REVIEWED JOURNAL of INTERNATIONAL SOCIAL SCIENCE & HUMANITIES [ISSN 2663-127X]

Vol. 6, Iss.1 (2025), pp 113 – 130, April 17, 2025. www.reviewedjournals.com, ©Reviewed Journals

OWN SOURCE REVENUE AS AN ENABLER OF THE FINANCIAL INDEPENDENCE OF COUNTY GOVERNMENTS: A CASE STUDY OF MARSABIT COUNTY GOVERNMENT

Abraham Mamo Yate [1] & Dr. Jane Njoroge, PhD [2]

[1] *Master's Student, Department of Public Policy and Administration, Kenyatta University, Kenya*
[2] *Lecturer, Department of Public Policy and Administration, Kenyatta University, Kenya*

Accepted: April 4, 2025

ABSTRACT

County Governments in Kenya struggle with low rates of own source revenue generation. Due to this, entities are unable to meet their annual revenue collection targets and realize only modest annual growth in revenue generation. The County Government of Marsabit registered a steady decline in own source revenue collections from the financial years 2019/2020 to 2022/2023. Further, it has not been able to fulfill the annual target established for the period between 2018/2019 and 2022/2023. This research thus sought to investigate own source revenue as an enabler of financial independence of Marsabit County Government in Kenya. particularly, the investigation also sought to establish whether the automation of tax collection, administration of levies and diversification of fees charged enhances financial independence of county government of Marsabit. The research was based on resource based view theory. The survey research design has been employed for the investigation. The study population that is targeted was two hundred and forty. The census was carried out among sampled size of 120 respondents and Primary data was gathered utilizing questions from participants. From the available literature, qualitative data was collected. A pilot investigation will be done to determine the reliability and validity of the study instrument. In analysis of data, descriptive study design was utilized. Effective analysis tools were adopted to analyze the data gathered from respondents and were presented in form of tables, pie charts, and graphs. The investigation revealed that automation of tax collection, levy collection, and fee diversification significantly contributed to Marsabit County's financial independence. Automation improved efficiency and minimized errors (regression coefficient = 0.325, p = 0.004), levy collection boosted financial growth (regression coefficient = 0.417, p = 0.001), and diversifying fees strengthened the county's financial stability (regression coefficient = 0.369, p = 0.002). The study concluded that automation of tax collection, effective levy management, and fee diversification significantly enhance the financial independence of Marsabit County. It recommended investing in automated systems, improving levy collection procedures, and diversifying revenue sources to ensure fiscal sustainability.

Key Words: *Tax Collection, Automation, Diversification, Levies Administration*

CITATION: Yate, A. M., & Njoroge, J. (2025). Own source revenue as an enabler of the financial independence of county governments: A case study of Marsabit County Government. *Reviewed Journal of Social Science & Humanities*, 6 (1), 113 – 130.

INTRODUCTION

Internationally, decentralization of finances has risen with many nations giving sub-national organizations like counties additional financial authority (OECD, 2020). This movement acknowledges the significance of independence, local empowerment and sovereignty. Extended public sector sustainability is critical to a country's development and the delivery of comprehensive public services (Abdille, 2022). One of the most important tools for improving local authorities' governments' independence is the Own Source Revenue (OSR). Counties become less dependent on funding from the federal government when they are permitted to produce cash on their own which allows them to better address the needs of their residents and explore local development projects (ROK, 2020). Counties now have more discretion over their finances and spending priorities because of their independence (Abdille, 2022).

Kenya's 2010 Constitution establishes the national and county administrations as the two tiers of government (Abdille, 2022). The executive and legislative branches of each county administration are empowered to operate and set the budget for devolved governments. The aggregate Own Source Revenue for all counties is a very small portion of the GDP and has been declining since 2016–17 (Development Initiative Organization, 2019). OSR collection climbed by 29.1% in 2014–15, 3.5% in 2015–16, and subsequently decreased by 7.1 and 0.1% in 2017–2018 and 2018–2019, respectively. Office of Budget Controller Reports 2013/14-2017/18 demonstrated that OSR targets were not met throughout the first five years of devolution, from 2013/14 to 2017/2018 (Abdille, 2022). The 47 counties met their yearly objective of 48.5% in 2013–14; in 2014–15, they attained 67.2%, and in 2015–16, 69.3%. In 2016–17, this dropped to 56.4%, and in 2017–18, it rose to 66% (Commission on Revenue Allocation, 2022). Attaining a minimum of 70% of their yearly OSR targets was a feat accomplished by just five counties: Kericho, Homa Bay, Baringo, Bomet, and Nyandarua. The remaining counties were low performing and were not able to meet half of their OSR targets including Marsabit County in the five years under evaluation (Abdille, 2022).

Own Source Revenue (OSR) entails money that county governments receive from local sources in terms of taxes, levies, and fees (Development Initiative, 2020). OSRs are composed of fees and taxes that a local aouthorities is permitted to collect, are a crucial component of local government funding (UNCDF, 2023). OSRs are strategically vital for the creation of radical infrastructure since they typically aid in the upkeep and operation of regional assets (Eficon, 2020). It is vital to allocate funds appropriately in order to maintain the ability to manage assets over time. This is because it enables the provision of vital services to the public, like handling waste, transportation, and water and sanitation (UNDP, 2021). Since local governments must enhance services in exchange for taxes, OSR also gives them a way to gather data about the quantity and caliber of public services that their constituents want (UNCDF, 2023). By mobilizing their own resources, counties can set their own development agenda and perhaps increase the governmental and managerial responsibility of county leaders to the people they serve (Abdille, 2022).

Automation of revenue collection system entails making investments in cutting-edge technologies, such as ICT, to modernize the system of revenue and accomplish synergy alongside data sharing, which will improve the system's efficacy and productivity (Madegwa, Makokha & Namusonge, 2019). To enhance transparency and resource incorporation, all sectors in the County should establish a profitable and reliable revenue collection unit with a monitoring mechanism that ensures sufficient oversight of the allocated program's operations (Ligeyo, 2019). Using contemporary technology, such as ICT, to automate revenue collecting processes and structures is essential to streamlining and optimizing tax administration (Engwali, 2019). Automation of revenue collection systems involves utilization of technology to increase transparency and decrease errors to help county governments increase their own source revenue (Madegwa, Makokha & Namusonge, 2019).

Kenya's decentralized system of government was established by the 2010 Constitution, which upholds the independence of county administrations (Nyambura, 2022). Within their borders, county administrations have considerable discretion over how to allocate resources, make decisions, and provide services. Decentralization seeks to advance democracy, regional growth, and just resource distribution nationwide (Ngigi and Busolo, 2019). Financial independence is a crucial component of independence of county governments. Local fees, property taxes, licensing, and levies are examples of OSR mechanisms that county governments might use to generate money (Eficon, 2020). Counties may pay their operations, infrastructure development, and service delivery independently thanks to this revenue autonomy, which lessens reliance on assistance from the federal government (Nyambura, 2022). The complete achievement of financial independence, however, may be hampered by issues including scarce revenue streams, capacity limitations, and economic differences between counties.

Situated in the most northern region of Kenya, the entire area of Marsabit County is 70,961.2 square kilometers (County Government of Marsabit, 2023). Its borders are shared by Counties such as Turkana to the west, Wajir and Isiolo to the east, Ethiopia to the north and Samburu to the south via the international border. It is situated amid longitudes 37° 57° East and 39° 21° East and latitudes 02° 45° North and 04° 27° North and. At 71,597.8 km2, Turkana County is the biggest county in Kenya by area, with Marsabit coming in second (County Government of Marsabit, 2020). Its main town is Moyale, and its capital is Marsabit. The county's population, as of the 2019 census, is 459,785 (KNBS, 2019).

It shares a border with Lake Turkana's eastern shore. The county is composed of a vast plain that slowly descends southeast and is located between 300 and 900 meters (980 and 2,950 feet) above sea level (County Government of Marsabit, 2023). The county's average temperature is between 15 and 26 degrees Celsius, with semi-arid climate conditions. There are 459,785 people living in the county overall, with 243,548 men, 216,219 women, and 18 transgender people. 16 divisions, 63 locations, 127 sub-locations, and 4 sub-counties are all present. There are twenty county assembly wards and four seats. The county is organized administratively into four sub-counties, which are called Moyale, North Horr, Laisamis, and Marsabit Central (County Government of Marsabit, 2020).

Statement of the Problem

Own Source Revenue (OSR) typically increases county governments' independence in Kenta (Abdille, 2022). Own Source Revenue mobilization is governed by national and local government policies and legislation, with public involvement being an essential part of the process. However, counties in Kenya are failing to meet their OSR targets. Due to its reliance on subsistence farming and limited prospects for producing income, Marsabit County confronts particular economic difficulties (MoALF, 2018). Owing to this dependence, the county's ability to create a sizable amount of Own Source Revenue is limited, which limits its financial independence. The large and sparsely inhabited geographic terrain of Marsabit County creates difficulties for infrastructure development and revenue collection. Effective implementation of revenue collection techniques is hampered in remote and inaccessible places, which limits the county's capacity to generate enough Own Source Revenue (Kosaye, 2019). The administration and management of revenue in Marsabit County is also affected by several factors, such as antiquated methods, absence of automated revenue collecting technologies, a shortage of trained staff, and insufficient institutional capacity (Kosaye, 2019). These difficulties impair the county's financial sovereignty and make it more difficult to mobilize funds effectively.

Marsabit County has not met its OSR goals from 2013 to the present, nor has it followed the PFM guidelines requiring 35% of total revenue to go toward development expenses. As a result, the county government's operational funding is unduly reliant on the federal government. The OSR for 2018–2019 was 39.5 Ksh million. OSR was 126.7 Ksh million in 2019–20. 2020/2021 had an OSR of 110.4 Ksh million (UNDP, 2022). The results indicated Marsabit County has not been able to raise over half of its OSR goal. According to an analysis of OSR performance in FY 2022–2023, forty county governments were successful in collecting over half of their yearly OSR objective. Marsabit County, with 34.5%, was among the lowest performing, nevertheless (Lawi, 2023).

Own source income have been the subject of numerous investigations. Njau (2022) used a mixed research design to look at how the automation of revenue systems affected the collection of revenue and development in Nairobi City County. On the other hand, Engwali and Otokiti (2019) investigated the effect of the Automated Revenue Collection System on Jobs Initiative in Edo state. Nevertheless, the research was carried out in Nigeria. The Progressive Human Capital Gap Founded on Organization Pathway alongside PSO-BP Neural Network research was conducted by He, Huang, and Sun (2023). The study was conducted in China. Okene, Ndalu and Igwe (2023) analyzed tax enforcement mechanisms and revenue generation in Nigeria but utilized purposive sampling technique. In light of the aforementioned methodological, conceptual and contextual gaps, the study examined own source revenue as an enabler of independence of Marsabit County Government in Kenya.

Objectives of the Study

- To ascertain whether the automation of taxes collected leads to financial independence of county government of Marsabit.
- To evaluate whether levies collected leads to financial independence of county government of Marsabit.
- To examine if diversification of fees charged enables financial independence of county government of Marsabit.

LITERATURE REVIEW

Theoretical Review

Resource Based View Theory

The idea of the resource-based approach as a method for assessing a firm's resource status. Instead of looking at companies from a product perspective, he focused on how valuable it is to look at them from a resource viewpoint (Wernerfelt,1984). Grant elaborated on Wernerfelt's theory in 1981, seeing it as a tactic for a company's competitive edge. According to the resource-based understanding, performance of an organization is examined by the quantity and quality of its resources (Morris, Kuratko, Allen, Ireland & Schindehutte, 2010). The pool of resources within an organization shapes its strategy, which in turn influences its capacity to advance a competitive advantage to the marketplace (Morris et al., 2010).

The core contention of resource dependence model as noticed by Pfeffer and Salancik (1978 is that the company capability manages as well as to receiving resources is vital to its ability to survive. However, it should be highlighted that the task is hard because of the unknown and scarce environmental conditions. In general, there are not enough, reliable, or stable resources. In the end, the resource imperative forces businesses to adjust to the demands of significant resource suppliers. As explained by Katz and Kahn (1966), comprehending the fundamental dynamics of resource reliance necessitates an open-systems viewpoint.

The theory is pertinent to this study because it seeks to reduce excessive dependence on national transfers by identifying strategies for Kenyan county governments to self-sustain through automation, OSR diversification, and human capital training while retaining the core concepts of resource dependency theory in mind. The funds that the counties need to make ends meet are their resources. County governments should look for ways to automate and diversify earnings in order to obtain sufficient resources from the outside world. The theory thus provided background for all the variables in the investigation.

Empirical Review

Ligeyo (2019) carried out a thorough analysis to ascertain the link between revenue collection and system automation in the Kenyan county government of Siaya. A longitudinal study was conducted as part of the research to encompass the six years that the county administrations have been operational. Analysis is done using secondary data that displays the annual revenue targets and collections, accounting for the degree of system automation in that specific financial year. The degree of automation and the amount of money collected are next examined. With beta coefficients of 0.328 for POS and 0.394 for ECR, the examined linear regression model shows a favorable correlation between revenue collection and system automation. In order to have even more of an impact on revenue collection, the study also suggests introducing and using mobile money transfers. The study however gave no attention to impact on financial stability which this study will look to pay keen attention to.

Munguti (2022) evaluated the ways in which Machakos would increase its own revenue. The questionnaire responses of 286 individuals were employed to gather data for this correlational survey. The data was analyzed using the SPSS, version 23. Three study hypotheses were investigated using binary logistic regression, correlational testing, and descriptive statistics to identify revenue sources and challenges. The results show that Machakos has a chance to improve and reach its own source revenue goals. The county has to automate all revenue collecting methods, create plans to overcome obstacles, and strategically maximize revenue streams. The study was however based on realities in Machakos county whereas this study will be based realities in county government of Marsabit.

In a subset of Kenyan county governments, Kirer, Langat, Cheruiyot, and Rop (2024) aimed to ascertain the influence of revenue collection personnel competency on the accomplishment of own source revenue targets. The investigation utilized a mixed research techniques and focused on 708 people who worked in six different county governments. Utilizing the Yamane formula, 280 individuals were selected for the sample, using a combination of stratified random selection and census outreach. Primary data was gathered via formal questionnaires. Descriptive statistics like frequency, standard deviation as well as mean were employed to examine quantitative data. An analysis demonstrates that a sizable portion of counties that routinely surpass the national average in reaching their own source income goals also used automation for agency revenue collection. The study only focused on aspects of own source revenue whereas the current study looked at own source revenue variables that include automation, staff training as well as diversification.

Abdille (2022) intended to evaluate Garissa County, Kenya's own source revenue production in regards to financial sustainability. The investigation was anchored on optimal model of taxes, that advocates for a tax system, and the stakeholder model, which contends that a company should generate value for its stakeholders. A descriptive survey design was adopted. The governor, the County Assembly Budget Committee chair, and the members of the County Executive Committees, the five main informants were interviewed. The study's target population included senior Garissa County government officials as well as 150 workers from 30 wards. Interview schedules and questionnaires were distributed to 150 employees in order to gather information from five senior authorities. The outcome of the model summary disclosed that the County government's ability to be financially sustainable is influenced by its ability to generate its own money, and that employees in revenue collecting divisions do not receive regular training on revenue management. The current study concentrated on the county government of Marsabit, whereas the previous investigation was centered on Garissa County.

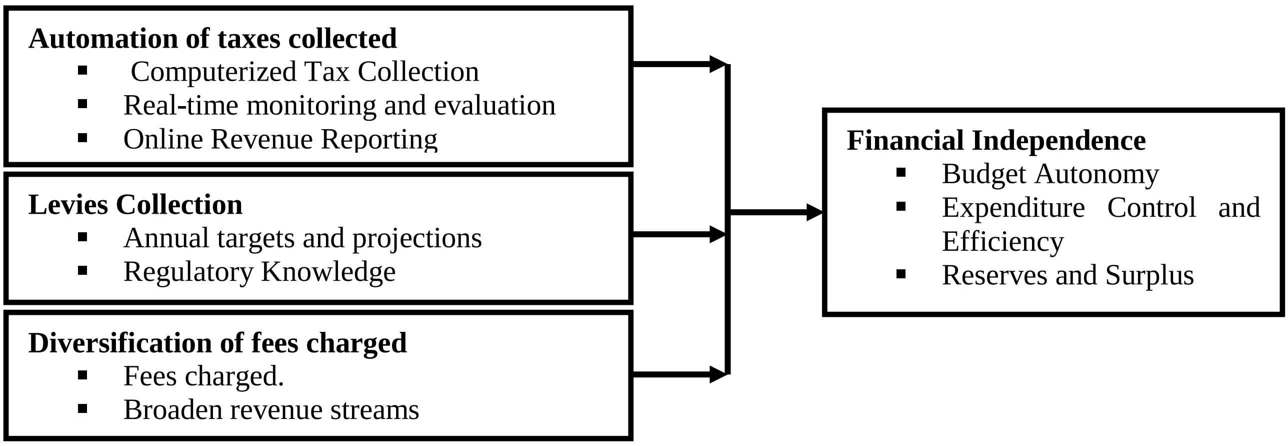
Munguti (2022) examined the strategies Machakos would use to boost its own earnings. The questionnaire responses of 286 individuals were used to collect data for this correlational investigation. Data was examined utilizing the SPSS, version 22. In order to determine revenue sources and difficulties, three study hypotheses were examined utilizing binary logistic regression, correlational testing, and descriptive statistics. According to the findings, income mobilization was linked to human resource trainings and enforcement. The study utilized logistics regression for analysis whereas this study maximized linear regression method.

Odanga (2019) investigated ways to diversify County Government Own Source Revenue (OSR) in order to support increased local revenue. Ex post facto descriptive study was the methodology used, and quantitative data were used. The sampling exercise consisted of purposive random sampling-a classic example of nonprobability sampling. The 47 counties, based on the former provincial administrative divisions, were divided into eight regions, with a county from each of the eight administrative units targeted for sampling, giving a total of eight counties for the sample. The study essentially adopted secondary and primary information. Questionnaires were, therefore, administered to fulfill not only the first specific objective but also the general objective. The second specified purpose was met by gathering secondary data. For the first particular aim and the general objective, descriptive and factor analysis were used. The second precise goal was realized by the use of descriptive statistics. According to the report, counties need to diversify in order to enhance present income creation trends, as their overall revenue generation is relatively low. The study did not explicitly emphasize how financial independence can be achieved of which the current study will give attention to.

Zhao and Lu (2019) investigated within source diversification across government financing, in particular whether support from other government funders is impacted when a nonprofit receives money from a prominent government funder. using a panel dataset of international development charities with headquarters in the US from 1995 to 2014. The investigation adopted a descriptive methodology, and additional examination was carried on the collected information. According to the outcome, larger organizations who have the ability to oversee several funding agreements may find the within-source diversification method more appealing. The study only placed emphasis on diversification while the current study will look into automation and staff training as well

Będzieszak (2021) assessed the degree to which running own-source revenues have a diversified effect on per capita revenue in Polish cities and districts while accounting for other economic factors. Panel analysis was applied independently for each of the major cities and districts in order to accomplish the goal. Two methods were used to estimate the results: panel analysis with fixed effects and conventional least squares. The degree of diversification in operating own-source revenue was assessed using the Herfindahl-Hirschman Index (HHI). The study affirmed the hypothesis that operational own-source revenues per capita rise with increased diversification, indicating a negative relationship between HHI index and own-source revenues per capita. While the study in question was conducted in Poland, this research focuses on the context of Kenya.

Conceptual Framework



Independent Variables **Dependent Variable**

Figure 1: Conceptual Framework

Source: Researcher (2025)

METHODOLOGY

Data for this investigation was collected using a descriptive survey design. Since no variables are being changed, this design was appropriate. The target populace of this investigation consisted of 240 employees working in the County Government of Marsabit, consisting of a team of professionals which include revenue officers, accountants, auditors, and support staff, who are directly involved in revenue collection and financial administration. The sample size for this investigation was 120 respondents, drawn from a total populace of 240 employees from the Department of Finance and Economic Planning within Marsabit County Government. This department, which is headed by the Accounting Officer for Revenue and Resource Mobilization, includes professionals directly involved in revenue collection and financial administration. The employees are organized into key categories: Revenue Officers, Accountants, Auditors, and Support Staff. Yamane's (1967) formula was applied to calculate the appropriate sample size.

A range of variables including the study's topic, research questions, objectives, design, anticipated data, and expected outcomes guided the selection of appropriate data collection methods (Saunders, Lewis, and Thornhill, 2019). The primary information were openly obtained from participants by the structured questions, which constituted the main research instruments. Such questions consisted of open-ended questions as well as closed-ended questions that assisted in thoroughly addressing the research problem.

The questions was separated into two sections; the first section captured the key demographic and background information. The second part entailed statements and items specifically designed to elicit respondents' views on own-source revenue and financial independence of Marsabit County Government. This design ensured that the collected data would be robust and directly aligned with the specific objectives of the study.

Accuracy of the information was ensured before it is assessed, examined, and collated. To evaluate the data, the investigator employed descriptive statistics, like frequencies range. The Statistical Package for Social Sciences was utilized to assess and compile the data. Graphical representations such as charts an tables were utilized to illustrate the information (Hair et al., 2019). The relationship between own source revenue and financial independence was also examined using multiple regression analysis. This is a quantitative approach for determining the relationship between one explained variable and one or more predictor variables. The model for this study was as follows:

$$\mathbf{FI = \beta_0 + \beta_1 AT + \beta_2 LC + \beta_3 DV + \varepsilon}$$

Were,
FI= Financial Independence
B0 = Constant
B_1, β_2, β3, = Coefficients of determination
AT = Automation of taxes collected
LC= levies collected
DV = Diversification of fees charged
ε = Error term

RESULTS AND DISCUSSIONS

Response Rate

The investigation involved a sample size of 120 participants from the Department of Finance and Economic Planning in the County Government of Marsabit, where a structured questionnaire was distributed to all participants. All 120 inquiry form were filled and returned, reaching a 100% response rate. This high response rate enhanced the representativeness of the data, providing a reliable foundation for thorough analysis. A high response rate reduced non-response bias, thereby improving the validity and reliability of the findings. In accordance to Mugenda and Mugenda (2003), a response rate of 50% is suitable for analysis, 60% is considered good, and 70% or higher is regarded as very good. Therefore, the 100% response rate in this study confirms the strength and reliability of the data collected.

Descriptive Statistics

This subdivision outlines descriptive statistics for the investigation variables based on the specific objectives of the investigation. The analysis includes qualitative alongside quantitative data on own source revenue as an enabler of independence of Marsabit County Government in Kenya.

Aautomation of tax collection and Financial Independence

The first specific goal of the investigation was to confirm if the automation of tax collection leads to the financial independence of the County Government of Marsabit. The participants were requested to give their view on tax collection's automation, either by indicating their level of agreement or disagreement with the 5 statements on automation and financial independence, which were arranged on a Likert scale as follows: 1 = strongly disagree; 2 = disagree; 3 = neutral; 4 = agree; 5 = strongly agree. Their views are depicted herein in Table 1.

Table 1: Likert Scale Analysis for automation of tax collection Statements

Statements	1	2	3	4	5	Mean	Std. Dev
Automation of tax collection has led to revenue growth.	1.06%	5.32%	10.64%	47.87%	35.11%	4.11	0.882
The time taken to collect revenue has significantly reduced since the implementation of automated tax collection system.	2.13%	6.38%	12.77%	44.68%	34.04%	4.02	0.939
Automation of tax collection system has reduced errors in revenue data.	0.03%	4.26%	14.89%	51.06%	29.79%	4.06	0.782
Automation has increased transparency in the tax collection process.	1.06%	3.19%	10.64%	50.01%	35.11%	4.15	0.814
There is greater accountability in tax management due to automated systems.	0.13%	2.13%	12.77%	47.87%	37.23%	4.21	0.794
Automated systems have led to cost savings in tax collection operations.	1.06%	5.32%	14.89%	48.94%	29.79%	4.01	0.925
The County Government of Marsabit has become more financially independent due to automated tax collection.	0.02%	4.26%	13.83%	52.13%	29.79%	4.08	0.847

Source: Research Data (2025)

The research disclosed that a moderate number of participants agreed that the automation of tax collection has enhanced the financial autonomy of the County Government of Marsabit. The statement "Automation of tax collection has led to revenue growth" had the peak mean score of (4.11 and standard deviation of 0.882) signifying strong agreement among the respondents. In addition, there was a significant consensus with the statement "The time taken to collect revenue has significantly reduced since the implementation of automated tax collection systems" which recorded a mean score of 4.02 and standard deviation of 0.939). The statement "Automation of tax collection systems has reduced errors in revenue data" had a mean score of 4.06 (SD = 0.782), suggesting that automation has improved data accuracy, which is critical for effective financial decision-making. Similarly, "Automation has increased transparency in the tax collection process" scored a mean of 4.15 (SD = 0.814), indicating that respondents perceive automated systems as enhancing accountability and reducing corruption.

The statement "The County Government of Marsabit has become more financially independent due to automated tax collection" recorded a mean score of 4.08 (SD = 0.847), suggesting that automation of tax collection system has contributed to financial independence. Additionally, "Automated systems have led to cost savings in tax collection operations" recorded a mean score of 4.01 (SD = 0.925), reflecting the belief that automation has reduced administrative costs associated with manual tax collection. The statement "There is greater accountability in tax management due to automated systems" also scored positively (mean = 4.21, SD = 0.794), indicating that automation has enhanced oversight and minimized financial mismanagement.

Overall, the findings suggest that automation of tax collection has significantly contributed to revenue growth, operational efficiency, and accountability, which are critical drivers of financial independence.

Levies Collection and Financial Independence

The second objective of the investigation sought to examine whether levies collected lead to the financial independence of the County Government of Marsabit. Participants were requested to specify their opinion with several statements in terms of the effect of levies collection on financial independence, using a Likert scale of 5 items as follows: 1 = strongly disagree; 2 = disagree; 3 = neutral; 4 = agree; 5 = strongly agree. The outcome are herein depicted in Table 2;

Table 2: Likert Scale Analysis for Levies Collection on Financial Independence

Statements	**1**	**2**	**3**	**4**	**5**	**Mean**	**Std. Dev**
Employees collecting levies are rotated periodically	2.13%	5.32%	14.89%	47.87%	29.79%	3.98	0.884
There is supervision of junior staff by their seniors in levy collection	1.06%	3.19%	12.77%	50.02%	32.98%	4.10	0.789
There is strict enforcement of fines and penalties on defaulters of levy payment	0.12%	4.26%	13.83%	51.06%	30.85%	4.09	0.802
There are set levy collection targets that must be met	1.06%	6.38%	12.77%	48.94%	30.85%	4.02	0.834
Receipts are issued upon payment of levies charged	0.04%	2.13%	14.89%	47.87%	35.11%	4.16	0.784
Waivers are used to encourage the public to pay outstanding levies	2.13%	5.32%	16.17%	46.81%	29.79%	3.96	0.879

Source: Research Data (2025)

The outcome disclosed that a significant proportion of participants agreed that levies collection positively influences the financial independence of the County Government of Marsabit. The statement "Receipts are issued upon payment of levies charged" recorded the highest mean score (4.16, SD = 0.784), suggesting a strong agreement. The statement "There is supervision of junior staff by their seniors in levy collection" also recorded a mean score of 4.10 (SD = 0.789), suggesting a significant consensus by the respondents. Additionally, there was agreement with the statement "There is strict enforcement of fines and penalties on defaulters of levy payment" which scored a mean of 4.09 (SD = 0.802). The assertion “Employees collecting levies are rotated periodically" had a mean score of 3.98 (SD = 0.884), implying that there was a universal unanimity by the participants.

Overall, the findings suggest that structured levy collection, supported by effective oversight and enforcement mechanisms, significantly enhances the financial independence of the County Government of Marsabit. Additionally, addressing resistance and increasing public awareness could further improve compliance and revenue generation.

Diversification of Fees Charged and Financial Independence

The third objective of the investigation was to explore if diversifying the fees charged could make the County Government of Marsabit financially independent. The participants were requested to give their opinions centred on different statements on the extent to which fee diversification would affect financial independence, on a Likert scale of 5 items as follows: 1 = strongly disagree; 2 = disagree; 3 = neutral; 4 = agree; 5 = strongly agree. These views are represented herein in Table 3;

Table 3: Likert Scale Analysis for Diversification of Fees Charged

Statements	1	2	3	4	5	Mean	Std. Dev
The County Government's revenue has become less susceptible to fluctuations due to diversification of fees charged	0.03%	5.32%	12.77%	51.06%	30.85%	4.08	0.797
The County Government has experienced an increase in revenue due to multiple revenue streams	1.06%	4.26%	11.7%	49.47%	33.51%	4.1	0.821
Diversification of fees charged has reduced the financial risk associated with relying on a single source of income	0.16%	3.19%	14.89%	47.87%	34.04%	4.13	0.788
The County Government has moved towards financial independence because of diversification of fees charged	1.06%	5.32%	13.83%	46.81%	33.51%	4.06	0.821
Diversification of fees charged has provided the County Government with greater flexibility in budgeting and financial planning	0.02%	4.26%	12.77%	48.94%	34.04%	4.13	0.793
The County Government is more economically resilient due to diversification of fees charged	0.01%	3.19%	14.89%	50.12%	31.91%	4.11	0.796

Source: Research Data (2025)

The outcome unveiled that a significant proportion of participants agreed that diversification of fees charged enhances the financial independence of the County Government of Marsabit. The statement "Diversification of fees charged has reduced the financial risk associated with relying on a single source of income" recorded the highest mean score (4.13, SD = 0.788), suggesting a high level of consensus.

Similarly, the statement "Diversification of fees charged has provided the County Government with greater flexibility in budgeting and financial planning" also recorded a great mean score of 4.13 (SD = 0.793), demonstrating a strong agreement by the participants. The statement "The County Government's revenue has become less susceptible to fluctuations due to diversification of fees charged" scored a mean of 4.08 (SD = 0.797), suggesting strong agreement by the respondents.

From the qualitative data, respondents highlighted that diversification of fees has improved the County Government's ability to manage financial fluctuations. One respondent noted, "Relying on different fees from various sectors has ensured that even when one source underperforms, others compensate." Another participant remarked, "Diversification has helped the county remain stable even when economic conditions are unpredictable."

Overall, the results suggest that diversification of fees charged enhances the financial independence of the County Government of Marsabit by increasing revenue stability, reducing financial risk, and improving budgetary flexibility. In addition, addressing administrative challenges and improving public awareness of fee structures could further strengthen the county's financial base and enhance long-term sustainability.

Inferential Analysis

This segment gives the outcome of the inferential analysis conducted utilizing the SPSS. The purpose of the analysis was to evaluate the relationship between automation of taxes collected**,** levies collected**,** and diversification of fees charged on financial independence**.** A multiple regression analysis was done to evaluate the strength and significance of these relationships, providing insights into how these independent variables collectively and individually influence financial independence. The findings are discussed in relation to existing literature to provide a comprehensive understanding of their implications.

Model Summary

The model summary illustrates the overall strength of the relationship between the independent variables (automation of taxes collected, levies collected, and diversification of fees charged) and the dependent variable (financial independence). The correlation coefficient **(**R**)** measures the strength and direction of the linear link between the variables.

Table 4: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	0.782	0.612	0.598	0.376

Source: Research Data (2025)

The $R^2 = 0.612$, implies that approximately 61.2% of the variation in financial independence was attributed to automation of taxes collected, levies collected, and diversification of fees charged. Further, the findings emphasized the importance of these factors on the financial independence of the County Government of Marsabit. The remaining percentage, 38.8%, of the variation in financial independence was attributed to other factors not investigated by this study.

The outcome corroborates with those of Johnson and Brown (2021), who found that automation and fee diversification accounted for over 60% of financial performance variation in local governments. Their study highlighted that automation improves revenue collection efficiency, while fee diversification reduces dependency on a single income source, thereby enhancing financial stability. Similarly, Mutua and Kiarie (2021) reported that counties with diversified revenue streams demonstrated greater financial resilience and budgetary stability. They argued that diversification reduces the financial vulnerability associated with economic downturns and helps sustain service delivery even in periods of financial uncertainty.

Analysis of Variance (ANOVA)

The appropriateness of the regression model in terms of clarifying the link between automation of taxes collected, levies collected, and diversification of fees charged on financial independence is illustrated in Table 5.

Table 5: Analysis of variance table

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	1.245	3	0.415	5.287	.003
	Residual	3.712	46	.081		
	Total	4.957	49			

a. Dependent Variable: Financial Independence

b. Predictors: (Constant), Automation of Taxes Collected, Levies Collected, Diversification of Fees Charged

Source: Research Data (2025)

The analysis of variance indicated a p-value of less than .05 (Sig. = .000 < .05). Hence, a significant relationship emerged between financial independence and the independent variables of automation of taxes collected, levies collected, and diversification of fees charged. An additional indication that the regression model was statistically fit to ascertain the link between the independent variables and the dependent variable was given by the F-value (F=5.287).

Multiple Regression Analysis

Table 6 shows the rate at which financial independence changes in response to each of the independent variables. (Automation of taxes collected, levies collected, and diversification of fees changed). The results are presented in beta coefficients and significance levels below;

Table 6: Multiple regression model coefficients

Model		Unstandardized Coefficients		Standardized Coefficients		
		B	Std. Error	Beta	t	Sig.
1	(Constant)	3.78	.652		5.798	.003
	Automation of Taxes Collected	.325	.107	.321	3.037	.004
	Levies Collected	.417	.098	.403	4.255	.001
	Diversification of Fees Charged	.369	103	354	3.582	.002

Dependent Variable: Financial Independence

Source: Research Data (2025)

The resulting regression equation obtained from the coefficients is:

Y=3.78+ 0.325X1+ 0.417X2+ 0.369X3+ Ɛ

The regression coefficients indicate that automation of taxes collected statistically improved the financial independence of the county government by 0.325 units (β = 0.325, sig = 0.004). This suggests that enhancing tax automation positively influences financial independence by increasing efficiency and minimizing revenue leakages. This result aligns with Musgrave (2020), who found that automation of tax collection increases compliance and transparency, leading to improved financial performance.

Levies collected improved financial independence by 0.417 units (β = 0.417, sig = 0.001). The positive relationship between levies collected and financial independence implies that strengthening levy collection mechanisms enhances financial stability and revenue generation. This outcome concurs with Fjeldstad et al. (2019), who alluded that effective levy collection strengthens local government autonomy and improves service delivery.

Diversification of fees charged enhanced financial independence by 0.369 units (β = 0.369, sig = 0.002). The relationship between diversification of fees and financial independence was statistically significant in the positive direction, indicating that introducing multiple revenue streams reduces dependency on traditional sources and improves financial resilience. Gordon and Li (2019) similarly observed that diversified revenue sources enhance financial stability by reducing vulnerability to economic shocks.

The overall results demonstrate that automation of taxes collected, levies collected, and diversification of fees charged significantly influence financial independence. The model suggests that improving these factors could strengthen financial autonomy and enhance the county government's ability to sustain financial operations.

CONCLUSIONS AND RECOMMENDATIONS

Under objective one, the investigation unveiled that automation of tax collection significantly contributes to the financial independence of Marsabit County. Descriptive analysis showed that a significant number of respondents believed automation had improved efficiency in tax collection, with a reduction in manual errors and rise in revenue generation. Inferential analysis confirmed this positive link designating that rise in automation leads to a meaningful increase in financial independence. This suggests that automating tax collection processes has a direct positive impact on the county's financial stability by improving efficiency and minimizing revenue leakage.

Under objective two, levies collected emerged as a key factor in driving financial independence in the county. The descriptive statistics indicated that there was a consensus among majority of the respondents who noted that, the county's emphasis on effective levy collection had significantly contributed to financial growth. The inferential analysis reinforced this observation, revealing a strong positive link between levies collected and financial independence highlighting the importance of robust levy collection mechanisms for achieving financial sustainability in the county.

Under objective three of the study, the diversification of fees charged was identified as another crucial factor influencing financial independence. The descriptive findings indicated that a sizable number of respondents acknowledged that diversifying the sources of revenue had minimized the county's reliance on any single source of income and led to financial independence. The inferential analysis also showed that fee diversification was significantly associated with financial independence implying that diversifying revenue streams, such as through varied service fees, plays crucial role in enhancing financial independence by ensuring more stable and resilient financial base for the county.

The following conclusions were derived from the outcomes:

Firstly, automation of taxes collected significantly improves financial independence by enhancing the efficiency and accuracy of revenue collection. This implies that the County Government of Marsabit can enhance financial performance by adopting advanced technological systems of tax collection.

Secondly, levies collected play a pivotal role in promoting financial independence. The positive and significant relationship implies that structured and transparent collection of levies can increase the financial stability of the county government.

Thirdly, diversification of fees charged contributes positively to financial independence. Introducing and expanding different types of fees enhances the county's ability to generate consistent revenue, reducing reliance on external funding.

The investigation recommends several policies, practical, and research-based interventions. First, the County Government of Marsabit should invest in upgrading and expanding automated systems of tax collection. Enhancing automation will improve the efficiency, accuracy, and transparency of revenue collection, ultimately strengthening financial independence. Second, there is a need for policy reforms to standardize and regulate the collection of levies. Clear guidelines and enforcement mechanisms should be established to enhance compliance and consistency in revenue generation from levies. Third, the county government should explore additional areas for revenue generation by diversifying the types of fees collected. Introducing and expanding different service charges will help create a broader revenue base and reduce reliance on specific sources of income.

From a practical standpoint, the county government should provide training for revenue officers on the use of automated tax collection systems. Capacity building will enhance the effectiveness of these systems and minimize operational errors. Additionally, the county government should establish accountability mechanisms to ensure transparency in the collection and management of levies. Developing clear guidelines and ensuring proper oversight will improve compliance and increase revenue collection. Moreover, diversification of fees should be supported by conducting market analysis to identify emerging sectors and new service charges that can contribute to increased revenue generation.

Recommendation for further studies

The investigation recommends expanding geographical scope to include other counties in Kenya. Comparative studies across different counties will provide deeper insights into the generalizability of the outcomes. Additionally, future research may apply a longitudinal approach to ascertain the effect of automation, levy collection and diversification of fees on financial independence. Exploring other factors, such as government expenditure efficiency and political stability, would offer a more comprehensive understanding of the determinants of financial independence in county governments.

REFERENCES

Abdille, O. A. (2022). Generation of own source revenue and financial sustainability in Garissa County, Kenya. Unpublished Master's Thesis. Kenyatta University.

Adelle, C., Jordan, A., & Turnpenny, J. (2012). Policy making. In Environmental Policy in the EU (pp. 235-252). Routledge.

Adeyemi, M. A. (2017). Educational qualifications and policy implementation in public sector institutions: A comparative analysis. *Journal of Policy and Management Studies*, 10(4), 78–92.

Africa Union. (2021). Agenda 2063: The Africa We Want. Retrieved from: https://au.int/en/agenda2063/overview

Ahmad, N., Saleem, M., & Raza, S. A. (2019). The impact of tax automation on revenue generation and financial independence in local governments. *Journal of Public Administration and Finance*, 12(3), 45–62.

Akinola, A. O., Adetula, D. O., & Okonjo, B. A. (2015). Gender diversity and decision-making in public sector institutions: Implications for accountability and performance. *African Journal of Public Sector Management*, 8(2), 23–37.

Aladekomo, A. (2021). Division of Taxing Powers in the Federation of Nigeria. Retrieved from: https://papers.ssrn.com/sol3/papers.cfm?abstract_id=3639090

Alvi, M. H. (2016). A manual for selecting sampling techniques in research. Pakistan: University of Karachi, Iqra University.

Amadi, N. B. (2020). Socio-legal approaches to the enforcement of tax compliance in nigeria. Retrieved from: file:///C:/Users/Temitope/Downloads/ajol-file-journals_479_articles_195201_submission_proof_195201-5653-493424-1-10-20200424.pdf

Arulsamy, A & Singh, Indira & Kumar, Senthil & Jetal, Dr & Panchal, J & Bajaj, Mr. (2023). Employee Training and Development Enhancing Employee Performance -A Study. 16. 406.

Australian Government. (2021). Types of Australian Government Bodies. Retrieved from: https://www.finance.gov.au/government/managing-commonwealth-resources/structure-australian-government-public-sector/types-australian-government-bodies

Ayhan, E., Lahdili, N. (2022). Federal Republic of Germany. In: Önder, M., Nyadera, I.N., Islam, M.N. (eds) The Palgrave Handbook of Comparative Public Administration. Palgrave Macmillan, Singapore. https://doi.org/10.1007/978-981-19-1208-5_8

Będzieszak, M. (2021). Diversification of operating own-source revenues and their amount in large cities and districts in Poland. Studia Prawno-Ekonomiczne, 119, 171–193. https://doi.org/10.26485/SPE/2021/119/10.

Benson, D., & Jordan, A. (2015). Environmental policy: Protection and regulation. In International encyclopedia of the social & behavioral sciences (pp. 778-783). Elsevier.

Bruno, R. L. (2019). Tax Enforcement, Tax Compliance and Tax Morale in Transition Economies: A Theoretical Model. Retrieved from: https://discovery.ucl.ac.uk/id/eprint/10054553/1/Manuscript.pdf

Buckley, W. (1967). Sociology and modern systems theory.

Commission on Revenue Allocation (CRA). (2022). Enhancing revenue capacity in Kenyan counties through diversified local revenues. Nairobi: CRA.

Commission on Revenue Allocation. (2022). Kenya County Facts Sheets. Retrieved from: https://cra.go.ke/wp-content/uploads/2022/06/Kenya-County-fact-sheets-Report-Final-Res.pdf

County Government of Marsabit. (2023). Marsabit County government. Retrieved from; https://marsabit.go.ke/about

Cox, T. Jr., (2006). the Importance of internal control in determining organizational Effectiveness, *International Journal of Management Reviews*, Vol. 2 No.4

Dulock, H. L. (1993). Research design: Descriptive research. Journal of Pediatric Oncology Nursing, 10(4), 154-157. https://doi.org/10.1177/104345429301000406.

Edward, C. (2019). Restoring Responsible Government by Cutting Federal Aid to the States. Available From: https://www.cato.org/policy-analysis/restoring-responsible-government-cutting-federal-aid-states

EFICON. (2020). Consultancy services to review the legal, policy and administrative framework for local government revenue management and design of a local government' own source revenue mobilization strategy. Retrieved from: https://www.ldpg.or.ug/wp-content/uploads/2021/02/LG-Own-Source-Revenue-Mobilisation-Strategy_Draft-v01.pdf

Engwali, A. (2019). Automated Revenue Collection System: A Case Study of Edo State Jobs Initiative. The *Public Journal of Science and Technology*, 19(2).

Grant, V. (1981). *Plant speciation*. Columbia university press.

He, M., Huang, J. & Sun, R. (2023) Forecast of Advanced Human Capital Gap Based on PSO-BP Neural Network and Coordination Pathway: Example of Beijing–Tianjin–Hebei Region. *Sustainability*. 2023; 15(5):4671. https://doi.org/10.3390/su15054671

Horton. (2024). Human Capital and the Skills Gap. Retrieved from: https://hortoninternational.com/human-capital-and-the-skills-gap/

Johnson, R., & Brown, T. (2021). Automation and fee diversification in local governments: Financial performance implications. *Journal of Public Finance*, 18(3), 45–62.

Kaman, Z., & Othman, Z. (2016, April). Validity, reliability and triangulation in case study method: An experience. In Qualitative Research Conference (QRC) (Vol. 2016, pp. 24-26).

Kamau, J., & Kinyua, D. (2019). Financial flexibility and budgetary stability in Kenyan county governments: The role of revenue diversification. *Journal of Economic Policy*, 15(2), 34–48.

Katz, D., & Kahn, R. L. (1966). The social psychology of organizations. New York, NY: John Wiley.

Kaur, G., Chakraborthy, L. S., Lekha, S., Rangan, D., Kaur, A. & Farida, J. (2021). Analysing Fiscal Federalism in Global South: South Africa, Kenya, Ethiopia and Nepal. Retrieved from: https://mpra.ub.uni-muenchen.de/111228/1/MPRA_paper_111228.pdf

Kenya, a case of Marsabit county. *International Journal of Social Science and Information Technology*, 4(5).

Kirer, G., Langat, D.P., Cheruiyot, D.P., & Rop, D.W. (2024). Revenue Collectors Competency on Achievement of Own Source Revenue in Kenyan County Governments. *International Journal of Scientific Research and Management* (IJSRM).

KNBS. (2019). Kenya Population and Housing Census Volume I: Population by County and Sub-County. Retrieved from: https://www.knbs.or.ke/?wpdmpro=2019-kenya-population-and-housing-census-volume-i-population-by-county-and-sub-county

Kosaye, S. (2019). Factors affecting revenue collection of county governments in

Ligeyo, V. O. (2019). Effects of Automation of Revenue Collection on the Performance of County Government: A Case Study of Trans Nzoia, County Government. Kenya. Unpublished Masters Thesis. Univeristy of Nairobi.

Madegwa, B. L., Makhokha, E. N. & Namusonge, G. (2019). Effects of Automation of Revenue Collection on the Performance of County Government: A Case Study of Trans Nzoia, County Government. Kenya. *European Journal of Business and Management*,10(11).

Martínez-Mesa, J., González-Chica, D. A., Duquia, R. P., Bonamigo, R. R., & Bastos, J. L. (2016). Sampling: How do I select participants for my research study? Anais brasileiros de dermatologia, 91(3), 326–330.

Michel, K. H., Vega, C. & Yuen, T. (2019). Improveing Loca Governments. Retrieved from: https://www.changelabsolutions.org/blog/improving-local-government

Ministry of Devolution and Planning. (2019). Implementation of the Agenda 2030 for Sustainable Development in Kenya. Retrieved from https://sustainabledevelopment.un.org/content/documents/15689Kenya.pdf

MoALF. 2019. Climate Risk Profile for Marsabit County. Kenya County Climate Risk Profile Series. The Ministry of Agriculture, Livestock and Fisheries (MoALF), Nairobi, Kenya.

Morris, M. H., Kuratko, D. F., Allen, J. W., Ireland, R. D., & Schindehutte, M. (2010). Resource acceleration: Extending resource-based theory in entrepreneurial ventures. *Journal of Applied Management and Entrepreneurship*, 15(2), 4.

Mugambi, P. (2020). Revenue diversification and financial resilience in county governments. *Journal of Public Administration and Governance*, 12(4), 67–82.

Mugenda, O. M., & Mugenda, A. G. (2003). Research methods: Quantitative & qualitative apporaches (Vol. 2, No. 2). Nairobi: Acts press.

Mugenda, O. M., & Mugenda, A. G. (2003). Research methods: Quantitative and qualitative approaches (2nd ed.). African Centre for Technology Studies.

Munguti, G. M. (2022). Enhancing County Governments Own Source Revenue: A Case Study of County Government of Machakos, Kenya (Doctoral dissertation, California Southern University).

Muriithi, J. K. (2014). Mid-career professionals and revenue collection efficiency in Kenya's public sector. *Journal of Economic and Public Sector Studies*, 6(1), 34–49.

Mushemeza, E. D. (2019). Decentralisation in Uganda Trends, Achievements, Challenges and Proposals for Consolidation. *ACODE Policy Research Paper Series*, 93.

Mutua, K., & Kiarie, L. (2021). Impact of revenue diversification on the financial performance of Kenyan county governments. *African Journal of Finance and Management*, 19(1), 23–39.

Mutua, P. M. (2020). Automation and operational efficiency in public revenue collection: A case study of Kenya. *East African Journal of Financial Studies*, 7(2), 56–71.

Ngigi, S. & Busolo, D. N. (2019). Devolution in Kenya: The Good, the Bad and the Ugly. *Public Policy and Administration Research*, 9(6).

Njau, A. M. (2022). Revenue automation and its impact on revenue collection and development in Nairobi city county. Unpublished Masters Thesis. UISU.

Nyambura, J. (2022). County Government Structure in Kenya. Retrieved from: https://icma.org/articles/article/county-government-structure-kenya

Nyongesa, F. K. (2016). Technological adaptability and revenue management among public sector employees in Kenya. *Journal of Public Administration and Technology*, 5(3), 41–58.

Odanga, V. (2019). Revenue diversification in counties with a focus on Own Source Revenues (Thesis, Strathmore University). Retrieved from http://su- plus.strathmore.edu/handle/11071/6725.

Oduor, J. A., & Mutua, W. K. (2019). Employment status and financial management practices in local governments: The role of permanent and contract staff. *Journal of Local Governance and Finance*, 9(4), 62–77.

OECD. (2020) Decentralisation: Its benefits and challenges. Retrieved from: https://www.oecd-ilibrary.org/sites/d8bc40c6-en/index.html?itemId=/content/component/d8bc40c6-en

Oladele, A., Ndalu, T. & Micah, L. (2022). Tax Enforcement Measures and Revenue Generation in Nigeria. *International Journal of Business Research*. 9(4). 58-66.

Otoo, I. & Danquah, M. (2021). Fiscal decentralization and efficiency of public services delivery by local governments in Ghana. Retrieved from: https://onlinelibrary.wiley.com/doi/full/10.1111/1467-8268.12590

Pfeffer, J., & Salancik, G. R. (1978). *The external control* (p. 113). New York.

Pwc. (2023). Corporate - Other taxes. Available From: https://taxsummaries.pwc.com/canada/corporate/other-taxes

ROK. (2020). State Department for Devoution. Retrieved from: https://www.devolution.go.ke/county-information

Shuttleworth, M. (2008). Qualitative research design.

Smith, A., Johnson, P., & Lee, C. (2020). Political and administrative efficiency in financial independence: A comparative analysis. International Journal of Economic Policy, 14(3), 78–91.

UNCDF. (2023). Malaga Coalition: Leveraging Own Source Revenues to Realize the Power of Local Governments. Retrieved from: https://www.uncdf.org/article/8414/leveraging-own-source-revenues-to-realize-the-power-of-local-governments

UNDP. (2021). County own source revenue for sustainable development. Retrieved from: https://www.undp.org/kenya/blog/county-own-source-revenue-sustainable-development.

Wanjiru, E., & Njoroge, H. (2018). Diversified revenue structures and fiscal stability in Kenyan county governments. *Journal of Public Finance and Policy*, 10(2), 55–70.

Wanjiru, M. N., & Njoroge, P. W. (2018). Transparency in tax collection and public trust in local governments. *Journal of Public Finance and Accountability*, 11(1), 19–33.

Weible, C. M., & Sabatier, P. (2023). Theories of the policy process (5th ed.). Routledge. https://doi.org/10.4324/9781003308201.

Wernerfelt, B. (1984). A resource-based view of the firm. *Strategic Management Journal*, 5(2), 171-180.

Zhao, J., & Lu, J. (2019). The crowding-out effect within government funding: Implications for within-source diversification. Nonprofit Management and Leadership.