SUCCESS FACTORS IN THE IMPLEMENTATION OF TAX ADMINISTRATION PROJECTS IN KENYA: A CASE OF ITAX SYSTEM

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ABSTRACT

Taxation is often the most important source of state revenue. However, many developing countries lack effective tax administration structures and processes. Electronic tax system –*i Tax,* was introduced by Kenya Revenue Authority to increase financial collection, administration, avail services to the tax payers all the time from anywhere, reduce costs of compliance and improve tax compliance. However, technological innovations have not filtered through to the daily working reality of tax officials. Tax compliance levels remain low and tax collections are below the targets set by Kenya Revenue Authority. There was hence a need to examine the success factors that is top management commitment, project schedule, user acceptance and project monitoring on the implementation of tax administration projects in Kenya. The study variables is founded on the basis of the results theory, theory of constraints, technology acceptance model, the theory of planned behavior and the theory of change. The target population consisted of 258 staff currently employed at Kenya Revenue Authority headquarters at Times Towers, Nairobi City County. Multi-stage sampling was used to determine the sample size of 155 respondents. Data was collected using structured questionnaire. The study findings revealed that all the investigated factors positively and significantly influenced implementation of tax projects at KRA. The study recommends that for Kenya Revenue Authority to improve the success rate of tax administration project, there is a need for enhanced top management support, better project scheduling practices, increased awareness to create user acceptance and enhanced project monitoring.

Key Words: *Top Management Commitment, User Acceptance, Project Monitoring, Project Schedule, i-Tax*

Background to the Study

In today's competitive, fast-paced business landscape, getting the most out of available resources is not an option but rather a necessity (Hodgkin, 2013). Organizations globally are taking a highly proactive approach to systems modernization and operations in an effort to increase efficiency and effectiveness in their operations. This has resulted to revenue agencies in developed and developing nations globally to automate their revenue collection systems (Pastukhov, 2014). Despite numerous challenges most governments have turned to e-government led solutions like electronic tax filing (Ojha, Sahu & Gupta, 2011). System automation allows firms to automate new platforms of their revenue collection systems in order to reap maximum benefits (Hjertholm & White, 2013). System modernization provides measureable improvements in the efficiency and effectiveness of development and maintenance activities with on-time delivery and predictable quality. The dependence of the revenue of the State on a sound tax system is built on the core business of any tax administration organization in the levying, collection and control of taxes imposed by the government.

Revenue system modernization improves the ability of an organization to collect more revenue with minimal costs. According USAID (2015) study, one-third of GDP in rich countries who have adopted iTax system have shown an increase in their GDP. Latin America and the Caribbean 17% of GDP and low-income countries in Sub Saharan Africa showed less than 15% to GDP which is the recommended rate (WHO, 2015). It remains a big challenge to low income countries which has promoted radical tax reforms in countries like Bolivia, Uruguay, Colombia, Jamaica and Spain with notable success. Continued implementation and operationalization of the iTax system in Kenya is expected to enhance revenue yield through deepening of the tax base, reducing compliance cost and improving revenue administration (Economic Survey, 2015). Further, it has help out in reducing interaction between KRA staff and taxpayers thus eliminating cases of bribery claims. It has also allowed for reach ability among taxpayers in terms of time saving, easy access even at the comfort of their homes and offices and where there is internet connectivity. The system also captures a wider geographical coverage and classes of taxpayers (Mwangi, 2013).

Despite the increasing need to increase revenue collection and enforcement so as to provide public services, the introduction of electronic tax systems in most developing countries like Kenya still face the challenges of low tax compliance and tax administration (Ivanyna & Von Haldenwang, 2015). Despite all the efforts aimed at developing better and easier electronic tax-filing systems, these tax-filing systems remain unnoticed by the public or are seriously underused in spite of their availability (Pastukhov, 2014). Therefore, there is a need to understand the acceptance by the users of the electronic tax-filing systems and identify the factors that can affect their decision to use or not use these electronic tax-filing systems (Wreh, 2013). This issue is important in that the answer could help the government to plan and promote new forms of electronic tax-filing systems in the future.

Statement of the Problem

Taxation is often the most important source of state revenue. However, many developing countries lack effective tax administration structures and processes (Vehorn, 2013).

Electronic tax system was introduced by Kenya Revenue Authority to increase financial collection, administration, avail services to the tax payers all the time from anywhere, reduce costs of compliance and improve tax compliance. In the years 2009-2013, ITMS realized Kshs 1.8 billion. The first roll out of iTax was in September 2013 and as at November 2016, 4.7 million Kenyans were on iTax (RoK, 2016). To date, the iTax system project has realized over Kshs 4 billion in cumulative VAT flagged off since 2013.In FY 2014/15, Kshs 1,069 billion was collected. There has been improved tax compliance by 5% per annum - assuming an overall compliance level of 60%, enhanced revenue collection by an additional Kshs. 15 billion per annum on account of improved compliance, and cost of tax collection has remained below 2% (RoK, 2016).

Despite the achievements enumerated above, significant challenges still remain. These include: lack of sufficient funding, implementation hiccups towards the attainment of a complete self-assessment regime while faster progress is needed in the implementation of i-Tax System, stakeholders' resistance to reform initiatives, the need for sustained efforts in fighting corruption and tax fraud, timeliness of legislative changes, and human resource issues like remuneration, skills and integrity (RoK, 2016). Tax compliance levels remain low and tax collections are below the targets set by Kenya Revenue Authority and as a consequence, some developing countries capture as little as 40% of their tax potential (KIPPRA, 2015). According to KNBS (2015) report about 90% of iTax implementations are late or over budgeted and iTax implementation success rate is only about 33%. Despite all these reforms, there is still a major concern by the treasury as noted in the 2014/15 budget speech that tax reforms are still not generating revenue to their potential capacity. The International Monetary Fund (2011) observed that implementation of tax reforms could increase Kenya Revenue Authority's revenue by an estimated Sh40 billion and removal of exemptions will make tax collection less complicated.

The study was also motivated by the knowledge gaps presented in studies conducted by scholars such as Damali and Shukla (2016) who focused on community based projects in Rwanda as well as Ochieng et al., (2014) who assessed the effects of tax reforms on buoyancy and elasticity of the tax system in Kenya. There was a need to focus on implementation of the iTax system project in Kenya especially due to the challenges in its implementation.

Research Objectives

   i.   To find out the influence of top management commitment on the implementation of tax administration projects in Kenya

  ii.   To examine the influence of project schedule in the implementation of tax administration projects in Kenya

 iii.   To assess the extent to which user acceptance influences the implementation of tax administration projects in Kenya

 iv.   To establish how project monitoring influences the implementation of tax administration projects in Kenya

LITERATURE REVIEW

Theoretical Review

Results Theory

Results Theory developed by Freire (1970) assumes there is a correlation between management commitment and measurable goals through project performance. This is the first theory linking the study with the first variable which is management commitment. Originally borrowed from the non-governmental organizations and viewed by scholars such as Hunter and Gates (2008) as the most modern approach to project performance, results theory is now adopted by many governments across the world in relation to management style. This is largely informed by arguments advanced by Grinblatt and Titman (2010) on results based management as a performance of electronic system usage as the best solution to sustained development among the developing nations. Revenue collection system ensures performance; it should be an integrated to project sustainability system through skilled manpower.

The Theory of Constraints

Theory of constraint (TOC) was proposed by Dr. Goldratt. It is based on utilizing the resources constraint factors, which are inherent in the project, to conduct a set of systematic management activities (Goldratt, 1990; 1997). In traditional project management one uses the estimated duration of individual activity in a project to conduct the scheduling work. The theory is used to bring an understanding to project scheduling. Using TOC to conduct the research of project scheduling has mainly focused on several directions, such as exploration of constraint criteria extension (Wei, Liu & Tsai, 2002), using heuristic method to solve the mathematic planning problem of stochastic model (Rabbani, et al., 2007), or incorporating agent component technique of information technology to conduct schedule simulation (Knotts, Doro & Hartman, 2000). This study incorporates critical chain scheduling method to explore the effectiveness of various scheduling strategies to the performance of project management.

Technology Acceptance Model (TAM)

The model is one of the most influential models which have been widely used in the studies of the determinants of information system acceptance (Ramayah & Jantan, 2004). Introduced in 1989 by Fred D. Davis, TAM is an information systems theory that models how users come to accept and use a technology. TAM is an adaptation of TRA and specifically tailored for modeling user acceptance of information systems (Sun & Zhang, 2006; Amin, 2007a; Chung, 2008). TAM is established generally to provide an explanation of the determinants of technology acceptance and capable of explaining user behaviour across a broad range of end-user technologies and user populations while at the same time being parsimonious and theoretically justified (Alrafi, 2006; Amin, 2007b; Amin, Baba & Muhammad, 2007; Amin, 2008; Chung, 2008]. The model proposes that when users are presented with a particular technology, two particular beliefs namely perceived usefulness

and perceived ease of use affect their behavioural intention to use the system. It links to user acceptance.

Theory of Planned Behavior

Ajzen (1985) modified the theory of reason action (TRA) and further proposes the theory of planned behavior (TPB). Ajzen (1985) proposes TPB to explain and predict human behavior patterns. TPB extends the theoretical framework of TRA and adds perceived behavioral control to account for individuals' uncontrollable factors. TPB is founded the three factors as perceived behavioral control, attitude, and subjective norms. Hence, behavioral intention is influenced by perceived behavioral control, attitude, and subjective norms. Actual behavior is in turn, determined by behavioral intention. Among all, perceived behavioral control refers to individual's perceived ease or difficulty of performing the particular behaviors. In recent years, there have been widespread tax reforms and more diversifications in real estate sector.

Theory of Change

The theory of change (TOC) is a visual tool to articulate and make explicit how a project's change process will take place. It is a model that explains how an intervention is expected to lead to intended or observed impacts. The TOC therefore is a project planning tool, a M&E tool and a communication tool and assists with one or more of the following: (1) defining the outcomes that an intervention aims to achieve; and (2) defining the causal pathways through which a given set of changes is expected to come about. Beyond this, the TOC can be used to (3) define the assumptions that underlie various casual pathways; (4) develop a coherent and logical set of metrics or measures that can be used to track change over time; (5) devise clear and useful evaluation and learning questions; and (6) organize learning processes at various levels with a diverse set of stakeholders. The theory links to project monitoring in this study.

Conceptual Framework
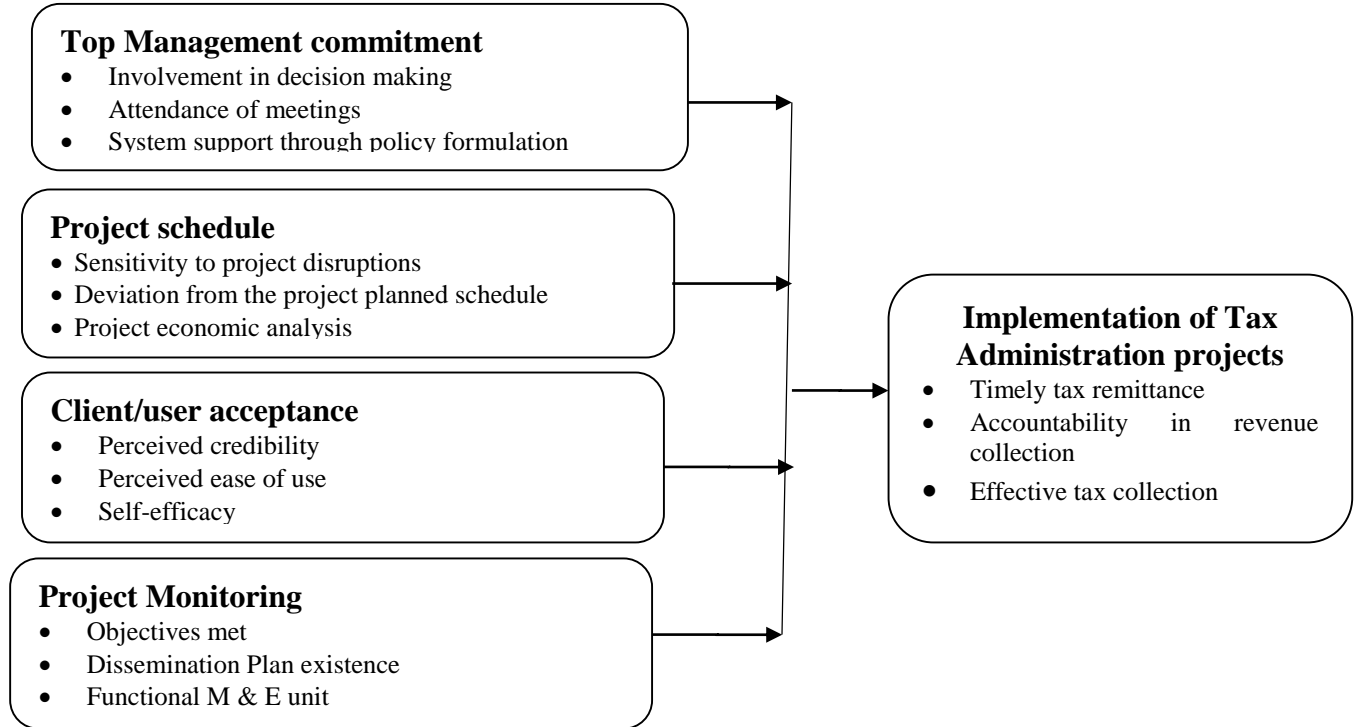
Independent Variables   **Dependent Variable**

Figure 1: Conceptual framework

RESEARCH METHODOLOGY

The research design employed in this study was descriptive design. The target population consisted of employees of the Kenya Revenue Authority headquarters at Times Towers, Nairobi City County. The study targeted a population of 258 staff currently employed at the KRA headquarters since they are the custodians of the iTax system. The sample size was determined using Kothari (2004) formulae indicated as:

$$n = \frac{z^2 \cdot p \cdot q \cdot N}{e^2(N-1) + z^2 \cdot p \cdot q}$$

Where: **n**=sample size, **N** is the total population, **e²**= acceptable error (the precision level at 0.05), **p**= the proportion in the target population that assumes the characteristics being

sought. In this study, a = 50:50 basis is assumed which is a probability of 50 percent (0.5), **q** = The balance from p to add up to 100 percent. That is 1-P (1 - 0.5), which in this case is 100 - 50 percent (0.5), z^2= number of standard deviation units of the sampling distribution corresponding to the desired confidence level of 95 percent which is 1.96. This gave a sample size of 155 respondents. Stratified random sampling was used. Structured questionnaires were used to collect data which was analyzed descriptively and inferentially. Regression methods were used for analysis and the model is as shown below.

$$Y = \beta_0 + \beta_1X_1 + \beta_2X_2 + \beta_3X_3 + \beta_4X_4 + ę$$

Where: Y = Implementation of tax administration projects**,** β_0 = Constant Term**,** β_1= Beta coefficients**,** X_1= Top management commitment**,** X_2= Project schedule**,** X_3= User acceptance**,** X_4 = Project Monitoring, ę= error term (residual term that includes the net effect of other factors not in the model and measurement errors in the dependent and independent variables).

RESULTS AND DISCUSSIONS

The number of questionnaires that were administered was 155 where a total of 128 questionnaires were filled and returned giving an overall response rate of 83%.

Demographic Characteristics

This section presents the basic characteristics of the respondent. They include gender, age, education and the number of years worked in the organization.

Table 1: Demographic Characteristics

Characteristic	Category	Percentage
Respondents Gender		
	Male	59%
	Female	41%
Respondents Age	18-28 Years	17.20%
	29-39 Years	26.60%
	40-50 Years	39.10%
	Over 50 Years	17.10%
Level of Education	Degree	62%
	Diploma	38%
Work Experience	0-5 Years	39.10%
	6-10 Years	35.90%
	11-15 Years	15.60%
	Over 15 Years	9.4%

Top Management Commitment

The study sought to determine the extent to which top management commitment affects revenue performance at KRA. The study findings indicated that majority, 33%, of the respondents revealed that top management commitment affects revenue performance at KRA to a very great extent, 28% affect to a large extent, 25% affects to a moderate extent and only 14% revealed that it affects to a small extent. The findings imply that on average, top management commitment affects revenue performance at KRA to a large extent.
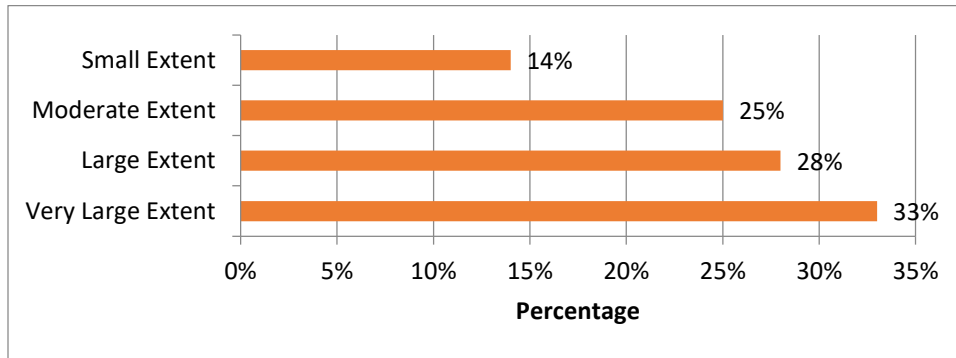
Figure 2 Extent to which top management commitment affects revenue performance

The study also sought to examine the influence of top management commitment on the implementation of tax administration projects in Kenya. The respondents were asked to rate statements on top management commitment on five point Likert scale where 1=No extent, 2= Low extent, 3= Moderate extent, 4= Great extent and 5= Very great extent. The average responses are as indicated in Table 2. The findings of the study reveal that majority of the respondents indicated that top management affirms the importance of the implementation of tax administration projects to a very great extent (Mean = 4.63). The respondents also indicated that top management closely reviews all the activities concerning the implementation of tax administration projects to a very great extent (Mean = 4.88). Moreover, the respondents indicated that the top management does not hesitate on allocating time and resources in the implementation of tax administration projects and that the top management sets an example by being on time for implementation of tax administration projects meetings to a moderate extent (Mean = 3.34, 3.19 respectively). In addition the respondents also indicated that the top management interprets, when necessary, to find solutions to problems concerning implementation of tax administration projects that arise during meetings, the top management follows up outcomes of implementation of tax administration project meetings and that the top management is involved in generating solutions regarding issues on implementation of tax administration projects to a great extent (Means = 3.53). Lastly, the respondents also indicated that the top management is involved in leadership direction and support of policies regarding implementation of tax administration projects and the top management is involved in issue identification and analysis regarding implementation of tax administration projects to a moderate extent (Mean= 3.34, and 3.19). The findings are consistent with Kumar (2012) who revealed that when implementing tax, the most important facet is top management's commitment to the tax implementing strategic direction itself. In fact, this commitment is a prerequisite for tax compliance, so top managers have to show their dedication to the effort.

Table 2 Top Management Commitment

Statements	Mean	Std Dev
Top management affirms the importance of the implementation of tax administration projects	4.63	0.78
Top management closely reviews all the activities concerning the implementation of tax administration projects	4.88	0.33
Top management does not hesitate on allocating time and resources in the implementation of tax administration projects	3.34	1.11
Top management sets an example by being on time for implementation of tax administration projects meetings	3.19	1.22
Top management interprets; when necessary, to find solutions to problems concerning implementation of tax administration projects that arise during meetings.	3.53	1.30
Top management follows up outcomes of implementation of tax administration project meetings	3.53	1.30
Top management is involved in leadership direction and support of policies regarding implementation of tax administration projects	3.34	1.11
Top management is involved in issue identification and analysis regarding implementation of tax administration projects	3.19	1.22
Top management is involved in generating solutions regarding issues on implementation of tax administration projects	3.53	1.30
Average	**3.68**	**1.08**

Project Schedule

The study sought to determine the extent to which project schedule influences the implementation of tax administration projects at KRA. The results from the study revealed that those respondents who revealed that project schedule influences the implementation of tax administration projects at KRA to a very large extent were 35%, to a large extent were 30% and those who indicated that it influences to a moderate extent were 25%. The number of respondents who revealed that it influences to a small extent were 10%. The findings imply that on average, project schedule influences the implementation of tax administration projects at KRA to a large extent.
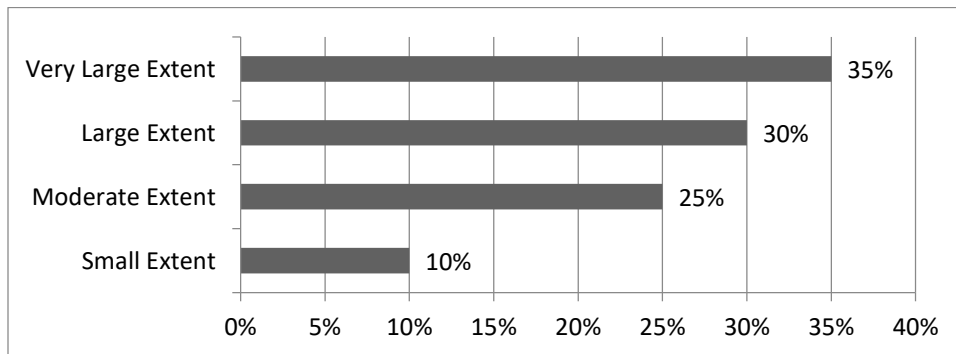
Figure 3 Extent to which project schedule influences the implementation of tax administration projects

The study also sought to examine the influence of project schedule on the implementation of tax administration projects in Kenya. The respondents were asked to rate statements on project schedule on a five point Likert scale where 1=No extent, 2= Low extent, 3= Moderate extent, 4= Great extent and 5= Very great extent. The average responses are as indicated in Table 3. The findings of the study revealed that the respondents indicated that time overruns of the project schedule influence implementation of tax administration projects to a moderate extent (Mean=3.38). Additionally, the respondents also indicated that cost overrun of the project schedule influence implementation of tax administration projects to a great extent (Mean=3.94). They also indicated that the disputes concerning the system, Arbitration leads to deviation from the planned project schedule, total abandonment of the project leads to deviation from the planned project schedule, litigation leads to deviation from the planned project schedule and assessing the sustainability of the tax system project influences its implementation to a moderate extent (Mean = 3.22, 3.38, 3.22, 3.38 and 3.38respectively). The respondents also indicated that project economic analysis informs the design of the tax system project that can contribute to a sustainable improvement in the welfare of project beneficiaries to great extent (Mean=3.94). Furthermore, the respondents indicated that it can help in estimating the project's fiscal impact and inform government/implementing agency accordingly and it can also determine whether there is scope for cost recovery and that arrangements are efficient and equitable to a moderate extent (Mean=3.22 and 3.38 respectively).

On average, the respondents indicated that project schedule influence the implementation of tax administration projects in Kenya to a moderate extent (Mean= 3.44). The standard deviation also indicates that there was a small variation in the responses given by the respondents (Mean=1.36). The findings are consistent with Mwaikogi (2013) who advances that proper project scheduling is paramount to successful implementation of projects.

Table 3 Project Schedule

Statements	Mean	Std Dev
Time overruns of the project schedule influence implementation of tax administration projects	3.38	1.54
Cost overrun of the project schedule influence implementation of tax administration projects	3.94	1.42
Disputes concerning the system influence implementation of tax administration projects	3.22	1.41
Arbitration leads to deviation from the planned project schedule and influences implementation of tax administration projects	3.38	1.14
Total abandonment of the project leads to deviation from the planned project schedule and influences implementation of tax administration projects	3.22	1.41

Statements	Mean	Std Dev
Litigation leads to deviation from the planned project schedule and influences implementation of tax administration projects	3.38	1.14
Assessing the sustainability of the tax system project influences its implementation	3.38	1.54
Project economic analysis informs the design of the tax system project that can contribute to a sustainable improvement in the welfare of project beneficiaries	3.94	1.42
It can help in estimating the project's fiscal impact and inform government/implementing agency accordingly	3.22	1.41
It can also determine whether there is scope for cost recovery and that arrangements are efficient and equitable	3.38	1.14
Average	**3.44**	**1.36**

User Acceptance

The study sought to determine the extent to which user acceptance influences the implementation of tax administration projects at KRA. The results of the study reveal that those respondents who revealed that user acceptance influences the implementation of tax administration projects at KRA to a very large extent were 18%, large extent were 22% and those who revealed that it influences to a moderate extent were 45%. Further findings showed that 10% indicated that it influences to a small extent and 5% revealed it influences to a very small extent. The results imply that user acceptance influences the implementation of tax administration projects at KRA to a moderate extent.
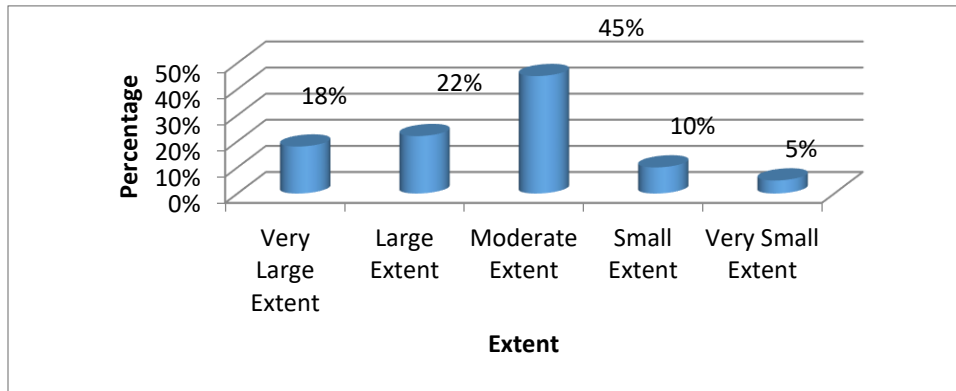

Figure 4 Extent to which user acceptance influences the implementation of tax administration projects

The study also sought to examine the influence of user acceptance on the implementation of tax administration projects in Kenya. The respondents were asked to rate statements on user acceptance on five point Likert scale where 1=No extent, 2= Low extent, 3= Moderate extent, 4= Great extent and 5= Very great extent. The average responses are as indicated in Table 4. The findings of the study revealed that the respondents indicated that security of the tax system influences client/user acceptance, confidentiality of the tax system influences client/user acceptance, Reliability of the tax system influences client/user acceptance, Simplicity of the tax system influences client/user acceptance, Convenience of

the tax system influences client/user acceptance and the client/user expects the system to be free of effort while filing tax returns which in turn influences the implementation of tax administration projects to a great extent (mean=3.88, 4.31, 3.53, 3.72, 3.88 and 4.31 respectively). They also indicated that the tax system is relied upon by clients/users as a source for valid information, the tax system maintains a consistent and predictable work schedule and the Clients/users recognize the relative importance of certain tasks and responsibilities of the system and has the ability to ensure that deadlines are met to a great extent (Mean = 3.53, 3.72 and 3.88 respectively). On average, the respondents indicated that user acceptance influence the implementation of tax administration projects in Kenya to a great extent (Mean= 3.86). The standard deviation also indicates that there was a small variation in the responses given by the respondents (Mean=1.21).

Table 4 Client/User Acceptance

Statements	Mean	Std Dev
Security of the tax system influences client/user acceptance which in turn influences implementation of tax administration projects	3.88	1.30
Confidentiality of the tax system influences client/user acceptance which in turn influences implementation of tax administration projects	4.31	1.05
Reliability of the tax system influences client/user acceptance which in turn influences implementation of tax administration projects	3.53	1.15
Simplicity of the tax system influences client/user acceptance which in turn influences implementation of tax administration projects	3.72	1.31
Convenience of the tax system influences client/user acceptance which in turn influences implementation of tax administration projects	3.88	1.30
The client/user expects the system to be free of effort while filing tax returns	4.31	1.05
The tax system is relied upon by clients/users as a source for valid information	3.53	1.15
The tax system maintains a consistent and predictable work schedule which in turn influences implementation of tax administration projects	3.72	1.31
Clients/users recognize the relative importance of certain tasks and responsibilities of the system and has the ability to ensure that deadlines are met.	3.88	1.30
Average	**3.86**	**1.21**

Project Monitoring

The study sought to determine the extent to which project monitoring influences the implementation of tax administration projects at KRA. The results of the study reveal that majority of the respondents, 38%, revealed that project monitoring influences the implementation of tax administration projects at KRA to a very large extent, 32% revealed that it influences to a large extent while 25% indicated that it influences to a moderate

extent. In as much as only 5% revealed that it influences to a small extent, the results imply that project monitoring influence implementation of tax administration projects at KRA to a large extent. The findings are consistent with Weinberg (2015) who studied evaluation and reporting and revealed that it has a significant influence on outcome.
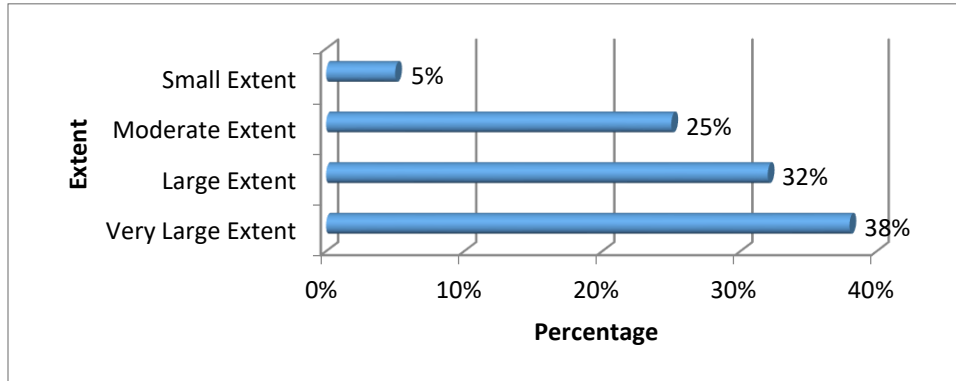

Figure 5 Monitoring and Feedback

The study also sought to examine the influence of project monitoring on the implementation of tax administration projects in Kenya. The respondents were asked to rate statements on Monitoring and Feedback on five point Likert scale where 1=No extent, 2= Low extent, 3= Moderate extent, 4= Great extent and 5= Very great extent. The average responses are as indicated in Table 5. The findings of the study revealed that the respondents indicated that the tax system links activities and their resources to objectives, the tax system translates objectives into performance indicators and sets targets and the tax system routinely collects data on these indicators, compares actual results with targets influences implementation of tax administration system project to a very great extent (Mean=4.63, 4.78 and 4.56 respectively). The availability of information on what the management, project staff, beneficiaries and other stakeholders need to know and when influences implementation of tax administration system project to a great extent (Mean=4.34). The respondents also indicated that the availability of information on strategic directions, to make changes, if necessary and the availability of information on operational directions, to make changes, if necessary, as well as M & E unit measures the progress of project or Programme activities against established schedules and indicators of success influences implementation of tax administration system project to a very great extent (Mean=4.63, 4.78 and 4.56 respectively).

Moreover, the respondents revealed that M & E unit identifies the factors accounting for progress of activities or success of output of the tax system influences implementation of tax administration system project to a great extent (Mean=4.34).Lastly, the respondents also indicated that M & E unit measures the initial responses and reactions to system project activities and their immediate short-term effects influence the implementation of tax administration projects to a great extent (Mean=4.41). On average, the respondents indicated that the statements on Monitoring and Feedback influence the implementation of tax administration projects in Kenya to a very great extent (Mean= 4.56). The standard deviation also indicates that there was a variation in the responses given by the respondents (Mean=0.61). The findings are consistent with Mwaikogi (2013) who argued that regular

monitoring and evaluation of project cost facilitates the projects in its stages of implementation to work within the availed budget, and hence enhance success rate.

Table 5 Project Monitoring

Statements	Mean	Std Dev
The tax system links activities and their resources to objectives	4.63	0.78
The tax system translates objectives into performance indicators and sets targets	4.78	0.42
The tax system routinely collects data on these indicators, compares actual results with targets	4.56	0.50
Availability of information on what the management, project staff, beneficiaries and other stakeholders need to know and when, influences implementation of tax administration system project	4.34	0.82
Availability of information on strategic directions, to make changes, if necessary, influences implementation of tax administration system project	4.63	0.78
Availability of information on operational directions, to make changes, if necessary, influences implementation of tax administration system project	4.78	0.42
The M & E unit measures the progress of project or Programme activities against established schedules and indicators of success.	4.56	0.50
The M & E unit identifies the factors accounting for progress of activities or success of output of the tax system.	4.34	0.82
The M & E unit measures the initial responses and reactions to system project activities and their immediate short-term effects.	4.41	0.49
Average	**4.56**	**0.61**

Implementation of Tax Administration Projects

The study sought to find out whether the implementation of tax administration system iTax at KRA is successful. The results of the study showed that majority 56%, of the respondents revealed that it has not been a success while 44% revealed that it has been a success. The fact that majority of the respondents reveal that it has not been a success confirms the problem statement of the study. The results are consistent with the argument by KNBS (2015) report that about 90% of i-Tax implementations are late or over budgeted and i-Tax implementation success rate is only about 33%.
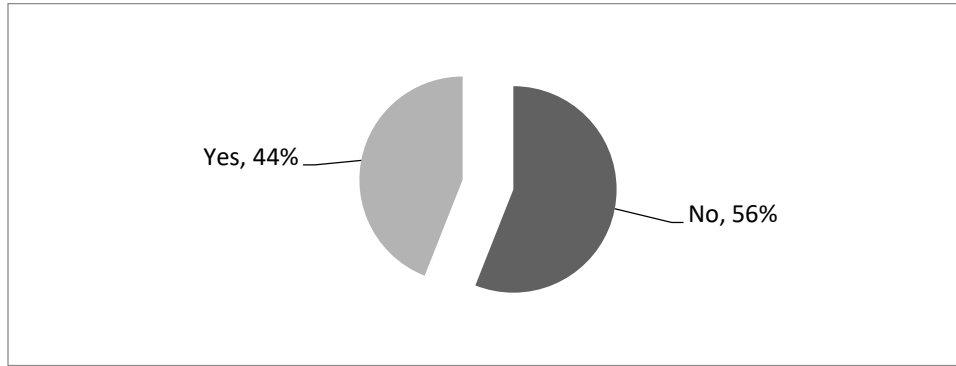
Figure 6 Success in Implementation of Tax Administration Projects

The study also sought to find out the extent to which the measures indicated in table 4.6 reflect the implementation of the iTax system project at KRA. The findings of the study revealed that timely tax remittance reflect the implementation of the iTax system project at KRA to a very great extent (Mean = 4.63). Moreover, the respondents indicated that Accountability in revenue collection and Stakeholder's satisfaction reflect the implementation of the iTax system project at KRA to a very great extent (Mean= 5.00 and 4.66 respectively). Further the respondents indicated that Effective tax collection reflect the implementation of the iTax system project at KRA to a great extent (Mean = 3.53). Lastly, the respondents indicated that Improved citizenship behaviour on tax payment reflect the implementation of the iTax system project at KRA to a great extent (Mean=4.09).

Table 6 Implementation of Tax Administration Projects

Measure	Mean	Std Dev
Timely tax remittance	4.63	0.78
Accountability in revenue collection	5.00	0.00
Stakeholder's satisfaction	4.66	0.54
Effective tax collection	3.53	1.48
Improved citizenship behaviour on tax payment	4.09	0.39
Average	**4.38**	**0.64**

Correlation analysis

The study used a correlation analysis to establish the association among the variables used in the study. Correlation indicates the direction in one variable if another variable changes. The correlation findings are presented in Table 7.

Table 7 Correlation Analysis

Correlations		Top management commitment	Project Schedule	User Acceptance	Project Monitoring	Implementation of Tax Administration Projects
Top management commitment	Pearson Correlation	1				
	Sig. (2-tailed)					
	N	128				
Project Schedule	Pearson Correlation	-.300**	1			
	Sig. (2-tailed)	0.001				
	N	128	128			
User Acceptance	Pearson Correlation	-.233**	-.222*	1		
	Sig. (2-tailed)	0.008	0.012			
	N	128	128	128		
Monitoring and feedback	Pearson Correlation	0.058	.188*	.304**	1	
	Sig. (2-tailed)	0.518	0.034	0		
	N	128	128	128	128	
Implementation of Tax Administration Projects	Pearson Correlation	.184*	.323**	.402**	.474**	1
	Sig. (2-tailed)	0.038	0.000	0.000	0.000	
	N	128	128	128	128	128

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

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

The study findings revealed that there was positive and significant correlation between top management commitment and the implementation of tax administration projects in Kenya as indicated by a Pearson coefficient of 0.184 and significance level of 0.038. The results are consistent with Hodgkin, (2013) who investigated the leadership perception on tax compliance in Kenya, and revealed that compliance is enhanced by the clients trust in the leadership. The study findings further revealed that project schedule has a positive and significant association with the implementation of tax administration projects in Kenya as shown by a Pearson coefficient of 0.323 and significance level of 0.000. The findings are consistent with Mwaikogi (2013) who conducted a study and established that majority, 58%, of the respondents believed that project scheduling has high influence on effective project implementation.

Moreover, the study findings indicated that there was a strong positive and significant association between user acceptance and the implementation of tax administration projects in Kenya as indicated by a Pearson coefficient of 0.402 and significance level of 0.000. The study findings are consistent with an argument by Baronas and Louis (2010) who established that when employees/users are given the opportunity to enhance perceived control during a system implementation, they will adapt to the resultant changes and more readily accept the system and that enhances the success rate in implementation of the project. Further, the study findings indicated that there was a strong positive and significant association between project monitoring and the implementation of tax administration projects in Kenya as indicated by a Pearson coefficient of 0.474 and significance level of 0.000. These findings are consistent with the findings of a study by Ofori (2013) who revealed that regular monitoring and evaluation of project cost facilitates the projects in its stages of implementation to work within the availed budget thus improving the success rate.

Regression analysis

The study used a regression model to examine the significant success factors in the implementation of tax administration projects in Kenya. The coefficient of determination, which is also called the R-square was 0.587 and it implies that top management commitment, project schedule, user acceptance, and project monitoring together account for up to 58.7% of the variation in implementation of tax administration projects in Kenya. This reveals that the remaining 41.3% of the variation in the success of implementation of tax administration projects in Kenya is accounted for by other factors other than the four factors.

Table 8 Model Summary

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
	.766	0.587	0.573	0.2691501

Predictors: (Constant), Top management and commitment, Project Monitoring, Project Schedule, User Acceptance

The F- statistic indicates the deviation between the observed and fitted values. It shows the significance of the overall model. The F statistic is significant at 5% (Sig < 0.000) showing that the model was significant. The F calculated statistic of 43.637> F (4, 123) critical value of 2.445 and that also supports the finding that the model was significant. The results imply that the four factors can be significantly used to predict the success in implementation of tax administration projects in Kenya. The study also established the model significance using Analysis of Variance (ANOVA).

Table 9 ANOVA (Model Significance)

ANOVA

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	12.645	4	3.161	43.637	0.000
	Residual	8.91	123	0.072		
	Total	21.555	127			

Dependent Variable: Implementation of Tax Administrative projects
Predictors: (Constant), Top management commitment, Project Monitoring, Project Schedule, User Acceptance

The results presented in Table 10 reveal that Top management commitment positively and significantly influences the implementation of Tax Administrative projects (Beta = 0.247, Sig = 0.000). The findings further shows that project schedule positively and significantly influence implementation of Tax Administrative projects (Beta = 0.209, Sig = 0.000). The results also reveal that user acceptance positively and significantly influence implementation of Tax Administrative projects (Beta = 0.245, Sig = 0.000).The results lastly indicated that project monitoring positively and significantly influence implementation of Tax Administrative projects (Beta = 0.179, Sig = 0.017). These findings are consistent with the findings of a study by Yalegama, Chileshe and Ma (2016) which was revealed that monitoring system, management information system and community operations manually contributed to the project success. The findings are also consistent with the findings of a study conducted by Mwaikogi (2013) and revealed that (33%) of the respondents indicated that project scheduling has very high impact on effective project implementation and that (58%) of the respondents believed that project scheduling has high influence on effective project implementation.

Table 10 Regression Coefficients

Predictor Variables	B	Std. Error	Beta	t	Sig.
(Constant)	0.989	0.322		3.072	0.003
Top management and commitment	0.247	0.034	0.483	7.255	0.000
Project Schedule	0.209	0.025	0.57	8.326	0.000
User Acceptance	0.245	0.029	0.593	8.542	0.000
Monitoring and feedback	0.179	0.074	0.158	2.411	0.017

Conclusions

The study concluded that top management commitment practices like affirming the importance of the implementation of tax administration projects, as well as project scheduling activities such as time and cost overruns have a significant influence on implementation of Tax Administrative projects. The study also concluded that an improvement in project monitoring practices such as linking of activities to the tax system and their resources to objectives, translation of objectives into performance indicators and sets targets by the tax system, the availability of information on strategic directions, to make changes, if necessary and the use of M & E unit to measures the initial responses and

reactions to system project activities and their immediate short-term effects leads to a positive significant influence in the implementation of Tax Administrative projects.

Recommendations of the study

The study recommends that for Kenya Revenue Authority to improve the success rate of tax administration project, such as i-tax, there is a need to encourage its top management team to affirm the importance of the implementation of tax administration projects as well as putting in place mechanisms for reducing time overruns such as proper planning, putting in place plans to reduce cost overrun such as proper procurement functions and having mechanisms for solving disputes concerning the system. There is also a need to conduct user awareness so as to improve use acceptance practices such as security of the tax, confidentiality and the convenience of the tax system. User education needs to be conducted to enlighten the i-tax system users.

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