

**EFFECT OF OWN SOURCE REVENUE ON PERFORMANCE OF  
COUNTY GOVERNMENTS IN KENYA**

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## DECLARATION

I, the undersigned, declare that this is my original work and has not been presented to any institution or university other than the University of Nairobi for examination.




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I dedicate this work to my beloved family especially my: husband, John Mbuti, children Liam, Milan and Alvin, parents, my beloved siblings and my mentor Dr. Stephen Mwatha for the financial, moral, spiritual and continued support they have rendered to me towards my education. May God richly bless them.

# TABLE OF CONTENTS

<b>DECLARATION</b> .....	<b>ii</b>
<b>ACKNOWLEDGMENT</b> .....	<b>iii</b>
<b>DEDICATION</b> .....	<b>iv</b>
<b>LIST OF TABLES</b> .....	<b>viii</b>
<b>LIST OF ABBREVIATIONS AND ACRONYMS</b> .....	<b>ix</b>
<b>ABSTRACT</b> .....	<b>x</b>
<b>CHAPTER ONE</b> .....	<b>1</b>
<b>INTRODUCTION</b> .....	<b>1</b>
1.1 Background of the Study .....	1
1.1.1 Own Source Revenue.....	2
1.1.2 Performance of Counties.....	3
1.1.3 Own Source Revenue and Performance.....	5
1.1.4 County Governments in Kenya.....	6
1.2 Research Problem.....	8
1.3 Research Objective.....	10
1.4 Value of the Study.....	10
<b>CHAPTER TWO</b> .....	<b>12</b>
<b>LITERATURE REVIEW</b> .....	<b>12</b>
2.1 Introduction .....	12
2.2 Theoretical Framework .....	12
2.2.1 Fiscal Decentralization Theory .....	12
2.2.2 Agency Theory.....	13
2.2.3 Public Choice Theory .....	15
2.3 Determinants of County Performance .....	16
2.3.1 Own Source Revenue.....	16
2.3.2 Revenue Transfer .....	17

2.3.3 Recurrent Spending.....	18
2.4 Empirical Review .....	19
2.5 Summary of the Literature Review and Knowledge Gaps.....	23
2.6 Conceptual Framework .....	26
<b>CHAPTER THREE: RESEARCH METHODOLOGY.....</b>	<b>27</b>
3.1 Introduction .....	27
3.2 Research Design.....	27
3.3 Population.....	27
3.4 Data Collection.....	27
3.5 Operationalization of Study Variables .....	28
3.6 Data Analysis .....	28
3.6.1 Analytical Model.....	29
3.6.2 Diagnostic Tests.....	29
3.6.3 Tests of Significance .....	30
<b>CHAPTER FOUR: DATA ANALYSIS, RESULTS AND DISCUSSION.....</b>	<b>31</b>
4.1 Introduction .....	31
4.2 Diagnostic Tests .....	31
4.2.1 Normality Test .....	31
4.2.2 Autocorrelation Test.....	32
4.2.3 Heteroscedasticity Test .....	33
4.2.4 Multicollinearity Test.....	33
4.2.5 Stationarity Test .....	34
4.3 Descriptive Analysis.....	34
4.4 Correlation Analysis.....	36
4.5 Regression Analysis .....	37
4.6 Discussion of Research Findings .....	40
<b>CHAPTER FIVE: SUMMARY OF FINDINGS, CONCLUSION AND</b>	

<b>RECOMMENDATIONS .....</b>	<b>43</b>
5.1 Introduction .....	43
5.2 Summary of Findings .....	43
5.3 Conclusion.....	44
5.4 Recommendations for Policy and Practice.....	45
5.5 Limitations of the Study .....	46
5.6 Suggestions for Further Research.....	47
<b>REFERENCES .....</b>	<b>49</b>
<b>APPENDICES .....</b>	<b>59</b>
Appendix I: County Governments in Kenya.....	59
Appendix II: Raw Data.....	61

## LIST OF TABLES

Table 2.1: Summary of Knowledge Gaps .....	24
Table 3.1: Operationalization and Measurement of Study Variables .....	28
Table 3.2: Diagnostic Tests .....	30
Table 4.1: Normality Test .....	32
Table 4.2: Test of Autocorrelation .....	32
Table 4.3: Heteroscedasticity Test .....	33
Table 4.4: Multicollinearity Test for Tolerance and VIF .....	34
Table 4.5: Levin-Lin Chu unit-root test .....	34
Table 4.6: Descriptive Statistics .....	35
Table 4.7: Correlation Analysis .....	36
Table 4.8: Model Summary .....	38
Table 4.9: Analysis of Variance .....	38
Table 4.10: Model Coefficients .....	39



## **LIST OF ABBREVIATIONS AND ACRONYMS**

<b>AGBIRR</b>	Annual Government Budget Implementation Review Reports
<b>ANOVA</b>	Analysis of Variance
<b>GDP</b>	Gross Domestic Product
<b>ICT</b>	Information and Communication Technology
<b>KNBS</b>	Kenya National Bureau of Statistics
<b>US</b>	United States
<b>VIF</b>	Variance Inflation Factors

## ABSTRACT

Fiscal decentralization is a critical aspect of governance in many countries, including Kenya, as it grants local governments the autonomy to manage their finances and deliver public services effectively. Understanding the impact of fiscal decentralization on economic performance at the county level is essential for informed policy decisions. This study investigates the influence of own source revenue on the performance of county governments in Kenya, underpinned by the fiscal decentralization theory, agency theory, and public choice theory. Secondary data was utilized, comprising information from the Office of the Auditor General, the Office of the Controller of the Budget, the Kenya National Bureau of Statistics, and Annual Government Budget Implementation Review Reports (AGBIRR). Data was collected over a five-year period from 2018 to 2022 for all 47 counties in Kenya, resulting in a dataset with 235 observations. The research employed a quantitative approach with data analysis techniques encompassing descriptive statistics, correlation analysis, and regression analysis. The regression model included Performance as the dependent variable, measured by Gross County Product, and independent variables of Own source revenue, Revenue transfer, and Recurrent spending. The analysis involved examining model summary statistics, analysis of variance, and model coefficients. The correlation analysis indicated positive associations between Performance and Own source revenue ( $r = 0.232$ ,  $p = 0.000$ ), Revenue transfer ( $r = 0.468$ ,  $p = 0.000$ ), and Recurrent spending ( $r = 0.189$ ,  $p = 0.004$ ). In the regression analysis, the model explained 25% of the variance in county economic performance ( $R\text{-squared} = 0.250$ ). Own source revenue had a positive but relatively small effect ( $\text{Beta} = 0.148$ ,  $p = 0.013$ ), while Revenue transfer had a stronger positive impact ( $\text{Beta} = 0.432$ ,  $p = 0.000$ ). Recurrent spending did not show a significant effect ( $\text{Beta} = 0.074$ ,  $p = 0.217$ ). The analysis of variance confirmed the significance of the model ( $F = 25.714$ ,  $p = 0.000$ ). The study concludes that both local revenue generation and revenue transfers from the national government are significant in shaping county economic performance in Kenya. While the effect of recurrent spending was not statistically significant, it remains crucial for the daily operation of county governments. To enhance county economic performance, policymakers should focus on strategies to boost local revenue collection and ensure equitable and transparent distribution of revenue transfers. Additionally, a comprehensive development approach that considers various factors, including governance quality and regional disparities, should be adopted. Future research should consider a longitudinal analysis, qualitative investigations into unobserved factors, comparative studies with other countries, and policy evaluations.

# CHAPTER ONE

## INTRODUCTION

### 1.1 Background of the Study

Own source revenue plays a crucial role in shaping the performance of County governments (Yan & Reschovsky, 2023). It serves as a direct indicator of the government's financial autonomy and ability to fund essential services and development projects within their jurisdictions. A robust and diversified stream of own source revenue, generated through sources such as local taxes, fees, and economic activities, empowers County governments to effectively deliver public services, invest in infrastructure, and promote economic growth (Astuti, Mas'ud & Sjarlis, 2022). A higher level of own source revenue often correlates with improved service delivery, increased self-sufficiency, and enhanced overall performance, enabling County governments to cater to the unique needs and priorities of their communities while reducing dependency on external funding sources (Qanchora, Gichohi & Kambura, 2021).

The study was anchored on the fiscal decentralization theory by Oates (1972) which postulates that when county governments have a significant share of own source revenue, they are better able to make independent decisions about resource allocation and public service provision. This autonomy can lead to more efficient and effective governance, as local authorities are more attuned to the needs and preferences of their communities. In essence, fiscal decentralization theory highlights how a significant own source revenue share empowers County governments to exercise localized control over public service provision, fostering governance that is not only more efficient but

also more attuned to the nuanced needs of the communities they serve (Wichowska, 2021).

The study focused on county governments in Kenya. Conducting this study in Kenya was of paramount importance due to the country's dynamic socio-economic landscape and its evolving governance challenges. With a rapidly growing population, varying regional needs, and an ongoing process of devolution, understanding the relationship between own source revenue and the performance of County governments can offer invaluable insights for effective local governance and sustainable development. By examining how revenue diversification influences service delivery, accountability, and economic growth within Kenya's unique context, this study has the potential to guide policy decisions, enhance fiscal autonomy, and contribute to the country's ongoing efforts to strengthen decentralized governance structures and improve the overall well-being of its citizens.

### **1.1.1 Own Source Revenue**

Own source revenue refers to the funds generated directly by a government entity from internal sources, such as taxes, fees, and charges, excluding external financial transfers or grants (Arfah, 2022). It encompasses income derived from local economic activities, property taxes, user fees for public services, and any other revenue streams that the government controls and collects within its jurisdiction (Irwan et al., 2022). Own source revenue can also be defined as the income that a government or local authority generates from its own assets, resources, or activities, excluding funds obtained through external borrowing or intergovernmental transfers. It includes funds generated through the sale or lease of government-owned properties, profits from government-operated enterprises, and earnings from investments (Octavyanthi & Basuki, 2022).

Own source revenue holds significant importance as a vital financial lifeline for governments, enabling them to exercise autonomy, tailor services, and fuel development initiatives that directly address the unique needs and aspirations of their communities (Sridhar & Ravi, 2022). By generating income from local taxes, fees, and economic activities, governments can reduce dependency on external funding sources, fostering fiscal self-reliance and enhancing decision-making power (Sulila, 2022). Own source revenue empowers governments to allocate resources efficiently, improve service delivery, invest in critical infrastructure, and stimulate economic growth, ultimately contributing to sustainable development, increased citizen satisfaction, and a resilient local economy (Saputri, 2023).

In regards to operationalization, own source revenue has been operationalized differently by previous researchers. These indicators encompass revenue diversification, tax effort, and fiscal autonomy. Revenue diversification indicators gauge the percentage of own revenue to total revenue (Białek, 2022). Tax effort indicators evaluate the extent to which a jurisdiction maximizes its revenue potential from existing sources (Jorge, Cerqueira, & Furtado, 2023). Fiscal autonomy indicators assess the proportion of a government's budget that is funded from locally generated revenue (Marlissa & Blesia, 2019). Munguti (2022) measured own source revenue as the ratio of local revenue collection to approved budget in a given year and this is the measure that was adopted in the current study.

### **1.1.2 Performance of Counties**

The performance of counties refers to the measurable and qualitative outcomes achieved by local government entities in fulfilling their responsibilities and serving their communities (Xue, Wang, Ji & Wei, 2023). According to Sørensen (2023), it

encompasses the efficient and effective delivery of public services, such as healthcare, education, infrastructure, and social welfare programs, reflecting the degree to which these services meet citizens' needs. According to Abass, Munga & Were, 2019), it entails the prudent management of financial resources, including revenue generation, budget allocation, and expenditure control, which ensures fiscal responsibility and transparency. Performance encompasses the promotion of economic growth and development through initiatives that attract investments, create job opportunities, and enhance the overall socio-economic well-being of the county's residents (Chen et al., 2023).

County performance holds immense significance as it directly influences the well-being and progress of local communities. Effective county governance ensures that essential public services are efficiently delivered, addressing critical needs such as healthcare, education, and infrastructure (Funk & Owen, 2020). A well-performing county also fosters economic growth by creating an environment conducive to investment, job creation, and entrepreneurship. Transparent and accountable financial management promotes responsible resource utilization, building trust among citizens and stakeholders. Moreover, strong county performance contributes to social cohesion, improved living standards, and equitable development, empowering communities to thrive and participate actively in shaping their own destinies (Santolini, 2020).

Previous researchers have employed a variety of indicators to assess county performance, reflecting its multifaceted nature. These indicators encompass service delivery metrics, such as healthcare access, educational attainment, and infrastructure quality, which gauge the effectiveness of county-provided public services (Gradus et al., 2021). Economic indicators, including GDP growth, employment rates, and poverty

reduction, provide insights into the county's contribution to local economic development (Munga, Momanyi & Omari, 2021). Fiscal indicators, such as revenue generation, budget execution, and debt management, reveal the financial health and accountability of the county government (Omollo, 2018). The performance of the Kenyan Counties was measured by Gross County Product by Ocharo (2019) and this was the measure adopted in the current study.

### **1.1.3 Own Source Revenue and Performance**

The hypothesized relationship between own source revenue and the performance of counties is rooted in the principles of fiscal decentralization and local autonomy. It is theorized that counties with higher levels of own source revenue are better equipped to effectively govern and serve their communities (Wen, Xu, Kim & Warner, 2020). As per Qanchora et al. (2021), when counties have the ability to generate a significant portion of their revenue from local sources, such as taxes, fees, and economic activities, they are less reliant on external funding and can exercise greater control over resource allocation. This financial autonomy enables counties to tailor public service delivery to local needs, make responsive policy decisions, and invest in development projects aligned with their community's priorities (Ochuodho & Ngaba, 2020). Consequently, a positive correlation is anticipated between higher levels of own source revenue and improved service quality, infrastructure development, and overall county performance (Mose, 2022).

The diversification of revenue sources is expected to contribute positively to county performance (Sridhar & Ravi, 2022). Counties that rely on a mix of revenue streams, rather than being overly dependent on a single source, are believed to exhibit greater resilience to economic fluctuations and budgetary uncertainties. Diverse revenue

streams can buffer against revenue shortfalls in one area and provide the flexibility to sustain essential services during challenging times (Rex & Campbell, 2022). Additionally, a well-rounded revenue base allows counties to seize economic opportunities and adjust their financial strategies in response to changing circumstances, fostering sustainable growth and stability. Hence, it is hypothesized that counties with revenue diversification are likely to demonstrate enhanced performance in terms of financial stability, service continuity, and adaptability (Białek, 2022).

A stronger own source revenue base is thought to empower counties to invest in their human capital and institutional capacity (Mwombeki, 2022). With increased revenue, counties can attract and retain skilled personnel, implement effective governance mechanisms, and establish robust financial management systems. This, in turn, contributes to improved administrative efficiency, better utilization of resources, and higher levels of accountability and transparency (Kim & Park, 2022). By building their internal capacities, counties are better positioned to plan, execute, and monitor development initiatives, ultimately leading to more favorable outcomes and an upward trajectory of performance. Thus, the hypothesized relationship between own source revenue and county performance underscores the pivotal role of financial self-sufficiency in shaping effective local governance and holistic community development (Fleck, 2022).

#### **1.1.4 County Governments in Kenya**

County governments in Kenya are a fundamental component of the country's devolved system of governance established under the 2010 Constitution. Kenya is divided into 47 counties, each with its own elected County Government headed by a Governor. County governments have the mandate to govern and provide services at the local level,



focusing on areas such as healthcare, agriculture, infrastructure, education, and local economic development (Hao, Nyaranga & Hongo, 2022). They are responsible for planning, budgeting, and implementation of county-level policies and programs to address the specific needs and aspirations of their respective jurisdictions. County governments have significantly contributed to decentralization, citizen participation, and equitable distribution of resources, aiming to foster development and improve the well-being of people at the county level (Kosaye, 2018).

The state of own source revenue among county governments in Kenya has been characterized by varying degrees of progress and challenges (Khadondi, 2018). While efforts have been made to enhance revenue generation at the local level, own source revenue collection has often faced obstacles such as limited administrative capacity, inadequate tax compliance, and an overreliance on a narrow range of revenue sources. Several counties have shown improvement in revenue collection through initiatives such as modernizing revenue administration systems, introducing technology-driven tax collection methods, and enhancing local revenue mobilization strategies (Odanga, 2019).

In regards to performance, while some counties have made notable progress in improving service delivery, infrastructure development, and economic initiatives, disparities persist across regions. Positive strides have been observed in counties that have effectively implemented devolved functions, engaged in participatory governance, and diversified revenue sources (Kioko, 2021). However, challenges such as limited financial resources, administrative capacity gaps, corruption, and unequal development continue to impact the overall performance of certain counties. Efforts to enhance

performance are ongoing through measures like capacity building, strategic planning, and policy innovations (Munga et al., 2021).

## **1.2 Research Problem**

The conceptual argument linking own source revenue and performance centers on the principle of fiscal empowerment and its cascading effects on effective governance and development outcomes (Qanchora, Gichohi & Kambura, 2021). Own source revenue endows local governments with financial autonomy, enabling them to make responsive decisions tailored to community needs, allocate resources efficiently, and sustainably fund essential public services and development projects (Wen et al., 2020). This increased self-reliance translates into improved service quality, accountable governance, and enhanced citizen satisfaction. Furthermore, a diversified revenue base insulates governments from external shocks, fostering stability and resilience. As counties generate and manage their revenue, they cultivate institutional capacity, transparency, and local ownership, propelling a virtuous cycle of heightened performance, sustainable growth, and holistic well-being within communities (Ochuodho & Ngaba, 2020).

As of 2022, only about 18% of Kenya's county budget comes from own source revenue, highlighting the significance of exploring strategies to enhance counties' revenue generation capabilities (Controller of Budgets, 2022). Some counties, despite having the potential to generate significant own source revenue, struggle to do so due to a range of factors, including administrative inefficiencies, low economic activity, and inadequate tax collection mechanisms. Conversely, there are counties that have untapped revenue-generating potential but have not been able to leverage it effectively (Odanga, 2019). This stark contrast in revenue performance creates imbalances in fiscal

self-reliance and, consequently, in the ability to provide essential public services and promote development. By delving into this relationship, the study can inform evidence-based policies, bolster local governance, promote fiscal accountability, and contribute to Kenya's aspirations for effective decentralization and sustainable development.

Several studies have been carried out on own source revenue and performance in developing economies. De Bruyne (2021) focused on U.S. states and found that an increased reliance on own source revenue positively correlated with higher levels of public service provision and improved fiscal discipline, as local governments became more accountable to their constituents. Baskaran, Blesse, and Brender (2020), analyzed German municipalities and concluded that a higher share of own source revenue led to more efficient service delivery and lower levels of local government debt. Bird and Vaillancourt (2020) explored the link between revenue decentralization and economic growth in Canada, demonstrating that regions with greater fiscal autonomy exhibited stronger economic performance. These studies collectively suggest that enhancing own source revenue can positively impact local government performance and economic outcomes, providing valuable insights for similar analyses in Kenya.

Locally, Laban and Muthinja (2023) conducted a research to establish the effects of revenue collection automation on the performance of own source revenue in Nyandarua County Kenya. This study did not relate own source revenue with county performance. Munguti (2022) examine how Machakos would improve own source revenue. The study provides useful information on how to boost own revenue but its effect on performance was not established. Kibigo (2021) studied the effect of intergovernmental fiscal transfers on county own source revenue generation in Kenya. The study presents

a conceptual gap as the effect of own source revenue on county performance was not investigated.

Contextual and conceptual gaps also arise from the above studies. Own source revenue and performance has largely been studied in developed countries and understudied in Kenya. The findings of these studies may not be replicated in county governments in Kenya, hence providing a contextual gap. Conceptual gap arises from the fact that the local studies adopted have measured own source revenue and performance differently which resulted in different findings, thus making the relationship between own source revenue and performance of county governments inconclusive. This study sought to address these gaps by answering the research question: What is the effect of own source revenue on performance of county governments in Kenya?

### **1.3 Research Objective**

To determine the effect of own source revenue on performance of county governments in Kenya

### **1.4 Value of the Study**

The study contributes to the understanding of fiscal decentralization and local autonomy, shedding light on how the relationship between own source revenue and county government performance aligns with concepts like fiscal federalism and principal-agent theory. By empirically exploring this relationship, the study can validate or refine existing theories and potentially offer new insights into how revenue autonomy influences local governance dynamics and development outcomes.

In terms of policy, understanding the effect of own source revenue on county government performance can guide policymakers in designing effective revenue generation strategies, optimizing resource allocation, and improving fiscal management

practices. The study's outcomes may prompt the formulation of targeted policies aimed at enhancing local revenue mobilization, addressing regional disparities, and strengthening the overall fiscal health of counties.

In practice, the study's outcomes could translate into actionable recommendations for county governments, administrators, and local officials. Practical guidelines for revenue diversification, tax administration improvements, and transparent financial reporting can emerge from the study's findings, facilitating tangible steps toward enhancing own source revenue and subsequently improving service delivery and development outcomes.

# **CHAPTER TWO**

## **LITERATURE REVIEW**

### **2.1 Introduction**

This chapter covers the theoretical framework, the determinants of financial performance, empirical literature review, a summary of research gaps and a conceptual framework.

### **2.2 Theoretical Framework**

This section surveys the theories that underpin the study of own source revenue and performance. Theoretical reviews enclosed are fiscal decentralization theory, agency theory and the public choice theory.

#### **2.2.1 Fiscal Decentralization Theory**

The study is anchored on the fiscal decentralization theory by Oates (1972) which postulates that when county governments have a significant share of own source revenue, they are better able to make independent decisions about resource allocation and public service provision. This autonomy can lead to more efficient and effective governance, as local authorities are more attuned to the needs and preferences of their communities. When counties have a substantial share of locally generated revenue, they gain a measure of financial autonomy that allows them to tailor their resource allocation strategies to the specific needs and priorities of their communities (Wichowska, 2021). This financial independence promotes a stronger sense of ownership and responsibility among local authorities, motivating them to make informed and community-oriented decisions. Consequently, county governments become more attuned to the unique demands of their residents, leading to more efficient and effective service provision (Slavinskaite et al., 2022).

Critiques of fiscal decentralization theory primarily center on its assumptions and potential drawbacks. Critics argue that the theory can oversimplify the dynamics of decentralized governance. One key critique is that it often assumes that decentralization and increased own source revenue invariably lead to better governance and improved service delivery, overlooking the potential for local mismanagement or corruption (Michael, Dick & Peersit, 2022). Additionally, fiscal decentralization can exacerbate regional disparities, with wealthier counties benefiting disproportionately and poorer ones struggling to provide basic services. Critics also highlight that the effectiveness of decentralization depends on factors beyond revenue, such as governance capacity, regulatory frameworks, and institutional maturity (Mose, 2022).

This theory provides a theoretical lens through which to analyze how increased fiscal autonomy, through higher own source revenue, can influence the governance and service delivery dynamics within Kenyan counties. By exploring whether counties with greater revenue generation capabilities exhibit improved performance, this study directly aligns with the core principles of fiscal decentralization theory. It seeks to uncover whether enhanced local financial control results in more efficient resource allocation, better service provision, and ultimately, more effective and responsive county governance, shedding light on the theory's practical implications in Kenya's unique context.

### **2.2.2 Agency Theory**

This theory was developed by Jensen and Meckling (1976). The theory postulates that in situations where there is a separation between ownership and control, conflicts of interest arise between the principals and agents due to divergent goals and information

asymmetry. The theory suggests that agents may act in their own self-interest, prioritizing personal objectives over the interests of the principals. The principals, on the other hand, seek to align the agents' behavior with their own objectives and maximize the value of their investments (Tekin & Polat, 2020).

Agency theory has faced several criticisms. It is argued that the theory oversimplifies the complex nature of the principal-agent relationship by assuming that individuals are purely self-interested and rational, neglecting other factors such as trust, social norms, and ethical considerations (Ramoglou, Zyglidopoulos & Papadopoulou, 2023). In addition, the theory has been criticized Andreou, Lambertides and Magidou (2022) for its limited scope in addressing non-financial goals and outcomes, such as environmental sustainability and social responsibility. The theory has also been accused of offering little guidance on how to effectively address agency problems and implement practical solutions (Sahasranamam, Arya & Sud, 2020).

Agency theory was relevant to the current study as it offers a lens to understand the relationship between County governments (the principals) and their revenue collection agencies or systems (the agents). By investigating how the level of own source revenue affects the incentives, behaviors, and accountability of these revenue collection agents, this study can assess whether counties with more substantial revenue autonomy experience better alignment between the interests of the government and the revenue collection agencies. Agency theory helps in exploring whether greater control over revenue collection influences agent performance, responsiveness, and the avoidance of agency problems like rent-seeking or inefficiencies.



### **2.2.3 Public Choice Theory**

Public choice theory was developed by Buchanan and Tullock (1962) and it postulates that individuals in the public sector, including politicians, bureaucrats, and voters, act rationally to maximize their self-interests. This theory challenges the traditional notion that government actors always act in the public interest. Instead, it assumes that public officials and voters are driven by their personal preferences and incentives. Public Choice Theory contends that politicians may prioritize re-election and personal gain over the welfare of society, bureaucrats may pursue budgetary and bureaucratic expansion, and voters may vote based on individual benefits rather than the broader societal good. As such, it provides a framework for analyzing public decision-making, highlighting potential biases, inefficiencies, and challenges in government processes and policies (Oudenampsen & Mellink, 2022).

Critics of public choice theory argue that it oversimplifies the complexities of public decision-making by reducing human behavior to self-interest and rationality (Kogelmann, 2022). They contend that it ignores the role of altruism, civic duty, and moral values in shaping political choices, thus downplaying the potential for individuals to act in the collective interest. Additionally, critics argue that the theory can be overly pessimistic about government, often assuming that public officials are primarily motivated by personal gain and disregarding their commitment to public service (Ericksson, 2022). Furthermore, Public Choice Theory has been criticized for its focus on methodological individualism, which can neglect broader systemic and structural factors that influence government actions (Kapoguzov, 2022).

Public choice theory was relevant to the current study as it provides a valuable lens through which to examine the motivations and behaviors of government actors,

particularly at the county level in Kenya. By investigating the relationship between own source revenue and county government performance, the study can explore whether the behavior of local officials, including revenue collection agencies and county executives, is influenced by rational self-interest, such as a desire for greater resources or political gain. It can assess whether these actors prioritize efficient resource allocation and effective service provision or if they exhibit behaviors consistent with public choice theory, such as rent-seeking or budgetary expansion for personal or political benefit.

### **2.3 Determinants of County Performance**

This section covers factors that are theoretically expected to influence performance of counties. Own source revenue, revenue transfer, and recurrent spending are some of the critical determinants of county government performance in Kenya, shaping their ability to deliver public services, spur economic growth, and enhance overall governance.

#### **2.3.1 Own Source Revenue**

Own source revenue represents a cornerstone of fiscal decentralization, granting counties in Kenya a degree of financial independence and self-sufficiency. This revenue is generated from various local sources, including property taxes, business permits, user fees for services like licensing or waste management, and revenue from county-owned enterprises (Khadondi, 2018). The significance of own source revenue lies in its ability to empower counties to make localized decisions and allocate resources based on the unique needs and preferences of their communities (Arfah, 2022). With a substantial share of own source revenue, counties have the autonomy to target investments in areas that require immediate attention, whether it be road infrastructure in a rapidly growing urban center or healthcare facilities in underserved rural regions (Irwan et al., 2022).

This fiscal autonomy as per Sridhar and Ravi (2022) translates into enhanced responsiveness to community needs, as counties can make real-time decisions without being solely reliant on central government grants or external financing. By using own source revenue wisely, counties can embark on critical development projects that directly improve the quality of life for their residents (Octavyanthi & Basuki, 2022). Moreover, it fosters a culture of accountability and transparency, as local authorities are compelled to demonstrate responsible financial management practices to their constituents. The increased revenue diversification inherent in own source revenue also offers counties a buffer against economic shocks, ensuring that they can maintain essential services during challenging times (Saputri, 2023).

### **2.3.2 Revenue Transfer**

Revenue transfers are a critical lifeline for many counties in Kenya, especially those with limited own source revenue potential. These transfers typically come from the national government or other external sources and serve as a vital supplement to counties' financial resources (Kibigo, 2021). They are instrumental in bridging the fiscal gaps that exist between counties with varying levels of revenue-generation capacity. For counties facing economic challenges or those in remote and less economically active areas, revenue transfers can ensure that they have the financial means to provide essential services, maintain infrastructure, and promote development initiatives that might otherwise be unattainable (Bill, 2023).

However, the efficiency and impact of revenue transfers are contingent on several factors. First and foremost, transparent allocation criteria are crucial to ensuring that transfers are distributed fairly and equitably among counties (Marattin et al., 2022). Effective utilization of these funds is equally vital; counties must allocate resources

strategically, directing them toward projects and services that align with local needs and development priorities (Waithaka et al., 2023). Mismanagement, corruption, or delays in the disbursement of revenue transfers can hinder county governments' performance by creating budgetary uncertainties, constraining their ability to provide essential services, and stalling development initiatives (Mwangi, Muna & Naituli, 2022).

### **2.3.3 Recurrent Spending**

Recurrent spending, which includes the day-to-day operational costs of county governments such as salaries, utilities, and maintenance, plays a pivotal role in determining county government performance (Musiega et al., 2023). Counties must strike a delicate balance between recurrent spending and development expenditure to ensure both immediate service provision and long-term sustainable growth. Prudent management of recurrent spending is essential for ensuring that the necessary resources are available for core public services like healthcare, education, and security, which form the bedrock of effective governance (Mose, 2022).

Optimizing recurrent spending requires counties to adopt rigorous financial management practices and allocate resources judiciously. Strategic budgeting involves identifying cost-effective ways to deliver public services while maintaining a lean and efficient government structure (Kipkirui, 2020). By minimizing waste, reducing redundancy, and enhancing fiscal discipline, counties can ensure that adequate funds are available for recurrent spending without compromising their ability to invest in capital projects and economic development (Wawire, 2020). This balanced approach to financial management not only improves service delivery in the short term but also sets

the stage for sustained economic growth and overall enhanced county government performance (Ngala & Musau, 2022).

## **2.4 Empirical Review**

Local as well as global researches have determined the link between own source revenue and performance, the objectives, methodology and findings of these studies are discussed. Mubarak et al. (2022) investigates the impact of own source revenue on the performance of local governments in Indonesia. The researchers use regression analysis to examine the relationship between own source revenue as a percentage of total revenue and various performance indicators, such as the ability to cover recurrent expenditures. It finds that municipalities with a higher share of own source revenue exhibit better financial performance, as measured by their ability to cover recurrent expenditures and invest in capital projects. The study highlights the importance of fiscal decentralization and own source revenue in enhancing local government performance in a developing country context. The study presents a contextual gap as it was conducted in Indonesia whose social and economic setting is different from Kenya where the current study will be conducted.

Braimoh and Onuoha (2022) investigates the impact of local revenue generation, including own source revenue, on the performance of local governments in Nigeria. The study employs a quantitative methodology using financial data from Nigerian local governments. It reveals that local governments with higher own source revenue tend to provide better services, maintain infrastructure, and exhibit stronger overall performance. The study emphasizes the role of revenue generation in enhancing local government effectiveness and governance outcomes in Nigeria. Although the study

took into account own source revenue, the study was conducted for a short period of time (2 years) which may not be adequate for robust regression analysis.

Otoo and Danquah (2021) examines the relationship between own source revenue and performance in the Cape Coast Metropolitan Assembly of Ghana. They adopt a mixed-methods approach in their study, combining quantitative analysis of financial data with qualitative interviews and surveys of local government officials. It reveals that higher levels of own source revenue positively correlate with increased service provision, infrastructure development, and overall municipal performance. The study underscores the significance of local revenue mobilization for improving the effectiveness of local government entities in providing essential services. The study presents a contextual gap as it was conducted in Ghana whose social and economic setting is different from Kenya where the current study will be conducted.

Sausi, Kitali and Mtebe (2021) explored the impact of local government revenue collection information system success in Tanzania. They use regression analysis to investigate the impact of revenue diversification, including own source revenue, on service delivery outcomes. It finds that municipalities with a more diverse revenue base, including higher levels of own source revenue, are better equipped to fund and improve service delivery, leading to enhanced overall performance. The research underscores the importance of revenue diversification in ensuring the sustainability of local government services. The research was performed among Tanzania whose operational setting is different from those of Counties in Kenya where the current study will be conducted.

Christine (2021) examines the relationship between own source revenue and the performance of rural local governments in Uganda. The study utilizes a mixed-methods

approach that combines quantitative analysis of financial data with qualitative interviews and surveys. The findings suggest that higher levels of own source revenue significantly influence the ability of these local governments to deliver services, manage infrastructure, and achieve development goals. The study highlights the relevance of fiscal decentralization and revenue mobilization for rural local government performance. The study reveals a methodological gap as it was focused on only 4 years which might not be adequate for robust regression analysis.

Locally, Laban and Muthinja (2023) conducted a research to establish the effects of revenue collection automation on the performance of own source revenue in Nyandarua County Kenya. The study targets 12 officials and 40 staff from the Department of Financial Reporting and Accounting as well as from the ICT Department in the County Government of Nyandarua. The units of analysis were the County Revenue Director, 5 Sub-County Revenue Officers as well as 20 support staff directly involved in the collection of revenue across Nyandarua County. The research concluded that the automation of revenue collection had positive significant effect on own source revenue collection in Nyandarua County. To enhance the collection of revenue from their own sources, the report advised other Counties to investigate automating revenue collection. This study did not relate own source revenue with county performance hence a conceptual gap.

Munguti (2022) examine how Machakos would improve own source revenue. This correlational study used questionnaires to collect data from 286 participants. The data was analyzed using Statistical Package for Social Sciences version 23. Descriptive statistics determined revenue streams and challenges, correlational test and binary logistic regression analyzed three research hypotheses. The findings revealed that

property tax was the most effective stream. Lack of experienced and qualified staff were the highest challenges. Further, participants either strongly disagreed or disagreed with the challenge statements with little standard deviation variability. The findings also indicated that automation; human resource trainings; and enforcement were associated to revenue mobilized. Further, regression analysis revealed that automation and enforcement variables were statistically significant; but human resource training was insignificant. The study provides useful information on how to boost own revenue but its effect on performance was not established.

Oguso (2022) examines the constraints to own source revenue collections in Nairobi City County, assesses challenges to optimal collection of parking fees, and identifies measures to address the challenges inherent to the collection of single business permits debts in the county. The study employed desk review and survey design targeting 170 key informants from the Government and the Kenya Revenue Authority distributed across the 17 sub-counties. The study found that the major constraints to own source revenue collection in the county are inadequate revenue collection tools, equipment and machines; inadequate capacity of the debt collection unit to follow taxpayers who default or delay in making payments; poor tax education/awareness within the county; below par adoption of information and communications technology systems combined with the prevalence of manual revenue collection in making payments. This study did not relate own source revenue with county performance hence a conceptual gap.

Munyua, Muchina and Ombaka (2021) focused on the influence of own source revenue on performance of women owned micro enterprises in Kenya. The population was 628 and was composed of all the registered women owned micro-enterprises in Kiambu, Kirinyaga, and Makueni Counties. A Sample of 239 respondents was determined using



the fisher formula. The study response rate was 173 respondents. Stratified random sampling technique was used. The statistics generated were analyzed using descriptive statistics, trend analysis, diagnostic tests and inferential statistics. The findings of the study revealed a weak positive relationship between County own-source revenue micro enterprise perspective and performance. The study focused on women owned micro-enterprises and therefore a contextual gap due to operational differences.

Owandho (2020) sought to establish the effect of Technological innovation challenges, Inter-governmental consultation constrains, Institutional arrangement concerns and Tax base factors on revenue collection by County government of Homa Bay. The study used descriptive research design. It targeted 141 Sub County Officials such as Revenue officers, Finance Officers and Revenue Collection Clerks. Primary data was collected using self-administered structured questionnaires. The study adopted correlation analysis and Regression model in analyzing the fieldwork data. Regression Analysis revealed that there was statistically significant and positive relationship between technological innovation and revenue collection, inter-governmental consultations and revenue collection, institutional arrangement and revenue collection and tax base and revenue collection. This study did not relate own source revenue with county performance hence a conceptual gap.

## **2.5 Summary of the Literature Review and Knowledge Gaps**

The reviewed literature on the relationship between own source revenue and county government performance highlights the existence of conceptual, contextual and methodological gaps that the current study intends to fill. Table 2.1 reveals a summary of these knowledge gaps.

**Table 2.1: Summary of Knowledge Gaps**

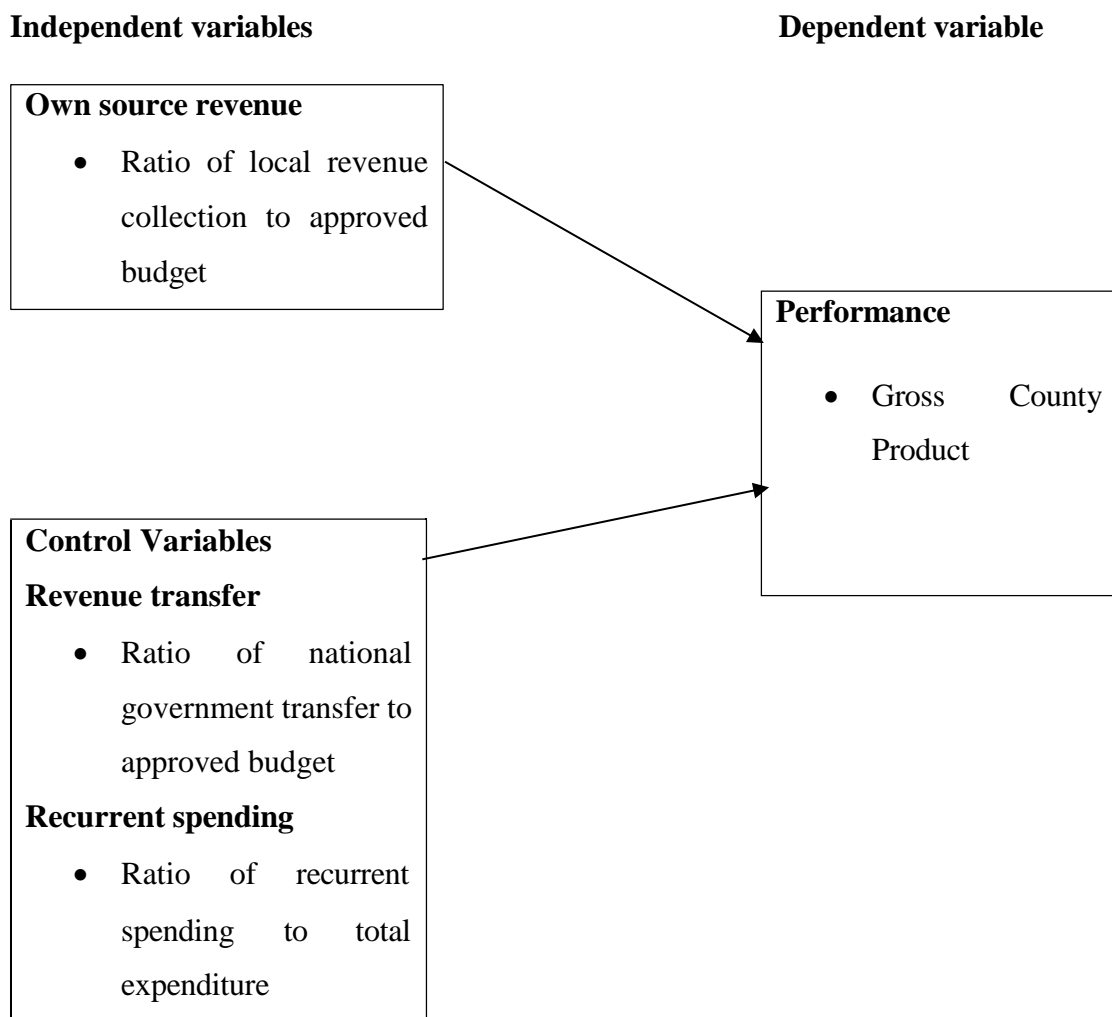
<b>Author and year</b>	<b>Objective of the study</b>	<b>Key Findings</b>	<b>Knowledge gaps</b>	<b>Focus of the current study</b>
Mubarok et al. (2022)	The impact of own source revenue on the performance of local governments in Indonesia	Municipalities with a higher share of own source revenue exhibit better financial performance	The study presents a contextual gap as it was conducted in Indonesia whose social and economic setting is different from Kenya	Effect of own source revenue on performance of county governments in Kenya
Braimoh and Onuoha (2022)	Impact of local revenue generation, including own source revenue, on the performance of local governments in Nigeria	Local governments with higher own source revenue tend to provide better services, maintain infrastructure, and exhibit stronger overall performance	The study reveals a methodological gap as it was conducted for a short period of time (2 years) which may not be adequate for robust regression analysis	The current study took into account a longer study period ( 5 years) for all the 47 county governments giving a total of 235 observations
Otoo and Danquah (2021)	Own source revenue and performance in the Cape Coast Metropolitan Assembly of Ghana	Higher levels of own source revenue positively correlate with overall municipal performance	The study presents a contextual gap as it was conducted in Ghana whose social and economic setting is different from Kenya	Effect of own source revenue on performance of county governments in Kenya
Sausi, Kitali and Mtebe (2021)	The impact of local government revenue collection information system success in Tanzania	Municipalities with higher levels of own source revenue are better equipped to fund and improve service delivery	The research was performed among Tanzania whose operational setting is different from those of Counties in Kenya	Effect of own source revenue on performance of county governments in Kenya
Laban and Muthinja (2023)	The effects of revenue collection automation	Automation of revenue collection had positive	This study did not relate own source revenue with county	The study sought to establish the effect of own

	on the performance of own source revenue in Nyandarua County Kenya	significant effect on own source revenue collection in Nyandarua County	performance hence a conceptual gap	source revenue on performance of county governments in Kenya
Munguti (2022)	How Machakos would improve own source revenue	Property tax was the most effective stream. Lack of experienced and qualified staff were the highest challenges	This study did not relate own source revenue with county performance hence a conceptual gap	The study sought to establish the effect of own source revenue on performance of county governments in Kenya
Oguso (2022)	Examines the constraints to own source revenue collections in Nairobi City County	Major constraints are inadequate revenue collection tools and poor tax education/awareness within the county	This study did not relate own source revenue with county performance hence a conceptual gap	The study sought to establish the effect of own source revenue on performance of county governments in Kenya
Munyua, Muchina and Ombaka (2021)	Influence of own source revenue on performance of women owned micro enterprises in Kenya	A weak positive relationship between County own-source revenue micro enterprise perspective and performance	The study focused on women owned micro-enterprises and therefore a contextual gap due to operational differences	Effect of own source revenue on performance of county governments in Kenya
Owandho (2020)	The effect of Technological innovation challenges, Inter- and Tax base factors on revenue collection by County government of Homa Bay	Statistically significant and positive relationship between technological innovation and revenue collection	This study did not relate own source revenue with county performance hence a conceptual gap	The study sought to establish the effect of own source revenue on performance of county governments in Kenya

Source: Author (2023)

## 2.6 Conceptual Framework

The projected relationship between the variables is depicted in Figure 2.1. The predictor variable was own source revenue given by the ratio of local revenue collection to approved budget. The control variables were revenue transfer given by the ratio of national government transfer to approved budget and recurrent spending given by the ratio of recurrent spending to total expenditure. Performance was the response variable given by Gross County Product.



**Figure 2.1: The Conceptual Model**

**Source: Researcher (2023)**

## **CHAPTER THREE: RESEARCH METHODOLOGY**

### **3.1 Introduction**

The chapter describes the methodology that was adopted to answer the research objective. The chapter covers the research design, the target population, data collection and analysis procedure.

### **3.2 Research Design**

A descriptive research design was adopted in this study. This is because the study aimed to establish the relationship between own source revenue and county performance using secondary data. The use of descriptive research design enabled the researcher to analyze numerical data and test hypotheses statistically. This provided more accurate and objective results that can be replicated and generalized to a larger population. Additionally, descriptive research design allowed for a larger sample size, which increases the representativeness of the findings. The data collected was analyzed using statistical software, which helped to eliminate errors and biases that may arise in manual analysis (Cooper & Schindler, 2018).

### **3.3 Population**

The study population was the 47 county governments in Kenya as at December 2022 (see appendix I). The study was a census of all the 47 county governments.

### **3.4 Data Collection**

Secondary data was utilized in this research. The data was obtained from the office of the Auditor General, office of the Controller of the Budget, Kenya National Bureau of Statistics (KNBS) as well as reports from Annual Government Budget Implementation Review Reports (AGBIRR). The data was collected for 5 years (2018 to 2022) on an

annual basis. The data collection schedule was as shown in Appendix II.

### 3.5 Operationalization of Study Variables

Table 3.1 shows the operationalization and measurement of the study variables.

**Table 3.1: Operationalization and Measurement of Study Variables**

<b>Variable</b>	<b>Operational Definition</b>	<b>Indicator</b>	<b>Measurement</b>	<b>Type of Analysis</b>
County Performance	Measurable outcomes and effectiveness of a county government in fulfilling its devolved mandates and responsibilities	GCP	Annual gross county product per County	Descriptive correlation Regression
Own source revenue	funds generated directly by a county government from internal sources within its jurisdiction.	Local revenue collection	Ratio of local revenue collection to approved budget	Descriptive correlation Regression
Revenue transfer	Financial resources allocated to a county government from external sources, typically the national government	National government allocation	Ratio of amount located by national government to approved county budget	Descriptive correlation Regression
Recurrent spending	Ongoing and routine operational expenditures incurred by a county government to maintain essential services	Recurrent spending	Ratio of recurrent expenditure to total expenditure.	Descriptive correlation Regression

### 3.6 Data Analysis

SPSS software version 27 was used to analyze the data. Descriptive analysis involved calculating measures such as mean, median, mode, standard deviation, and range to describe the distribution of variables. Correlation analysis involved examining the strength and direction of the relationship. Multiple regression analysis was used to

estimate the effect of own source revenue on county performance while controlling for other factors that may influence the relationship.

### 3.6.1 Analytical Model

The regression model below was used:

$$Y_{it} = \alpha + \beta_1 X_{1it} + \beta_2 X_{2it} + \beta_3 X_{3it} + \varepsilon$$

Where:  $Y_{it}$  = Performance of a county as measured by gross county product.

$\alpha$  = Constant value in absence of predictor variables

$\beta_1 \dots \beta_4$  = are the regression coefficients

$X_{1it}$  = Own source revenue measured as the ratio of local revenue collection to approved budget

$X_{2it}$  = Revenue transfer given by the ratio of amount located by national government to approved county budget

$X_{3it}$  = Recurrent spending as measured by the ratio of recurrent expenditure to total expenditure

$\varepsilon$  = error term

### 3.6.2 Diagnostic Tests

The researcher conducted diagnostic tests to ensure that the assumptions of the statistical tests used in the analysis were met. Diagnostic tests helped to identify potential problems which may affect the validity and reliability of the results. Table 3.2 shows the tests that were conducted.

**Table 3.2: Diagnostic Tests**

Assumption	Description	Type of Tests	Interpretations	Treatment
Normality Test	Normally distributed data assumes a bell-shaped curve. It implies that errors should be distributed normally.	K-S test.	$p > 0.05$ suggest that variables are distributed normally.	Data was transformed using logs and square roots.
Autocorrelation test		Durbin Watson Statistic	Durbin Watson statistic between 1.5 and 2.5	Data was transformed using logs and reciprocal techniques.
Homoscedasticity	Homogeneity of variance is a presumption that outcome variable exhibits similar magnitude of variation across entire values of explanatory variables.	Breusch Pagan Test	$P > 0.05$ implies homoscedasticity	Data was transformed using logs and reciprocal techniques.
Multicollinearity test	Multicollinearity is a situation where the explanatory variables are highly correlated.	Variance Inflation Factor	VIF factor $> 10$ infers presence of multicollinearity.	Obtaining additional data and omitting collinear variables.
Stationarity test	To evaluate whether or not a variable has a unit root and whether or not it is stationary	Levin-Liu test	If p values are below 0.05, unit roots exist.	Use Natural log of variables

### 3.6.3 Tests of Significance

The t-test and F-test were used to test the significance of individual coefficients and overall model fit, respectively. The F-test was used to test the overall significance of the regression model. It compared the variance explained by the model to the variance that cannot be explained by the model. The t-test was used to test the significance of individual coefficients in a regression model.



## **CHAPTER FOUR: DATA ANALYSIS, RESULTS AND DISCUSSION**

### **4.1 Introduction**

This chapter primarily presents the analysis of the data collected, the results and the discussion of findings where the current study findings are related with previous studies. Specifically, the chapter covers the diagnostic tests, descriptive analysis, correlation, and regression analysis conducted to achieve the objective of this research study.

### **4.2 Diagnostic Tests**

The researcher conducted diagnostic tests to ensure that the assumptions of the statistical tests used in the analysis were met. Diagnostic tests helped to identify potential problems such as normality of residuals, autocorrelation, heteroscedasticity, multicollinearity, and stationarity which can influence the validity and reliability of the results. The diagnostic tests conducted are discussed under section 4.2.1 to 4.2.5.

#### **4.2.1 Normality Test**

Table 4.1 displays the results of tests for normality, specifically the Kolmogorov-Smirnov test, for various variables in the study. The Kolmogorov-Smirnov statistic assesses whether a dataset follows a normal distribution, with a larger statistic indicating a departure from normality. The results show that all variables have Kolmogorov-Smirnov statistics ranging from 0.874 to 0.923 and corresponding p-values between 0.191 and 0.220, which are all greater than the typical significance level of 0.05. Therefore, based on these results, there is no strong evidence to suggest that any of the variables significantly deviate from a normal distribution, and they can be

reasonably assumed to follow a normal distribution for the purposes of statistical analysis in this study.

**Table 4.1: Normality Test**

	<b>Kolmogorov-Smirnov</b>	<b>P-value</b>
Performance	0.874	0.191
Own source revenue	0.892	0.201
Revenue transfer	0.923	0.220
Recurrent spending	0.874	0.194

**Source: Research Findings (2023)**

#### **4.2.2 Autocorrelation Test**

The Durbin-Watson statistic, a test for autocorrelation in a regression model, is shown in Table 4.2. When the mistakes in a regression model correlate with one another, autocorrelation—also referred to as serial correlation—occurs, defying one of the traditional presumptions of regression analysis. The values of the Durbin-Watson statistic span from 0 to 4. When a number is near to 2, it means that the model has no discernible autocorrelation. The Durbin-Watson statistic in this instance is less than 2, at 1.973. Even if it is below the optimal value of 2, the statistic still fits within a respectable range. It implies that the model's assumption of independent mistakes is not seriously broken and that there is not any compelling evidence of either positive or negative autocorrelation.

**Table 4.2: Test of Autocorrelation**

<b>Durbin Watson Statistic</b>
1.973

**Source: Research Findings (2023)**

### 4.2.3 Heteroscedasticity Test

The findings of the Breusch-Pagan/Cook-Weisberg test, a statistical procedure used to determine if heteroskedasticity exists in regression models, are shown in Table 4.3. When a regression model's error term variance varies across levels of the independent variables, it is referred to as heteroskedasticity. This can result in skewed and ineffective parameter estimations. The p-value for the test, which is 0.2733, is higher than the usual significance level of 0.05. As a result of the p-value not being statistically significant, the null hypothesis cannot be rejected. This indicates that the regression model's heteroskedasticity is not strongly supported by the available data.

**Table 4.3: Heteroscedasticity Test**

<b>Breusch-Pagan / Cook-Weisberg test for heteroscedasticity</b>	
chi2(1)	= 0.4118
Prob > chi2	= 0.2733

**Source: Research Findings (2023)**

### 4.2.4 Multicollinearity Test

Table 4.4 contains statistics related to multicollinearity, which is a condition in regression analysis where two or more independent variables in a model are highly correlated with each other. Multicollinearity can lead to issues in regression analysis, making it difficult to determine the individual impact of each variable on the dependent variable. The results indicate a moderate degree of correlation between the independent variables in the regression model. While the tolerance values are below 1, suggesting some correlation, the VIF values are also below the commonly used threshold of 5, indicating that multicollinearity is not severe for any of the variables.

**Table 4.4: Multicollinearity Test for Tolerance and VIF**

Variable	Collinearity Statistics	
	Tolerance	VIF
Own source revenue	0.782	1.279
Revenue transfer	0.535	1.869
Recurrent spending	0.601	1.664

**Source: Research Findings (2023)**

#### 4.2.5 Stationarity Test

Table 4.5 shows the results of the Levin-Lin-Chu unit root test for the study variables. The Levin-Lin-Chu test is a statistical test that is used to test the null hypothesis that a time series variable has a unit root. A unit root means that the variable has a constant trend and does not tend to revert to its mean over time. A p-value of 0.05 or less is generally considered to be statistically significant. The p-values for the Levin-Lin-Chu test for the study are all less than 0.05, which indicates that we can reject the null hypothesis that the variables have unit roots. This implies that the study variables are all stationary.

**Table 4.5: Levin-Lin Chu unit-root test**

Levin-Lin Chu unit-root test		
Variable	Statistic	p value
Performance	6.8448	0.0000
Own source revenue	7.2386	0.0000
Revenue transfer	6.7944	0.0000
Recurrent spending	6.8133	0.0000

**Source: Research Findings (2023)**

#### 4.3 Descriptive Analysis

Table 4.6 contains summary statistics for the study variables, which are essential for understanding the distribution and characteristics of the data. The data was collected for a 5-year period (January 2018 to December 2022). All the 47 county governments

had complete data set for the study period leading to 235 data points that were considered adequate.

**Table 4.6: Descriptive Statistics**

	N	Minimum	Maximum	Mean	Std. Deviation
Performance	235	.16	19.77	1.7892	1.71261
Own source revenue	235	.69	80.60	36.8967	11.89795
Revenue transfer	235	60.88	127.61	84.5561	6.73727
Recurrent spending	235	34.8	78.0	60.287	8.2383
Valid N (listwise)	235				

**Source: Research Findings (2023)**

Performance represents the Gross County Product, which is a measure of the economic performance of the county governments. The data shows that the minimum value is 0.16, the maximum is 19.77, and the mean is approximately 1.7892. The standard deviation of 1.71261 indicates that there is a notable degree of variability in county performance across the 235 observations. This suggests that county economic performance is not consistent and varies widely within the dataset.

Own source revenue is a critical component for county governments, as it represents the ratio of local revenue collection to the approved budget. The data reveals a minimum of 0.69, a maximum of 80.60, and an average of approximately 36.8967. The relatively high standard deviation of 11.89795 suggests substantial variation in the ability of county governments to generate revenue from local sources. This variability may be attributed to differences in economic activity and resource availability among counties.

Revenue transfer represents the financial support provided to county governments by the national government, measured as the ratio of the amount allocated by the national

government to the approved county budget. The data indicates a minimum value of 60.88, a maximum of 127.61, and an average of approximately 84.5561. The standard deviation of 6.73727 is relatively low, suggesting that there is less variation in the amount of financial support received from the national government compared to other variables.

Recurrent spending is the ratio of recurrent expenditure to total expenditure, reflecting the allocation of funds for ongoing operational expenses. The data shows a minimum value of 34.8, a maximum of 78.0, and an average of approximately 60.287. The standard deviation of 8.2383 indicates some variability in how county governments allocate funds to recurrent spending.

#### 4.4 Correlation Analysis

Table 4.7 shows the correlation coefficients between the independent variables and the dependent variable, performance. The correlation coefficient is a measure of the linear relationship between two variables.

**Table 4.7: Correlation Analysis**

		Performance	Own source revenue	Revenue transfer	Recurrent spending
Performance	Pearson Correlation	1			
	Sig. (2-tailed)				
Own source revenue	Pearson Correlation	.232**	1		
	Sig. (2-tailed)	.000			
Revenue transfer	Pearson Correlation	.468**	.182**	1	
	Sig. (2-tailed)	.000	.005		
Recurrent spending	Pearson Correlation	.189**	.251**	.152*	1
	Sig. (2-tailed)	.004	.000	.020	

\*\* . Correlation is significant at the 0.01 level (2-tailed).  
 \* . Correlation is significant at the 0.05 level (2-tailed).  
 c. Listwise N=235

**Source: Research Findings (2023)**

The Pearson correlation coefficient between performance and own source revenue is approximately 0.232, and it is statistically significant at the 0.05 level (2-tailed). This positive correlation suggests that there is a weak but significant relationship between a county's economic performance (Gross County Product) and its ability to generate revenue from local sources. In other words, counties with higher local revenue collection tend to have better economic performance.

The Pearson correlation coefficient between performance and revenue transfer is about 0.468, and it is also statistically significant at the 0.05 level (2-tailed). This positive correlation indicates a stronger relationship between economic performance and the amount of financial support received from the national government. Counties that receive more substantial revenue transfers tend to exhibit better economic performance.

The Pearson correlation coefficient between performance and recurrent spending is approximately 0.189, and it is statistically significant at the 0.01 level (2-tailed). This positive correlation suggests a weak but significant association between a county's economic performance and its allocation of funds to recurrent expenditure. Counties that allocate more resources to recurrent spending relative to their total expenditure tend to have better economic performance.

**4.5 Regression Analysis**

Regression analysis was conducted to determine the effect of the selected independent variables on the performance of counties. The results are as shown in Table 4.8, 4.9 and 4.10.

**Table 4.8: Model Summary**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.500 <sup>a</sup>	.250	.241	1.49242

a. Predictors: (Constant), Recurrent spending, Revenue transfer, Own source revenue

**Source: Research Findings (2023)**

The model summary provides key statistics that help us assess the overall performance of the regression model. The coefficient of determination (R-squared) is 0.250, indicating that the model explains 25% of the variance in the dependent variable, Performance. This suggests that the selected independent variables collectively have a moderate level of explanatory power for county economic performance.

**Table 4.9: Analysis of Variance**

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	171.820	3	57.273	25.714	.000 <sup>b</sup>
	Residual	514.509	231	2.227		
	Total	686.329	234			

a. Dependent Variable: Performance  
b. Predictors: (Constant), Recurrent spending, Revenue transfer, Own source revenue

**Source: Research Findings (2023)**

The analysis of variance (ANOVA) table assesses the statistical significance of the regression model. The F-statistic of 25.714 is highly significant ( $p < 0.05$ ), indicating that the model as a whole is a good fit for the data. The regression component of the model explains a substantial amount of the total variance in Performance.



**Table 4.10: Model Coefficients**

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	-9.740	1.340		-7.268	.000
	Own source revenue	.031	.012	.148	2.499	.013
	Revenue transfer	.110	.015	.432	7.409	.000
	Recurrent spending	.011	.009	.074	1.237	.217

a. Dependent Variable: Performance

**Source: Research Findings (2023)**

The model coefficients table provides information on the relationships between the independent variables and the dependent variable, along with their statistical significance. The constant value is -9.740, and it is highly significant ( $p < 0.001$ ). The coefficient for Own source revenue is 0.031, and it is statistically significant ( $p = 0.013$ ). This positive coefficient suggests that an increase in own source revenue is associated with a positive effect on county economic performance. However, the effect is relatively small, as indicated by the low standardized coefficient (Beta) of 0.148.

The coefficient for Revenue transfer is 0.110, and it is highly significant ( $p < 0.001$ ). This positive coefficient indicates that an increase in revenue transfer from the national government has a stronger positive effect on county economic performance. The standardized coefficient (Beta) of 0.432 shows that this variable has a more substantial impact on performance. The coefficient for Recurrent spending is 0.011, but it is not statistically significant ( $p = 0.217$ ). This suggests that recurrent spending does not have a significant effect on county economic performance.

The coefficient of regression model was as below;

$$\text{Performance} = -9.740 + 0.148 \text{ Own source revenue} + 0.432 \text{ Revenue transfer}$$

#### **4.6 Discussion of Research Findings**

This research aimed to determine the effect of own source revenue on the performance of the 47 county governments in Kenya between 2018 to 2022. Performance was gauged using the gross county product, while the independent variable, own source revenue, was measured as the ratio of local revenue collection to approved budget. The study also incorporated control variables: revenue transfer (amount received from the national government in relation to the total approved budget) and recurrent spending (represented as a proportion of total expenditure). Secondary data for this study was collected from various governmental sources, including the office of the Auditor General, the office of the Controller of the Budget, the Kenya National Bureau of Statistics (KNBS), and reports from the Annual Government Budget Implementation Review Reports (AGBIRR).

The descriptive statistics revealed substantial variation in the key variables. Performance exhibited a mean of 1.7892, Own source revenue had a mean of 36.8967, Revenue transfer averaged 84.5561, and Recurrent spending had a mean of 60.287. The correlation analysis indicated positive associations between Performance and Own source revenue ( $r = 0.232$ ,  $p = 0.000$ ), Revenue transfer ( $r = 0.468$ ,  $p = 0.000$ ), and Recurrent spending ( $r = 0.189$ ,  $p = 0.004$ ). In the regression analysis, the model explained 25% of the variance in county economic performance ( $R\text{-squared} = 0.250$ ). Own source revenue had a positive but relatively small effect ( $\text{Beta} = 0.148$ ,  $p = 0.013$ ), while Revenue transfer had a stronger positive impact ( $\text{Beta} = 0.432$ ,  $p = 0.000$ ). Recurrent spending did not show a significant effect ( $\text{Beta} = 0.074$ ,  $p = 0.217$ ). The analysis of variance confirmed the significance of the model ( $F = 25.714$ ,  $p = 0.000$ ).

The findings of this study align with several empirical studies conducted in various

regions, highlighting the significance of own source revenue for the performance of local governments. Mubarok et al. (2022) conducted research in Indonesia and found that municipalities with a higher share of own source revenue exhibit better financial performance, which aligns with our study's finding that counties in Kenya with higher own source revenue tend to have better economic performance. This common trend underscores the importance of fiscal decentralization and local revenue mobilization in enhancing government performance, even in different national contexts.

Similarly, Braimoh and Onuoha (2022) conducted research in Nigeria, emphasizing that local governments with higher own source revenue tend to provide better services and exhibit stronger overall performance. This finding is consistent with our study, suggesting that the impact of own source revenue on government performance is not limited to one country or region, but a generalizable principle. The study by Otoo and Danquah (2021) in Ghana also aligns with our findings, indicating that higher levels of own source revenue positively correlate with increased service provision, infrastructure development, and overall municipal performance. This underscores the broader applicability of the relationship between local revenue mobilization and government effectiveness.

Local research conducted by Laban and Muthinja (2023) in Nyandarua County, Kenya, supports the importance of automating revenue collection to enhance own source revenue. Their findings align with our study's focus on the significance of local revenue collection, and they suggest that other counties can benefit from similar automation efforts to improve their revenue collection. Munguti's study (2022) in Machakos, Kenya, highlights the effectiveness of property tax as a revenue stream and the importance of automation for revenue mobilization, consistent with our findings

regarding the impact of local revenue sources and automation in the collection process. Oguso's research (2022) in Nairobi City County, Kenya, identifies constraints to own source revenue collection, particularly related to inadequate tools and technology, debt collection, and tax education. These findings echo the challenges faced by counties in our study and emphasize the need for improving revenue collection infrastructure and practices.

## **CHAPTER FIVE: SUMMARY OF FINDINGS, CONCLUSION AND RECOMMENDATIONS**

### **5.1 Introduction**

This chapter delves into a comprehensive overview of the study's core outcomes and implications. The chapter begins by summarizing the key findings. Next, the study draws insightful conclusions based on the empirical evidence. The chapter also critically assesses the study's limitations, acknowledging the boundaries of the research and potential areas for future exploration. The chapter also covers practical recommendations derived from the findings, aiming to guide policymakers and decision-makers in enhancing own source revenue and optimizing county performance.

### **5.2 Summary of Findings**

This study aimed to investigate the effect of own source revenue on the performance of county governments in Kenya, with a focus on the period from 2018 to 2022. The research was rooted in fiscal decentralization theory and supported by agency theory and public choice theory, providing a theoretical framework for understanding the relationships between local revenue generation, financial transfers from the national government, and county economic performance. The study analyzed a dataset comprising 235 observations from all 47 county governments in Kenya, utilizing secondary data from sources like the Office of the Auditor General, the Office of the Controller of the Budget, the Kenya National Bureau of Statistics, and Annual Government Budget Implementation Review Reports (AGBIRR).

The descriptive statistics unveiled substantial variation in the key variables, highlighting diversity in economic performance, local revenue generation, and

expenditure patterns among Kenyan counties. The correlation analysis revealed positive associations between the dependent variable (Performance) and the independent variables (Own source revenue, Revenue transfer, and Recurrent spending), suggesting that counties with higher local revenue collection, more substantial revenue transfers, and a greater focus on recurrent spending tend to exhibit better economic performance.

In the regression analysis, the model explained 25% of the variance in county economic performance. Own source revenue and Revenue transfer were found to have significant positive effects on county performance, with Revenue transfer being the more influential factor. The model underscored the importance of financial support from the national government in enhancing county economic performance. However, the study also indicated that there are unobserved factors contributing to county performance that are not captured by the variables in the model. These findings have implications for policymakers and county governments in Kenya, emphasizing the role of local revenue generation and intergovernmental financial transfers in improving county economic performance.

### **5.3 Conclusion**

The study's analysis revealed that own source revenue, measured as the ratio of local revenue collection to the approved budget, has a statistically significant positive impact on county economic performance in Kenya. Counties that can effectively generate revenue from local sources tend to exhibit better economic outcomes. Therefore, it is imperative for county governments to explore ways to enhance their own source revenue, possibly through diversifying revenue streams, improving tax collection mechanisms, and promoting economic activities that generate local income. This

finding emphasizes the importance of fiscal autonomy and local resource mobilization for county-level economic development.

The research indicated that revenue transfers from the national government, measured as the ratio of the amount allocated to the approved county budget, have a more substantial and highly significant positive effect on county economic performance. This underscores the importance of intergovernmental fiscal relations in Kenya's devolved governance system. Policymakers should focus on ensuring transparent and equitable distribution of these financial transfers among counties to promote economic development across the nation. The findings support the notion that a fair allocation of resources from the central government can significantly contribute to improving county-level economic performance.

Although recurrent spending, as measured by the ratio of recurrent expenditure to total expenditure, did not demonstrate a statistically significant effect on county economic performance, it is essential to recognize that the study's model may not have captured the entire complexity of this relationship. Therefore, it would be premature to disregard the role of recurrent spending in county development entirely. Future research could delve deeper into the specific aspects of recurrent spending that may influence economic performance and consider a broader set of variables.

#### **5.4 Recommendations for Policy and Practice**

County governments should prioritize strategies to improve local revenue collection. This may involve diversifying revenue streams, strengthening tax collection mechanisms, and promoting economic activities that can generate local income. Moreover, investing in capacity building and technology infrastructure for revenue

collection and management can improve efficiency. Policymakers should provide incentives and support to counties to bolster their own source revenue efforts, ensuring that counties are not overly reliant on central government transfers.

Given the substantial positive impact of revenue transfers from the national government on county economic performance, it is crucial for policymakers to maintain transparency and fairness in the distribution of these transfers. Ensuring that the allocation is based on clear and objective criteria, such as population, poverty levels, and development needs, can help reduce disparities among counties. Regular monitoring and evaluation of the revenue transfer mechanisms are essential to prevent political favoritism and promote equitable resource allocation. Counties should also engage in rigorous financial planning to utilize these resources effectively, aligning them with development priorities.

While the study did not find a statistically significant impact of recurrent spending on county economic performance, it is important to recognize that recurrent expenditures are essential for the day-to-day operations and service delivery of county governments. Therefore, counties should continue to allocate resources efficiently for recurrent expenses, ensuring that public services are adequately maintained. Additionally, policymakers and county governments should take a holistic approach to development, considering a broader range of factors that may influence economic performance, including governance quality, infrastructure development, education, and healthcare.

### **5.5 Limitations of the Study**

The study relied on secondary data sources, including government reports and financial records. Such data may have limitations related to accuracy, completeness, and



consistency. Data quality issues could introduce measurement errors and bias into the analysis. Moreover, the study covered a relatively short period (2018-2022), and the data may not fully capture the dynamics of long-term economic performance.

The study establishes associations but cannot definitively establish causality between the independent variables and county economic performance. There may be unobserved factors that influence the relationships observed in this research. Factors such as political dynamics, governance quality, or regional disparities were not fully explored in this study but can play a substantial role in economic performance. Future research could delve into these unobserved factors to provide a more comprehensive understanding.

The study focused on Kenya's county governments, and the findings may not be readily generalizable to other countries or regions with different governance structures, economic conditions, or fiscal policies. County governments vary widely in their capacities and resources, and the results of this study are specific to the Kenyan context. Policymakers and researchers should exercise caution when applying these findings to other settings, as local factors play a significant role in economic performance.

## **5.6 Suggestions for Further Research**

This study has opened doors to understanding the complex interplay between own source revenue, revenue transfers, and county economic performance in Kenya. To build upon this foundation and address the limitations identified, there are several avenues for further research: Expanding the time frame for data collection and analysis can provide a more comprehensive understanding of how the relationships between variables evolve over time. A longitudinal analysis spanning multiple decades could

reveal trends and offer insights into the long-term impacts of fiscal decentralization policies on county economic performance.

Investigating the influence of unobserved factors, such as governance quality, political dynamics, and regional disparities, on county economic performance is crucial. A qualitative approach, including interviews and surveys, can be employed to delve deeper into these complex factors and their impacts. This qualitative data can complement quantitative findings and provide a more holistic perspective on county development.

Comparing the experiences of Kenyan counties with those of counties or regions in other countries can offer valuable insights into the generalizability of the findings. Comparative research can help identify common trends, differences, and best practices in fiscal decentralization and local economic development across different governance systems and contexts.

Future research can focus on evaluating the effectiveness of specific policy interventions aimed at improving own source revenue generation and revenue transfers in counties. Assessing the impacts of policy changes on economic performance can guide policymakers in implementing more targeted and efficient measures to foster economic development.

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## APPENDICES

### Appendix I: County Governments in Kenya

1. Baringo
2. Bomet
3. Bungoma
4. Busia
5. Elgeyo-Marakwet
6. Embu
7. Garissa
8. Homa Bay
9. Isiolo
10. Kajiado
11. Kakamega
12. Kericho
13. Kiambu
14. Kilifi
15. Kirinyaga
16. Kisii
17. Kisumu
18. Kitui
19. Kwale
20. Laikipia
21. Lamu
22. Machakos
23. Makueni

24. Mandera
25. Marsabit
26. Meru
27. Migori
28. Mombasa
29. Murang'a
30. Nairobi
31. Nakuru
32. Nandi
33. Narok
34. Nyamira
35. Nyandarua
36. Nyeri
37. Samburu
38. Siaya
39. Taita Mak Taveta
40. Tana River
41. Tharaka-Nithi
42. Trans-Nzoia
43. Turkana
44. Uasin Gishu
45. Vihiga
46. Wajir
47. West Pokot

**Source: KNBS (2023)**

## Appendix II: Raw Data

County ID	Year	Performance	Own source revenue	Revenue transfer	Recurrent spending
BARINGO	2018	0.46	10.70	85.01	56.40
	2019	1.02	39.50	85.20	60.00
	2020	0.68	33.90	89.20	50.30
	2021	0.89	36.20	80.20	61.10
	2022	1.01	53.30	88.20	54.90
BOMET	2018	1.24	52.40	76.44	52.20
	2019	1.56	59.60	80.89	53.00
	2020	1.69	54.60	78.20	70.00
	2021	1.22	49.60	80.89	70.10
	2022	1.69	49.20	92.53	63.90
BUNGOMA	2018	1.55	4.20	86.00	58.40
	2019	2.01	26.70	86.15	60.80
	2020	1.65	36.10	79.20	63.20
	2021	1.99	28.70	76.00	68.30
	2022	2.10	44.20	81.50	67.60
BUSIA	2018	0.68	8.90	76.06	49.50
	2019	1.62	48.70	79.89	50.60
	2020	1.59	49.00	78.20	58.70
	2021	1.02	43.90	68.66	67.90
	2022	0.94	44.70	82.12	58.40
ELGEYO/M ARAKWET	2018	0.96	29.90	76.70	60.90
	2019	1.43	35.50	86.11	62.80
	2020	1.23	25.60	76.45	61.40
	2021	1.31	43.00	86.81	61.00
	2022	1.51	44.40	86.81	55.80
EMBU	2018	1.06	17.80	80.77	56.80
	2019	1.39	19.50	82.34	59.40
	2020	1.82	20.10	81.64	62.00
	2021	1.59	41.40	80.66	70.00
	2022	1.06	40.30	88.06	69.50
GARISSA	2018	0.35	11.00	80.09	55.20
	2019	1.48	32.40	80.44	55.40
	2020	0.69	38.80	78.92	62.90
	2021	0.73	47.00	77.55	70.30
	2022	0.53	46.30	87.71	60.80
HOMABAY	2018	1.43	44.40	79.99	61.60
	2019	1.89	41.20	90.67	63.30

<b>County ID</b>	<b>Year</b>	<b>Performance</b>	<b>Own source revenue</b>	<b>Revenue transfer</b>	<b>Recurrent spending</b>
	2020	1.52	39.10	80.55	65.10
	2021	1.23	35.90	89.66	66.70
	2022	1.32	44.90	88.39	63.80
<b>ISIOLO</b>	2018	0.16	31.00	83.12	59.40
	2019	0.99	42.20	86.25	61.40
	2020	0.32	36.80	82.31	51.60
	2021	0.51	30.40	85.66	64.80
	2022	0.21	35.10	90.49	66.80
<b>KAJIADO</b>	2018	1.30	26.00	79.76	58.80
	2019	1.39	30.20	80.83	60.50
	2020	1.67	36.80	75.26	62.90
	2021	1.29	36.19	78.92	61.80
	2022	1.38	33.40	82.22	60.80
<b>KAKAMEG A</b>	2018	1.68	7.70	80.90	52.20
	2019	1.27	30.60	87.99	52.40
	2020	2.01	32.40	90.50	60.90
	2021	1.99	32.40	90.00	56.50
	2022	2.21	37.30	81.61	52.90
<b>KERICHO</b>	2018	1.54	34.00	88.81	59.50
	2019	1.89	53.80	92.11	61.50
	2020	3.45	48.10	89.01	60.90
	2021	1.72	42.70	90.01	68.70
	2022	1.69	38.00	89.27	56.70
<b>KIAMBU</b>	2018	2.35	21.10	88.60	68.10
	2019	2.69	46.70	90.27	72.30
	2020	2.91	51.40	90.05	68.80
	2021	2.72	49.90	88.99	78.00
	2022	5.01	42.90	91.65	65.00
<b>KILIFI</b>	2018	1.64	0.70	88.10	46.90
	2019	2.22	44.90	90.46	48.40
	2020	1.73	42.60	81.34	48.90
	2021	1.68	45.50	89.23	64.80
	2022	1.50	38.90	86.54	60.40
<b>KIRINYAG A</b>	2018	1.47	14.00	80.44	63.90
	2019	1.99	37.60	88.13	68.40
	2020	1.89	50.50	67.88	63.90
	2021	1.34	37.60	86.13	70.00
	2022	1.25	39.50	84.13	69.40
<b>KISII</b>	2018	1.40	35.00	83.07	57.30



<b>County ID</b>	<b>Year</b>	<b>Performance</b>	<b>Own source revenue</b>	<b>Revenue transfer</b>	<b>Recurrent spending</b>
	2019	1.64	59.90	81.24	60.90
	2020	5.23	50.60	90.10	61.20
	2021	1.20	34.30	93.23	69.10
	2022	1.91	80.60	91.61	66.70
<b>KISUMU</b>	2018	2.12	36.00	78.80	58.10
	2019	2.31	27.40	80.91	58.10
	2020	2.56	25.30	79.21	67.40
	2021	2.50	42.60	78.66	69.20
	2022	2.65	45.90	80.93	61.20
<b>KITUI</b>	2018	1.13	36.50	78.11	45.90
	2019	1.21	38.30	89.32	46.40
	2020	1.21	49.60	80.20	52.90
	2021	0.99	50.70	89.22	59.50
	2022	1.27	45.10	84.12	60.80
<b>KWALE</b>	2018	1.33	36.90	82.60	34.80
	2019	1.91	35.80	85.24	37.40
	2020	2.00	48.40	84.56	48.60
	2021	2.00	36.80	83.20	55.80
	2022	1.02	42.40	84.14	46.90
<b>LAIKIPIA</b>	2018	1.02	14.00	85.51	56.80
	2019	1.89	33.90	92.50	58.20
	2020	1.01	40.70	88.26	59.90
	2021	1.21	42.70	89.66	66.90
	2022	0.91	45.40	90.16	60.20
<b>LAMU</b>	2018	0.49	4.00	75.12	53.70
	2019	1.02	30.80	88.23	55.30
	2020	0.93	44.40	79.34	62.10
	2021	0.89	18.30	89.22	66.50
	2022	0.37	41.00	74.30	49.30
<b>MACHAKO S</b>	2018	0.77	44.50	84.72	56.20
	2019	0.89	7.90	92.33	51.40
	2020	2.69	24.60	82.59	69.00
	2021	2.50	39.10	82.00	69.60
	2022	2.95	46.10	88.04	64.50
<b>MAKUENI</b>	2018	1.63	10.70	82.00	48.00
	2019	2.89	17.30	89.43	49.80
	2020	3.22	11.70	90.66	48.80
	2021	2.69	43.40	90.23	63.50
	2022	1.30	49.70	80.90	58.70

<b>County ID</b>	<b>Year</b>	<b>Performance</b>	<b>Own source revenue</b>	<b>Revenue transfer</b>	<b>Recurrent spending</b>
MANDERA	2018	0.78	3.70	83.66	36.40
	2019	1.89	38.30	89.41	36.70
	2020	0.78	44.80	85.99	39.80
	2021	0.55	40.60	89.23	52.80
	2022	0.46	46.70	90.99	48.40
MARSABIT	2018	0.19	14.60	84.16	49.90
	2019	0.55	43.80	88.99	51.00
	2020	0.89	52.70	82.20	57.30
	2021	0.62	36.90	74.54	55.60
	2022	0.43	45.30	84.00	52.90
MERU	2018	1.73	30.25	80.38	63.10
	2019	2.10	47.50	93.14	65.60
	2020	1.93	38.80	89.34	68.30
	2021	2.01	49.60	91.21	70.00
	2022	2.68	30.30	81.77	63.80
MIGORI	2018	1.31	41.00	85.10	55.20
	2019	1.75	45.40	89.00	55.70
	2020	0.99	46.70	80.21	61.60
	2021	2.12	42.80	93.91	67.00
	2022	1.14	59.50	84.17	58.50
MOMBASA	2018	3.21	37.60	88.06	65.90
	2019	3.11	45.70	87.25	69.90
	2020	2.99	42.40	67.99	66.30
	2021	3.25	48.80	94.23	69.90
	2022	4.25	40.50	92.35	70.00
MURANG'A	2018	2.06	31.30	68.31	49.40
	2019	3.12	55.30	88.79	51.40
	2020	1.96	31.10	79.21	59.90
	2021	2.79	38.10	92.31	63.80
	2022	2.07	41.90	91.47	59.60
NAIROBI	2018	3.96	50.00	84.20	67.10
	2019	4.20	53.50	100.00	72.90
	2020	4.99	52.90	87.43	68.30
	2021	13.82	53.40	100.00	75.10
	2022	19.77	58.50	127.61	77.60
NAKURU	2018	4.89	23.50	80.06	61.10
	2019	4.26	23.20	90.01	61.50
	2020	2.23	21.40	88.81	61.30
	2021	4.23	15.10	92.33	62.00
	2022	5.58	25.40	81.76	56.00

<b>County ID</b>	<b>Year</b>	<b>Performance</b>	<b>Own source revenue</b>	<b>Revenue transfer</b>	<b>Recurrent spending</b>
NANDI	2018	1.88	24.40	83.00	51.90
	2019	2.89	39.90	89.23	55.20
	2020	1.43	37.30	88.23	63.40
	2021	1.55	31.40	89.23	68.50
	2022	1.45	32.80	86.91	61.90
NAROK	2018	1.68	20.00	90.11	61.40
	2019	1.85	38.50	90.51	67.30
	2020	1.99	37.60	90.58	59.30
	2021	1.92	43.30	90.51	66.40
	2022	2.04	39.90	90.63	69.50
NYAMIRA	2018	1.26	24.00	81.71	58.10
	2019	1.79	45.20	83.45	56.50
	2020	1.55	34.50	87.23	70.10
	2021	1.35	38.60	89.23	68.80
	2022	1.24	42.30	85.38	70.00
NYANDAR UA	2018	1.99	35.00	83.99	60.70
	2019	1.32	30.50	93.00	61.50
	2020	2.40	37.80	84.18	64.20
	2021	2.39	44.40	97.10	66.80
	2022	2.38	46.20	89.73	66.80
NYERI	2018	1.51	44.00	90.11	67.30
	2019	1.52	48.20	90.13	70.40
	2020	1.80	42.50	85.23	65.10
	2021	1.25	33.00	89.23	68.70
	2022	1.97	37.50	88.23	68.70
SAMBURU	2018	0.26	39.50	84.84	59.50
	2019	1.25	38.20	89.32	60.20
	2020	1.70	45.10	83.24	64.20
	2021	0.52	36.40	87.10	69.90
	2022	0.31	44.30	87.73	69.90
SIAYA	2018	1.30	29.00	79.11	51.60
	2019	1.61	40.00	89.11	53.60
	2020	1.59	37.00	89.00	54.40
	2021	1.66	42.90	70.23	63.00
	2022	1.06	45.00	75.88	63.00
TAITA/TAV ETA	2018	0.51	28.00	79.37	69.30
	2019	0.91	51.80	79.29	70.40
	2020	0.98	21.10	84.55	67.80
	2021	0.92	8.60	86.22	70.50

<b>County ID</b>	<b>Year</b>	<b>Performance</b>	<b>Own source revenue</b>	<b>Revenue transfer</b>	<b>Recurrent spending</b>
	2022	0.62	16.80	82.89	70.50
TANA RIVER	2018	1.11	17.00	75.82	38.10
	2019	1.72	18.40	79.79	38.70
	2020	0.89	40.40	77.00	52.40
	2021	0.75	35.50	75.20	57.50
	2022	0.45	40.00	64.81	57.50
THARAKA NITHI	2018	0.71	34.00	79.56	57.10
	2019	0.70	25.80	85.24	60.00
	2020	0.89	31.40	82.20	68.70
	2021	0.88	22.90	66.23	65.50
	2022	0.76	46.10	80.82	65.50
TRANS NZOIA	2018	1.32	34.00	88.41	49.90
	2019	1.67	33.50	89.74	52.80
	2020	1.89	41.50	80.14	61.80
	2021	1.59	44.60	82.31	69.90
	2022	1.51	39.70	82.60	69.90
TURKANA	2018	0.96	28.00	80.05	34.80
	2019	1.25	38.90	88.89	36.70
	2020	1.87	46.30	92.00	38.20
	2021	1.89	49.40	91.20	62.00
	2022	1.05	37.40	78.10	62.00
UASIN GISHU	2018	2.20	27.20	80.24	63.30
	2019	2.03	49.30	86.21	60.90
	2020	2.14	45.20	82.14	65.70
	2021	2.13	34.60	85.21	62.30
	2022	2.13	40.60	80.36	62.30
VIHIGA	2018	1.62	12.00	73.99	64.00
	2019	2.22	37.20	87.34	61.00
	2020	0.95	39.10	79.63	65.70
	2021	0.96	32.50	79.59	62.30
	2022	0.72	36.60	75.15	62.30
WAJIR	2018	1.68	38.20	78.33	59.40
	2019	2.49	39.30	79.77	61.00
	2020	0.61	35.10	75.23	69.60
	2021	2.33	40.10	60.88	69.60
	2022	0.49	36.20	90.34	69.60

<b>County ID</b>	<b>Year</b>	<b>Performance</b>	<b>Own source revenue</b>	<b>Revenue transfer</b>	<b>Recurrent spending</b>
WEST POKOT	2018	2.60	40.00	75.89	47.70
	2019	4.79	31.80	81.33	46.00
	2020	0.76	39.50	87.67	54.40
	2021	0.86	35.50	78.86	60.80
	2022	0.60	34.80	92.58	60.80