

**EFFECT OF STRATEGIC ORIENTATION ON REVENUE COLLECTION
PERFORMANCE IN PUBLIC SECTOR: A CASE STUDY OF HOMA BAY COUNTY
GOVERNMENT, KENYA**

BY

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A strong local revenue base is essential for sustainability of decentralized programs. In the last financial year 2017 only two counties namely Turkana and Marsabit met their revenue targets the rest had collections even below what was previously collected by the defunct local authorities. Homabay County in the last financial year was among the bottom ten counties in revenue collection performance. The 2016 budget implementation review report listed Homabay among the bottom 24 counties in terms of revenue collection. Homabay generated 158 million which was regarded as 0.47percent of total counties collection of Ksh 33.4billion. Existing theory explains tax collection performance as a function of political, socio-economic, and cultural factors. Yet across Kenya, tax collection performance varies greatly between counties that are similar along these dimensions. Analysis of previous work give mixed results of the effects resulting in discord with various scholars getting conflicting outcomes. Majority of these studies focused on profit making institutions and not on public and politically driven institutions. This study addressed these gaps and was anchored on resource based theory, dynamic capacity theory and the theory of Publicness. The main purpose was to determine effect of strategy orientation on revenue collection performance in public sector. Specific objectives were to: examine effect of market orientation; establish effect of learning orientation; determine effect of entrepreneurial orientation; and investigate effect of technological orientation on revenue collection performance. The study adopted a correlation research design using the questionnaire method. The target population was 2,112 employees of County Government of Homa-Bay out from which a proportional stratified sample size of 325 was drawn. Cronbach alpha coefficient, $\alpha=0.764$ indicated the survey instrument was reliable. Content Validity Index, $CVI=0.85$ indicated the instrument was valid. The estimated model had a good fit: $R^2=.42$; $F=42.546$; $p=.000$ and *Durbin Watson*=1.672. Results indicated market orientation ($B=.122$, $p=.000$); entrepreneurial orientation ($B=.127$, $p=.000$) and learning orientation ($B=.166$, $p=.000$) all had positive significant effect on revenue collection performance; while technological orientation ($B=-.139$, $p=.000$) had negative significant effect on revenue collection performance. This implied direct effect of market, entrepreneurial, and learning orientation on performance while inverse effect of technological orientation on performance *ceteris paribus*. Concluded that strategy orientation had overall positive significant effect on performance. Recommended enhancing market, entrepreneurial, and learning strategy orientations while mitigating technological orientation. The study provided useful information for strategic management as well as county governance.

CHAPTER ONE

INTRODUCTION

This chapter entails; the background of the study, objective of the study, research hypothesis, scope of the study, justification of the study and conceptual framework.

1.1 Background of the Study

The spirit of decentralization is that county government should generally be in a better position than the central government to identify local needs, and to deliver public services accordingly (Brewer, Chandler and Ferrell, 2006). Given this background, the county government is enjoined to identify and raise revenue from local sources in form of rates, tolls, property tax, fees and fines among others to boost their financial base for development of the locality. Hongreen (2002) described revenue as inflows of asset (almost always cash or accounts receivables) received for products or services provided to customers. Tax compliance refers to the degree by which tax payers obliges to tax rules and regulations. It has a lot to do with the attitude of tax payer, the quality of public governance and tax service quality perception.

The continued failure by County Governments to achieve their revenue collection targets may be a reflection of their apparent limited capacity to collect taxes. Such failure is an important problem to investigate since it affects the mandate of county governments as stipulated in the supreme law of the land. A strong local revenue base is essential for sustainability of decentralized programs. Local revenue forms a core means of building an independent and accountable local government system. In particular, recent statistics, from controller of budgets indicate that virtually all counties in Kenya are hampered by inadequacy of vital financial resources mainly due to poor revenue collection. In the last financial year 2017 only two counties namely Turkana and Marsabit met their revenue targets the rest had collections even below what was previously collected by the defunct local authorities. The 2016 budget implementation review report listed Homabay among the bottom 24 counties in terms of revenue collection. Homabay generated 158 million which was regarded as 0.47percent of total counties collection of Ksh 33.4billion. This challenge has led to a call of national referendum supposedly to increase the percentage of monies exchequer releases to counties proposed through the council of

governors. The commission of revenue allocation has gone ahead to attach tax incentive to these county targets to motivate them to meet these targets.

Ayuon (2009) investigated the impact of time orientation on strategic behaviour of Thai and American hotel managers and drew a positive relationship. He linked cultural dimension as a factor that contributed to US managers being inclined to short term orientation while Thai managers preferred long term orientation. Ayuon however assumed a single culture for a country yet within it is subcultures which affect generalization. He also failed to capture the possibility of changes due to political or economic forces. He proposed further studies to include other countries especially the developing countries. This study focuses on developing country set up and is fixed to a region with same cultural aspects. This study is anchored on Publicness theory which accommodates economic and political influence. This study captures four strategy orientations while Ayuon used one. Amentia (2017) investigated the mediating effect of market orientation on competitor strategy orientation and innovative success on SMEs in USA. He found that competitor orientation has a positive significant effect on product innovative success. Market orientation was found to have 48 percent indirect influence thus need for further research to account for the balance. The study focused on business profit making institution. The current study has gone beyond market orientation and included three more forms of strategy orientation.

The current study is sought to establish effect of strategy orientation in a public nonprofit making organization. Its observed that a problem has been that previous research on competitive strategy and market orientation was mostly conducted in western/developed countries. Recent studies have called for research of market orientation in nonwestern or developing countries settings. In particular, countries in transition to market based economies are viewed to be good candidates for market orientation research as customer sovereignty issues become increasingly important (Gloria and Daniel, 2005, Erik, 2008).

Joachim etal (2015) investigated effect of strategy orientation on performance of agro-based firms in transition economy. The study recommends that the adoption of appropriate strategic orientation by agro-based firms to enhance their competitiveness can improve their overall operations. Nduati (2015) sought to examine the effect of strategic orientation on organizational competitiveness among cement manufacturing firms. Specifically, the study sought to determine the effect of product orientation, customer orientation, competitor orientation, technology orientation, and technology orientation on the competitiveness of a large cement manufacturing

company in Kenya. The study found that only product and technology orientations significant effects on firm competitiveness. The study found no evidence of a significant effect of customer and competitor orientations on competitiveness. The publicness theory opens a window to explore the deviation in configuration of strategy in public and private organizations differently. Raila (2017) drew a positive link between strategy orientation and small and medium enterprises in Nairobi CBD. Kaptuya (2014) found that strategic orientations have positive effect on geothermal development company. Nganga (2017) found that strategy orientation has positive effect on telecommunication firm in Kenya. Ngetich (2015) effect of strategy orientation on large retail stores in Nairobi and lastly Jassmy (2016) studied effect of strategy orientation on real estate banks in Dewaniya province. Performance in all these studies are given monetary meaning such as income or profitability or parameters such as efficiency and effectiveness but none has laid emphasis on compliance as a measure. Therefore, the main objective of this research was to integrate four different perspectives and configure the concept of strategic orientation in such a manner that it may be better used for the assessment of the strategic elements affecting the performance of public organizations such as county government. Strategic orientation in this study comprises a constellation of market, entrepreneurial, technology and learning orientations. Performance in terms of compliance is seen in terms of increased degree by which tax payers oblige to tax rules and regulations. This is based on two factors namely perceived trust resulting in voluntary compliance or perceived power resulting in enforced compliance.

Previous studies have linked performance in revenue collection to factors like internal controls, competence of staff, ICT, leadership approaches as well as political, cultural and socio economic aspects existing theory explains tax collection performance as a function of political, socio-economic, and cultural factors. Yet across Kenya, tax collection performance varies greatly between counties that are similar along these dimensions. This informed this study that postulates that strategy orientation is responsible for this variance in revenue collection performance. Strategic orientation reflects the strategic directions implemented by a firm to guide its proper activities for continuous superior performance (Gatignon and Xuereb, 1997). A firm's strategic orientation reflects the strategic directions implemented by a firm to create the proper behaviors for the continuous superior performance of the business (Narver and Slater 1990). Strategic orientation in this study comprises a constellation of market, entrepreneurial, technology and learning orientations.

Arguably, the idea of market orientation aligns with the ideas of those strategic management writers, like Porter (1980) who suggests that the firm's position in relation to competitors in the customer's mind is the key to competitive advantage. With increasing focus on strategies borrowed from private sector organizations, in provision of services to citizens, including citizen charters, market orientation is an important concept in understanding performance in public sectors such as County government's performance in revenue collection, from citizens who are increasingly being viewed as customers. Kiiro (2015) in her thesis indicated that, customer oriented strategies coupled with reconfiguration capabilities were the most critical dynamic capabilities in enhancing an SMRE's competitive advantage. Keski (2016) found no direct link on performance and market orientation. This study will seek harmonize the discord in the research findings of previous studies. Webster (2008) posit that tracking and responding to buyers' choices and desires increases marketing orientation and consequently the institution's performance.

It is argued that customer value and the long-term success of the firm is best created through new innovations, technological solutions, products, services or production processes (Gatignon and Xuereb 2017). Technology orientation is closely aligned with the resource-based view of strategy, as it suggests that technological resources, in a broad sense, when uniquely combined, form the basis of competitive advantage. However, the relevance of technology orientation is a little investigated issue in enabling counties to cope with the challenges of achieving their revenue collection targets in Kenya. Previous studies however, may be relied on to only provide a partial picture of the situation having been conducted in the context of revenue collection in Central Government Kiema and Gitaru (2017) focused on the extent to which ICT affects revenue collection at Kenya Revenue Authority.

Entrepreneurial orientation literature does acknowledge that environmental characteristics, as well as resources and other organizational factors are contingent to the entrepreneurial orientation-performance relationship. It is in this regard that entrepreneurial orientation is regarded as one the decisional variable in so far as strategic choices are related to revenue collection performance of County Governments.

Business firms that place high importance on learning have a higher level of performance as they can change their old traditions and modernize to be competitive. However, it remains unclear

whether, within the public sector adopting a learning organization approach can lead to better revenue collection performance. Resource based theory aligns employee performance to competence acquired through repeated practice also termed as unique experience and skills as well as accumulated knowledge overtime. The current study addresses the concern of how learning orientation affect performance in public organizations, by examining the role of strategy orientations in public sector in explaining the influence that learning orientation can have on revenue collection performance.

1.2 Statement of the Problem

The continued failure by County Governments to achieve their revenue collection targets may be a reflection of their apparent limited capacity to collect taxes. Such failure is an important problem to investigate since it affects the mandate of county governments as stipulated in the supreme law of the land. A strong local revenue base is essential for sustainability of decentralized programs. Local revenue forms a core means of building an independent and accountable local government system. In particular, recent statistics, from controller of budgets indicate that virtually all counties in Kenya are hampered by inadequacy of vital financial resources mainly due to poor revenue collection. In the last financial year 2017 only two counties namely Turkana and Marsabit met their revenue targets the rest had collections even below what was previously collected by the defunct local authorities. The 2016 budget implementation review report listed Homabay among the bottom 24 counties in terms of revenue collection. Homabay generated 158 million which was regarded as 0.47percent of total counties collection of Ksh 33.4billion. The CRA awakened by the worrying trend has attached tax incentive to the projected revenue targets. This year they have given 6.8B to eighteen counties that increased their revenue collection which is 2% of equitable share of revenue allocation to counties. This challenge of low revenue collection has led to a call of national referendum supposedly to increase the percentage of monies exchequer releases to counties proposed through the council of governors. Several studies have been conducted to explore factors that can increase revenue collection like internal controls, competence of staff, ICT, leadership approaches as well as political, cultural and socio economic aspects but little has linked revenue collection performance to organizational strategy orientations. Existing theory explains tax collection performance as a function of political, socio-economic, and cultural factors. Yet across Kenya, tax collection performance varies greatly between counties that are similar along these dimensions. Previous

studies on effect of strategy orientations on performance are giving conflicting outcomes. Existing literature on strategy orientations and performance revolve about private institutions. The theory of publicness highlights the departure in strategy formulation in public and private sector . The objective of this study is to establish the link between strategic orientation represented by top managers' focus on market, entrepreneurial, technology and learning orientations on revenue collection performance.

The study was also explore the reason for the varied outcomes by various scholars on similar studies with a view to harmonize the knowledge to account for variation in County Government's revenue collection performance.

1.3 Research Objectives

The main purpose is to investigate effect of strategy orientation on performance in revenue collection in public sector. The specific objectives are to:

1. Examine effect of market orientation on revenue collection performance by Homabay County Government.
2. Establish effect technological orientation on revenue collection performance by Homabay County Government.
3. Determine effect of learning orientation on revenue collection performance by Homabay County Government.
4. Investigate effect of entrepreneurial orientation on revenue collection performance by Homabay County Government.

1.4 Research Hypotheses

- (i) H0₁ Market orientation has no effect on revenue collection performance by Homabay County Government
- (ii) H0₂ Technological orientation has no effect on revenue collection performance by Homabay County Government
- (iii) H0₃ Learning orientation has no effect on revenue collection performance by Homabay County Government
- (iv) H0₄ Entrepreneurial orientation has no effect revenue collection performance by Homabay County Government

1.5 Justification of the Study

The failure of counties to meet their revenue targets is a matter of public and national concern especially with the knowledge that the defunct local government had surpassed these targets in some regions before devolution. Studies have been conducted to establish effects of strategy orientation on performance but the outcomes of these studies are conflicting. This has motivated me to establish the effect of strategy orientation on performance and attempt to close on this disclose while solving the problem of underperformance in revenue collection. The previous studies have majorly focused on business and profit making institutions and not on public politically driven institutions like county government. The study will be of value to the management of County Governments, the practitioners and scholars of strategic management and strategy. The findings will shed more light on the importance of strategic orientation in ensuring adequate revenue for providing services to its population. The study will also create a monograph which could be replicated in other public sectors. Most importantly, this research is further aimed at offering some practical suggestions on the role of strategic orientation in order to attain organizational objectives. The policy makers will obtain knowledge of the public sector dynamics and the appropriate orientation strategies; they will therefore obtain guidance from this study in designing appropriate policies that will enhance revenue collection in the public sector.

Future scholars may use the results of this study as a source of reference. The findings of this study can be compared with strategic orientation in other sectors to draw conclusions on various ways an institution can respond to the environment. It will also benefit consultants who endeavor to provide assistance to successful running of organizations in developing and sustaining a competitive edge in their environment.

1.6 Scope of the Study

The study was carried out in Homabay County from January 2017 to October 2018. The target study area was county government revenue collection policy makers, implementers and monitoring and enforcement team. The objective was to establish effect of strategy orientation on performance in revenue collection with a view limited to four constructs of strategy orientations namely: learning orientations, technological orientation, market orientation and entrepreneurial orientations forming the independent variables and performance in terms of tax compliance as the dependent variable.

The target population was 2112. The target source was primary data from self-administered questionnaires. It was a cross sectional study with data obtained as at the time of study analyzed based on a correlation design. The study was within a public sector context and does not call for replication of the findings in private sectors. The period is post devolution inception in Kenya. The study area shall be Homabay County with eight sub counties. Performance is with regard to efficiency and effectiveness in revenue collection.

1.7 Conceptual Framework

Under this the researcher demonstrated the independent and the dependent variables.

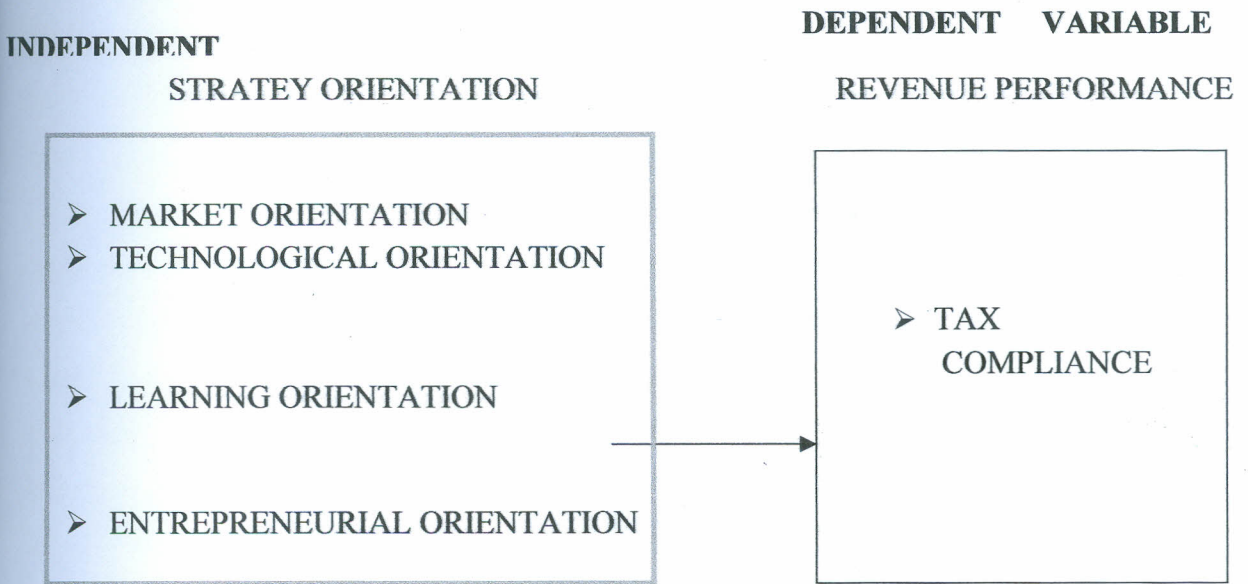


Figure 1.1 Conceptual Framework of the study: Hypothesized relationship between four strategy orientation constructs and revenue collection performance in terms of tax compliance

Source: Adapted from Karimi, Maina and Kinyua (2017).

This framework shows the relationship between independent variables and dependent variables. The independent variables include; Market orientation, Technology orientation, learning orientation and entrepreneurial orientation which over ally depicts strategy orientation on the other hand the dependent variable is revenue collection which has compliance level as the depictor. The framework brings into light the inter-relationship between the study variables which need to be verified by the research with a view to establish the effect of strategy

orientation on revenue collection performance in public sector in this study Homabay county government .This is the study gap being addressed.

CHAPTER TWO

LITERATURE REVIEW

This section will highlight the theories that this study was anchored on as well as their relevance to the concepts of the study. It also explains the concepts of the study. Finally it highlights the work by previous researchers in a comparative analysis that was aimed at bringing out the gaps that form the basis of this study.

2.1 Concepts of the Study

2.1.1 Strategy Orientation

Strategic orientation reflects strategic directions implemented by a firm to guide its proper activities for continuous superior performance (Gatignon and Xuereb, 1997). A firm's strategic orientation reflects the strategic directions implemented by a firm to create the proper behaviors for the continuous superior performance of the business (Narver and Slater 1990). Strategic orientation in this study comprises a constellation of market, entrepreneurial, technology and learning orientations, suggesting that strategic orientation is a combination of the value position of the organization, its resources, and behavioral patterns relating to how the organization transforms its resources into valuable products and services. Organizations have different strategic orientations that vary strongly with regard to internal and external conditions. Strategic orientation reflects strategic directions implemented by a firm to guide its proper activities for continuous superior performance (Gatignon and Xuereb, 1997). A firm's strategic orientation reflects the strategic directions implemented by a firm to create the proper behaviors for the continuous superior performance of the business (Narver and Slater 1990). Strategic orientation in this study comprises a constellation of market, entrepreneurial, technology and learning orientations, suggesting that strategic orientation is a combination of the value position of the organization, its resources, and behavioural patterns relating to how the organization transforms its resources into valuable products and services. Organizations have different strategic orientations that vary strongly with regard to internal and external conditions. Four dominant strategic orientations, resource orientation, market orientation, entrepreneurial orientation and learning orientation, are apparent in today's strategy literature (Hakala, 2010). Each of these orientations suggests a different mechanism for adaptation and thus, responds differently to the question of how firms should compete within their chosen product-market segments. The role of

strategic orientation is to respond to changes in an organizations environment.

2.1.2 Market Orientation

Market orientation is usually defined as the organization wide generation, dissemination, and responsiveness to market intelligence. Market intelligence relies on market research, dissemination of intelligence on communication and responsiveness on innovative and positive attitude to risk. This definition at once changes the dominant paradigm that has defined marketing for decades. Marketing has traditionally been defined within the narrow confines of the 4P framework. Such a conceptualization of marketing has relegated marketing to a tactical discipline to be performed by middle level marketing managers who did not possess the overall holistic view of the organization. But the connected knowledge economy, globalizing, converging and consolidating industries, fragmenting and frictionless markets, empowered customers and adaptive organizations among others are forcing organizations to alter their view of marketing. Strategic managers have primary focus of a market orientation as to create superior customer value, which is based on knowledge derived from customer and competitor analysis (Slater and Narver, 2015).

Market orientation activities of an organization can create employee behaviors required for superior performance (Deshpandé et al. 1993; Slater and Narver 1995, 2000). This is not limited to customer confessed needs but monitoring of political, legal, social, economic and environmental factors that result in superior market sensing , customer linking and channel bonding capabilities. Marketing orientation captures both current and future customer needs. It is anchored on three pillars which are customer focus, coordinated marketing and profitability. The customer focus means that customer centricity is at the center of creating any corporate strategies. Customer centricity primarily proposes that the basic philosophy of organizations should be to serve customers rather than sell products and in the course establish long-term relationships by treating customer as strategic assets. Coordinated marketing demands for a cross functional team working. Marketing should be transformed into a organizational-wide discipline practiced by anyone and everyone. Simply, marketing has to become a coordinated, cross-disciplinary function. Profitability as a pillar highlights the myopic focus and its dangers. Most companies tend to ignore the impact of their actions on the long term strategic capabilities. Moreover, under the traditional marketing paradigms, short-term focus was

inevitable as the emphasis was on products rather than on customers. But within the framework of market orientation, profitability encompasses both financial measures (such as ROI, EVA, and market share) and non-financial measures (such as awareness, attitudes and behavioral patterns). Such a comprehensive measurement would allow companies to balance between short term and long term profitability with a cautious eye on long term financial health of the company.

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2.1.3 Technology Orientation

Technology orientation is a relevant concept in understanding performance of organizations since it is premised on the belief that consumers prefer products and services of technological superiority. Technology orientation, and the closely related terms of innovation and product, orientation (Grinstein 2008), refers to a firm's inclination to introduce or utilize new technologies, products or innovations (Gatignon and Xuereb 1997; Hult et al. 2004). Technology is used in refinement, choice, production, efficiency, selection, implementation and execution of an organizational goal. The expanding use of IT stimulates innovation in business practices and organization models. Technology by itself has no single objective value and the economic value of a technology remains latent until firms commercialize it in some way via their business model. The organizational learning literature suggests that technology orientation can take two distinctive forms: technology exploration and technology exploitation. Firms emphasize exploration in seeking effectiveness in new business development or stress exploitation in seeking efficiency of operation. The focus on technology orientation is through two dimensions: the exogenous environment and endogenous context. The first is operationalized as the firm's responsiveness to technological change, and the second describes its technological capabilities.

2.1.4 Learning Orientation

The ability of an organization to establish new skills or insights that can affect behavior is termed as learning orientation. It reflects ones desire to learn. It is the organizations ability to distribute, integrate and create information and knowledge. The environment is changing constantly and rapidly as well as the market and customers' needs (Prajogo & Ahmed, 2006). Organizations are forced to learn new knowledge to develop new products in order to satisfy the new market and customer demographics. Learning orientation, a kind of knowledge-based resource capability, has been acknowledged as a key process that contributes to successful innovation, which

determines and supports an organization's success (Casey, 2005). Organizational learning is defined as the process of acquiring, distributing, integrating, and creating information and knowledge among organizational members (Dixon, 1992; Huber, 1991). The processes of learning orientation involve key components that support knowledge productivity processes, which include searching for information, assimilating, developing and creating new knowledge on products, processes, and services (Verdonschot, 2005). Organizations require competent people to learn and interpret new market information and technology changes from the external environment (Birdthistle & Fleming, 2005; Casey, 2005). Organizational members not only need to have the capability to process information efficiently but also to create new knowledge faster than other competitors. The literature has also connected learning orientation to the principle means of achieving strategic renewal in an organization (Crossan & Berdrow, 2003). Therefore, learning orientation has been viewed as one foundational source of competitive advantage and has also become equated with innovative efficiency in the innovation literature (Lopez, Peon, & Ordas, 2005). In more recent years, strategic human resource management (HRM) practices have focused on learning and knowledge creation to enhance individuals' innovation competencies and collaboration within organizations (Harrison & Kessels, 2003). Cano and Cano's (2006) empirical study has also demonstrated that it is HRM practices that impact an organization's employees innovation performance. HRM professionals often serve as facilitators in cultivating an organization's structure and culture to encourage learning and innovation at every level within an organization. Saru (2005) has acknowledged that individual-level learning and innovation development can be facilitated under a clear linkage between Corporate strategy and HRM practices. In other words, learning orientation must be coherent with an organization's design, strategy, structure, and strategic HRM practices and context. As a result, learning orientation not only impacts organizational performance but also acts as a moderator in improving variables on individual performance (Bapuji & Crossan, 2004).

2.1.5 Entrepreneurship Orientation

It has been defined in many different dimensions, such as autonomy, innovativeness, proactiveness, competitive aggressiveness, and risk-taking, three dimensions, innovativeness, proactiveness, and risk-taking, have been adopted most frequently in defining entrepreneurial orientation (Lumpkin & Dess, 1996). Innovativeness means an organization is willing to pursue new ideas and concept in process, products, or services development. Proactiveness refers to an

organization with a characteristic that is forward-looking and responsive in the industrial environment it involves in. Risk-taking means an organization pursues an entrepreneurial opportunity without regarding the resources it may have or may not have. Recently, entrepreneurial orientation has been viewed as a strategic approach in decision making process as well as means of explaining firm performance (Green, Covin, & Slevin, 2008). That is, firms with high strategic reactivity tend to pursue, identify, create, and launch new venture opportunities and strategic renewal to sustain competitive advantages

Lumpkin and Dess (1996) have proposed the importance of contingency perspective in explaining how entrepreneurial orientation enhances the firm performance. In other words, entrepreneurial orientation and market orientation are set of business beliefs and philosophy. Resource-based theory does not rule out the possibility that beliefs alone are of some value to outcome, especially individual-level related performance. It is organizational practice as the moderator play the vital role in promoting both firm-level and employee-level outputs. Both entrepreneurial orientation and market orientation still require organizational learning systems and practices to facilitate higher-order learning and innovation (Backer & Sinkula, 2009; Morgan Lumpkin and Dess (1996) have proposed the importance of contingency perspective in explaining how entrepreneurial orientation enhances the firm performance. In other words, entrepreneurial orientation and market orientation are set of business beliefs and philosophy.

Resource-based theory does not rule out the possibility that beliefs alone are of some value to outcome, especially individual-level related performance. It is organizational practice as the moderator play the vital role in promoting both firm-level and employee-level outputs. Both entrepreneurial orientation and market orientation still require organizational learning systems and practices to facilitate higher-order learning and innovation (Backer & Sinkula, 2009; Morgan & Berthon, 2008). An organization with high degree of entrepreneurial orientation and market orientation still require organizational learning mechanism to create an environment where mutually beneficial relationships between employees and their organizations to facilitate learning and innovation. Developing the organization's learning capability is one approach that enables an organization to keep pace with the changing environment. Hence, organizational learning may make an organization learn and innovate effectively.

2.1.6 Revenue Collection

Financial Accounting Standards Board (FASB) (1985) defines revenue as inflows or other enhancements of assets of an entity or settlements of its liabilities (or combination of both) during a period from delivery or producing goods, rendering service or other activities that constitutes the entity's ongoing major or central operations. In addition, Hongreen (2002) described revenue as inflows of asset, (almost always cash or accounts receivables) received for products or services provided to customers. County government sources of local revenue include cess, licensing, tolls, tax levies on traders, entertainment and transporters, levies on billboard adverts etc.

Revenue collection performance can be measured in terms of efficiency, effectiveness and compliance. Performance in terms of compliance is seen in terms of increased degree by which tax payers oblige to tax rules and regulations. This is based on two factors namely perceived trust resulting in voluntary compliance or perceived power resulting in enforced compliance.

2.2 Theoretical Literature

2.2.1 Empirical Publicness theory

The idea that organizations of all types are strongly influenced by both economic and political forces is not a new one. In particular, Lindblom (1977) and Dahl and Lindblom (1953) provided path breaking theoretical analyses underscoring not only the joint influence of political and economic authority but also the role of legitimacy in shaping publicness, though they did not use that term. Wamsley and Zald (1973) focus on social control as mediated in a political economy and develop a typology to show how a politics and economics affect organizations.

Following Dahl and Lindblom, Wamsley, and Zald view political influences in terms of its basis in legitimacy but also concern themselves with political and organizational power. Political influence, as defined by Wamsley and Zald, is not only generated by government influence, but also by competitors, interest groups, interested citizens, beneficiaries, and for private corporations, even shareholders. The concept of publicness therefore refers to an inclination more towards political forces than economic forces. The argument is that the two forces co-exist in every organization and a balance has to be maintained. Private sectors are more towards economic forces. County governments are highly driven by political forces which make it very difficult to have authentic predictable tax outcomes. Matters such as the county finance bill

must be debated upon and be approved by the assembly. Tax optimization must strike a balance with service delivery, approval at the public participation stage and political good will by political leaders. Public institutions thus must ensure social equity, fairness and accountability to the public. There is minimal adherence to set goals as these are pressed by legislative mandate as well as politics.

2.2.2 Resource Based Theory (RBV)

Resource-based view (RBV) of the enterprise, a perspective that drew heavily from Penrose (1959) theory of organizational growth and popularized through works by Wernerfelt (1984) and Barney (1991) has become the conceptual base for a number of studies. The traditional models of the RBV was theorized in 1991 and is still acknowledged after 20 years, as one of the most capable model for studying and analyzing resource strategy relationships (Barney *et al.*, 2011). This model underlines the importance of enterprise internal resources in order to reach a competitive advantage. A holder of a resource is able to maintain a relative position vis-à-vis other holders as long as these act rationally (Wernerfelt, 1984). Moreover, Barney (1991) argues that enterprises in the same sector can be heterogeneous in respect to their own resources and as resources are not perfectly transferable among enterprises, the heterogeneity and the consequent competitive advantage achieved could be durable over time. In this perspective, the resources are fundamental in order to explain the sustained competitive advantage of enterprises (Barney *et al.*, 2011). Different kinds of resources, such as, physical resources, human resources, organizational resources) give various contributions to the achievement of a sustained competitive advantage depending on how they are organized.

The unique capability of revenue collection team for a county government can be the differentiator that gives it the competitive advantage. Despite an increase in literature devoted to advancing the RBV conceptually and empirically, this theory has been criticized for a number of reasons. First, from the perspective of modern strategic management, the early (Penrose, 1959) understanding of competitive advantage was missing a dimension in that she didn't address the question of how enterprises develop sustainable superior competitive advantage, but instead implicitly adopted a profit-seeking framework. Second, it is regarded as a static theory because it fails to address the fundamental issue as to how future resources can be created (Priem & Butler, 2001). Third, RBV like Porter's competitive forces model could not account for competitive

advantage for enterprises in highly dynamic markets. Additionally, the model does not specifically address how future valuable resources could be created or how the current stock of valuable, rare, imperfectly imitable and imperfectly sustainable resources can be refreshed in an unstable environment.

This theory has extensively been criticized for being too abstract and thus lacks operational validity (Priem & Butler, 2001). Notwithstanding, scholars such as (Borch, Huse, & Senneseth, 1999; Schroeder, Bates & Junttila, 2002), have long tested basic tenets of RBV and culminated in consistent results and such criticisms have been regarded as academic (Iahiri, 2013). Resources used in revenue collection include revenue collection staff whose competency and imitable attributes and skills enhances revenue collection, technology and finances for logistical expenses, however without proper orientations the organizational revenue targets and competitive advantage is illusive. Organizations must align its superior resources for superior performance. Organizations unique orientations can give it exceptional performance and competitive edge. This theory is related much to the learning orientation and informed the choice of the strategy construct.

2.2.3 Dynamic Capability Theory

In contrast to the main thrust of the resource-based view, the dynamic capability framework holds that management scholars needed a framework to explain how enterprises' responsiveness and innovativeness become timely, rapid and flexible in dynamic markets. Based on a review and synthesis of the literature, a dynamic capability is the enterprise's potential to systematically solve problems formed by its propensity to sense opportunities and threats, make timely and market-oriented decisions and to change its resource base (Barreto, 2010; Di Stefano, Peteraf & Verona, 2010). Easterby-Smith, Lyles and Peteraf (2009) concluded that dynamic capabilities are higher-level capabilities, which enable 'knowledge gathering and sharing, continual updating of the operational processes, interaction with the environment and decision-making evaluations'. Many authors have come to share the view that dynamic capabilities are higher order enterprise-level capabilities (Zahra, Sapienza & Davidsson, 2006; Barreto, 2010; Heimeriks, Schijven and Gates, 2012) categorized according to the activities they perform, such as coordination, learning and reconfiguration (Teece, Pisano & Shuen 1997); integration, reconfiguration and gaining and release of resources (Eisenhardt & Brown 1999); or sensing, seizing and managing threats

(Teece, 2007). At a higher level, Augier and Teece (2009) suggested that dynamic capabilities have a tripartite structure:

The capability to sense opportunities, the capacity to seize opportunities and the capacity to manage threats through combination, recombination and reconfiguration of assets inside and outside the enterprise's boundaries which informed this research. Rider,(2012) says that enterprises require the dynamic capability of external sensing for recognizing valuable sources of external resource renewal.

2.2.3.1 Sensing Capability

The researcher says sensing refers to the recognition of technological opportunities and the mobilization of requisite resources. Once the knowledge sources have been recognized as valuable opportunities, these opportunities need to be seized in order to optimize their outcomes. Zahra, Sapienza and Davidsson (2006) adds that, frequent dynamic capability deployment also indicates that enterprises regularly look for market opportunities and threats against which to align their resource base. This leads to the resource base being better aligned to the market place and consequently improves competitive advantage. Frequent deployment of dynamic capabilities may also lead to more efficient responses to major changes in the market place while enterprises with little experience of deploying their dynamic capabilities will find altering their substantive capabilities more difficult, more costly and less effective.

2.2.3.2 Seizing Capabilities

Sensing the right opportunity is one thing and seizing the opportunity is another. Teece (2007) recognizes the fact that enterprises may sense an opportunity but may not be able to seize the opportunities in the right manner, as they are two completely different actions. It is possible that an enterprise can sense the right opportunities and not be able to seize them at the right time. Jantunen, Ellonen and Johansson, (2012) describe this second component as an enterprise's capacity to adjust and incorporate knowledge and use it to commercial ends. They basically say it is more than just seizing that opportunity, but it is about how it is absorbed into the enterprise and incorporated with the other variables. Seizing refers to the organizational strategy for integrating resources to create and capture value from opportunities (Ridder, 2012). According to her, enterprises need to be able to absorb the knowledge contained in the external sources and to be able to integrate it into their internal innovative processes. She says that the dynamic

capability of external seizing refers to the capacity to address opportunities for external renewal and implement external resources within the enterprise. Hierarchical structures and bureaucratic decision-making processes may hinder the innovation process. These processes are usually in place because enterprises are more comfortable with incremental innovations as opposed to radical innovations and hence why there is a need for opportunities to be screened first. By delaying the time it takes to seize an opportunity due to the need of approvals from higher order decision-makers, an enterprise may miss out on opportunities (Teece, 2007). The expansion of a county government tax base is a question of identifying and seizing opportunities to enhance collection. Adequate compliance system requires constant consistent and timely review of gaps which must be sealed as quick as possible.

2.2.3.3 Reconfiguration Capabilities

Jantunen, Ellonen and Johansson, (2012) refer to this as the ability of an enterprise to reassemble resources and knowledge in order for innovation to take place. Transformation stage takes place after the right opportunities have been sensed and seized and it is achieved when these opportunities are addressed in conjunction with enterprise knowledge assets, competencies and resources. Teece (2007) discusses the concept of co-specialization, or the continuous realignment/strategic fit with the external environment. By this, the scholar implies that if the combination of resources, knowledge and competencies are correct to adapt to the external environment, the enterprise would have successfully realigned itself with the new state. Ridder (2012) says that such leveraging may also exist in the context of externally generated resources. The dynamic capability of external reconfiguring can also be described as a combinative capability that refers to a novel synthesis of external and internal resources into new innovations. Such the dynamic capability of external reconfiguration refers to the capacity to recombine external resources internally in order to achieve novel configurations that serve new purposes. The point of sale devices and the other technologies are configured with the motive of closing on previously detected compliance loop holes.

2.3 Empirical Literature

This section attempt to review and analyze previous relevant literatures that informs the study while operationalizing the study concepts and exposing the study gaps.

2.3.1 Strategy Orientation and Revenue Collection Performance

Ayuon (2009) investigated the impact of time orientation on strategic behaviour of Thai and American hotel managers and drew a positive relationship. He linked cultural dimension as a factor that contributed to US managers being inclined to short term orientation while Thai managers preferred long term orientation. Ayuon however assumed a single culture for a country yet within it is subcultures which affect generalization. He also failed to capture the possibility of changes due to political or economic forces. He proposed further studies to include other countries especially the developing countries. This study focuses on developing country set up and is fixed to a region with same cultural aspects. This study is anchored on Publicness theory which accommodates economic and political influence. This study captures four strategy orientations while Ayuon used one. Amentia (2017) investigated the mediating effect of market orientation on competitor strategy orientation and innovative success on SMEs in USA. He found that competitor orientation has a positive significant effect on product innovative success. Market orientation was found to have 48 percent indirect influence thus need for further research to account for the balance. The study focused on business profit making institution. The current study has gone beyond market orientation and included three more forms of strategy orientation.

The current study is sought to establish effect of strategy orientation in a public nonprofit making organization. Its observed that a problem has been that previous research on competitive strategy and market orientation was mostly conducted in western/developed countries. Recent studies have called for research of market orientation in nonwestern or developing countries settings. In particular, countries in transition to market based economies are viewed to be good candidates for market orientation research as customer sovereignty issues become increasingly important (Gloria and Daniel, 2005, Erik, 2008).

Joachim etal (2015) investigated effect of strategy orientation on performance of agro-based firms in transition economy. The study recommends that the adoption of appropriate strategic orientation by agro-based firms to enhance their competitiveness can improve their overall operations. Nduati (2015) sought to examine the effect of strategic orientation on organizational

competitiveness among cement manufacturing firms. Specifically, the study sought to determine the effect of product orientation, customer orientation, competitor orientation, technology orientation, and technology orientation on the competitiveness of a large cement manufacturing company in Kenya. The study found that only product and technology orientations significant effects on firm competitiveness. The study found no evidence of a significant effect of customer and competitor orientations on competitiveness. The publicness theory opens a window to explore the deviation in configuration of strategy in public and private organizations differently. Raila (2017) drew a positive link between strategy orientation and small and medium enterprises in Nairobi CBD. Kaptuya (2014) found that strategic orientations have positive effect on geothermal development company. Nganga (2017) found that strategy orientation has positive effect on telecommunication firm in Kenya. Ngetich (2015) effect of strategy orientation on large retail stores in Nairobi and lastly Jassmy (2016) studied effect of strategy orientation on real estate banks in Dewaniya province. Performance in all these studies are given monetary meaning such as income or profitability or parameters such as efficiency and effectiveness but none has laid emphasis on compliance as a measure. Therefore, the main objective of this research was to integrate four different perspectives and configure the concept of strategic orientation in such a manner that it may be better used for the assessment of the strategic elements affecting the performance of public organizations such as county government. Strategic orientation in this study comprises a constellation of market, entrepreneurial, technology and learning orientations. Performance in terms of compliance is seen in terms of increased degree by which tax payers oblige to tax rules and regulations. This is based on two factors namely perceived trust resulting in voluntary compliance or perceived power resulting in enforced compliance.

2.3.2 Market Orientation and Revenue Collection Performance

The primary focus of a market orientation is to create superior customer value, which is based on knowledge derived from customer and competitor analysis (Slater and Narver, 2015). This orientation is in line with the dynamic capability theory and the resource based theory. Market orientation activities of an organization can create employee behaviors required for superior performance (Deshpandé et al. 1993; Slater and Narver 1995, 2000).

With a strong commitment to serving its customers, a market-oriented organization is willing to direct the resources necessary to fulfill customers' latent needs through developing tech-based

innovations (Slater and Narver, 2005).

Arguably, the idea of market orientation aligns with the ideas of those strategic management writers, like Porter (1980) who suggests that the firm's position in relation to competitors in the customer's mind is the key to competitive advantage. With increasing focus on strategies borrowed from private sector organizations, in provision of services to citizens, including citizen charters, market orientation is an important concept in understanding performance in public sectors such as County government's performance in revenue collection, from citizens who are increasingly being viewed as customers. In the context of county government as opposed to market research which is the primary tool in developing market orientations there is need for public participation in this orientation enhanced through civic education and timely reporting and suggestion boxes and social audit. Market orientation in public sector require as proposed in the dynamic capability theory sensing of changes in the political and economic factors, gathering of tax payers concerns and needs and exploring influence of competitors in provision of public services. Sensing is not enough but must be flowed by seizing ,county government should work on sealing perceived revenue leakages opportunities un earthed through research and offer motivating public service delivery to tax payers to get value for their remittance. Lastly they must be willing to gather resources for innovation to counter emerging practices devised to act as avenue for revenue stealing. This lay emphasis on reconfiguration. Ngo and O'Cass (2012) suggest that the impact of market orientation depends on the country in which it is implemented. In less developed countries, managers should anticipate higher payoffs from their marketing orientation perhaps because proactive marketing strategies are generally not practiced in developing countries and this could result in greater returns for firms adopting marketing orientation (Ngo and O'Cass, 2012). Han, Kim, and Srivastava (2013) noted that the consequences of market orientation, includes consequences on employees, environment and business performance. The effect on employees can lead to organizational commitment as market orientation is able to provide psychological and social benefits to employees when employees from different departments work together for the ultimate goal of satisfying customers.

Kiiru (2015) in her thesis indicated that, customer oriented strategies coupled with reconfiguration capabilities were the most critical dynamic capabilities in enhancing an

SMRE's competitive advantage. Keski (2016) found no direct link on performance and market orientation. This study will seek harmonize the discord in the research findings of previous studies. Webster (2008) posit that tracking and responding to buyers' choices and desires increases marketing orientation and consequently the institution's performance.

2.3.3 Learning Orientation and Revenue Collection Performance

The ability of an organization to establish new skills or insights that can affect behavior is termed as learning orientation (Sinkula *et al.*, 1997). Learning orientation is a significant resource that empowers the organization to exhaust opportunities and eliminate threats in its environment (Farrel, Oczkowski and Kharabsheh, 2008).

Learning orientation has been established to affect organizational performance. Wang (2008) found that when business firms learn from the environment and experience, they will come up with a culture and behavior that will encourage firm performance. Li, Lee and Chen (2011) found a significant association between firm performance and learning orientation.

Business firms that place high importance on learning have a higher level of performance as they can change their old traditions and modernize to be competitive. However, it remains unclear whether, within the public sector adopting a learning organization approach can lead to better revenue collection performance. Resource based theory aligns employee performance to competence acquired through repeated practice also termed as unique experience and skills as well as accumulated knowledge overtime. The current study addresses the concern of how learning orientation affect performance in public organizations, by examining the role of strategy orientations in public sector in explaining the influence that learning orientation can have on revenue collection performance.

2.3.4 Technology Orientation and Revenue Collection Performance

Technology orientation is a relevant concept in understanding performance of organizations since it is premised on the belief that consumers prefer products and services of technological superiority. Technology orientation, and the closely related terms of innovation and product, orientation (Grinstein 2008), refers to a firm's inclination to introduce or utilize new technologies, products or innovations (Gatignon and Xuereb 1997; Hult *et al.* 2004).

Accordingly, a technology oriented firm is one with the ability and will to acquire a substantial

technological background and use it in the development of new products. According to this philosophy, firms need to devote their resources to research and development, actively acquire new technologies, and use sophisticated production technologies (Srinivasan *et al.*, 2012).

Because of their strong commitment to research and development and application of latest technologies, technology-oriented firms can build new technical solutions and offer new and advanced products to meet customer needs. Consequently, technology-oriented firms have a competitive advantage in terms of technology leadership and offer of differentiated products, which can lead to superior performance (Gatignon and Xuereb, 2017).

The value of a technology orientation, however, likely depends on the rate of technological changes within the organizations environment. When the rate is relatively low, organizations can benefit from relying on and making full use of their current technologies.

With rapid technological advances, the value of prior technology quickly deteriorates, and an organization must allocate more resources to technology development otherwise, they be driven out of the market (Srinivasan *et al.*, 2012). Hence, a higher level of technology orientation is needed to cope with high levels of technological turbulence.

It is argued that customer value and the long-term success of the firm is best created through new innovations, technological solutions, products, services or production processes (Gatignon and Xuereb 2017). Technology orientation is closely aligned with the resource-based view of strategy, as it suggests that technological resources, in a broad sense, when uniquely combined, form the basis of competitive advantage.

However, the relevance of technology orientation is a little investigated issue in enabling counties to cope with the challenges of achieving their revenue collection targets in Kenya. Previous studies however, may be relied on to only provide a partial picture of the situation having been conducted in the context of revenue collection in Central Government Kiema and Gitaru (2017) focused on the extent to which ICT affects revenue collection at Kenya Revenue Authority. Karimu, Kimani, and Kinywa (2017) investigated the effect of ICT on revenue collection by county government of Embu. Kiema (2017) established that automation of revenue collection process facilitates effective access to services and provides convenient and fast customer feedback, at Kenya revenue authority.

The study by Kiema (2017) however, only focused on strategic effect of ICT support services on revenue collection based on primary qualitative data and focused on management employees only. Kiema (2017) recommended that further work on the role of ICT on improving revenue collection could be based on other methods of data collection, such as questionnaires, to cater for large population. The current study captures the perceptions of strategic managers, on the extent of technology orientation in revenue collection while taking views of other strategic stakeholder's at other than managers and employs questionnaires as a tool.

Gitaru (2017) focused on the impact of system automation on revenue collection in KRA. Automation resulted in a significant increase in revenue collected after the automation of Simba System he anchored his study on technology determinism theory which holds that technology is a social structure or force which a single most important source is of change in a society which changes organizational culture, structure, reporting lines, norm and many other aspects including modes of operation. However in a society other than technology other factors serve as driving force such as legal issues which can even bar technological innovation, political issues, social class interest, economic pressures, educational background and general attitudes of others

2.3.5 Entrepreneurial Orientation and Revenue Collection Performance

Entrepreneurially-oriented organizations change and shape the environment and are willing to commit resources to exploit uncertain opportunities. They explore new and creative ideas that may lead to changes in the marketplace and do so proactively ahead of the competition in anticipation of future demand. An entrepreneurially oriented firm explores new and creative ideas that may lead to changes in the marketplace and do so proactively ahead of the competition in anticipation of future demand.

The main proposition of entrepreneurial orientation is that organizations acting entrepreneurially are better able to adjust their operations in dynamic competitive environments (Covin and Slevin 1989). This kind of better adjustment and shaping of the environment should have positive effects on firm performance (Keh *et al.* 2007). Covin *et al.*, (2006) posit that organizations scoring high on entrepreneurial orientation roughly approximate to firms representing prospectors, while at the other end of the continuum, conservative firms (with a low level of entrepreneurial orientation) correspond to reactor firms. The roots of entrepreneurial orientation can be traced to the strategic choice perspective on strategy, thus essentially, environment alone

does not determine the success of the company, but strategic decision making also has an impact on it. Li, Zhao, Tan and Liu (2008) found that entrepreneurial orientation has a great positive effect on performance. Raila (2017) also found that strategy orientations account for 64 percent positive effect on performance with entrepreneurial orientation having the greatest positive impact on performance, however Alegre and Chiva (2009) report that the direct impact is a minute over an organizational performance, scholars report a curvilinear relationship.

Entrepreneurial orientation literature does acknowledge that environmental characteristics, as well as resources and other organizational factors are contingent to the entrepreneurial orientation-performance relationship. It is in this regard that entrepreneurial orientation is regarded as one the decisional variable in so far as strategic choices are related to revenue collection performance of County Governments.

CHAPTER THREE

RESEARCH METHODOLOGY

This chapter covers study area, research design, model specification, target population, sample and sampling procedures, description of research instruments, questionnaire, interview schedule, validity and reliability of instruments, data collection procedures and data analysis techniques.

3.1 Research Design

A research design is the conceptual structure within which research is conducted, which constitutes the blueprint for the collection, measurement and analysis of data (Kothari, 2009). This study used a correlation research design. According to Mugenda and Mugenda (2003), correlation research involves collecting data in order to determine whether and to what degree of relationship exists between two or more quantifiable variables. . The design was to provide information in a short period of time which was as at the time of the study.

3.2 Study Area

The study was done in Homabay County with the focus on Homabay county government. Homabay County is found within 0.5350 S and 34.4531 E. The study was carried out in Homabay County, Kenya. The town is located on the western part of Kenya along Lake Victoria. It can be accessed through Rongo- Homabay – Kisumu road. It covers an area of approximately 259.9km² with a population of 94,660. According to 2009 population and housing census (Gok 2009). The main activity is fishing and farming. NB A map of the study area is annexed in this document.

3.3 Target Population

According to Ngechu (2004), a study population is a well-defined or specified set of people, group of things, households, firms, services, elements or events which are being investigated. The target population therefore will comprise of all strategic level managers at the Homa Bay

County enumerated in Table 3.2 below and the revenue collection work force. The target population was 2112 in number.

TABLE 3.1: Homabay County (2018)

Population Strata	Total population
Revenue collection team	2000
Chief Officers	18
Departmental Directors	18
Non State Audit Committee	10
Director Finance	1
Controller of Budget (county budget coordinator)	1
Director of revenue	1
Chief principal finance officer	1
Head of enforcement/inspection team	1
Accountants 2 per sub county	16
Revenue collection lead 2 per sub county	16
Sub County Tax Unit Heads	9
HCEBC MEMBERS non-state	8
CECM	10
Deputy revenue director	1
Head of treasury	1
TOTAL	2112

Source: Homa Bay County (2018)

3.4 Sample Size and Sampling Procedures

This section presents how the sample size determination and sampling techniques used to select elements from the target population.

3.4.1 Sample Size

The population of revenue collection staff within Homa Bay County was estimated based on the above structure as being 2,112. Cochran (1963) developed the equation shown below to yield a representative sample for proportions of large sample (i.e. for $N > 10,000$).

$$n = \frac{z^2 pq}{e^2} \dots\dots\dots 1$$

Which is valid where n is the sample size, Z^2 is the abscissa of the normal curve that cuts off an area 'a' at the tails ($1 - a$ equals the desired confidence level is 95%), $e = 0.05$ is the desired level of precision, p is the estimated proportion/prevalence of an attribute that is present in the population, and q is $1-p$. The value for Z is 1.96 found in statistical tables which contain the area under the normal curve. Some books suggest that if it is impossible to come up with a good estimate for p , one may set p equal to 0.5 to yield the maximum sample size (Daniel, 1999; Lwanga & Lemeshow, 1991). Macfarlane (1997) also suggested that if there is doubt about the value of p , it is best to err towards 50% as it would lead to a larger sample size.

$$n = \frac{(1.96)^2(0.5)(1-0.5)}{(0.05)^2} = 384 \dots\dots\dots 2$$

However for a small population, (i.e. $N < 10,000$), the formula for finite population correction was required to reduce the sample size slightly (Yamane, 1967). A sample size of 325 respondents therefore was used. It was determined and purposely selected according to Mugenda and Mugenda (1999), who postulates that 10 % sample size of a population of 300 and above, is adequate whereas a population less than 300 requires a sample size of 30 %.

According to Mugenda and Mugenda (1999), when the population sample size is below 10,000 then the below formula is used.

$$n_f = \frac{n}{1 + \frac{n}{N}}$$

According to the above formula,

n_f - Desired sample when the population is less than 10,000

n - Desired sample when the population is more than 10,000

N - Estimate of the population size

Using the above formula

$$n_f = \frac{324}{1 + \frac{324}{2112}} = 325.4 \text{ which is } 325 \text{ Respondents} \dots \dots \dots 3$$

3.5 Data Collection Methods

This section gives the data type, the data collection procedure, the data instrument, reliability and validity. There are many methods of data collection. The choice of a tool and instrument depends mainly on the attributes of the subjects, research topic, problem question, objectives, design, expected data and results. This is because each tool and instrument collects specific data. The reliability and validity of the instrument is critical in determining the viability of a research output. Research is a step to step activity. We have two major sources of data mainly primary and secondary data.

3.5.1 Data Type

Donald (2006) notes that the two major sources of data used by researchers are primary and secondary data. The main data that was used in this research is primary data collected by use of questionnaire.

3.5.2 Data Collection Procedure

After receiving a research approval from the University of Maseno, the researcher sought permission from the Homabay county government office and clearance from the Revenue department. The researcher then came up with a data collection schedule and visited the sub-counties to get consent to administer the instruments from the sub county tax unit heads. This enabled the researcher to familiarize with the respondents. The researcher with the help of two research assistant administered the written questionnaires to the respondents. The researcher assured the respondents of strict confidentiality in dealing with the responses. The questionnaires were collected from the respondents after filling to enable sorting, coding and analysis.

3.5.3 Data Collection Instrument

Questionnaires were used to obtain important information about strategy orientations and revenue collection. Self-administered questionnaire is the only ways to elicit self-report on peoples opinion, attitudes, beliefs and values.

The questionnaire in this study had closed ended questions with some based on a likert scale. Closed-ended questions were practical since all individuals answered the question using the response options provided (Creswell, 2012). This enabled researcher to conveniently compare responses. To optimize objectivity, the questionnaires were filled by individual respondents. , Structured questionnaires provided a means for coding responses or assigning a numeric value and statistically analyzing the data. It also facilitated the work of tabulation and analysis after data classification through coding. Using questionnaires was beneficial as they are low in cost even when the universe is large and is widely spread geographically, they are free from the bias and respondents have adequate time to give their views. The chief advantage of questionnaires was that they could be given to a large number of people at the same time and they had relatively high rate of response close to 100 %.

3.5.4 Reliability Tests

Reliability of an instrument is the consistency of an instrument in measuring what it is intended to measure. Reliability is the degree to which selection procedures yield comparable data over a period of time (Batton and Gold, 1999; Zikmund, 2003). It indicates the accuracy or precision of the measuring instrument, (Norland, 1990). Data collection instrument was subjected to a pilot test to check for any weaknesses in design and development of the questionnaire by administering to conveniently selected respondents which were 32 in number Cronbach alpha was used to determine the internal consistency or average correlation of items in the study instrument to gauge its reliability. . The higher the mark, the more dependable the generated data is. (Nunnaly 1978) has indicated 0.7 to be an acceptable reliability thus it was considered adequate for this study. Based on the feedback from the pilot test, the questionnaire was modified and a final one developed.

Tables 3.2 below shows that all the scales were significant, having an alpha above the prescribed threshold of 0.7. Learning orientation had the highest reliability ($\alpha=0.831$) followed by revenue collection ($\alpha=0.827$), then market orientation ($\alpha=0.729$), while technology orientation and

entrepreneurial orientations having been lower at ($\alpha=0.713$) and ($\alpha=0.719$) respectively. The study therefore found that the data was reliable thus could be used for further investigation.

Table 3.2 Reliability

Coefficients Scale	Cronbach Alpha	Number of Items
Market orientation	0.729	5
Technology orientation	0.713	5
Entrepreneurial orientation	0.719	5
Learning orientation	0.831	6
Revenue Collection	0.827	7

Source: Homa Bay County (2018)

3.5.5 Validity Tests

The concept of validity refers to the degree to which an instrument measures that which it is supposed to measure (Porter, 2010). Mugenda and Mugenda (2003) define validity as the degree to which the research results obtained from the analysis of the data represent the phenomenon under study. Three types of validity applicable to this study are content validity, construct validity and face validity. This will be done via expert advice. . Validity was determined using Content Validity Index (C.V.I).

$$C.V.I = n/N \dots\dots\dots 4$$

Where n is the number of rated items as relevant and N is the number of items in the questionnaire. The result was 0.85.

3.6 Data Analysis and Presentation

Data obtained from the field in raw form is difficult to interpret unless cleaned, coded and analyzed (Mugenda & Mugenda, 2003). Descriptive statistics such as mean scores, standard deviations, percentages, and frequency distribution will be computed to describe the characteristics of the variables in the study. Descriptive statistics provide the basic features of the data collected on the variables under study and provide the impetus for conducting further analysis on the data (Mugenda, 2008). Therefore quantitative data analysis on descriptive statistics to determine frequencies besides use of multiple regressions involving a two stage least

square method of estimation was used to obtain the values of the parameter estimates for the model of the study so as to establish effects of independent variables which are the four strategy orientations under study on dependent variable tax compliance. Correlation analysis was used to determine the correlation between the variables. Durbin Watson test for autocorrelation, t-test for significance levels, analysis of variance and multi collinearity test for endogeneity were also done. The output was given in equation and tabular form.

3.6.1 Model Specification

Strategic orientation reflects strategic directions implemented by a firm to guide its proper activities for continuous superior performance (Gatignon and Xuereb, 1997). A firm's strategic orientation reflects the strategic directions implemented by a firm to create the proper behaviors for the continuous superior performance of the business (Narver and Slater 1990). Strategic orientation in this study comprises a constellation of market, entrepreneurial, technology and learning orientations. In this study, Tax compliance is taken as a function of four forms of strategy orientations Market orientation (x_1), Technology orientation (x_2), Learning orientation (x_4) and Entrepreneurial orientation (x_3). Therefore the general objective involves both regression and correlational study between the four forms of strategy orientation and Revenue collection performance in terms of tax compliance. The correlational analysis presents correlation coefficients in correlational matrix table to show the strength and direction of association with the tax compliance while multiple linear regressions was also done and results presented in SPSS output for multiple linear regression table.

Simple linear regressions were done for each of four specific objectives. The formulated models adopted for specific and general objectives in this study are as shown in the following equations:

The model for general objective below was,

$$Rc = f(X_1, X_2, X_3, X_4)$$

Rc - Performance in revenue collection(tax compliance)

X_1 - Market orientation

X_2 . Technology orientation

X₄ Learning orientation

X₃ entrepreneurial orientation

From the above functional relationship, the model to be estimated was as follows;

$$R_c = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \mu$$

where

R_c = performance in revenue collection in terms of tax compliance

β₀ = Constant coefficient of intercept

X₁ = Market orientation

X₄ = Learning orientation

X₂ = Technological orientation

X₃ = Entrepreneurial orientations

μ = error term

β₁₋₄ coefficients of regression model

CHAPTER FOUR

RESULTS AND DISCUSSIONS

This chapter gives an analysis and interpretation of data collected. This chapter shows the response rate, background information of respondents and both descriptive and inferential statistical results respectively. The results are then presented in two sections: first, the descriptive statistics for selected variables in the questionnaire; then the correlational and regression results as per the objectives.

4.1 Response Rate

A total of 295 questionnaires were administered on the sampled respondents. Out of this 250 number were successfully filled and collected from the respondents. This converts to 85 % response rate which is sufficient and satisfactory for analysis. According to Nutty, (2008) the response rate was acceptable as it had surpassed the 70% response rate threshold.

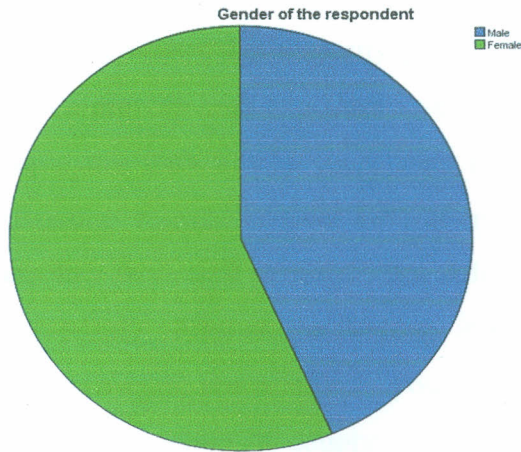
4.2 Background Information of the Respondents

The study examined the background information of respondents in respect to gender, age, and education level, length of service/work experience and designation of staff in revenue collection department of Homabay County.

4.2.1 Gender Distribution of the Respondents.

The study sought to determine gender composition of the revenue employees of the county government of Homabay. The findings established that the majority (57%) of the employees were female while 43% of the employees were male. This implies that revenue collection staff in Homabay County is female dominated which is in line with two third gender rule of the Kenyan Constitution.

Figure 4.2.1 Gender of the Respondent



Source : Homabay county government

4.2.2 Age of the Respondents

The study sought to determine the age of the respondent. It was revealed that 48.8% of the respondents were aged between 18-35 years. 18.4% were between the age of 36-45 years while above 45 years were 32.8%. Respondents below 18 years were zero. The findings implied that most of the revenue collectors are youths who are energetic and productive. There are no issues of Juveniles employment. The second largest percentage of employees are above 45 years which majorly are staff inherited from previous defunct local government.

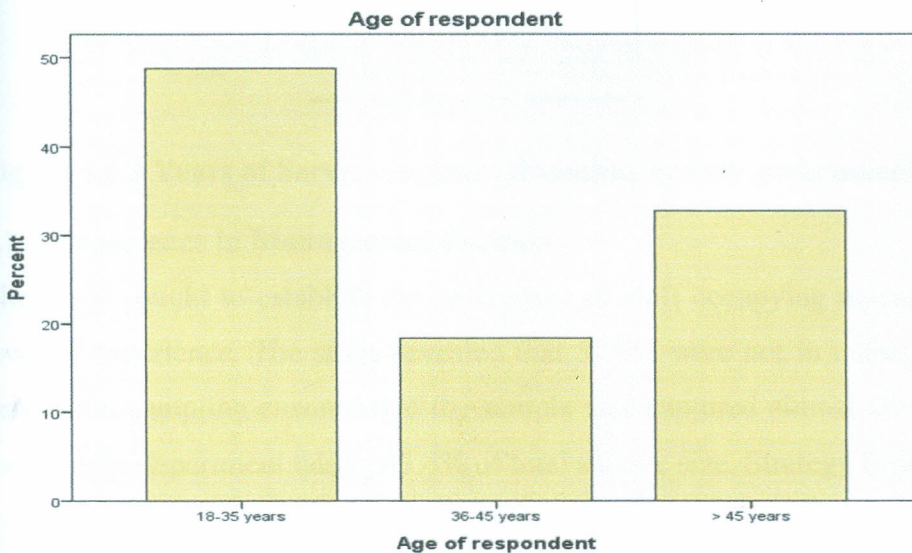


Figure 4.2.2 Age of the Respondents (source: Homabay county government 2018)

4.2.3 Length of Service.

The study sought to establish the duration that the employees under study had been in service to the current position. The study revealed that majority (39%) of the employees had served for a period between 5-10 years. Employees with less than 5 years' experience were (12.4%). Further it was established that employees with 11- 15 years were (13.2%) and (34.8%) had above 15 years of experience. The findings shows that over 48% of revenue collectors had experience of over 11 years which means they were staff adopted from defunct municipal and county councils of Homabay former local authority . Further, the findings imply that 52% of revenue collectors with experience of less than 11years, are relatively young people that were employed in the recent past and in the wake of inception of county governments in Kenya in early 2013. The employees employed in the second term of county government tenure are only 12.4% which hints on high retention level associated with reelection of previous regime

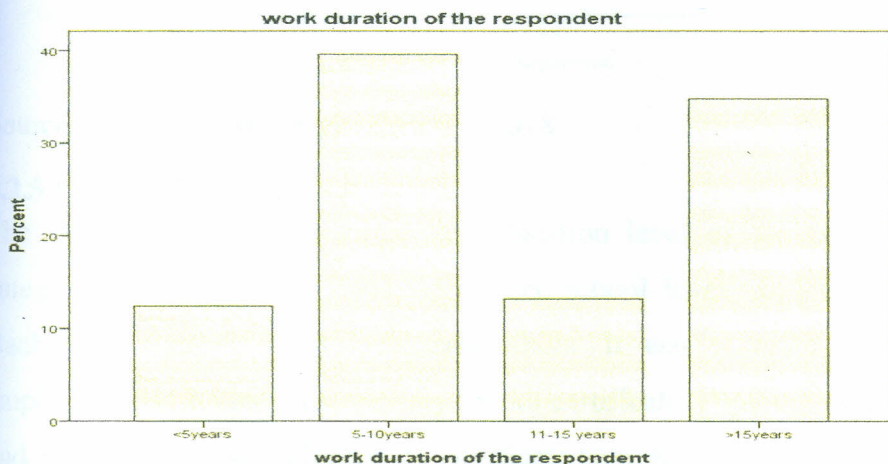
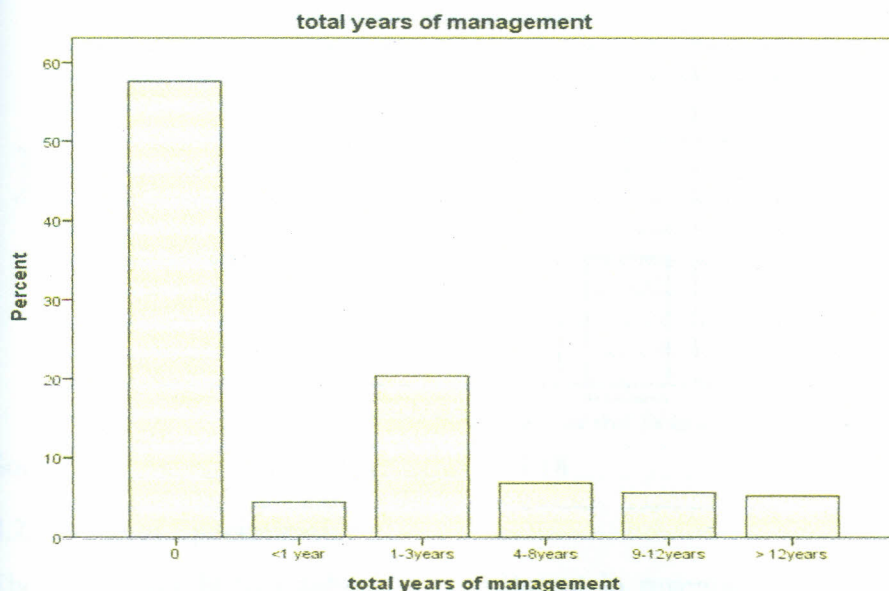


Figure 4.2.3 Years of Service (source :Homabay county government 2018)

4.2.4 Experience in Management Position

The study sought to establish the percentage of staff occupying management position and their level of experience. The study revealed that 57.6% were not in management positions however purposeful sampling ensured that the sample size captured almost all strategic managers within the revenue department taking 43.4% of total sample size. Strategy formulation and orientation is a reserve of top managers. Those with less than 1year were 4.4% while 1-3years were

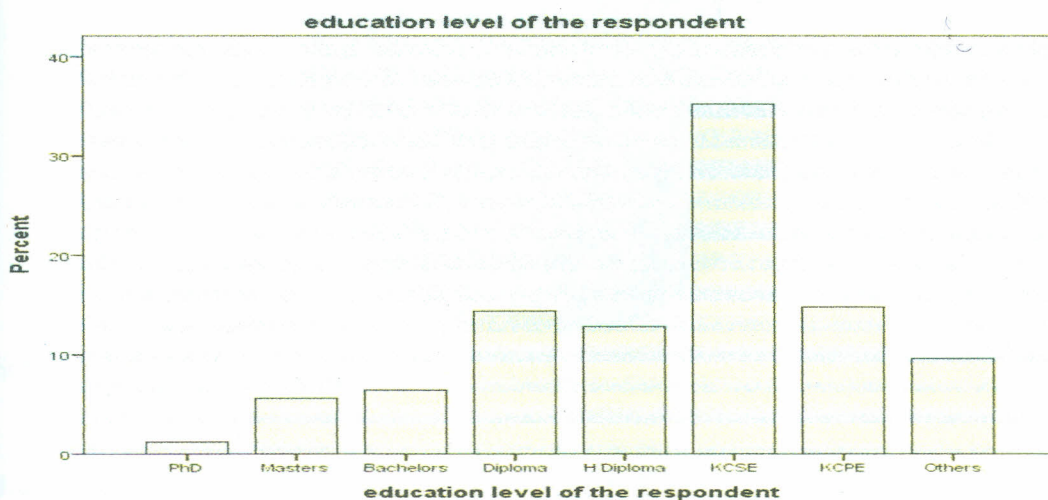
20.4%. Managers with 4-8 years experience were 6.8%, 9-12 years were 5.6% while above 12 years experience were 5.2%. Appointment of managers especially directors and assistant directors were delayed by the county public service board explaining the reason for more managers being in office for hardly 3 yrs in second term of county government tenure. Majority of those with over 4 yrs were from defunct local authority and are close to retirement



Source: Homabay county government 2018

4.2.5 Level of Education

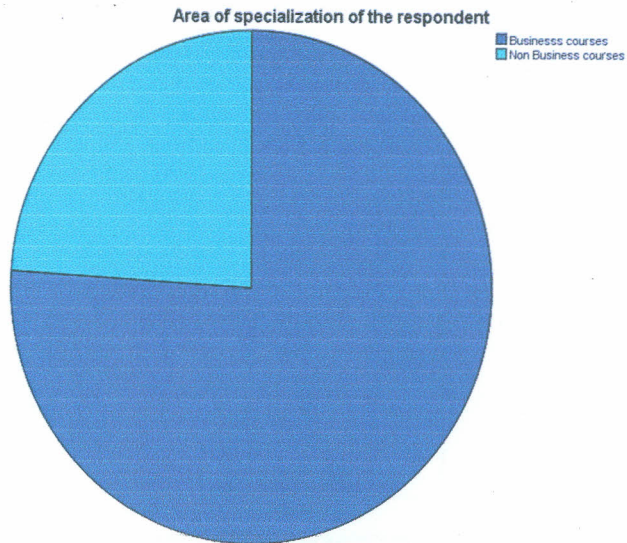
The study sought to determine the education level of the employees. Education level was categorized into primary level, secondary school level, diploma level, higher diploma level, Bachelors, masters, PHD level and others. It was revealed that majority (35.2%) of the employees had attained a secondary school certificate. Diploma was 14.4% while higher diploma had 12.8% and those with primary certificate were represented by 14.8% of the respondents. The degree holders were 6.4% while those with masters were 5.6% whereas PHD holders were 1.2. The findings implied that Homabay county government adopted revenue collectors from the defunct municipal and county council of Homabay which didn't put emphasis on academic qualification of the workforce. The county government of Homabay has not invested in training the collectors who rely on their work experience to collect revenue. There is reluctance by those in service to further their studies.



Source : Homabay county government 2018

4.2.6 Area of Specialization

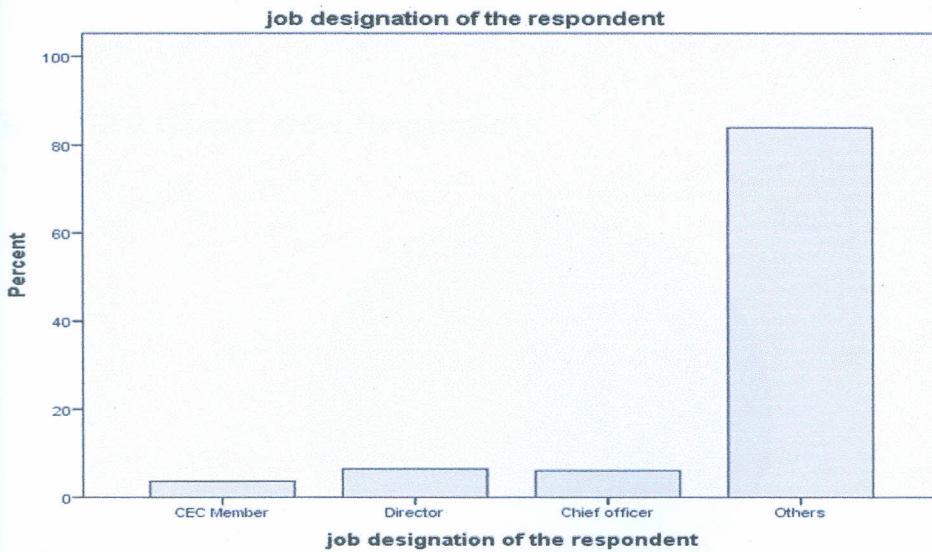
The study sought to establish if recruitment in revenue department was aligned with area of training by employees. Revenue collections require basic training on business models because it entails components of the same such as taxation, accounting, finance bills, econometric factors, licensing among others. The study used two dimensions of measure which were business for those employees whose training or courses were in line with the above and Non business dimension for employees whose line of training is not business oriented. The study revealed that most of the employees had a business background even the KCSE certificate holders had majorly picked on business as a subject. The county government of Homabay has an opportunity of building on this background by further training. It also proves that the revenue workforce have an understanding basic for their job role.



Source: Homabay county government 2018

4.2.7 Job Designation

The study sought to establish the job designation of the respondents and the outcome was as follows. The sample had 9 out of the ten county ministers, 15 out of the 16 chief officers and 16 out of the 16 county directors. These are the policy makers and the county strategic managers. The line managers were clustered along with others such as sub county tax unit heads.

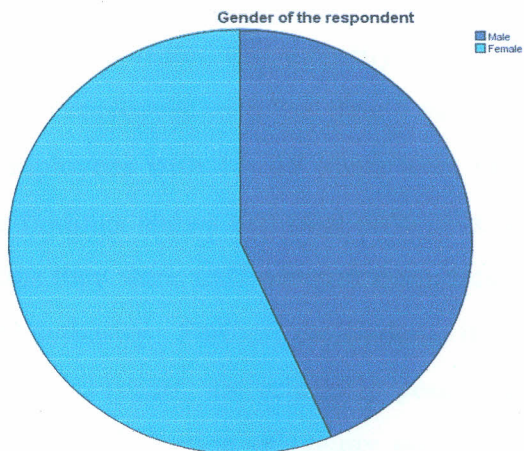


Source: Homabay county government 2018

4.3 Correlation Analysis

This is the first tool of analysis used in this study. The primary objective here was to measure the strength or degree of linear association between the dependent and the independent variables. The results would show the extent to which the variables are related and can be fitted in a regression line for prediction purposes. Correlation coefficient falls between -1 and +1. And there exist a strong (-, +) correlation if the level of association exceeds 50% and approaches 1. Below 50%, the correlation is a weaker one. Negative correlation means that the variables move in a linear format but in the opposite direction whereas a positive correlation means that the variables move in a linear format in the same direction. Table 4.4 shows the Pearson correlation coefficient results for correlation between Tax compliance and the strategy orientations in Homabay county government Revenue department.

Figure 4.2.1 Gender of the Respondent



Source : Homabay county government

4.2.2 Age of the Respondents

The study sought to determine the age of the respondent. It was revealed that 48.8% of the respondents were aged between 18-35 years. 18.4% were between the age of 36-45 years while above 45 years were 32.8%. Respondents below 18 years were zero. The findings implied that most of the revenue collectors are youths who are energetic and productive. There are no issues of Juveniles employment. The second largest percentage of employees are above 45 years which majorly are staff inherited from previous defunct local government.

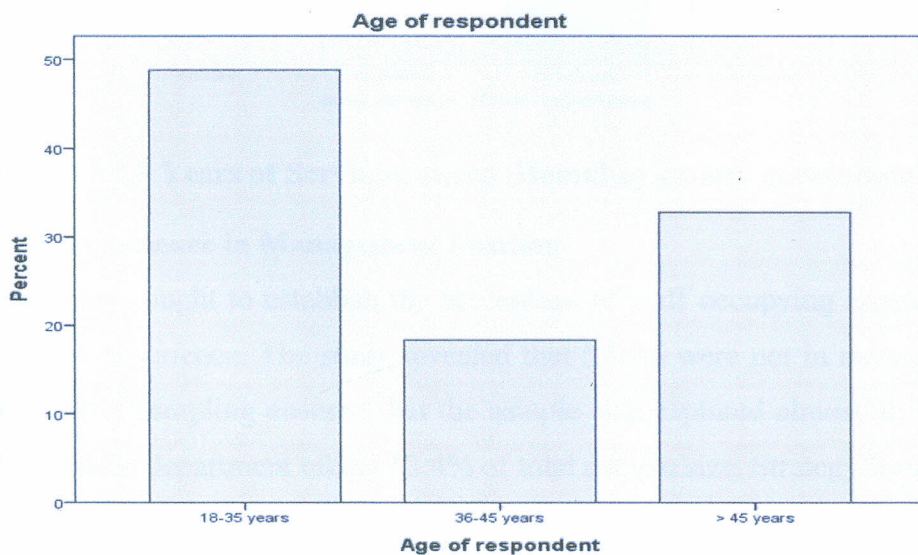


Figure 4.2.2 Age of the Respondents (source: Homabay county government 2018)

4.2.3 Length of Service.

The study sought to establish the duration that the employees under study had been in service to the current position. The study revealed that majority (39%) of the employees had served for a period between 5-10 years. Employees with less than 5 years' experience were (12.4%). Further it was established that employees with 11- 15 years were (13.2%) and (34.8%) had above 15 years of experience. The findings shows that over 48% of revenue collectors had experience of over 11 years which means they were staff adopted from defunct municipal and county councils of Homabay former local authority . Further, the findings imply that 52% of revenue collectors with experience of less than 11years, are relatively young people that were employed in the recent past and in the wake of inception of county governments in Kenya in early 2013.The employees employed in the second term of county government tenure are only 12.4% which hints on high retention level associated with reelection of previous regime

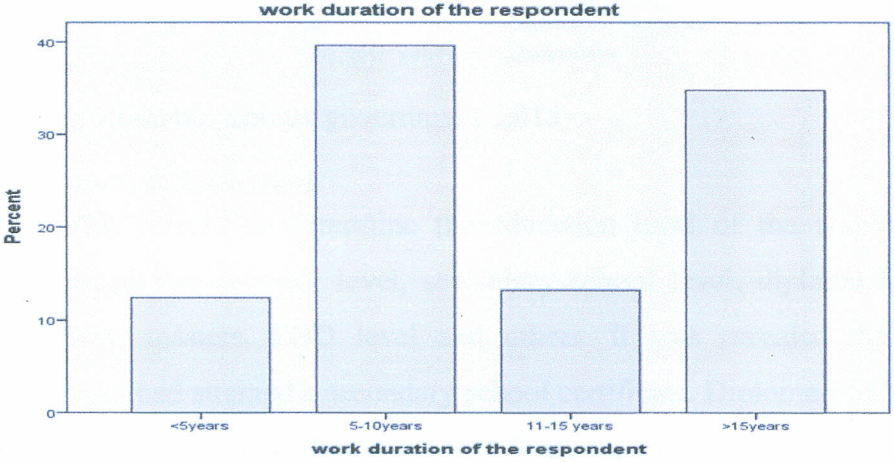
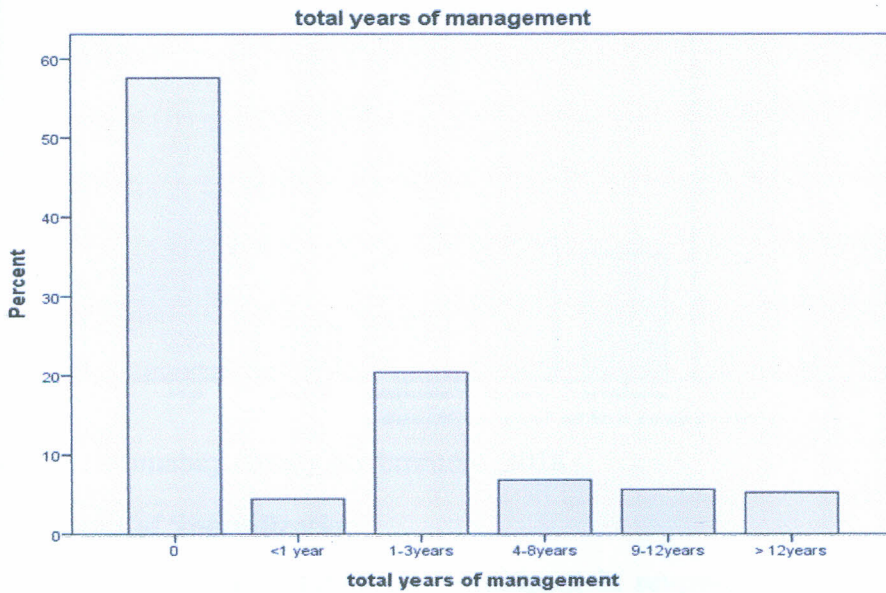


Figure 4.2.3 Years of Service (source :Homabay county government 2018)

4.2.4 Experience in Management Position

The study sought to establish the percentage of staff occupying management position and their level of experience. The study revealed that 57.6% were not in management positions however purposeful sampling ensured that the sample size captured almost all strategic managers within the revenue department taking 43.4% of total sample size. Strategy formulation and orientation is a reserve of top managers. Those with less than 1year were 4.4% while 1-3years were

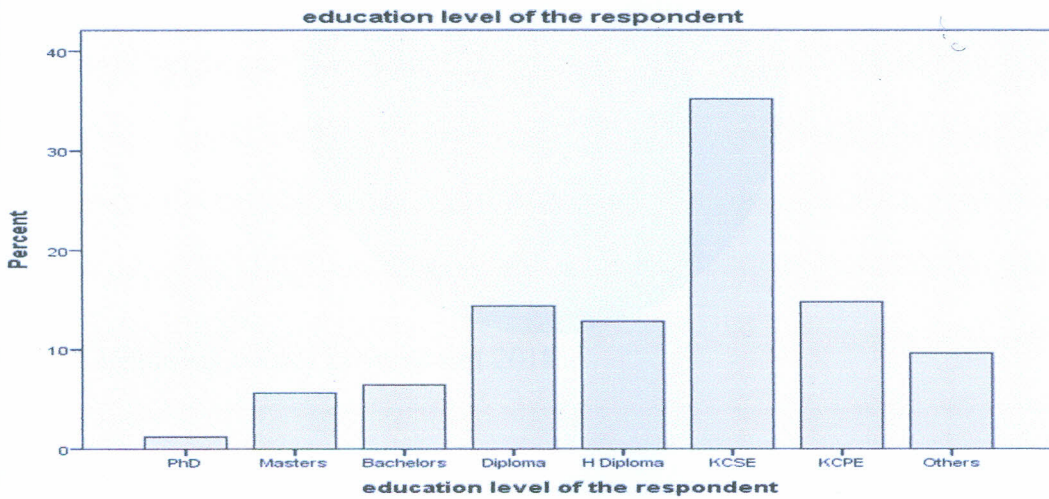
20.4%.Managers with 4-8years experience were 6.8%, 9-12years were 5.6% while above 12years experience were 5.2%.Appointment of managers especially directors and assistant directors were delayed by the county public service board explaining the reason for more managers being in office for hardly 3yrs in second term of county government tenure. Majority of those with over 4yrs were from defunct local authority and are close to retirement



Source: Homabay county government 2018

4.2.5 Level of Education

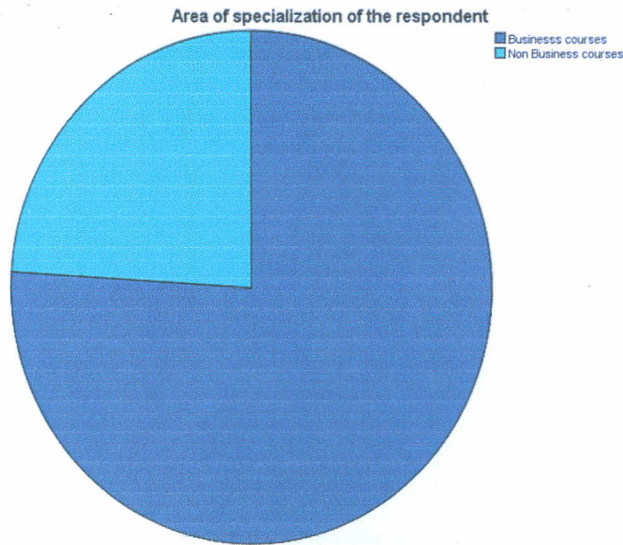
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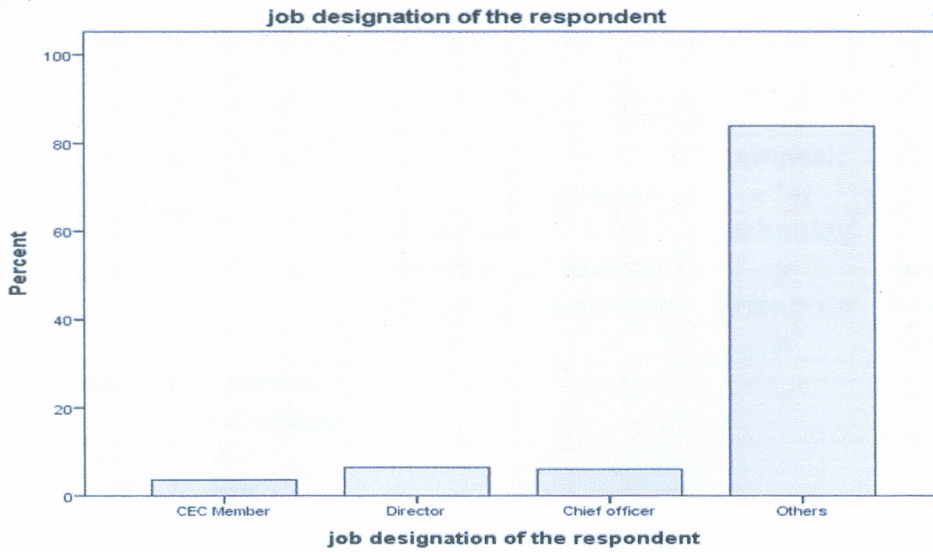
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Table 4.3: Pearson Correlation Coefficient for the forms of strategy orientation

		Correlations				
		composite for tax compliance	composit e for market orientatio n	composit e for technolog y orientatio n	composite for Entrepreneuri al orientation	composit e for learning orientatio n
composite for tax compliance	Pearson Correlatio n Sig. (2- tailed) N	1 250				
composite for market orientation	Pearson Correlatio n Sig. (2- tailed) N	.301** .000 250	1 250			
composite for technology orientation	Pearson Correlatio n Sig. (2- tailed) N	-.326** .000 250	0.082 0.197 250	1 250		
composite for Entrepreneuri al orientation	Pearson Correlatio n Sig. (2- tailed) N	.315** .000 250	.070 .272 250	-.109 0.086 250	1 250	
composite for learning orientation	Pearson Correlatio n Sig. (2- tailed) N	.460** .000 250	.122 .054 250	-.153* .016 250	0.080 0.210 250	1 250

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

* . Correlation is significant at the 0.05 level (2-tailed).

The results in the table above reveal that there is a weak significant positive correlation between market orientation and tax compliance with $R= 0.301$ and $p = 0.000$. Technology orientation has a weak significant but negative correlation with tax compliance by $R= -0.326$ and $p = 0.000$. Entrepreneurial orientation shows a weak significant positive association with tax compliance indicated by $R = 0.315$ and $p = 0.000$. Finally learning orientation showed a weak significant positive association with tax compliance with $R=0.460$ and $P=0.000$.

4.4 Regression Analysis

This statistical tool was used to investigate relationships between variables. It generates an equation to describe the statistical relationship between one or more predictor variables and the response (dependent) variable. The p-value for each term tests the null hypothesis that the coefficient is equal to zero (no effect). A low p-value (< 0.05) indicates that one can reject the null hypothesis. In other words, a predictor that has a low p-value is meaningful addition to the model because changes in the predictor's are related to changes in the response variable. Conversely, a larger (insignificant) p-value suggests that changes in the predictor are not associated with changes in the response. The following analyses are done as per the general objectives of this study:

The multiple regression analysis was done for all the variables to show their combined effect on tax compliance in Homabay County. The SPSS output for the multiple linear regression of the four forms of strategy orientations under focus in this study is presented in three (3) tables. Table 4.4 summarizes the proportion of variance and DW test results for autocorrelation while test results for significance levels of F- statistics which measures overall goodness of fit is presented in Table 4.5. Table 4.6 presents the regression coefficients (beta coefficients) and the Collinearity.

Table 4.4: Model Summary b for proportion of variance (R²) values

Model	R	R ²	Adjusted R ²	Std. Error of the Estimate	Change Statistics			Durbin - Watson	
					R ² Change	F Change	Df1 df2		
1	0.640 ^a	0.410	0.400	.20674	0.041	42.546	4/245	0.000	1.672

a. Predictors: (Constant), Market orientation, Technology orientation, entrepreneurial orientation and Learning orientation (Strategy orientation)

b. Dependent Variable: Tax compliance (performance in revenue collection)

Source: Field data 2018

With R² value of 0.410 (see Table 4.4), the combined effect of Market orientation, Technology orientation, entrepreneurial orientation and Learning orientation account for 0.41 of changes in tax compliance. With DW also close to 2 on approximation, this shows that there is no serial autocorrelation between the variables.

Analysis of variance (ANOVA) results in Table 4.5 shows that F-statistics is significant since (p = 0.000) and therefore the sample chosen for the exogenous variable can be used as a justification for the entire population.

ANOVA^a

Model	Sum of Squares	df	Mean Square	F	Sig.
1 Regression	7.274	4	1.818	42.546	.000
Residual	10.472	245	.043		
Total	17.746	249			

a. Dependent Variable: composite for tax compliance

b. Predictors: (Constant), Market orientation, Technology orientation, entrepreneurial orientation, learning orientation

Table 4.7 shows the coefficients (beta coefficients) results of the four forms of strategy orientation obtained from the multiple linear regressions. With $p = 0.000$, the beta coefficient result shows a significant influence of all the four forms strategy orientations on tax compliance in Homabay County

Table 4.7: SPSS Output for Linear Regression (Beta Coefficients of forms of strategy orientations)

Model	Unstandardized Coefficients		Standardized Coefficients			Collinearity Statistics	
	B	Std. Error	Beta	T	Sig.	Tolerance	VIF
1 (Constant)	1.450	0.093		15.58	.000		
Market orientation	0.122	0.023	0.262	5.251	.000	.970	1.031
Technology orientation	-0.139	0.026	-0.266	5.291	.000	.956	1.046
Entrepreneurial orientation	0.127	0.026	0.239	4.810	.000	.979	1.021
Learning orientation	0.166	0.023	0.368	7.333	.000	.956	1.046

From table 4.7 results show market orientation has significant effect on tax compliance. For every unit change in market orientation there is a 0.122 change in tax compliance. A unit change in technology orientation results in a negative but significant change in tax compliance by 0.139, A unit positive change in entrepreneurial orientation results in a positive significant change in tax compliance by 0.127 and lastly a unit change in learning orientation results in significant positive change in tax compliance by 0.166 With the VIF column results showing values far below 10, this confirms that there is no multicollinearity between the variables. The overall effect of the forms of strategy orientation on Revenue collection performance measured in terms of tax compliance can be summarized by the function shown below;

$$Rc = 1.450 + 0.122x_1 - 0.139x_2 + 0.127x_3 + 0.166 \cdot x_4 \dots\dots\dots$$

4.5 Discussion of Results

4.5.1 Market Orientation and Revenue Collection

In the first objective, regression analysis done to establish the effect of market orientation on tax compliance in Homabay County showed that market orientation does significantly predict the revenue collection performance in terms of tax compliance in the study area with $p=0.000$, and $B =0.122$ results show market orientation has significant effect on tax compliance. For every unit change in market orientation there is a 0.122 change in tax compliance. Tax compliance and market orientation had a weak positive correlation which means positive change in market orientation results in increased compliance level. The null hypothesis is thus rejected for this objective. Arguably, the idea of market orientation aligns with the ideas of those strategic management writers, like Porter (1980) who suggests that the firm's position in relation to competitors in the customer's mind is the key to competitive advantage. With increasing focus on strategies borrowed from private sector organizations, in provision of services to citizens, including citizen charters, market orientation is an important concept in understanding performance in public sectors such as County government's performance in revenue collection, from citizens who are increasingly being viewed as customers. This is in agreement with previous studies that derived positive link between market orientation and performance, Kiiru (2015) in her thesis indicated that, customer oriented strategies coupled with reconfiguration capabilities were the most critical dynamic capabilities in enhancing an SMRE's competitive advantage. Keski (2016) found no direct link on performance and market orientation. Webster (2008) posits that tracking and responding to buyers' choices and desires increases marketing orientation and consequently the institution's performance. The link between these variables in a public political organization however was unknown, this study sought to fill this gap. This study however like others contradicts the findings of Keski (2016) of no direct link between the variables but the fact that on a given context the researcher found no link, on this context the link is weak and on the previous studies stated here a strong positive link was found points to some underlying factors that moderate or mediate the effect of market orientation on performance leading to the varying results. From the outcome of this study it's a indicator that county government should enhance their market orientation to boost their compliance level, this cannot be ignored because though their relationship is weak, it is significant.

4.5.2 Technology Orientation and Revenue Collection

In the second objective which sought to determine the effect of Technology orientation on performance of revenue collection in terms of tax compliance in Homabay County, the regression results revealed that technology orientation had a significant prediction on revenue collection performance in the study area however as opposed to the expected positive effect in this case technology orientation had a significant weak negative effect on tax compliance, with $p=0.000$ and $B= -0.139$, the null hypothesis remains rejected for this objective. A unit change in technology orientation results in a negative but significant change in tax compliance by 0.139. This outcome is coming at a time when e-revenue in Kisumu has given a similarly practical outcome in 2018 similarly disapproving the long held opinion that technology results in increased revenue collection. It is noted that with introduction of technology people still devise new modalities of taking the money away especially where corruption is prevalent. Previous studies held that technology has strong positive effect on revenue collection performance. It is argued that customer value and the long-term success of the firm is best created through new innovations, technological solutions, products, services or production processes (Gatignon and Xuereb 2017). Technology orientation is closely aligned with the resource-based view of strategy, as it suggests that technological resources, in a broad sense, when uniquely combined, form the basis of competitive advantage.

Gitaru (2017) focused on the impact of system automation on revenue collection in KRA. Automation resulted in a significant increase in revenue collected after the automation of Simba System he anchored his study on technology determinism theory which holds that technology is a social structure or force which a single most important source is of change in a society which changes organizational culture, structure, reporting lines, norm and many other aspects including modes of operation. However in a society other than technology other factors serve as driving force such as legal issues which can even bar technological innovation, political issues, social class interest, economic pressures, educational background and general attitudes of others. There is need for high level of resilience to cope with technological turbulence because with time people come up with modalities to beat technology and still create revenue leakages. With rapid technological advances, the value of prior technology quickly deteriorates, and an organization must allocate more resources to technology development otherwise, they be driven out of the market (Srinivasan et al., 2012).

However, the relevance of technology orientation is a little investigated issue in enabling counties to cope with the challenges of achieving their revenue collection targets in Kenya. This is even challenged by the fact that most counties that have completely automated their revenue collection still fall below their revenue targets. This study reveals that technology orientation should not be major focus to enhancing revenue collection performance in terms of tax compliance at county level.

4.5.3 Entrepreneurial orientation and Revenue Collection Performance

In the third objective which sought to determine the effect of Entrepreneurial orientation on performance of revenue collection in terms of tax compliance in Homabay County, the regression results revealed that entrepreneurial orientation had a significant prediction on revenue collection performance in the study area, the relationship was a weak positive effect but significant with $p=0.000$ and $B = 0.127$, the null hypothesis remains rejected for this objective. A unit positive change in entrepreneurial orientation results in a positive significant change in tax compliance by 0.127. Previous studies do acknowledge that environmental characteristics, as well as resources and other organizational factors are contingent to the entrepreneurial orientation-performance relationship. It is in this regard that entrepreneurial orientation is regarded as one the decisional variable in so far as strategic choices are related to revenue collection performance of County Government. The main proposition of entrepreneurial orientation is that organizations acting entrepreneurially are better able to adjust their operations in dynamic competitive environments (Covin and Slevin 1989). This kind of better adjustment and shaping of the environment should have positive effects on firm performance (Keh *et al.* 2007). Covin *et al.*, (2006) posit that organizations scoring high on entrepreneurial orientation roughly approximate to firms representing prospectors, while at the other end of the continuum, conservative firms (with a low level of entrepreneurial orientation) correspond to reactor firms. The roots of entrepreneurial orientation can be traced to the strategic choice perspective on strategy, thus essentially, environment alone does not determine the success of the company, but strategic decision making also has an impact on it. Li, Zhao, Tan and Liu (2008) found that entrepreneurial orientation has a great positive effect on performance. Raila (2017) also found that strategy orientations account for 64 percent positive effect on performance with entrepreneurial orientation having the greatest positive impact on performance, however Alegre and Chiva (2009) report that the direct impact is a minute over an organizational performance,

scholars report a curvilinear relationship. This study has proved that nonprofit making and political organization can still reap from adapting an entrepreneurial orientation to improve the revenue collection performance.

4.5.4 Learning Orientation and Revenue Performance

In the fourth objective which sought to determine the effect of learning orientation on performance of revenue collection in terms of tax compliance in Homabay County, the regression results revealed that learning orientation had a weak positive significant prediction on revenue collection performance in the study area with $p=0.000$ and $B=0.166$. A unit change in learning orientation results in significant positive change in tax compliance by 0.166. This too implies the null hypothesis remains rejected for this objective. Business firms that place high importance on learning have a higher level of performance as they can change their old traditions and modernize to be competitive. However, it remained unclear whether, within the public sector adopting a learning organization approach can lead to better revenue collection performance. Resource based theory aligns employee performance to competence acquired through repeated practice also termed as unique experience and skills as well as accumulated knowledge overtime. This study proves that learning orientation can increase tax compliance. Its holds true because high level of sensitization and training enables one to internalize rules, regulations, standards and policies resulting in higher level of compliance. Utility of previous experience and emergent knowledge enables sealing of noncompliance avenues.

4.5.5 Strategy Orientation and Revenue Collection Performance

The overall model indicates that strategy orientation has a significant positive effect, weak but closer to a strong association since $R\text{ Square}=0.41$ which means the model can be used to explain changes in tax compliance by 41% which is closer to 50%. The $p\text{ value}=0.000$ which means its significantly affecting tax compliance and the $DW=1.672$ which means there is no serial autocorrelation thus allowing for generalization of results. The VIF values were below ten indicating no multicollinearity.

CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Summary of Findings

The study sought to establish the effect of strategy orientation on performance in revenue collection in terms of tax compliance in Homabay County, Kenya. This was broken down into four objectives and both regression and correlation analysis done in line with each objective. The summary of the findings as per the objectives are presented as follows:

A preliminary analysis of Correlation was done for the general objective to show the effect of strategy orientation on performance in revenue collection in terms of tax compliance in Homabay County to show the degree and direction of association between the variables. This was done by determining the correlation between strategy orientation and tax compliance in Homabay County. The form of strategy orientations included market orientation, technology orientations, entrepreneurial orientation and learning orientation. The summary results revealed significant correlation coefficients between all orientations. Technology orientation had a negative association with tax compliance.

The regression analysis done to establish effect of strategy orientation revenue collection performance in terms of tax compliance, strategy orientation had a weak but significant effect on Revenue collection performance in terms of tax compliance in Homabay County, The overall model indicates that strategy orientation has a significant positive effect, weak but closer to a strong association. In the first objective, regression analysis done to establish the effect of market orientation on tax compliance in Homabay County showed that market orientation does significantly predict the revenue collection performance in terms of tax compliance in the study area. In the second objective which sought to determine the effect of Technology orientation on performance of revenue collection in terms of tax compliance in Homabay County, the regression results revealed that technology orientation had a significant prediction on revenue collection performance in the study area. In the third objective which sought to determine the effect of Entrepreneurial orientation on performance of revenue collection in terms of tax compliance in Homabay County, the regression results revealed that entrepreneurial orientation had a significant prediction on revenue collection performance in the study area. In the fourth

objective which sought to determine the effect of learning orientation on performance of revenue collection in terms of tax compliance in Homabay County, the regression results revealed that learning orientation had a weak positive significant prediction on revenue collection performance in the study area. Market orientation, learning orientation and entrepreneurial had weak positive significant effects while technology orientation had weak negative significant effect. The DW constant for the overall regression being close to two means there are no serial autocorrelation between study variables and allows for generalization of the study outcome. The VIF values were less than ten showing no multicollinearity. The null hypotheses for all the four objectives are thus rejected for this study.

5.2 Conclusions

In conclusion strategy orientation has a weak but significant effect on Revenue collection performance in terms of tax compliance in Homabay County. Market orientation, learning orientation and entrepreneurial have weak positive significant effects while technology orientation has weak negative significant effect. The DW constant for the overall regression being close to two means there are no serial autocorrelation between study variables and allows for generalization of the study outcome. There is significant association between the four constructs of strategy orientation under study and tax compliance.

5.3 Recommendations

From the outcome of the first objective, this study recommends that county government should enhance their market orientation to boost their compliance level, this cannot be ignored because though their relationship is weak, it is significant. In the second objective which sought to determine the effect of Technology orientation on performance of revenue collection in terms of tax compliance in Homabay County, the regression results revealed that technology orientation had a significant prediction on revenue collection performance in the study area however as opposed to the expected positive effect in this case technology orientation had a significant weak negative effect on tax compliance. Therefore though technology eases collection process technology orientation should not be major focus to enhancing revenue collection performance in terms of tax compliance at county level. In the third objective which sought to determine the effect of Entrepreneurial orientation on performance of revenue collection in terms of tax compliance in Homabay County, the regression results revealed that entrepreneurial orientation

had a weak but significant prediction on revenue collection performance. County governments should adopt an entrepreneurial orientation; the study has proved that nonprofit making and political organization can still reap from adapting an entrepreneurial orientation to improve the revenue collection performance. In the fourth objective which sought to determine the effect of learning orientation on performance of revenue collection in terms of tax compliance in Homabay County, the regression results revealed that learning orientation had a weak positive significant prediction on revenue collection performance. County governments should adopt learning orientation because study proves that learning orientation can increase tax compliance. It holds true because high level of sensitization and training enables one to internalize rules, regulations, standards and policies resulting in higher level of compliance. Utility of previous experience and emergent knowledge enables sealing of noncompliance avenues.

5.4 Limitation of the Study

The study was based on primary data collected by use of questionnaires, some respondents took too long to fill and the researcher had to do follow up to enable ample time for complete filling of the questionnaires. The response rate in the end though not 100% met the threshold being >70%. The study was based on people's opinions that were coded for analysis, being a political and public sectors there were possibility of biasness or polarized response. The researcher by projecting the outcome on a histogram and checking for outliers was able to ascertain that the data was reliable and valid. The county government had recently laid off a large number of employees, the respondents were uncooperative in fear that information here could be used against them. The researcher took time to explain giving evidence of academic identification and authorization letters that this was purely academic and utmost confidentiality will be upheld.

5.5 Suggestions for further Research

Further studies to explore effects of other strategy constructs on revenue collection performance should be done; other factors accounting for the 59% effect on tax compliance not accounted for in this study should be studied. Scholars should determine circumstances when technology orientation works for and when it works against compliance. Varied research out come all giving significant effect but at times weak at times strong for same strategy orientation points to underlying moderating and mediating effect on strategy orientation –performance relationship which should be investigated.

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