank accounts. Gitaru (2017), on the other hand, investigated the problems of collecting money for the county administration through direct bank deposits. The study sought to ascertain how the use of direct bank deposits for money collection affects how successfully the county government handles its finances.

2.3.2 Agency Banking and Financial Performance

Maria and Saes (2018) investigated how the Brazilian government's investment in roads and transit affects private enterprises' interest in this infrastructure. This study employed two methods to analyze numbers: group analysis and data across time. According to the report, the Brazilian government's plan to invest money in the country's transport system was successful since it attracted private enterprises to do the same. This effect was visible even in projects about open enterprises.

Wasserman (2014) contributed to the research in this area with his study on agents, intermediaries, founder discounts, and executive compensation in new businesses.

People who take advantage of chances and just think about themselves, according to agency theory, may not have the same aims as the people for whom they work. According to agency theory, managers care more about the company's performance and are more motivated to do a good job than agency theory predicts. The research team considered how people's thoughts and the situations they find themselves in can affect how effectively each hypothesis works for compensating firm executives. To validate their hypotheses, they collected data from a select group of 1,238 CEOs from 528 private enterprises. The findings revealed a significant difference between founding and non-founding discounts, which decrease with firm growth and is influenced by equity ownership and external financing rounds.

Patel (2019) investigated the influence of core business practices on customer relationship management among Kenyan import/export agents. The study configuration utilized for this investigation was illustrative review. The survey included Customs agents in Kenya as well as the number of individuals who live there. They gathered data by having participants fill out surveys. According to the research, having good technology, being prepared, and using CRM will assist Kenya Customs workers in doing a better job. According to the findings, the traditions of the import/export officer's administration should begin an arrangement of giving community liberties to the preparation and development of customs agents, as a commitment of the CRM model all through the KRA for better customer relationship management.

Bana and Mohammed (2018) investigated the effect of tax collection on Mombasa County's development. The study aimed to determine how intermediate wage sharing affects improvement. According to the study, income collection through intermediaries has a normal impact on Mombasa County's development. This was because there was a surge in revenue gathered by agents in Mombasa County.

None of the research in the representation fundraising literature review directly addressed the relationship between proxy fundraising and provincial government performance. The majority of studies focused on agents in general, rather than revenue agents specifically. For example, Graddy and Bostic (2013) explored the role of private agents in affordable housing policies. Awotwi (2012) investigated the effects of outsourcing local administrative services to private contractors; Patel (2019)

investigated the effects of strategic customs corporate partnerships; and Wasserman (2014) investigated the effects of proxies, agents, founder discounts, and executive compensation in new businesses. These studies concentrated on housing, clearing and forwarding, and customs agents. Furthermore, these studies have little to do with county government performance. As a result, this study addressed that gap by recognizing the impact of income collection by agents on county government performance.

2.3.3 Mobile Banking Money Transfer and Financial Performance

Alshubiri et al. (2019) examined the impact of ICT on financial reporting in Qatar, Kuwait, Bahrain, Oman, Saudi Arabia, and the United Arab Emirates between 2000 and 2016. However, rather than focusing on the financial success of local governments, the study investigated the influence of ICT on business. While working at Kinondoni Metropolitan in Tanzania, Kessy (2020) explored e-payment and income collection. It was discovered that e-payment significantly increased money collection, income source monitoring, and budgetary detailing. The investigation was only focused on the impact of e-payment on income collection but not on performance.

Harelimana (2017) examined the impact of mobile banking on the financial performance of Rwandan commercial banks. In this study, both quantitative and qualitative research methods were used to investigate the linkages. All senior workers with mobile banking experience were given a questionnaire. The study investigated commercial banks' mobile banking solutions, including account transfers, bill payments, ordering chequebooks and bank statements, and mobile money. Over the last three years, these mobile banking products were shown to increase commercial banks' revenue.

Ngaruiya et al., (2016) investigated the impact of mobile cash exchanges on the financial performance of SMEs in Nakuru's central commerce sector. According to the study's findings, the introduction of portable money exchanges has provided SMEs with a variety of advantages. The quantity of cash transactions decreased when compared to the previous banking framework, which required a lot of transactions to be completed inside the bank. The consideration was expressive, with 120 firms

chosen from 640 following careful examination. Data was gathered through studies. Mobile cash exchanges, according to the data, had a major impact on sales revenues.

Asiimwe (2019) investigated the influence of mobile banking on Ugandan commercial banks' financial performance. The study's specific goal was to investigate the impact of support exchanges, bill installments, and account queries on the management of Equity Bank Hoima branches. While fund transfers improved financial performance, the fees associated with them were unfavourable, according to the study. Payment of bills has also been found to help financial organizations improve their financial performance. The findings also revealed that, while the study improved financial performance, it was excessively pricey.

Mohammed (2019) studied the impact of mobile banking on the budgetary execution of Kenyan commercial banks adopting a descriptive study method. Senior executives from 43 commercial banks licenced by Kenya's Central Bank comprised the study's target population. Three hundred thirty-five commercial bank employees were chosen at random using simple random sampling. To collect important data, structured questionnaires were issued immediately. Secondary data was sourced from various publications including those published by the Kenya Bankers Association, the Central Bank of Kenya, and the Communications Authority. The main objectives behind this data collection were to facilitate round-the-clock availability of mobile banking services, streamline and expedite money transactions, simplify the process of conducting financial exchanges through mobile banking platforms, remove geographical barriers that hinder financial transactions, particularly in remote areas, and ultimately enhance the overall efficiency and effectiveness of financial transactions. Expanding on these objectives, the aim was to ensure that individuals have uninterrupted access to banking services, regardless of the time of day. By enabling 24-hour availability, customers can conveniently manage their finances and engage in transactions whenever it suits them best, promoting convenience and flexibility in the banking sector. Other research found that poor network coverage in rural areas was a major impediment to faster mobile banking transactions. Backdoor attacks, spyware, malware, and unauthorized access were all major security concerns on mobile banking platforms.

Mabwai's 2017 study investigated the impact of mobile banking on the financial performance of Kenyan commercial banks. The researchers wanted to provide a clearer mechanism for collecting revenue. The analysis was entirely based on supplementary data obtained from commercial bank monetary explanations. Clear and relapse investigations were used to validate the facts. Based on the available data, various factors contribute to commercial banks' financial success. These considerations include mobile banking turnover, capital sufficiency, market share, and resource assessment. A closer look finds that these factors have a substantial impact on how county governments might use bank services to increase revenue collection.

Mugane (2020) investigated the impact of mobile account management on the financial operations of Kenyan commercial banks. The investigation plan for the consideration was clear, and quantitative inquiry methods were used. Because the study's target population was all 40 Kenyan commercial banks, the census request technique was used, with an additional 80 people drawn from each of the institutions. The necessary information for this study was gathered through the distribution of a survey to defeat administrators from all of these firms' offices. The data in this study was analysed using quantitative and subjective data, as well as substance examination. Qualitative data shaped references to comparable designs or subjects for more cohesive categorization by inspecting the substance of reactions and gathering them together. Based on the data analysis, it was discovered that there is a significant and positive association between commercial banks' effective management of financial resources and the use of short-message services for revenue collection. This association has been statistically validated and is discovered to be much higher than the average.

There was a significant correlation found, on average, between person-to-person payments and the financial performance of commercial banks. This means that the use of person-to-person payments had a measurable and significant performance within the Samburu County government revenue collection processes. Bill payments were discovered to have a measurable relationship with commercial bank profitability. Cell phone top-up services exhibited a statistically significant favorable link with commercial bank financial performance.

Tiriongo and Wamalwa (2019) investigated the effects of mobile cash on Kenya's financial stability. Using data from 2007 to 2018, the study developed a model of bank stability that included various measures such as capital abundance, resource quality, effectiveness, and liquidity position as a function of the value of portable cash exchanges, as well as other market and macroeconomic control variables. According to the study, as the value of mobile cash exchanges increased, banks' capital adequacy and liquidity ratios decreased, while non-performing credit ratios increased. Regardless of the findings, movable cash helped commercial banks improve their return on assets (ROA) and return on equity (ROE). The various implications of portable cash advancements based on innovation on bank stability provided as an update for banks that, sometimes recently actualizing modern developments, they must carefully adjust the benefits to benefit against the risks to capital adequacy, liquidity, and asset quality.

A study of the writing discovered little proof of the impact of mobile banking remittances on local government monetary execution. The majority of the discussions focused on mobile banking and commercial bank money-related performance. As a result, this research fills a gap by investigating the influence of portable account settlement on local government budgetary execution.

2.4 Conceptual Framework

The study was guided by the conceptual framework shown below, which portrayed the interaction of independent, moderating, and dependent elements. This involved County Government's revenue collection methods and the effects of financial performance. In this study, direct bank deposits, use of agency banking and the use of mobile banking money transfer are the revenue collection methods. These relationships are conceptualized in Figure 2.1.

Independent Variables

Revenue Collection Methods

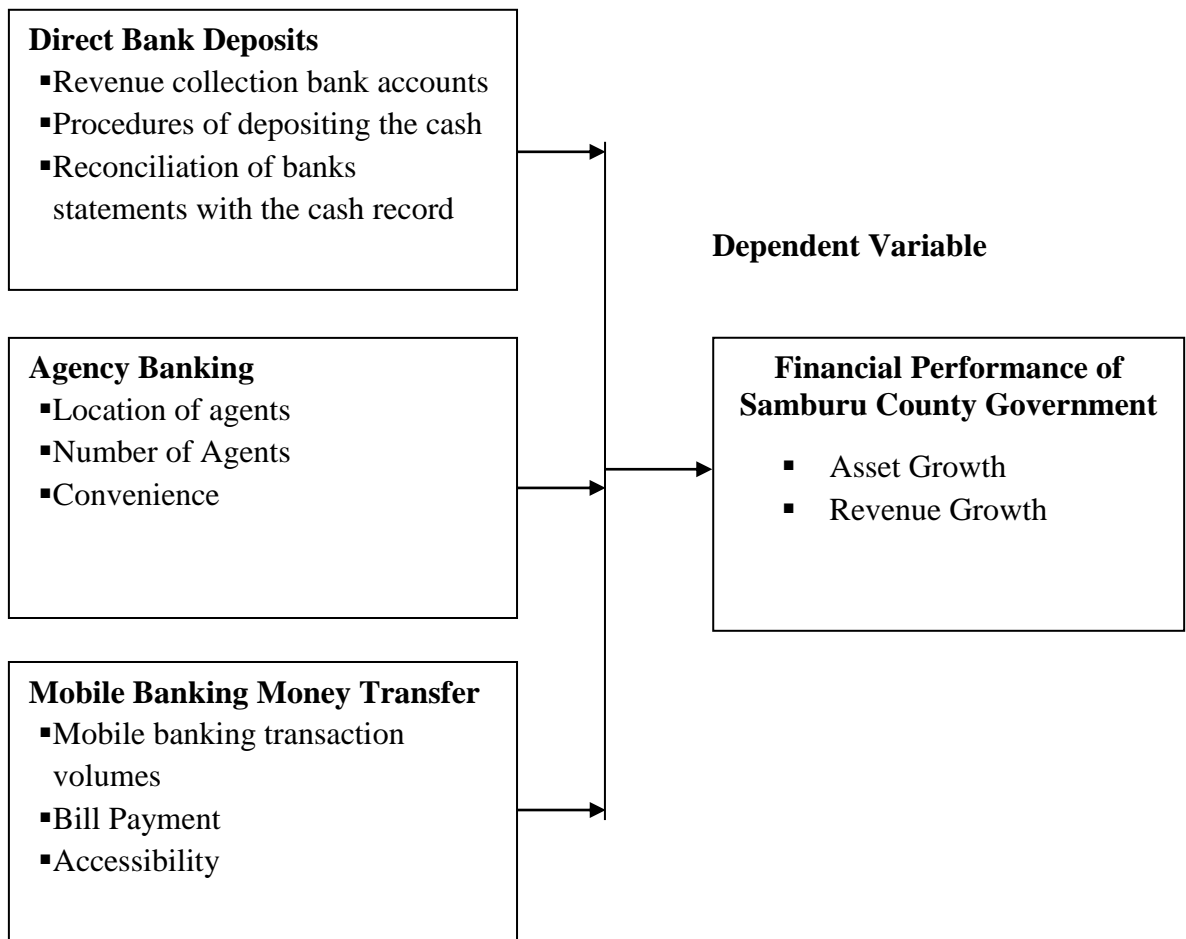


Figure 2.1: Conceptual Framework

County governments use direct bank deposit as one of their revenue collection methods. When the majority of county citizens pay their taxes and revenue to the county government via direct bank deposit, the county government's revenue collection is likely to increase. Revenue collection by agents is convenient, particularly for businesses or organisations that are constantly busy and find no time to file or pay taxes at the county office. Therefore, when there is availability of revenue agents in the county, the agents will follow and help the clients in filing taxes. This will ensure compliance by tax payers and also increase in revenue to the county government. Mobile banking money transfer is very crucial in the collection of revenue because of its accessibility. When majority of tax payers do their transactions of revenue payments through mobile banking, there is high likelihood of the county government collecting enough revenue thus improving its financial performance. This

is because mobile banking increases effectiveness and efficiency of revenue collection.

CHAPTER THREE: RESEARCH METHODOLOGY

3.1 Introduction

This chapter provides an overview of the evaluation plan, test estimation, and inspection procedures, inquiry about assumptions, instrument legitimacy and reliability. It also presents data gathering approaches, information evaluation, and ethical considerations.

3.2 Research Design

This research adopted a descriptive research method. This method is the most appropriate since it provides an in-depth evaluation of the conditions by selecting and reporting the state of concerns, attempting to outline such things as possible behavior, demeanor, and features and attributes (Kothari, 2004).

3.3 Target Population

The research population included 374 Samburu County Government revenue collection faculties from Samburu West, East, and North sub-counties. These officers report to the Samburu County Revenue Department and the Financial Planning Department at the county headquarters and declare all the information on revenue collections.

Table 3.1: Distribution of Target Population

Sub-County	Target Population
Samburu West	150
Samburu East	117
Samburu North	107
Total	374

Source: Samburu County Directorate of Revenue (2020)

3.4 Sampling Procedure and Sample Size

This study used stratified random testing to ensure an accurate representation of the County's three sub-regions. The test measure for each stratum was determined using 112 responses from the Office of Finance and Planning's Revenue Directorate. The test measure was set at 30% of the total population; according to Mugenda &

Mugenda (2003), an appropriate test estimate falls between 10% and 30% of the target population.

Table 3.2: Distribution of Target Population and Sample Size

Sub-County	Target Population	Sample Size (30%)
Samburu West	150	45
Samburu East	117	35
Samburu North	107	32
Total	374	112

Source: Samburu County Directorate of Revenue (2023)

3.5 Research Instruments

The primary data was collected using a self-administered survey. The analyst's primary data-collecting approach was an open-ended survey using the Likert scale strategy. Questionnaire had five (5) segments as follows: Section one contained items on staff bio-information; Section two contained items on direct bank deposit collection method; Section three contained items on agency banking; Sections four contained items on mobile banking money transfer while Section five contained questions related to financial performance of Samburu County government.

Pilot testing was performed to guarantee that the data collection instruments were of high quality. When directing the pilot study, the researcher was concerned with assembling respondents with similar comprehension of the questions and providing the essential data. Even the most painstakingly developed device, according to Mugenda & Mugenda (2003), cannot ensure 100% accuracy. A pilot study was done with 10% (10%) of the total sample population (112), resulting in 11. The reason for implementing a pilot trial in Marsabit was that the county was also having difficulties collecting taxes. A pilot test was successfully carried out to advance the survey and increase the study's legitimacy and consistent quality (Babbie, 2016).

3.5.1 Validity of Data Collection Instrument

The authenticity of the outlines was assessed to determine how well they fulfilled the investigator's requirements. The internal validity of a test is concerned with how well a study measures what it was gathered to assess, whereas the external legitimacy of a test is concerned with how well the test can be generalized to persons within the

group for which it was designed (Kothari, 2019). The validity of the research was investigated to determine whether it fulfilled the criteria for this appraisal. The Pearson Item Moment connection was used to determine whether or not systematic errors existed. Mugenda and Mugenda (2003) assert that the inclusion of the discussed themes, as recommended by experts, determined the structured questionnaire's validity. A qualified assessment is used to check the substance and organisation of an instrument to pass judgement on the substance's legitimacy. By clearly characterizing the factors to be measured, the developed legitimacy was discovered. To test for validity, a factor analysis method was used.

3.5.2 Reliability of Data Collection Instrument

Before beginning any statistical procedures, the analyst went through all of the returned questionnaires to eliminate any errors caused by respondents failing to fill out some questions, filling out questions that they were asked to skip, and providing more than one answer in Likert scaled reactions. This ensured that the data used in the subsequent relapse investigation was error-free. Similarly, before running any regression statistical test, the analyst ensured that the independent variables were pre-tested by doing preliminary diagnostic tests. The reliability of an investigation instrument can be defined as the consistency with which it generates results after repeated pretests (Mugenda & Mugenda, 2003). Consistent quality is defined as a test's ability to produce consistently similar results when similar individuals are estimated repeatedly under similar conditions. Fundamentally, dependability was about consistency in the creation of outcomes, at the very least on a fundamental level, by another researcher or a comparable specialist. Cronbach's alpha coefficient was used to assess the questionnaire's reliability; Cronbach (2004) finds 0.7 or above to be acceptable.

Table 3.3: Reliability Analysis Results

Variable	Number of Items	Cronbachs Alpha Coefficient	Decision
Revenue collection through direct bank deposit	7	0.752	Reliable
Revenue collection through agency banking	6	0.813	Reliable
Revenue collection through mobile banking money transfer	6	0.721	Reliable

According to the reliability study, Cronbach's alpha values for all factors were higher than the limit value of 0.7. This demonstrated the consistency of all components.

3.6 Data Collection Procedures

The researcher sought and obtained a research permit from the National Commission of Science, Technology and Innovation (NACOSTI). To administer the instruments, personal visits were made to the Samburu County Government revenue offices in the three sub-counties. The questionnaires was personally administered by the researcher.

3.7 Data Analysis and Presentation

Symptomatic tests were used to ensure that the data was representative and multicollinear. In the moment test, the Durbin-Watson autocorrelation test was used to see whether any of the two or more independent components in the various regression models were significantly connected.

The data gathered during the research was rigorously organized and methodically prepared to align with the study's specific goals and intentions. This rigorous procedure ensured that the information acquired regarding Samburu County's income collection processes was specific to the research aims. Graphic measurements such as frequencies, rates, standard deviations, and midpoints were delivered using the Factual Programme for Social Researchers (SPSS) program. The outcomes were displayed in recurrence tables. At the present level of information inquiry, inferential measurements were used to recognize the relationships between the inquired-about variables with a 95% certainty level and a p-value of 0.05. Model specifications are detailed in the following manner:

$$\hat{Y} = W_0 + W_1X_1 + W_2X_2 + W_3X_3 + \varepsilon$$

Where;

X_1 = Direct bank deposit revenue collection method

X_2 = Agency banking revenue collection method

X_3 = Mobile banking money Transfer revenue collection method

Y = Financial performance of Samburu County Government

W_0 = This is a constant term or number in the equation that indicates the dependent variable's effect or baseline value when all other independent variables are zeros. This

constant, often known as the y-intercept, helps to determine the independent variable's threshold value. Establishing this principle enables scientists to gain a better understanding of the relationship between freedom and change, making it an essential component of many mathematical models and equations.

$W_i; i = 1, 2, 3$ These are regression coefficients that estimate the changes caused by a certain independent variable, which is critical for understanding the link between the variables in question and forecasting their impact on the overall outcome. Coefficients provide valuable information about the size and direction of each independent variable's effect on the dependent variable i.e. $X_i; i=1, 2, 3$ on Y .

ϵ is the error term

3.8 Ethical Considerations

The necessary ethical issues were addressed at the data collection stage, the analysis stage and the reporting stage. The consent of the respondents was thought and they were made to understand that their participation in the study was voluntary. The investigation was conducted with confidentiality. Data acquired from participants was utilized exclusively for scholarly purposes. During data collection, undermining comments on the data collecting instrument or articulation that could elicit negative feelings were avoided. All sources that were consulted were acknowledged.

CHAPTER FOUR: RESULTS AND DISCUSSIONS

4.1 Introduction

This chapter examines the research data using the procedures set out in the methodology section. The analysis is based on the four objectives and is guided by the theories that underpin the study. The findings will be presented and discussed.

4.2 Response Rate

Table 4.1 depicts the response rate.

Table 4.1: Response Rate

Questionnaires	Occurrence	% (Percent)
Filled and collected	88	78.6
Unfilled	24	21.4
Total	112	100

The researcher distributed the 112 questionnaires for the study to officials of the Samburu County Government officials. These were from the Revenue Department, Finance Department, and Planning Department from the three sub-Counties of Samburu West, Samburu East and Samburu North. The respondents also included the Director of Finance, Assistant District Revenue Directors, District Revenue Managers, and revenue collection officers. The return figure was 88 out of the 112 questionnaires which was a 78.6%, response rate. Fincham (2008) believes that a response rate of 60% or above is adequate for a study. However, the current study had a response rate of 78.6%, implying that the information received was adequate for inquiry.

4.3 General Information of Study Participants

For this summary, respondents were requested to provide demographic information such as gender, age range, number of years in the same position, and greatest level of scholastic ability.

4.3.1 Distribution of Respondents by Gender

The gender distribution of respondents is shown in Table 4.2 based on their responses.

Table 4.2: Distribution of Respondents by Gender

Gender	Frequency	Percent
Males	59	67.0
Females	29	33.0
Total	88	100

According to the data obtained, the majority of Samburu County government respondents (67%) were male, while 33% were female, showing a gender imbalance in the Directorate of Revenue and the Department of Finance and Planning.

4.3.2 Distribution of Respondents by Age

The age distribution of those who responded is shown in Table 4.3.

Table 4.3: Distribution of Respondents by Age

Age bracket	Frequency	Percent
18-25 years	5	5.7
26-35 years	38	43.2
36-45 years	35	39.8
Above 45 years	10	11.4
Total	88	100

According to the findings, 43.2% of the participants were aged 26 to 35, 39.8% were aged 36 to 45, 5.7% were aged 18 to 25, and 11.4% were aged 45 and above. The data revealed that 43.2% of the participants were between the ages of 26 and 35, while 39.8% were between the ages of 36 and 45. 5.7% were under the age of 25, while 11.4% were 45 or older. Participants' total ages (26-35 and 36-45 years) revealed that the vast majority (83% of the participants) were young and energetic. This indicated that the Samburu County government had productive employees in the Revenue Directorate, Finance Department, and Planning.

4.3.3 Distribution of Participants by Experience and Age

As shown in Table 4.4, survey results vary depending on years of experience.

Table 4.4 Distribution of Respondents Based on Years of Service.

Period Years	Frequency	Percent
1- 5	42	47.7
5-10	28	31.8
10-15	7	8.0
Over 15	11	12.5
Total	88	100

According to the distribution of respondents in the Samburu county government by years of experience in their current jobs, 47.7% have been in their current roles for 1-5 years, 31.8% for 5-10 years, 8% for 10-15 years, and 12.5% for more than 15 years. It demonstrated the extensive knowledge accumulated by the staff of the Samburu County government's revenue directorate, finance department, and planning.

4.3.4 Distribution of Respondents by Level of Education

Table 4.5 represents the replies of those who were asked to name their highest academic achievements.

Table 4.5: Distribution of Respondents by Level of Education

Level of Education	Frequency	Percent
Secondary school level	8	9.1
Certificate/Diploma	28	31.8
Undergraduate degree	42	47.7
Post graduate degree	10	11.4
Total	88	100

A significant proportion of respondents (47.7%) held a bachelor's degree while 31.8% had a certificate or diploma, 11.4% had a postgraduate degree, and 9.1% had a secondary school certificate, according to the findings. The majority, 90.9%, had a post-secondary level of education. This indicated that they were all knowledgeable enough to give accurate responses to the research.

4.4 Diagnostic Tests

Multicollinearity and autocorrelation were two of the diagnostic tests carried out.

4.4.1 Test for Multicollinearity

The key worry is that as the degree of multicollinearity increases, the measure of the final coefficients becomes unsteady, and the coefficient standard errors increase dramatically. The modified expansion (VIF) calculation data was utilized to distinguish multicollinearity, and the test results to demonstrate it are provided in Table 4.6.

Table 4.6: Multicollinearity Test

Model	Collinearity Statistics	
	Tolerance	VIF
1 (Constant)		
Direct bank deposit	0.378	2.648
Agency banking	0.436	2.291
Mobile banking money transfer	0.484	2.068

a) Dependent Variable: Financial Performance

In the event that the tolerance value is less than 0.2 and the VIF value is greater than 5.0, multicollinearity is plausible. The tolerance for direct bank deposit revenue collection was 0.378, and the VIF was 2.648, according to Table 4.6. The findings also show that the tolerance level for the agency banking revenue collection method was 0.436 and the VIF was 2.291, whereas the tolerance level for the mobile banking money transfer revenue collection method was 0.484 and the VIF was 2.068. As a result, the relationship between the dependent and independent variables can be determined by regression analysis.

4.4.2 Autocorrelation Test Results

The presence of serial correlation and auto correlated residuals was determined using Durbin-Watson statistics. Table 47 shows the Durbin-Watson test findings.

Table 4.7: Autocorrelation Test

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.683a	0.467	0.447	3.500	1.526

a) Predictors: (Constant), Mobile banking money transfer, Agency banking, Direct

bank deposit

b) Dependent Variable: Financial performance

The Durbin-Watson statistic has a scale of 0 to 4, with 2 as the middle. In the test, the observed value is very small, close to zero. Given that the data is not time-series, this is rarely surprising. A Durbin-Watson statistic score of 1.526 occurs between 1.5 and 2.5, indicating no autocorrelation within the residual sign. Graphic measures, in addition to simple design inquiry, serve as the foundation for practically all quantitative information analysis (Kothari, 2019). The data was displayed using recurrence dispersion tables and line graphs to aid comprehension. For all independent criteria, the rehash tables offer rates and answers to all diagrams on a five-point Likert scale, with scores ranging from 1 to 5 for the goal. The assistance variable (monetary execution) was derived from Likert study responses.

4.5 Analysis of Direct Bank Deposit Revenue Collection Method on Financial Performance

The study tested the first hypothesis:

H₀₁: Direct bank deposit revenue collection method has no statistical significant effect on the financial performance of Samburu County government.

The primary goal was to assess the influence of direct bank deposits on the Samburu County Government's financial performance in Kenya. A corresponding hypothesis was that the direct bank deposit revenue collection method had no statistically significant effect on the Samburu County government's financial performance.

4.5.1 Descriptive Analysis of Direct Bank Deposit Revenue Collection Method on Financial Performance

The Quantifiable Suite in STATA version 13 was used to sort, process, and generate research data. Clear and inferential investigations were done to obtain more information and draw appropriate conclusions regarding the elements of interest. Among other things, these provided measurements like percentages, frequency, and mean. These processes provide simple overviews of the test material while also sensibly showing quantitative portrayals (Gupta, 2014). Respondents were asked seven questions about the influence of revenue collection via direct bank deposits on financial performance. Responses are scored on a five-point Likert scale; 1 means Strongly Disagree, 2 means Disagree, 3 means Neutral, 4 means Strongly Agree, and

5 means Extremely Agree. Table 4.8 displays the responses. Table 4.8 shows that Samburu County Government responses on direct bank deposits.

According to the Likert Scale, a mean of 3.67 suggests that the sentiment towards the county government's revenue collection increase through the direct bank deposit method falls closer to agreement than disagreement. Though not a resounding endorsement, the figure of 3.67, which is the average score of 3.67 suggests a moderate level of agreement or acceptance among respondents regarding the impact of the direct bank deposit revenue collection method on the county's overall revenue generation.

The mean response of 3.39 was obtained on the question of whether county government possesses multiple revenue collection bank accounts beneficial to the County. This falls between the range of agreement and neutrality and suggests that respondents neither strongly agree nor disagree with the notion that the county government maintains several revenue collection bank accounts to assist in the county's operations. This data interpretation implies that while the respondents may not strongly endorse the presence of multiple revenue collection accounts in the county government, they are somewhat inclined towards agreement or acknowledgment of the role these accounts play in benefiting the County.

The mean response of 2.53 to the inquiry on whether the direct bank deposit revenue collection method contributed to cost savings for the county suggests a neutral stance. This score falls slightly above the mid-point of the scale, implying a leaning towards agreement but not reaching a definitive consensus. The significance of this score lies in the lack of strong affirmation towards the efficiency or effectiveness of the method in reducing revenue collection costs. It suggests that there may be room for further assessment and evaluation of the impact of the direct bank deposit method on cost-saving measures within the county's revenue collection processes. Additionally, the mean response of 2.53 indicates a level of uncertainty or ambiguity surrounding the direct bank deposit method's ability to generate substantial savings in revenue collection costs. This finding prompts the need for a more in-depth analysis and investigation to determine the actual financial benefits or drawbacks associated with the implementation of this payment collection approach.

The analysis of the data collected from the direct bank deposit revenue collection method revealed that the mean score was 3.35. In this context, a mean of 3.35 suggests that the respondents' perceptions or experiences with the direct bank deposit method leaned towards agreement but were not overwhelmingly positive. This midpoint score indicates a moderate level of acceptance or satisfaction with the efficiency or effectiveness of the revenue collection process. Thus, it can be inferred that the direct bank deposit revenue collection method is perceived as moderately effective in terms of saving revenue collection time, based on the captured responses and the derived mean score of 3.35.

The inquiry focused on the efficiency and speed of the cash deposit procedure via the bank, yielding an average Likert scale rating of 2.81. The mean of 2.81 indicates a moderate level of agreement in regard to the simplicity and swiftness of the cash deposit process through the banking system. It lies closer to the agreement end of the spectrum but not in complete consensus, suggesting that respondents generally view the method as somewhat uncomplicated and relatively quick, although not overwhelmingly so. The data implies that there's room for improvement in the process to enhance its perceived efficiency and speed, reflecting a sentiment that leans more towards agreement than disagreement based on the interpretation of its Likert scale value.

In the research study, participants were specifically inquired about their perception regarding the effectiveness of implementing the direct bank deposit revenue collection method in curbing revenue leakage. The obtained responses were measured using a Likert scale, with the average mean score across all responses amounting to 3.75. This data point suggests a moderate level of agreement among the respondents regarding the reduction in revenue leakage attributed to the use of this particular collection method. The findings indicate that, according to those surveyed, the implementation of direct bank deposit seems to have had a noticeable impact on mitigating revenue loss. Further analysis may reveal insights into the specific aspects or mechanisms through which this method has proven effective in reducing revenue leakage, offering valuable information for future decision-making processes and policy considerations within the realm of revenue collection and management. Moreover, these results could potentially inform strategies aimed at optimizing revenue collection systems and minimizing financial discrepancies within the surveyed domain.

The respondents, comprising various county officials and employees, were specifically queried regarding the impact of reconciling bank statements with the cash record on the prevalence of theft related to county revenue. The Likert scale average of 4.03 provided as the response, indicates a favorable perception towards the effectiveness of this reconciliation process in deterring theft. This numerical value suggests that a majority of respondents believe that the practice of reconciling bank statements with the cash record has indeed contributed to a reduction in theft incidences within the county's financial operations. The significance of this data lies in its alignment with the overarching goal of improving fiscal accountability and safeguarding county funds. The positive feedback received underscores the importance of maintaining stringent financial controls and monitoring mechanisms to ensure the integrity and security of county revenue streams. It also highlights the role of proactive measures, such as regular reconciliation processes, in mitigating financial risks and enhancing transparency in financial management practices.

In a comprehensive analysis of the impact of utilizing direct bank deposit as a revenue collection method on financial performance, the findings revealed that the overall responses from participants indicated a Likert scale mean score of 3.51. This statistic suggests a moderate level of perceived influence on financial outcomes when utilizing this particular payment collection approach. Implementing direct bank deposit for revenue collection may offer a practical solution for enhancing financial operations and efficiency. Furthermore, understanding the nuances of utilizing this method can provide valuable insights into its potential benefits and drawbacks in different financial contexts. It is essential for the Counties to consider the implications of such payment methods on their performance and make informed decisions based on the data available.

Table 4.8 presents responses on the effect of direct bank deposits on financial performance in the County.

Table 4.8: Effect of Direct Bank Deposit Revenue Collection Method on Financial Performance

Statement	f	SD	f	D	f	N	f	A	f	SA	Mean
		%		%		%		%		%	

Our county government has experienced an increase in revenue collection by implementing direct bank deposit revenue collection method	88	6	6.8	16	18.2	18	20.5	27	30.7	21	23.9	3.67
Our county government has several revenue collection bank accounts which help in the organization of county budget.	88	11	12.5	12	13.6	16	18.2	29	33.0	20	22.7	3.39
Direct bank deposit revenue collection method has enabled the county save revenue collection costs	88	8	9.1	5	5.7	13	14.8	33	37.5	29	33.0	2.53
Direct bank deposit revenue collection method saves revenue collection time	88	13	14.5	13	14.5	8	9.1	38	43.2	19	18.6	3.35
Procedure of depositing the cash (revenue) through the bank is simple and faster.	88	22	24.5	20	22.3	14	15.9	17	19.8	15	17.5	2.81
The use of direct bank deposit revenue collection method has reduced leakage of revenue collected.	88	10	11.4	6	6.8	8	9.1	36	40.9	28	31.8	3.75
Reconciliation of banks statements with the cash record has reduced theft of county revenue.	88	1	2.3	13	14.8	8	9.1	26	29.5	40	44.3	4.03
OVERALL MEAN												3.51

4.5.2 Correlation Analysis Direct Bank Deposit Revenue Collection Method on Financial Performance

Correlation analysis was conducted to assess the association between direct bank deposits and financial performance. The detailed findings can be observed in Table below.

Table 4.9 Correlations Matrix

		Correlations	
		Financial Performance	Direct Bank Deposits
Financial Performance	Pearson Correlation	1	
	Sig. (2-tailed)		
Direct Bank Deposits	N	440	
	Pearson Correlation	-.726**	1
	Sig. (2-tailed)	.000	
	N	440	616

** . Correlation is significant at the 0.01 level (2-tailed).

The statistical investigation the relationship between direct bank deposits and financial performance showcased a remarkable revelation: a substantial and highly positive correlation, denoted by the coefficient value of -.726. This coefficient value signifies a robust and impactful association between direct bank deposits and financial

performance metrics. Alongside this correlation finding, the study unearthed a strikingly low p-value of 0.000, underscoring the high level of confidence in the statistical results garnered from the analysis.

Furthermore, the observed correlation between direct bank deposits and financial performance is accompanied by a confidence level of 99%, reflecting a solid and dependable connection between the two variables. This confidence level affirms the robustness and reliability of the relationship established between bank direct deposits and financial performance outcomes, attesting to its stability and enduring nature in influencing financial metrics positively. The 99% confidence level offers strong support for the significance and credibility of the findings, reinforcing the importance of direct bank deposits as a determinant of financial performance in a consistent and reliable manner.

This study utilized bootstrapping, a robust method known for its promising potential in enhancing the robustness of regression analysis by enabling a more effective exploration of variables in cases where they display multicollinearity tendencies. By adopting a resampling technique such as bootstrapping, the research was able to thoroughly evaluate and interpret the impact and significance of each variable within the regression models, ultimately allowing for a comprehensive understanding of how these variables interact in the presence of multicollinearity. This approach not only facilitated a more precise analysis of the data but also contributed to the overall validity and reliability of the regression models constructed in the study. In summary, the strategic use of bootstrapping in this research significantly contributed to the quality and accuracy of the regression analysis, highlighting its importance as a valuable tool in handling multicollinearity challenges within regression modeling.

4.5.3 ANOVA Test for Direct Bank Deposit Revenue Collection Method on Financial Performance.

ANOVA is a statistical test that can determine if a show with direct bank deposit revenue collecting as an independent variable explains zero variance in financial performance. Table 4.10 displays the ANOVA test results for the direct bank deposit income collection approach and the Samburu County government's financial performance.

Table 4.10 ANOVA analysis

		ANOVA ^a				
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	11.481	1	11.481	487.070	.000 ^b
	Residual	10.324	438	.024		
	Total	21.806	439			

a. Dependent Variable: Financial performance

b. Predictors: (Constant), Direct Bank Deposits

In the comprehensive analysis undertaken to investigate the relationship between employee compensation and service delivery, the ANOVA output yielded highly noteworthy results. Specifically, when examining the data, it became apparent that the Regression Mean Square value stood at a significant 11.481, while the residual value was notably low at .024. Of particular importance was the calculated F-statistic, an impressive 487.070, which provided insights into the proportion of variability the model accounted for in contrast to the residual variability.

Furthermore, the statistical significance brought to light by the p-value of .000 provides compelling evidence that the findings were not merely luck but instead reflect a true relationship between variables. This low p-value signifies that the likelihood of obtaining these results by chance alone is extremely improbable, reinforcing the strength of the research outcomes. The p-value acts as a critical indicator in scientific research, offering a quantitative measure that supports the robustness of the conclusions drawn from the study. By demonstrating a high level of statistical significance, the analysis underscores the validity and reliability of the results, suggesting that they are likely to hold true beyond the sample data examined. In essence, the p-value of .000 serves as a tangible marker of the meaningfulness of the results, indicating that they are more than just random occurrences or flukes. This statistical metric offers assurance that the observed effects are real and not artifacts of chance variations in the data. Therefore, the decisive significance revealed by the p-value validates the conclusions drawn from the study, indicating a strong basis for the relationships uncovered and lending credibility to the research findings.

In the investigation into how direct bank deposits impact financial performance, the regression analysis presented noteworthy results. The findings were marked by a

significant relationship between the two variables. Notably, the model output revealed a Constant Unstandardized Coefficient of .8672 and an Unstandardized Coefficient of -0.028 for direct bank deposits. These coefficients shed light on the impact of direct bank deposits on financial performance, suggesting a positive association as indicated by the positive value of the Constant Unstandardized Coefficient. Furthermore, the negative value of the Unstandardized Coefficient for direct bank deposits could indicate a slight decrease in financial performance with an increase in such deposits, an aspect that warrants further exploration and interpretation. The significance of these results underscores the importance of understanding the dynamics between direct bank deposits and financial performance in the current economic landscape. The implications of these findings extend beyond mere numerical values, suggesting potential avenues for optimizing financial strategies and enhancing overall performance based on direct bank deposit patterns. Hence, this analysis provides valuable insights into how organizations can leverage direct bank deposits to improve their financial outcomes and operational efficiency in a competitive market environment.

4.5.4 Regression Analysis of Direct Bank Deposit Revenue Collection Method

Regression analysis was utilized to determine the association between direct bank deposits and financial performance as demonstrated in table 4.10.

Table 4.11: Regression Model Summary

Regression analysis of employee's compensation on service delivery

Variables	Coef.	Bstrap * SE	P> z	z	Root MSE	R ²	AdjR ²	Wald chi2(1)
					0.154	0.5265	0.5254	214.08
Constant	.8672	.043091	0.000	20.12				
Direct Bank Deposits	-.028	.0019372	0.000	-14.63				

In conducting the regression analysis to explore the relationship between direct bank deposits and financial performance, noteworthy findings emerged. The calculation

produced a coefficient constant of .8672 and attributed a value of -0.028 to direct bank deposits. Specifically, the positive coefficient constant of .8672 indicates a strong positive relationship between direct bank deposits and financial performance. This signifies that as direct bank deposits increase, financial performance also tends to rise, implying a direct and favorable influence of bank deposits on overall financial health. On the other hand, the negative coefficient of -0.028 assigned to direct bank deposits suggests a minor adverse effect on financial performance. The observation implies that for each unit decrease in direct bank deposits, a marginal reduction in financial performance may be expected. Reflecting on these figures, it is evident that while direct bank deposits predominantly contribute positively to financial performance, they may also have a modest limiting effect. These insights underscore the complex interplay between direct bank deposits and financial performance, highlighting the nuanced dynamics that govern institutional financial health. Understanding and leveraging these dynamics can enable organizations to optimize their banking strategies and enhance their overall financial standing.

The results from the regression analysis revealed important insights about the statistical properties of the model applied. It was found that the bootstrap standard error constant for the entire model stood at 0.043091, highlighting the overall precision and stability of the statistical estimation. Additionally, the specific bootstrap standard error constant for direct bank deposits was recorded at 0.0019372, which signifies the level of variability associated with this particular variable within the model. These findings are crucial as they provide a clear indication of the reliability and consistency of the model parameters, aiding in the interpretation and accuracy of the data analysis. By understanding these values, one is able to better comprehend the impact of direct bank deposits on the overall model performance, enabling informed decisions based on the statistical results obtained.

The findings from the study revealed that both the constant coefficient and the direct bank deposits exhibited a high level of statistical significance, with a p-value of less than 0.000. This indicates a strong relationship between these variables and the outcome being examined. The constant coefficient's importance lies in its ability to capture the baseline effect in the model, while direct bank deposits play a crucial role in influencing the overall outcome. The statistically significant findings underscore

the reliability and validity of the results, suggesting that these variables have a meaningful impact on the outcome under investigation. Moreover, the significance of the constant coefficient and direct bank deposits highlights their potential as key predictors in the context of this study. By demonstrating their statistical significance, this study provides valuable insights into the factors that contribute significantly to the observed outcomes.

The regression study, which focused on analyzing the connection between direct bank deposits and financial performance, discovered a notable relationship. This substantial link was evidenced by the calculated z-constant value of 20.12 alongside the direct bank deposits z value of -14.63. These statistical values provided compelling support for the strong association found through the regression analysis. The study's findings painted a clear picture of how direct bank deposits impact financial performance, shedding light on the importance of this relationship within the context of financial operations. The revealed correlations added valuable insights into the intricate dynamics at play between banking practices and overall financial outcomes. Consequently, the robust statistical evidence presented in the study underscored the significance of considering direct bank deposits as a key driver influencing financial performance.

The regression model's performance in estimating the outcome variable can be evaluated by analyzing the Root Mean Square Error (RMSE) value it produces, which is calculated as the square root of the average of the squared differences between the actual and predicted values. In this particular case, the RMSE value is 0.154, indicating that, on average, the model's predictions deviate from the true values by approximately 0.154 units. Therefore, a RMSE value of 0.154 suggests that the model's predictive capabilities are fairly accurate and that it can be considered effective in approximating the actual values, albeit with a small margin of error.

Changes in direct bank deposits play a significant role in influencing financial performance, with statistical analysis revealing that approximately 52.65% of the variability in financial outcomes can be attributed to these fluctuations. This suggests that the manner in which funds are directly deposited into banks holds substantial sway over how well a financial entity performs. The high R-squared value of 0.5265

underscores the strong relationship between direct bank deposits and financial performance, highlighting the importance of monitoring and analyzing these changes for businesses and financial institutions alike. This statistical insight not only sheds light on the impact of direct bank deposits on financial metrics but also emphasizes the need for organizations to understand and adapt to these shifts in order to optimize their overall performance and profitability. By recognizing the significance of direct bank deposits as a key determinant of financial success, businesses can proactively strategize and manage these deposits to enhance their financial stability and growth potential, ultimately fostering a more robust and resilient financial position in an ever-evolving market environment.

The model's remarkable capability to effectively capture the correlation between various factors and accurately adjust for a wide array of variables is reinforced by the substantial adjusted R-squared value of 0.5254, indicating a strong explanatory power. This statistical metric further validates the model's reliability and its ability to elucidate the relationship between direct bank deposits and financial performance outcomes. The results elucidate a clear and statistically significant association between direct bank deposits and enhanced financial performance, suggesting that these deposits play a pivotal role in shaping the financial outcomes of the entity.

The strong correlation observed between the variables, evident from the significant Wald chi2 (1) value of 214.08, indicates a compelling relationship between direct bank deposits and financial performance. This suggests that the mechanism of channeling funds directly into a bank account can considerably influence the overall financial outcomes of an entity. These findings highlight the vital role that leveraging direct bank deposits can play in enhancing financial stability and growth within organizations. By establishing a direct link between fund inflows and financial performance metrics, it becomes apparent that the method of financial transactions through bank deposits contributes significantly to the overall success and stability of a business. Thus, prioritizing and optimizing strategies related to direct bank deposits can potentially lead to improved financial health and sustainable growth for both individuals and businesses alike. Ultimately, this underscores the importance of understanding and harnessing the impact of direct bank deposits as a strategic tool for optimizing financial performance and fostering long-term success in the

competitive landscape of today's financial markets. This finding is consistent with that of Khan and Keuch (2018), Owino and Ntara (2017) and Owidhi et al., (2018), It was however inconsistent with that of Nsemerirwe (2016). The prediction model is therefore as below; $Y = 0.8672 - 0.028X_1$

4.6 Revenue Collection through Agency Banking and Financial Performance

The second objective was to investigate the effect of agency banking on the Samburu County Government's financial performance in Kenya. The associated premise was that the Samburu County government's financial performance was unaffected by the agency banking income collection mechanism. The following sections present the data and results: descriptive statistics, summary of the sample, analysis of variance (ANOVA), and regression analysis.

4.6.1 Descriptive Analysis of Revenue Collection through Agency Banking

Six questions were presented to respondents regarding the impact of agency banking revenue collection on the Samburu County Government's financial performance. Responses were rated on a five-point Likert scale; 1 Strongly Agree, 2 Strongly Disagree, 3 Neutral, 4 Agree and 5 Strongly Agree. Table 4.11 shows these results.

Table 4.12: Effect of Revenue Collection through Agency Banking

Statement	No	f	SD	f	D	f	N	f	A	f	SA	Mean
			%		%		%		%		%	
The county government's use of revenue collection agents influences its collection efficiency and ability to meet performance goals.	88	5	5.7	9	10.2	17	19.3	43	48.9	14	15.9	3.59
The county government's use of revenue collection agents has resulted in an increase in revenue collection.	88	3	3.4	11	12.5	14	15.9	42	47.7	18	20.5	3.69
Revenue collection by agents provides more benefits than costs, increasing county government revenue.	88	6	6.8	16	18.2	11	12.5	38	37.5	22	25.0	3.78
To improve revenue collection, the county government of Samburu has outsourced some of its collection duties to revenue agents.	88	5	5.7	5	5.7	22	25.0	32	36.4	24	27.3	3.73
It is more convenient to use revenue collection agents.	88	0	0	22	25.0	15	17.0	24	27.3	27	30.7	3.64
The county government of Samburu has revenue collection	88	16	18.2	15	17.0	10	11.4	27	30.7	20	22.7	3.23

agents located throughout the county.

OVERALL MEAN

3.57

In exploring the impact of revenue collection agents on the efficiency and performance of the county government in meeting its revenue collection goals, a survey was conducted among respondents. Specifically, they were asked to provide insights on whether the engagement of revenue collection agents by the county government had any noticeable influence on its effectiveness in revenue collection and meeting performance targets. The results of the survey revealed that the mean value on the Likert Scale was 3.59, indicating a substantial level of significance in the perceived correlation between the presence of revenue collection agents and the county's revenue collection efficiency. This finding suggests that there is a positive relationship between utilizing revenue collection agents and the county government's ability to achieve its financial objectives.

In the survey, participants were specifically inquired about their perception of whether the implementation of revenue collection agents by the county government had a positive impact on enhancing revenue collection. The obtained Likert scale mean of 3.69 indicated the overall sentiment regarding the effectiveness of this approach. This data provides valuable insights into the public's perspective on the strategies employed by the government to enhance its revenue streams. The results of this survey bring attention to the importance of exploring innovative methods, such as employing revenue collection agents, to optimize revenue generation processes within the county government.

Upon querying the respondents about the overall impact of revenue collection by agents, particularly in terms of its cost-benefit analysis and the subsequent boost it brings to county government revenue, a significant finding emerged. The mean Likert scale score of 3.78 not only highlights the tangible benefits garnered from this practice but also underscores a general consensus among participants regarding its advantageous nature. It was evident from the responses received that the majority perceive revenue collection by agents as a valuable mechanism that not only offsets costs but also plays a pivotal role in enhancing the financial resources available to county governments. The alignment of respondents' perspectives with the quantitative

measure of 3.78 signifies a noteworthy level of agreement on the advantageous outcomes associated with this specific approach to revenue collection.

Respondents in the survey were directed to provide feedback on whether the county government of Samburu should consider outsourcing some of its revenue collection duties to revenue agents as a strategic initiative to enhance revenue generation. The results of the survey produced a Likert scale mean of 3.73, signifying a general inclination towards the adoption of such a business model. This data suggests that there is considerable support within the surveyed population for the idea of engaging revenue agents to assist in optimizing revenue collection processes within the county government framework. By leveraging the expertise and resources of external revenue agents, the County Government of Samburu could potentially improve its revenue collection efficiency and effectiveness, thereby contributing to overall financial growth and sustainability.

In the survey, participants were specifically inquired about their perspectives on the convenience of utilizing revenue collection agents. The analysis of the responses yielded a mean score of 3.64 on the Likert scale, indicating a moderate level of perceived convenience in engaging with these agents for revenue collection purposes. This finding suggests that a substantial portion of the respondents view the use of revenue collection agents as a moderately convenient option. Moving forward, further examination of the data could involve exploring the specific attributes or factors leading to this perceived convenience level, potentially shedding light on how revenue collection procedures can be optimized to enhance convenience for stakeholders. Additionally, considering the mean score falls in the moderate range, there may be opportunities to identify areas for improvement in the process to make it more convenient for users. This insight could be leveraged to refine existing practices and streamline revenue collection processes with the aim of increasing overall user satisfaction and operational efficiency.

During the survey, participants were inquired about the presence of revenue collection agents from the Samburu County Government spread across various areas of the county. It was noted that the Likert scale average for this question stood at 3.25. This data point reflects the perception of respondents towards the extent of coverage of these agents and their effectiveness. The finding suggests that there is a moderate

level of distribution of revenue collection representatives throughout the county, as indicated by the mean score. This information provides insight into the accessibility of government services related to revenue collection and highlights the overall efficiency of the system. Moreover, the specific numerical value of 3.25 on the Likert scale signals a trend towards positive feedback regarding the presence and visibility of these agents within the community. This average score serves as a valuable indicator of public opinion on the effectiveness and reach of the revenue collection mechanisms implemented by the county government, shedding light on the level of engagement and interaction between the government and its citizens in matters of financial administration.

The overall response garnered from stakeholders regarding the impact of revenue collection through agency banking on financial performance was analyzed and it revealed a Likert scale mean score of 3.57. This finding suggests that, on average, stakeholders viewed the use of agency banking services positively in terms of benefiting financial performance. The results imply that the adoption of agency banking to collect revenue has had a moderate but generally favorable effect on the financial performance of the organization. Stakeholders seem to agree that utilizing agency banking has helped in enhancing revenue collection processes and ultimately contributed to improved financial outcomes. The Likert scale mean of 3.57 indicates a predominantly positive perception among stakeholders regarding the effectiveness of revenue collection through agency banking.

Table 4.13 Correlation analysis

		Correlations	
		Financial Performance	Agency Banking
Financial Performance	Pearson Correlation	1	
	Sig. (2-tailed)		
	N	440	
Agency Banking	Pearson Correlation	.933**	1
	Sig. (2-tailed)	.000	
	N	440	528

** . Correlation is significant at the 0.01 level (2-tailed).

The impact of agency banking has been found to significantly influence the financial performance of the county government, as evidenced by a strong correlation

coefficient of 0.933 and a statistically significant p-value of 0.000. This suggests a robust positive relationship between the adoption of agency banking and the financial outcomes of the county government operations. The high correlation value indicates a direct and consistent connection between utilizing agency banking services and enhancing the financial performance metrics within the governmental sector. This finding underscores the strategic importance of integrating agency banking initiatives into the financial framework of county governments to leverage the potential benefits offered by this innovative financial technology. By embracing agency banking practices, county governments can potentially optimize their fiscal efficiency, streamline financial transactions, and improve overall performance outcomes. The impressive correlation coefficient underscores the potential for agency banking to serve as a catalyst for positive financial growth and development within county government structures, thereby highlighting the critical role that innovative financial solutions can play in enhancing operational effectiveness and promoting sustainable fiscal practices.

4.6.2 ANOVA Test for Effect of Revenue Collection through Agency Banking on Financial Performance

Table 4.13 shows the results of the ANOVA test, which tested the null hypothesis that the regression model with income collection by organization keeping money as the independent variable revealed zero variation in financial performance as the dependent variable in the study.

Table 4.14: ANOVA Test of Revenue Collection through Agency Banking on Financial Performance

ANOVA ^a						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	585.658	1	585.658	2944.896	.000 ^b
	Residual	87.106	438	.199		
	Total	672.764	439			

a. Dependent Variable: Financial Performance

b. Predictors: (Constant), Agency Banking

In the exploration of the relationship between agency banking and financial performance, a comprehensive statistical analysis was conducted, revealing a highly significant ANOVA F-value of 2944.896 with a corresponding P-value of 0.000. This

robust statistical evidence suggests a strong association between the adoption of agency banking models and the consequent impact on the financial performance of institutions. The remarkable magnitude of the F-value underscores the substantial influence that agency banking practices can have on a firm's financial outcomes. These findings highlight the importance of considering agency banking arrangements as a strategic tool for enhancing financial performance and underscore the imperative for financial institutions to continually assess and optimize their operating models to align with industry trends and customer preferences.

4.6.3 Regression Analysis of Revenue Collection through Agency Banking on Financial Performance

A regression model was used to assess the influence of revenue collection via agency banking on financial performance. Table 4.14 summarizes the regression model's demonstrated fit.

Table 4.15: Model Summary of Revenue Collection through Agency Banking on Financial Performance

Variables	Coef.	Bstrap * SE	P> z	z	Root MSE	R ²	AdjR ²	Wald chi2(1)
					0.446	0.8705	0.8702	6752.58
Constant	-1.814	.077135	0.000	82.17				
Agency Banking	1.366	.0166315	0.000	-23.52				

In Table 4.13, the Root MSE of 0.446 is presented as a key indicator of the correlation between agency banking services and financial performance. This statistical measure, representing the root mean square error, sheds light on the extent of variability in financial performance scores that can be attributed to agency banking activities. A lower Root MSE value, such as the one observed here, suggests a more reliable and stable relationship between the two variables, indicating a stronger predictive capacity for financial performance based on agency banking data.

In the analysis conducted, the R-square value of 0.8705 signifies that approximately 87.05% of the variability in financial performance can be explained by the relationship with agency banking. Furthermore, the adjusted R-square value of 0.8702

accounts for approximately 87.02% of this explanatory power after considering the model's degrees of freedom. This implies that the theoretical framework of agency theory effectively elucidates a significant proportion, approximately 87.05%, of financial performance variations within the context of agency banking.

By quantifying the relationship between agency banking and financial performance, it becomes evident that agency banking serves as a robust explanatory lens, elucidating almost 87.05% of the variations observed in financial performance metrics. Consequently, the strong R-square and adjusted R-square values demonstrate the substantial influence and relevance of agency theory in shedding light on the underlying mechanisms that drive financial performance within the domain of agency banking.

The statistical analysis conducted using the Wald chi-square test revealed a significant relationship between the implementation of agency banking services and the financial performance of the financial institution under study. The Wald chi-square value was calculated to be 6752.58 with 1 degree of freedom, indicating a strong association between the two variables. This finding suggests that the adoption of agency banking practices has a substantial impact on the overall financial performance of the institution. Specifically, the high Wald chi² value signifies a considerable level of statistical significance in the relationship between agency banking services and financial performance.

The significance of the P-value being less than 0.05, indicated by $P > |z|$ for the constant at 0.000, establishes a strong statistical relationship. Similarly, the P-value of 0.000 associated with agency banking underscores a profound influence on financial performance. This statistical analysis showcases the pivotal role of agency banking in shaping financial outcomes. The low P-values in both instances accentuate the robust correlation between agency banking practices and financial performance metrics, elucidating the depth of their interconnection. The statistical findings provide concrete evidence supporting the notion that agency banking has a substantial impact on financial performance indicators.

The z-value for the constant in the analysis was found to be 82.17, whereas the z-value associated with agency banking stood at -23.52. This numerical data serves as a

significant indicator when investigating into the correlation between agency banking activities and financial performance within the specified context of the study. The z-value for the constant reflects the baseline measurement against which the impact of agency banking can be assessed; offering a reference point for understanding the magnitude of change anticipated when agency banking is involved. On the other hand, the negative z-value linked with agency banking hints at a contrasting effect on financial performance, suggesting a potential deviation from the norm. By juxtaposing these z-values, researchers and stakeholders gain a distinctive understanding of how agency banking influences financial outcomes, providing valuable insights for decision-making and strategic planning in the realm of financial services. This comparison illuminates the divergent pathways through which agency banking can impact financial performance, inviting further exploration and analysis to uncover the underlying mechanisms at play. Overall, these z-values hold a pivotal role in elucidating the intricate relationship between agency banking practices and their implications for the financial landscape, offering a quantitative perspective that enriches the comprehension of this complex interplay. In the context of examining the association between agency banking and financial performance, it was crucial to highlight the findings derived from the bootstrap analysis. The analysis revealed that the standard error for the constant was calculated to be approximately .077135, indicating the variability in the estimate for the intercept. Additionally, when focusing on agency banking specifically, the bootstrap analysis yielded a standard error of around .0166315. This lower standard error for agency banking suggests a higher level of precision in estimating the coefficient related to this variable.

In the regression analysis conducted, the coefficient obtained for the constant term was determined to be -1.814, whereas the coefficient for agency banking stood at 1.366. These numerical values offer essential insights into the relationship between agency banking and financial performance. The negative coefficient for the constant signifies a baseline impact on financial performance, indicating a propensity for decreased performance when other factors are held constant. On the other hand, the positive coefficient associated with agency banking signals a favorable relationship with financial performance. Specifically, for every unit increase in agency banking activities, financial performance may be expected to increase by 1.366 units. This suggests that leveraging agency banking services has the potential to contribute

positively to financial outcomes. Therefore, organizations aiming to enhance their financial performance could consider investing in or expanding agency banking operations as a strategic approach. By aligning business strategies with these statistical findings, companies can potentially optimize their financial performance and achieve sustainable growth. This finding was consistent with that of Patel (2019), Bana and Mohammed (2018), and Maria and Saes (2018). Therefore the predictive model is

$$Y = -1.814 + 1.366X$$

4.7 Revenue Collection through Mobile Banking Money Transfer and Financial Performance

The third objective was to assess the impact of revenue collection via mobile banking remittances on Samburu County Government's financial performance. The relevant hypothesis was that revenue collection via mobile banking remittances has no statistically significant impact on Samburu County Government's financial performance. The descriptive statistics, model summary, analysis of variance (ANOVA) test, and regression analysis sections present the findings and results.

4.7.1 Descriptive Analysis of Revenue Collection through Mobile Banking Money Transfer

Six questions were posed to respondents concerning the impact of mobile banking remittance revenues on the Samburu County Government's financial performance. On a five-point Likert scale 1 Strongly Agree, 2 Strongly Disagree, 3 Neutral, 4 Agree and 5 Strongly Agree. The reactions are outlined in Table 4.15.

Table 4.16: Effect of Revenue Collection through Mobile Banking Money Transfer

	No	f	SD	f	D	f	N	f	A	f	SA	Mean
Statement			%		%		%		%		%	
The volume of mobile banking transactions has a positive impact on the financial performance of the Samburu County government.	88	8	9.1	4	4.5	7	8.0	40	45.5	29	33.0	4.05
Bill payment has brought revenues from commissions paid by taxpayers	88	1	1.1	6	6.8	15	17.0	38	37.5	38	37.5	4.09
Mobile banking money transfer has more advantages than the bank-based services in terms of reduction of operating costs.	88	3	3.4	3	3.4	14	15.9	38	43.2	30	34.1	4.01
Many of our taxpayers in remote	88	8	9.1	5	5.7	6	6.8	35	39.8	34	38.6	4.05

areas now have access to financial services thanks to mobile banking money transfers.

Accessibility of banking service through mobile banking has led to increase in revenue collection	88	3	3.4	3	3.4	5	5.7	24	27.3	58	60.2	4.66
Mobile banking money transfer increases effectiveness and efficiency of revenue collection in the county	88	3	3.4	1	1.1	6	6.8	30	34.1	48	54.5	4.35
OVERALL MEAN												4.14

In alignment with the findings presented in Table 4.15 of the research study, participants in the survey were explicitly inquired about their perceptions regarding the extent to which the volume of mobile banking transactions influenced the fiscal outcomes of the Samburu County administration. The data analysis revealed a notable mean Likert scale score of 4.05, indicating a generally positive correlation between the utilization of mobile banking services and the financial performance of the governing body in Samburu County. This significant result underscores the potential benefits that digital banking transactions can bring to the financial stability and efficiency of local government operations. It suggests that leveraging mobile banking technologies can be a strategic tool for enhancing fiscal management practices and promoting economic growth at the regional level.

In the survey, participants were specifically inquired about whether the act of settling bills led to a rise in the overall earnings generated through the commissions contributed by citizens. The results indicated that there was a significant average rating of 4.09 on the Likert scale, signifying a notable impact. This finding suggests that there is a correlation between bill payment and an increase in revenue through taxpayer commissions. The data hints at the possibility of a beneficial relationship between these two factors, hinting at the potential financial implications for the organization. This information sheds light on the significance of understanding the dynamics between bill payments and revenue generation, which can help in optimizing financial operations and maximizing income potentials.

Respondents participating in the survey were specifically queried about the comparative advantages of mobile banking money transfer services when juxtaposed

with other traditional bank-related services, with a focus on cost reduction. It was found that the collective responses from the participants, assessed through a Likert scale measurement, yielded an average mean score of 4.01, indicative of a favorable perception regarding the cost-effectiveness and efficiency associated with utilizing mobile banking for money transfers. This quantitative data underscores the growing preference for mobile banking solutions in terms of reducing operational expenses, hinting at the broader shift towards digital financial services in the contemporary landscape. The substantial rating awarded to mobile banking money transfer underlines its viability as a cost-effective alternative to traditional banking methods, serving as a testament to the evolving nature of the financial services industry and the increasing embrace of digital innovation to meet contemporary consumer needs.

In the survey, participants were specifically questioned about the extent to which individuals residing in remote regions were currently benefiting from financial services facilitated by mobile banking and money transfers. The aggregated feedback yielded a Likert scale mean score of 3.05, indicating a moderately positive trend towards increased accessibility to financial resources through technological advancements in these underserved areas. This data suggests a gradual but noticeable shift towards inclusivity and financial empowerment for individuals residing in remote communities, signifying a notable milestone in enhancing financial inclusion and bridging the gap between urban and rural populations in terms of accessing essential banking services. The statistical average of 3.05 underscores the progress made in extending financial services to previously underserved populations, marking a promising step forward in leveraging mobile banking technology to create more equitable financial landscapes across diverse geographical regions.

In the study, participants were specifically inquired about their perceptions regarding the impact of mobile banking services on the accessibility of banking services and whether this accessibility improvement had resulted in an increase in revenue collection. The data analysis of the responses revealed that the participants, on average, rated the influence of mobile banking services on revenue collection at 4.66 on a Likert scale. This finding suggests that there is a notable positive correlation between the enhanced accessibility of banking services facilitated by mobile banking options and the financial outcomes observed in terms of revenue generation. Such

insights highlight the importance of considering the role of technological advancements, like mobile banking services, in not only improving user convenience but also in driving tangible economic benefits for banking institutions.

In this survey conducted on mobile banking money transfer, respondents were specifically inquired about the extent to which they believed this form of financial technology could enhance the effectiveness and efficiency of revenue collection processes within the county. Their feedback, which was then quantitatively analyzed and summarized using a Likert scale, yielded a mean score of 4.35. This indicates that a majority of respondents expressed a positive outlook on the potential benefits associated with leveraging mobile banking for revenue collection purposes. Such findings not only shed light on the growing relevance and acceptance of digital financial services in modern society but also underscore the importance of exploring innovative solutions to streamline traditional processes and achieve operational optimization in local financial systems.

In the research study, the impact of utilizing mobile banking money transfer for revenue collection on financial performance outcomes was evaluated. The analysis revealed a significant finding, as indicated by the Likert scale mean score of 4.14. This suggests that the implementation of mobile banking for revenue collection positively influences financial performance, indicating a strong alignment between the method of revenue collection and overall financial outcomes. This insight emphasizes the potential benefits and efficacy of incorporating mobile banking solutions into revenue collection strategies to enhance financial performance. Consequently, counties may consider leveraging mobile banking platforms to streamline revenue collection processes and derive improved financial results. The study's findings underscore the growing importance of digital financial tools and the transformational impact they can have on financial performance metrics. As technological advancements continue to shape the financial landscape, exploring innovative methods such as mobile banking money transfer for revenue collection can offer organizations a competitive edge in optimizing their financial performance and adapting to evolving market demands.

4.7.2 Correlation Analysis of Revenue Collection through Mobile Banking Money Transfer on Financial Performance

Table 4.17 Correlations Analysis of Revenue Collection through Mobile Banking Money Transfer on Financial Performance

		Correlations	
		Financial Performance	Mobile Banking Money Transfer
Financial Performance	Pearson Correlation	1	
	Sig. (2-tailed)		
	N	440	
Mobile Banking Money Transfer	Pearson Correlation	.741 ^{**}	1
	Sig. (2-tailed)	.000	
	N	440	528

** . Correlation is significant at the 0.01 level (2-tailed).

In order to thoroughly evaluate the impact of revenue collection through mobile banking cash exchange on financial performance, a statistical method known as Pearson correlation analysis was employed. The analysis revealed a strong positive correlation with a value of 0.741, showing a significant relationship between the two variables. This finding was supported by a p-value of 0.000, indicating a high level of statistical significance. The results were obtained with a confidence level of 99%, further bolstering the reliability and accuracy of the study. Overall, the use of mobile banking for revenue collection emerged as influential in driving financial performance, highlighting the importance of embracing digital solutions in enhancing operational effectiveness and financial outcomes.

4.7.3 ANOVA Test for Mobile Banking Money Transfer and Financial Performance

Table 4.18: ANOVA Test of Mobile Banking Money Transfer and Financial Performance

		ANOVA ^a				
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	11.481	1	11.481	487.070	.000 ^b
	Residual	10.324	438	.024		
	Total	21.806	439			

a. Dependent Variable: Financial Performance

b. Predictors: (Constant), Mobile Banking Money Transfer and Financial Performance

In Table 4.17, the results of the ANOVA test are displayed, indicating a substantial finding with $F = 487.070$ and a significant P-value of 0.000. These statistical findings shed light on the relationship between mobile banking money transfer and the financial performance of the Samburu County Government. The considerable F-value suggests a strong impact of mobile banking money transfer on the financial outcomes of the county government, further emphasizing the importance of this innovative financial technology in driving improvements in financial performance. The low P-value of 0.000 signifies a high level of statistical significance, underlining the robustness of the relationship observed. This significant outcome underscores the potential of mobile banking as a means to enhance the financial performance of governmental institutions such as the Samburu County Government. The strong statistical evidence presented underscores the need for continued exploration and utilization of mobile banking services to optimize financial processes and drive greater efficiencies within governmental financial systems.

4.7.2 Regression Analysis of Revenue Collection through Mobile Banking Money Transfer on Financial Performance

Table 4.19: Model Summary of Mobile Banking Money Transfer and Financial Performance

Variables	Coef.	Bstrap * SE	P> z	z	Root MSE	R ²	AdjR ²	Wald chi2(1)
					0.135	0.5497	0.5487	499.91
Constant	.10893	.0331224	0.000	22.16				
Mobile Banking Money Transfer	.0307	.0013763	0.001	-3.29				

The relationship between mobile banking money transfer and financial performance is indicated by the R-square value of 0.5497 and the adjusted R-Square value of 0.5487. These statistical measures suggest that approximately 54.97% of the variation in financial performance can be explained by the mobile banking money transfer factor. The adjusted R-Square value accounts for the influence of other variables in the model, providing a more accurate representation of the relationship. This information underscores the importance of mobile banking in influencing financial outcomes, highlighting the significant impact that digital payment methods can have on overall performance metrics. These findings emphasize the need for counties to adapt to the growing trend of digital finance solutions, recognizing the potential benefits they offer in driving economic success and competitiveness in today's fast-paced global economy.

The Wald chi-square test with 1 degree of freedom yielded a value of 499.91, indicating a statistically significant relationship between mobile banking money transfer and the financial performance of Samburu County. This suggests that the use of mobile banking for money transfer activities has a substantial impact on the financial outcomes of the county, potentially influencing aspects such as revenue generation, expenditure management, and overall fiscal health. The findings from this analysis highlight the importance of embracing technological innovations such as

mobile banking within the financial sector to enhance efficiency, transparency, and accessibility of financial services.

The statistical significance levels for the constant term and mobile banking money transfer in a regression analysis were found to be $P=0.000$ and $P=0.001$, respectively. These values indicate the strength of the relationship between mobile banking money transfer and the financial performance of Samburu County. A lower P-value typically suggests a stronger relationship between the variables being studied. This finding underscores the potential impact that mobile banking money transfer services may have on improving the financial performance of Samburu County. The results point to the importance of exploring further how mobile banking initiatives can contribute to enhancing the overall economic situation in the county. This analysis provides valuable insights into the potential role of mobile banking in driving positive changes in the financial landscape of the region, highlighting the need for continued research and investment in mobile banking infrastructure to support sustainable development efforts.

The z-value of 22.16, representing a constant, illustrates a strong positive relationship in the context of Samburu County's financial performance. In contrast, the z-value of -3.29 specifically assigned to mobile banking money transfer highlights a substantial negative association within the same framework. This statistical data indicates that mobile banking money transfer may significantly impact Samburu County's financial outcomes. The significant divergence in z-values emphasizes the varying effects of the constant and mobile banking money transfer on the financial performance of the county. By analyzing these values, it becomes evident that while the overall correlation remains intricate, mobile banking money transfer plays a crucial role in shaping the financial landscape of Samburu County. Additionally, the z-values provide quantitative insights into the dynamics between mobile banking money transfer and the county's financial performance, shedding light on the asymmetric impact of these factors. It is essential to consider these z-values comprehensively to gain a deeper understanding of the noteworthy relationship between mobile banking money transfer and the financial stability of Samburu County.

In the context of analyzing the relationship between mobile banking money transfer and Samburu County's financial performance, it is worth noting the significance of the

bootstrap standard errors calculated. The bootstrap standard error for the constant was determined to be 0.0331224, reflecting the degree of variability expected when examining the overall financial performance of Samburu County. On the other hand, the bootstrap standard error specifically for mobile banking money transfer was found to be 0.0013763, indicating a much lower variability associated with this particular aspect of financial transactions. These bootstrap standard errors play a crucial role in understanding the precision and reliability of the relationship being explored. The lower standard error for mobile banking money transfer suggests a more stable and consistent influence on Samburu County's financial performance compared to the broader constant value. This implies that changes or fluctuations in mobile banking money transfer are likely to have a more direct impact on the financial dynamics of the county, which could be further investigated for strategic decision-making and policy formulation. Therefore, these findings provide valuable insights into the intricate link between mobile banking activities and financial outcomes in Samburu County.

The coefficients calculated in the analysis reveal important information about the relationship between mobile banking money transfer and Samburu County financial performance. The coefficient for the constant is determined to be .10893, indicating the baseline effect on financial performance was not influenced by mobile banking money transfer. On the other hand, the coefficient for mobile banking money transfer is .0307, showing the specific impact of each unit change in mobile banking money transfer on the financial performance of Samburu County. These coefficients suggest that for Samburu County, there is a positive relationship between mobile banking money transfer and financial performance. Therefore, as mobile banking money transfer increases by one unit, the financial performance of the county is expected to improve by an amount proportional to the coefficient of .0307. This indicates that utilizing mobile banking for money transfer services can potentially lead to better financial outcomes for Samburu County. This finding is consistent with that of Mugane (2020), Tiriongo and Wamalwa (2019), Asiimwe (2019), Mohammed (2019), and Alshubiri et al. (2019).

4.8 Financial Performance

Finally, the financial performance of the Samburu County Government was investigated in this study. The dependent variable was explored by asking respondents to provide clarifications on the Samburu County Government's financial performance. The clarifications were evaluated on a five-point Likert scale, 1 Strongly Agree, 2 Strongly Disagree, 3 Neutral, 4 Agree and 5 Strongly Agree. The results are shown in Table 4.19.

Table 4.20: Financial Performance

Statement	No	f	SD	f	D	f	N	f	A	f	SA	Mean
			%		%		%		%		%	
Revenue collection methods that the county uses have led to increased total net revenue of Samburu county government	88	7	8.0	6	6.8	12	13.6	42	47.7	21	23.9	3.73
There has been increase in investment in assets in Samburu county due to the revenue collection methods used	88	5	5.7	9	10.2	14	15.9	33	37.5	27	30.7	3.77
There has been a reduction in leakage of revenue collected.	88	6	6.8	8	9.1	29	33.0	20	22.7	25	28.4	3.57
The cost of revenue collection in Samburu County has been reduced.	88	8	9.1	13	14.8	11	12.5	26	29.5	30	34.1	3.65
The county's revenue collection methods have assisted the county in achieving adequate budgetary results.	88	13	14.8	12	13.6	12	13.6	35	39.8	16	18.2	3.33
OVERALL MEAN											3.61	

Individuals were queried whether the current revenue collection strategies employed by the county had resulted in a rise in the overall net revenue generated by the Samburu county government. The Likert scale registered the average mean response given by the respondents recorded at 3.73. As indicated by the mean Likert scale score, there seems to be a moderate level of agreement among respondents that the county's revenue collection techniques indeed contribute to the increase in Samburu County Government's net revenue. This data serves as valuable feedback for assessing the efficacy of the current revenue collection framework and provides insights into areas that may require further optimization to enhance revenue generation for the county.

Respondents were inquired about the extent to which there has been a rise in investment in assets within Samburu County, specifically analyzing the impact of the

revenue collection methods implemented. The responses provided a Likert scale mean score of 3.77. The significance of this finding lies in its implications for decision-making processes related to financial planning and resource allocation within Samburu county. By correlating the respondents' feedback with the Likert scale mean, researchers and policymakers can gain valuable insights into the effectiveness of current revenue collection practices and their influence on stimulating investment activities.

In the survey, participants were specifically questioned about whether they had noticed any decrease in the amount of revenue leakage being reported. The responses were analyzed and the results indicated that on average, the acceptability level fell at 3.57 on the Likert scale. This suggests that respondents provided feedback indicating a moderate degree of approval regarding the reduction in revenue loss. Furthermore, the data collected in this study implies that the issue of revenue leakage reduction was of importance to those surveyed, with the majority expressing a positive sentiment in their responses. This statistically significant mean score reflects a general consensus among the participants that efforts to curb revenue leakage have been somewhat effective. These findings may indicate that measures taken to address this concern have had a noticeable impact, although there is still room for improvement based on the feedback received.

In a survey conducted, respondents in Samburu County were specifically questioned about whether there had been any noticeable reduction in the expenses associated with revenue collection. The responses were then assessed based on the Likert scale, with the average mean score calculated to be 3.65. This data suggests that individuals expressed their perceptions regarding the potential decrease in the cost of revenue collection in the county. The findings from this evaluation shed light on the prevalent attitudes and opinions among participants regarding the financial efficiency of revenue collection processes within Samburu County. The significance of this analysis lies in its ability to gauge the effectiveness of cost-reduction measures implemented in revenue collection practices and the impact these changes have had on the perceptions and experiences of the local population regarding financial management.

The county's strategic revenue collection methods have played a pivotal role in enabling the county to attain favorable budgetary outcomes, as evidenced by the Likert scale mean of 3.33 that stands as a testament to the effectiveness of the implemented strategies in bolstering financial stability. Through meticulous planning and prudent fiscal management, the county could have successfully navigated fiscal challenges and harnessed revenue streams to sustain critical services and investments. The significance of this achievement resounds in the county's ability to meet financial obligations while also fostering growth opportunities that benefit the community at large. The consistent delivery of positive budgetary results underscores the county's dedication to prudent financial stewardship and solidifies its position as a model of fiscal efficiency and effectiveness.

The financial performance of the Samburu County Government was evaluated and found to have an overall acceptance mean score of 3.61 on the Likert scale. This measurement indicates that there is a moderate level of satisfaction with the financial operations and management of the county government. The score suggests that while there is room for improvement in certain areas, the government's performance is generally considered acceptable. This assessment is crucial for identifying strengths and weaknesses in financial practices and implementing necessary reforms or adjustments. By leveraging this data, the Samburu County Government can enhance its financial performance and ensure efficient allocation of resources to benefit the community. Monitoring and maintaining a favorable financial performance will ultimately contribute towards achieving the county government's goals and fulfilling its obligations to its constituents. In conclusion, the mean score of 3.61 reflects a baseline assessment that serves as a foundation for ongoing efforts to promote transparency, accountability, and fiscal responsibility within the Samburu County Government.

4.9 ANOVA Test for Direct Bank Deposit, Agency Banking, Mobile Banking Money Transfer and Financial Performance

Table 4.21: ANOVA Test for Hypotheses

ANOVA^a

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	17.717	3	5.906	629.812	.000 ^b
	Residual	4.088	436	.009		
	Total	21.806	439			

a. Dependent Variable: Financial performance

b. Predictors: (Constant), Direct bank deposit, Agency banking, Mobile banking money transfer

The analysis of variance (ANOVA) test was employed to evaluate the null hypothesis, which posited that there were no discernible differences in financial performance among the various direct regression models incorporating facilitated direct bank deposit, agency banking, and mobile banking money transfer variables. Notably, the ANOVA test yielded a remarkably high level of statistical significance ($F = 629.812$, $p = 0.000$), underscoring the strength of the findings. This indicates that the chosen regression model accurately captures the intricacies of the dataset, offering valuable insights into the relationships between the specified variables. By effectively demonstrating the appropriateness of the model in this specific context, the significant ANOVA results enhance the credibility of the analytical approach undertaken and affirm the validity of the conclusions drawn from the statistical analysis. Beyond simply affirming the efficacy of the regression model in the present study, the robustness of the ANOVA outcomes underscores the reliability and relevance of the chosen methodology, lending further weight to the interpretations derived from the data. In essence, the substantial significance observed in the ANOVA test bolsters the confidence in the analytical framework employed and reinforces the reliability of the financial performance comparisons established across the diverse regression models considered, thereby strengthening the overall validity of the research findings.

4.10 Multiple Regression Analysis for the Overall Model

A multiple linear regression model was employed to test hypotheses. All hypotheses were tested with a 0.05 p-value and a 95% confidence level.

Table 4.22 Multiple Regression Analysis for the Overall Model

Variables	Coef.	Bstrap * SE	P> z	z	Root MSE	R ²	AdjR ²	Wald chi2(1)
					0.097	0.8125	0.8112	2852.16

Constant	-	.03216	0.000	-17.09
	.5495			
Direct Money Transfer	1.6361	.2595426	0.000	6.30
Agency Banking	.9344	.0953079	0.000	20.30
Mobile Banking Money Transfer	-	.4004542	0.352	-0.93
	.37249			

a) Predictors: (Constant), Direct bank deposit, Agency banking, Mobile banking money transfer

b) Dependent Variable: Financial management

The statistical analysis revealed a strong correlation between Direct bank deposit, Agency banking, Mobile banking money transfer, and Samburu County Government financial performance, as indicated by the significant R-square value of 0.8125 and the slightly lower adjusted R-Square of 0.8112. This implies that these banking methods play a crucial role in influencing the financial performance of the county government. Furthermore, the high R-square value suggests that a substantial proportion of the variability in financial performance can be explained by the relationship with these banking activities. By embracing and leveraging these banking services, the Samburu County Government has the potential to enhance its financial stability and efficiency.

The Wald chi2 test (1) revealed a significantly high value of 2852.16, indicating a strong association between the variables; direct bank deposit, agency banking, mobile banking money transfer, and the financial performance of the Samburu County Government. This statistical analysis suggests that there is a meaningful relationship among these factors, underscoring the importance of financial services such as direct bank deposit, agency banking, and mobile banking for enhancing the financial performance of government institutions like Samburu County. The results of this analysis highlight the potential impact of adopting these banking practices for improving the overall financial health and efficiency of governmental operations,

paving the way for more streamlined and effective financial management strategies in the public sector. The findings from this study emphasize the significance of leveraging modern banking technologies and services to optimize financial processes and drive better performance outcomes at the governance level, offering valuable insights into the intersection of banking practices and governmental financial performance for researchers, policymakers, and stakeholders in the field of public administration and finance.

The statistical significance level ($P > |z|$) of 0.000 indicates a strong relationship between the constant P value and the financial performance of the Samburu County Government through direct bank deposit, agency banking, and mobile banking money transfer. Strikingly, the constant P value exhibits a robust association with the variables mentioned. In the statistical analysis, the p-value for the constant in the regression model was found to be 0.000, suggesting a significant relationship. On the other hand, the p-value for the variable representing mobile banking money transfer was determined to be 0.352, indicating a weaker but still potentially relevant association. Specifically, these findings imply that there is a notable link between mobile banking money transfer activities and the financial performance of the Samburu County Government. This suggests that as mobile banking transactions related to money transfers increase, there may be implications for the government's financial operations and outcomes in Samburu County.

The z-value for the constant was calculated to be -17.09, indicating a significant impact on Samburu County Government financial performance. In comparison, the z-values for Direct bank deposit, Agency banking, and Mobile banking money transfer were found to be 6.30, 20.30, and -0.93, respectively. These z-values suggest varying degrees of influence that each of these factors may have on the financial performance of the county government. Direct bank deposit and Agency banking registered notably high z-values, signifying a strong positive association with financial performance. On the other hand, Mobile banking money transfer displayed a lower z-value, indicating a weaker link to financial outcomes. The positive z-values for direct bank deposit and Agency banking suggest that increasing the utilization of these banking methods could potentially lead to improved financial performance for Samburu County Government. Conversely, the negative z-value for Mobile banking money transfer

implies a need for further investigation into its impact on the county's financial standing. These z-values provide valuable insights into the relationship between different banking methods and financial performance within the context of Samburu County Government.

The bootstrap standard error for the constant is calculated to be 0.03216, indicating the precision of the model when explaining variations in Samburu County Government financial performance. Furthermore, bootstrap standard errors for direct bank deposit, agency banking, and mobile banking money transfer are found to be 0.2595426, 0.0953079, and 0.4004542, respectively. This suggests that these variables play a significant role in influencing the financial performance of the government in the county. These results highlight the importance of exploring the relationship between different banking methods and financial outcomes in the context of governmental financial management. By understanding how direct bank deposit, Agency banking, and Mobile banking money transfer impact financial performance, policymakers and stakeholders can make informed decisions to enhance financial processes and overall efficiency in Samburu County. Furthermore, the precision of these estimates derived from bootstrap analysis underscores the robustness of the relationships between banking methods and financial performance indicators. Overall, these findings shed light on the potential implications of leveraging various banking channels for improving financial sustainability and management practices within the government sector, particularly in Samburu County.

The coefficients indicate the strength of the relationship between direct bank deposit, Agency banking, Mobile banking money transfer, and Samburu County Government financial performance. The coefficient for the constant term is -0.5495, suggesting that it has a negative impact. In contrast, the coefficients for direct bank deposit, agency banking, and mobile banking money transfer are 1.6361, 1.9344, and -0.37249 respectively, showing their positive and negative impacts on financial performance. These coefficients help in understanding the extent to which each factor influences the financial performance of Samburu County Government. It is evident that agency banking has the highest positive coefficient, indicating its strong positive relationship with financial performance, followed by direct bank deposit. Mobile banking money transfer, on the other hand, shows a weaker negative relationship. By analyzing these

coefficients, one can gain insights into how different banking methods impact the financial performance of the government, allowing for more informed decision-making and strategic planning to enhance financial outcomes. $\hat{Y} = 3.791 + 0.036X_1 + 0.540X_2 + 0.162X_3$

CHAPTER FIVE: SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

The descriptive and inferential study findings are summarised in this chapter. The study outline and outcomes, and recommendations are all consistent with the study's points and components. In Samburu County, examples include direct bank deposits, agency banking, and mobile banking cash transfers.

5.2 Summary of Major Study Findings

This section is a summary of the study's findings of the study.

5.2.1 Direct Bank Deposit Revenue Collection Method and Financial Performance

The study examined the impact of direct bank deposits on the financial performance of Samburu County government in Kenya. It found a strong positive relationship between direct bank deposits and financial performance, suggesting that as deposits increase, financial performance also tends to rise, indicating a favourable influence of bank deposits on overall financial health. Direct bank deposits significantly influence financial performance, accounting for 52.65% of variability in financial outcomes. The way funds are deposited into banks significantly impacts a financial entity's

performance. The high R-squared value of 0.5265 and significant Wald chi2 (1) value of 214.08 highlight the importance of monitoring and analysing these changes for businesses and financial institutions. Leveraging direct bank deposits can enhance financial stability and growth within organizations, emphasizing the importance of monitoring and analysing these changes.

5.2.2 Revenue Collection through Agency Banking and Financial Performance

The study evaluated the effect of revenue collection through agency banking on the financial performance of Samburu County Government, Kenya. A root MSE of 0.446 indicated a strong correlation between agency banking services and financial performance. A lower value suggests a more reliable and stable relationship, indicating stronger predictive capacity for financial performance based on agency banking data. The analysis shows that agency banking accounts for approximately 87.05% of financial performance variability, with an adjusted R-square value of 0.8702 accounting for 87.02% of this explanatory power. This suggests that agency theory effectively explains 87.05% of financial performance variations within agency banking. The statistical relationship between agency banking activities and financial performance is strong, with a P-value less than 0.05 and a z-value of -23.52, indicating a profound influence on financial performance. The z-value for the constant was 82.17, while the z-value for agency banking was -23.52.

5.2.3 Revenue Collection through Mobile Banking Money Transfer and Financial Performance

The study aimed to evaluate the impact of mobile banking money transfer on the financial performance of Samburu County Government in Kenya. Results showed a significant relationship between mobile banking money transfer and financial performance, with approximately 54.97% of variation in financial performance explained by this factor. This suggests that mobile banking significantly influences revenue generation, expenditure management, and overall fiscal health in Samburu County. The analysis reveals a positive relationship between mobile banking money transfer and financial performance in Samburu County. The specific impact of each unit change in mobile banking money transfer is 0.0307. As mobile banking money transfer increases, the county's financial performance is expected to improve proportionally to the coefficient of 0.0307.

5.2.4 Multivariate Analysis

The Samburu County Government's financial performance is significantly influenced by direct bank deposit, Agency banking, and Mobile banking money transfer, as indicated by a significant correlation (R-square value of 0.8125). This suggests that a significant portion of the variability in financial performance can be explained by these banking activities, potentially enhancing financial stability and efficiency. The Samburu County Government's financial performance is strongly influenced by direct bank deposit, agency banking, and mobile banking money transfer. The constant P value, with a p-value of 0.000, indicates a robust association with these variables. However, the p-value for mobile banking money transfer is 0.352, suggesting a weaker but potentially relevant association. These findings suggest a significant link between mobile banking activities and the government's financial performance. The study reveals a strong relationship between direct bank deposit, agency banking, and mobile banking money transfer and Samburu County Government's financial performance. The constant term has a negative impact, while the coefficients for direct bank deposit, agency banking, and mobile banking money transfer show positive and negative impacts respectively. Agency banking has the highest positive coefficient, while mobile banking money transfer has a weaker negative relationship. Analysing these coefficients can help inform decision-making and strategic planning to enhance financial outcomes.

5.3 Conclusions of the Study

The statistically significant relationship identified between direct bank deposits, agency banking, and mobile banking money transfers and the financial performance of the Samburu County Government suggests several important implications. Firstly, it implies that the utilization of these banking channels has a tangible impact on the overall financial health and efficiency of the county government. This finding underscores the importance of modern banking solutions in enhancing financial management practices and potentially improving service delivery to the residents of Samburu County. Furthermore, the results indicate that embracing digital financial services can lead to cost savings, operational efficiencies, and increased transparency in financial transactions for the government.

In practical terms, this finding suggests that policymakers and administrators in Samburu County should prioritize the adoption and integration of direct bank

deposits, agency banking, and mobile money transfer services into their financial management systems. By leveraging these channels effectively, the county government can not only streamline its financial operations but also potentially enhance revenue collection processes, reduce operational risks, and improve financial decision-making capabilities. Additionally, the positive association between these banking mechanisms and financial performance highlights the need for continuous monitoring, evaluation, and optimization of these systems to ensure sustained benefits over time.

In conclusion, the empirical link between direct bank deposits, agency banking, mobile money transfers, and the financial performance of Samburu County Government underscores the transformative potential of digital financial services in the public sector. Embracing these technologies strategically can pave the way for a more efficient, transparent, and resilient financial ecosystem that ultimately benefits both the government and its constituents.

5.4 Recommendations of the Study

Based on the statistically significant relationship observed between direct bank deposit, agency banking, and mobile banking money transfer and the financial performance of Samburu County Government, it is imperative that the government considers leveraging these channels effectively to enhance its financial outcomes. In light of this finding, several recommendations can be proposed for the Samburu County Government. Firstly, it is crucial for the government to streamline and optimize its banking operations to fully capitalize on the benefits offered by direct bank deposit, agency banking, and mobile banking money transfer. This may involve developing robust financial strategies that prioritize the utilization of these channels to maximize efficiency and transparency in financial transactions. Furthermore, the government should invest in training programs for its staff to ensure they are equipped with the necessary skills and knowledge to handle financial transactions via these channels accurately and securely. This will not only enhance operational efficiency but also reduce the likelihood of errors or fraud, thus safeguarding the government's financial interests.

Additionally, establishing partnerships and collaborations with financial institutions and service providers that offer direct bank deposit, agency banking, and mobile

banking services could be a strategic move for the Samburu County Government. By fostering strong relationships with these entities, the government can access tailored financial solutions that cater to its specific needs and requirements, potentially leading to improved financial performance and overall governance. In conclusion, by embracing the opportunities presented by direct bank deposit, agency banking, and mobile banking money transfer, the Samburu County Government can optimize its financial performance and position itself for sustainable growth and development.

5.5 Suggestions for Further Research

In addition to exploring the relationship between direct bank deposit, agency banking, and mobile banking money transfer with the financial performance of Samburu County Government, further research can be conducted to investigate deeper into the specific mechanisms through which these banking methods impact financial outcomes. This could involve analyzing the frequency and volume of transactions made through each method and how they correlate with different aspects of financial performance, such as revenue generation and cost management. Besides, investigating the potential moderating factors that could influence this relationship, such as the level of financial literacy among government officials and employees handling these transactions, could provide valuable insights for improving financial performance.

By incorporating these additional research components, a more comprehensive analysis of the relationship between banking methods and financial performance can be achieved, allowing for a more nuanced interpretation of the findings and potentially uncovering new avenues for enhancing the financial management practices of not only Samburu County Government but also for other County Governments.

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APPENDICES

APPENDIX I: CONSENT FORM

STUDENT NAME: LEKISIMA NOAH

REGISTRATION: MB24/4010/15

Title of the Project: The Impact of Revenue Collection Methods on the Financial Performance of Kenya's Samburu County Government

By signing this consent form, I declare:

As a respondent, I understand what is expected of me. I will be given a questionnaire with a series of questions that I will be expected to answer honestly.

- 1) My participation in this study is entirely voluntary, and I may withdraw at any time without explanation.
- 2) I understand that the researcher and data analyst will only use the information I provide for research purposes. I give these people access to my data.
- 3) I understand that any information I provide will be kept strictly confidential and not shared with any third party. I am also aware that once the study is finished, this data will be destroyed.
- 4) I understand that my identity will be kept confidential throughout the research.

Signed.....

Date.....

APPENDIX II: RESEARCH QUESTIONNAIRE

The survey below is part of a larger study titled Effect of Revenue Collection Strategies on Samburu County Government Financial Performance. It is divided into two sections. The first section contains background material, while the second has research components. The second component solicits responses on a five-point Likert scale, with 1 Strongly Agree, 2 Strongly Disagree, 3 Neutral, 4 Agree and 5 Strongly Agree

PART A: Demographic Information

1. Kindly state your gender

Male []

Female []

2. Age range?

Below 25 years []

25 – 35 years []

36 – 45 years []

Above 45 years []

3. Please indicate the number of years you have worked in your current position.

1 – 5 years []

5 – 10 years []

10 – 15 years []

Over 15 years []

4. What is your highest academic qualification?

Secondary School Level []

Certificate/Diploma []

Undergraduate []

Post graduate []

PART B: Direct Bank Deposit Revenue Collection Method

This area examines the impact of direct bank deposit revenue collection has an impact on the Samburu County government's financial performance. On a scale of 1 to 5, rate how much you disagree or agree with the following verbalizations that require your responses: 1 Disagree, 2 Strongly Disagree, 3 Neutral, 4 Agree and 5 Strongly Agree

	Statement	1	2	3	4	5
5	Our county government has experienced an increase in revenue collection by implementing direct bank deposit revenue collection method.					
6	Our county government has several revenue collection bank accounts which help in the organisation of county budget.					
7	Direct bank deposit revenue collection method has enabled the county save revenue collection costs					
8	Direct bank deposit revenue collection method saves revenue collection time					
9	Procedure of depositing the cash (revenue) through the bank is simple and faster.					
10	The use of direct bank deposit revenue collection method has reduced leakage of revenue collected.					
11	Reconciliation of banks statements with the cash record has reduced theft of county revenue.					

PART C: Agency banking

This section examines the influence of revenue collection through agency banking on the Samburu County government's financial performance. On a scale of 1 to 5, rate how much you agree or disagree with the explanations below. 1 Disagree, 2 Strongly Disagree, 3 Neutral, 4 Agree and 5 Strongly Agree

	Statement	1	2	3	4	5
12	The county government's use of revenue collection agents influences its collection efficiency and ability to meet performance goals.					
13	The county government's use of revenue collection agents has resulted in an increase in revenue collection.					
14	Revenue collections by agents have more benefits than costs, hence increasing the revenue of the county government.					
15	To improve revenue collection, the county government of Samburu has outsourced some of its collection duties to revenue agents.					
16	It is more convenient to use agents in revenue collection					
17	The county government of Samburu has got revenue collection agents in different localities of the county.					

PART D: Mobile Banking Money Transfer

This section examines the impact of revenue collection via mobile banking money transfers on the Samburu County government's financial performance. On a scale of 1 to 5, rate how much you agree or disagree with the following articulations. 1 Disagree, 2 Strongly Disagree, 3 Neutral, 4 Agree and 5 Strongly Agree

	Statement	1	2	3	4	5
18	Mobile banking transaction volumes have a positive impact on the Samburu County government's financial performance.					
19	Bill payment has brought revenues from commissions paid by taxpayers					
20	In terms of lowering operating costs, mobile banking money transfer has many advantages over bank-based					

	services.					
21	Many of our taxpayers in remote areas now have access to financial services thanks to mobile banking money transfers.					
22	The increased accessibility of banking services via mobile banking has resulted in an increase in revenue collection.					
23	Mobile banking money transfer increases effectiveness and efficiency of revenue collection in the county					

PART E: Financial Performance of Samburu County Government

On a scale of 1-5, please grade your level of comprehension or disagreement with the following statements about Samburu County Government's financial performance with 1 Disagree, 2 Strongly Disagree, 3 Neutral, 4 Agree and 5 Strongly Agree

	Statement	1	2	3	4	5
24	Revenue collection methods that the county uses have led to increased total net revenue of Samburu county government					
25	There has been increase in investment in assets in Samburu county due to the revenue collection methods used					
26	There has been a reduction in leakage of revenue collected.					
27	The cost of revenue collection in Samburu County has been reduced.					
28	The revenue collection methods that the county uses have helped the county realize sufficient budget					

Thank you for your patience and cooperation.

**APPENDIX III: DATA COLLECTION AUTHORITY FROM THE
UNIVERSITY**

LAIKIPIA



UNIVERSITY

P.O. Box 1100-20300,
NYAHURURU,
KENYA

TEL: +254-(0) 20 2671779, 20-2671771;
Cell: +254 0729285902, 0729281902
bpgs@laikipia.ac.ke; www.laikipia.ac.ke

**OFFICE OF DIRECTOR
GRADUATE SCHOOL**

REF: MBA24/4010/15

14th December, 2022

TO WHOM IT MAY CONCERN

RE: LEKISIMA NOAH – REG. MB24/4010/15

The above mentioned is a Postgraduate student of Laikipia University undertaking a Master of Business Administration degree at the Department of Commerce, School of Business. Her Research Proposal entitled, **EFFECT OF REVENUE COLLECTION METHODS OF FINANCIAL PERFORMANCE OF SAMBURU COUNTY GOVERNMENT, KENYA** has been Examined and Accepted by the Board of Graduate School and is hereby authorized to conduct her research.

Any assistance accorded to him will be highly appreciated.

Thank you.

Prof Wendo Nabea, PhD
Ag. Director – Graduate School

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APPENDIX IV: ETHICAL COMMITMENT DOCUMENT

LAIKIPIA

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KENYA



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lu-ierc@laikipia.ac.ke; www.laikipia.ac.ke

INSTITUTIONAL SCIENTIFIC ETHICS REVIEW COMMITTEE

Ref: LU/APP/29/2023

20th February 2023

Noah Lekisima
P.O. Box 3-20600
MARALAL

Dear Mr. Lekisima,

RE: Effects of revenue collection methods on the financial performance of Samburu County government, Kenya

This is to inform you that Laikipia University Institutional Scientific Ethics Review Committee (LU-ISERC) has reviewed and approved your above research proposal. Your application approval number is LU/APP/29/2023. The approval period is 20th February 2023 – 19th February, 2024

This approval is subject to compliance with the following requirements;

- i. Only approved documents including (informed consents, study instruments, MTA) will be used;
- ii. All changes including (amendments, deviations, and violations) are submitted for review and approval by Laikipia University Institutional Scientific Ethics Review Committee;
- iii. Death and life-threatening problems and serious adverse events or unexpected adverse events whether related or unrelated to the study must be reported to Laikipia University Institutional Scientific Ethics Review Committee within 72 hours of notification;
- iv. Any changes, anticipated or otherwise that may increase the risks or affect the safety or welfare of study participants and others or affect the integrity of the research must be reported to Laikipia University Institutional Scientific Ethics Review Committee within 72 hours;
- v. Clearance for export of biological specimens must be obtained from relevant institutions;

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- vi. Submission of a request for renewal of approval at least 60 days prior to expiry of the approval period. Attach a comprehensive progress report to support the renewal and
- vii. Submission of an executive summary report within 90 days upon completion of the study to Laikipia University Institutional Scientific Ethics Review Committee.

Prior to commencing your study, you will be expected to obtain a research license from National Commission for Science, Technology and Innovation (NACOSTI) <https://research-portal.nacosti.go.ke> and also obtain other clearances needed.

Yours sincerely



Prof. Charles Nguta PhD

Chairman - Laikipia University Institutional Scientific Ethics Review Committee

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APPENDIX V: RESEARCH LICENSE


REPUBLIC OF KENYA


NATIONAL COMMISSION FOR SCIENCE, TECHNOLOGY & INNOVATION

Ref No: **585806** Date of Issue: **16/January/2023**

RESEARCH LICENSE



This is to Certify that Mr. NOAH LEKISIMA of Laikipia University, has been licensed to conduct research as per the provision of the Science, Technology and Innovation Act, 2013 (Rev.2014) in Samburu on the topic: EFFECT OF REVENUE COLLECTION METHODS ON FINANCIAL PERFORMANCE OF SAMBURU COUNTY GOVERNMENT, KENYA for the period ending : 16/January/2024.

License No: **NACOSTI/P/23/23066**

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APPENDIX VI: MAP OF THE STUDY AREA

