

**PERCEIVED EFFECT OF TAXPAYER EDUCATION ON INCOME TAX
PERFORMANCE AMONG MICRO ENTERPRISES IN
NAIROBI COUNTY, KENYA**

BY

FELIX ODHIAMBO OBONG'O

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DECLARATION

Declaration by the Candidate

This research project is my original work and has not been presented for a degree in any other University.

Signature: _____ Date: _____

FELIX ODHIAMBO OBONG'O

KESRA105/0001/2019

Declaration by the Supervisors

This research project has been submitted for examination with our approval as University supervisors.

Signature: _____ Date: _____

Dr. Emma Omwenga

Department of Academic Affairs

KESRA/Moi University

Signature: _____ Date: _____

Dr. Joel Tenai

Department of Accounting and Finance

School of Business and Economics

Moi University

DEDICATION

I dedicate this project to my parents for their sacrifices and encouragement they have given me throughout my life.

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I thank God Almighty for the gift of life, health and continuous provision to date. I wish to acknowledge Dr. Emmah Omwenga Njagi, and Dr. Joel Tenai, my supervisors, for their professional guidance and critical evaluation of this academic piece of work. I recognize my other lecturers who had taken me through my course work and enabling me to complete my course work.

ABSTRACT

Tax revenue is the backbone of all governments' revenues in the world. Studies point to the possibility that taxpayer education impacts the understanding of the tax laws, tax procedures, and tax filing, among others. However, there is a lack of taxpayer's education attribution to a particular tax base in the overall revenue performance. The study's objectives were to investigate the effect of taxpayer sensitization, the effect of print media education, and the effect of electronic media taxpayer education on income tax performance among micro-enterprises in Nairobi County, Kenya. The study is significant because KRA could use the findings to improve its taxpayer outreach interventions by understanding what works best among the micro-enterprises. The study was anchored on transformative learning, social learning, and the benefit theories of taxation. The target population of the study was 7,800 micro enterprises in the Kamkunji area. Bridget and Lewin's formula was used to arrive at a sample of 380 micro-enterprises, and a systematic sampling technic employed to reach the sampled population. Primary data was collected using a self-administered five-point Likert scale questionnaire. Findings indicated that Taxpayer sensitization was significant on income tax performance with ($\beta=0.274$, $p=0.000$; $\rho < 0.05$), print media education was significant on income tax performance with ($\beta= 0.324$; $p=0.004$; $\rho < 0.05$) and electronic media education was significant on income tax performance with ($\beta=0.321$; $p=0.001$; $\rho < 0.05$). Pearson correlation tested at a 95% confidence level showed a positive correlation of R 0.397, 0.283, and 0.421 between taxpayer sensitization, print media education, electronic media education, and tax performance. The findings revealed that taxpayer sensitization, print media education, and electronic media education correlate with income tax performance up to $R=0.887$ and account for $R^2 =0.786$. The findings further revealed that even if the results were adjusted, the study still accounted for Adjusted R^2 0.779 variation of income tax performance. The Regression equation showed that the independent and dependent variables were statistically significant. A unit change in taxpayer sensitization, print media education, and electronic media education increased income tax performance by 0.274, 0.324, and 0.321, respectively. The study concluded that taxpayer sensitization, print media education, and electronic media taxpayer education affected income tax performance. The study recommends that revenue authorities encourage taxpayers to attend taxpayers' week organized for business entities in which they present and represent other businesses' tax needs. This would lead to an increased level of awareness which is critical for improved income tax performance. Since the study found variations in the relationship between taxpayer education and income tax performance, future studies might be conducted in the areas that caused the variation, including economic, social, and religious factors.

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ABBREVIATIONS AND ACRONYMS

ATAF	–	Africa Tax Foundation
CBD	–	Central Business District
CGT	–	Capital Gains Tax
CIT	–	Corporate Income Tax
IMF	–	International Monetary Fund
KRA	–	Kenya Revenue Authority
LAC	–	Latin America and the Caribbean
OECD	–	Organization for Economic Corporation and Development
PAYE	–	Pay As You Earn
PIN	–	Personal Identification Number
UNCTAD	–	United Nations Commission on Trade and Development
VAT	–	Value Added Tax
ZIMRA	-	Zimbabwe Revenue Authority.
GDP	-	Gross Domestic Product.
AU	-	African Union.
FCS	-	Fragile and Conflict affected States.
IDA	-	International Development Association.

OPERATIONAL DEFINITION OF TERMS

Electronic Taxpayer Education – the process of imparting knowledge and information to taxpayers through the use of electronic media which includes television, social media and blogs that contain information on obligations and expectations of a taxpayer (Amaning *et al.*, 2021).

Income Tax Performance - the measurement of actual income tax collected as proportion to the estimated projection within a given financial year. Performance can be improved by educating taxpayers through face-to-face, electronic which then influence their perceived view of the income tax obligations (ATAF, 2019).

Print Media Education – the process by which a taxpayer is educated through the use of print media such as brochures/flyers, tax newsletters, and tax guidebooks. The aim of the print media is to ensure that referrals can be made by the taxpayers any time. (Adekoya, 2019)

Taxpayer Sensitization - the process whereby taxpayers are educated using a one on one (physical) interaction with tax authority and their agents with the goal of

obtaining knowledge through tax conferences, taxpayers' week and seminars (UNCTAD, 2018).

Taxpayers Education –

the process of passing on knowledge, and information to taxpayers on the laws, regulations, and procedures of registering for tax, filing of tax and payment of taxes due using face-to-face, electronic media and their ability to perceive and act on the information received (Kichler, 2002).

CHAPTER ONE

INTRODUCTION

1.0 Overview

This chapter introduces the background to the study on the perceived effect of taxpayer education on income tax performance among micro enterprises in Nairobi County, Kenya. The chapter further postulates the problem statement and describes the objectives of the study and research questions. The chapter then discusses the significance of the study to various sectors of the economy and the academic fraternity. The chapter then describes the scope of the study and concludes with the limitations of the study.

1.1 Background to the Study

In order to sustain public demand, various governments worldwide depend on tax revenue. To meet the growing need for economic development and growth, these governments have developed various tax regimes, systems, and bases (OECD, 2020). Collecting taxes and fees was a fundamental task for countries to generate public revenue that made it possible to finance investments in human capital, infrastructure, and services for citizens and businesses (IMF, 2020). Global analysis of the financing gap for achieving Sustainable Development Goals for developing countries alone was about US\$2.5 trillion annually. This financing gap would need to be met by increased private sector investment in sustainability, which required appropriate tax policies to create the needed price incentives. Even though there was a dire need for developing countries to collect enough revenue, they still faced challenges, including fragile and conflict-affected states and tax collection challenges (World Bank, 2020).

Countries collecting less than 15% tax revenue to GDP ratio must increase their revenue collection to meet the basic needs of citizens and businesses. World Bank (2019) further

notes that this level of taxation was an important tipping point to making the state viable and putting it on a growth path. However, as of 2018, 48% of IDA/Blend countries and 69% of FCS countries were below the global baseline of 15% tax revenue to GDP ratio. Several factors deny many countries the ability to meet their revenue performance targets (ATAF, 2020). Overly complicated tax systems were associated with a high level of tax evasion, large informal sectors, more corruption, and less investment (World Bank, 2020). Further, modern world tax systems should seek to optimize tax collections while minimizing the burden on taxpayers to comply with tax laws (IMF, 2020).

Governments need to adjust objectives like increased income activation, manageable development, and decreased compliance costs guaranteeing that the tax framework is fair and impartial. They should ensure reasonableness contemplations incorporated the overall tax collection from poor people and the rich; corporate and individual citizens; urban communities and country regions; formal and casual areas, work, speculation pay; and the more established and more youthful age (World Bank, 2019; IMF, 2020 and OECD, 2020). Several theories and efforts were being put in place by individual countries and economies to ensure that they collected enough taxes. For all governments, the organization of tax was vital. Paying tax was one of the most general, regular, and possibly argumentative communications residents had with their administration. Assuming that paying taxes was viewed as simple, clear, fair, and powerful, people and organizations could connect those characteristics with their administration all the more comprehensively. On the off chance that residents could perceive how their money in terms of taxes were utilized and perceive the relating esteem produced for society, they may be bound to consent to their expense

commitments. This superior expense income execution across many tax bases (ATAF, 2018).

Governments worldwide impose various taxes on their citizens to achieve many purposes. Taxation has been considered the most reliable and predictable way of revenue generation for development, unlike debts from financial institutions or local borrowing. Taxation has also been considered the most influential fiscal instrument for any government in accomplishing its goal of strong economic growth and development (Joshi, Prichard, and Heady, 2014). Even though there were many tax bases that different countries levy, it was observed that there was a low tax revenue level, and the tax burden was unevenly distributed (Araujo-Bojean & Chambas, 2003). There were many reasons for low tax revenue and underperformance globally, where the notable one was the inability of the majority of tax authorities to tax the informal sector as a booster to revenue performance.

Zucman (2015) noticed that organizations universally now have incredible breadth for forceful expense arranging through tax shelters, benefit moving, and oppressive exchange estimating rehearses. For instance, the US Senate in 2013 uncovered instances of numerous exceptionally productive multinationals that didn't pay income tax in any nation and were doing as such in a totally lawful manner. Likewise, the European Union had as of late begun legitimate activity against a few worldwide undertakings working in its region however moving benefits somewhere else. Another example was an Apple subsidiary registered in Ireland, controlled by the United States, and not paying tax (Savedoff & Alwang, 2015). Further, this "stateless income" structure was quite legal, highlighting the prevalence of big loopholes in the global system of taxing multinational companies.

According to a conservative estimate by the OECD (2020), the resulting income revenue losses to governments globally were about US\$240 billion annually, which amounted to about 10 percent of the global corporate income tax receipts. Even though there could be more lost globally since revenue forecasting using tax to GDP ratio was perhaps the weakest link in the chain between tax structure and revenue collected (Pomeranz, 2015). As there were weaknesses in the actual estimation of the tax revenue performance through the GDP lenses, it was globally agreeable that more efforts should be put in place to seal the loopholes, increase tax bases, and generally improve revenue performance. In terms of general tax performance, countries in the west are doing better than Latin America and the Caribbean (LAC), and Africa.

Taking the African region as a whole, Moore, Prichard, and Fjeldstad (2018) noticed that improvement outperformed homegrown income from mid-1980 to 1990 as the wellspring of government income and that African states had been playing the income extraction game for quite a while. Nonetheless, regardless of a few critical impediments, a few African states play it better than other low-pay countries. One of the debilitations was the trouble that African governments faced is properly taxing enormous transnational companies in Africa, particularly mining and energy. Another test was that African assessment specialists had been attempting to separate income from economies portrayed, to a more prominent degree than the vast majority of the world, limited scope endeavors, rurality, means of farming creation, and the predominance of money exchanges (Moore, Prichard & Fjeldstad, 2018).

African tax administrators face further handicaps of recent policy choices. There were many policies of tax collection in African countries which made it such diverse and complex in itself to understand. These diversities come with the lack of personnel skills, procedures, and organizational ethos to tax large companies, which some were very

large and transnational. This required appreciable accounting, auditing, investigatory and legal skills and knowledge, and international connections of various kinds ((Le, Moreno-Dodson, & Bayraktar 2009). According to Africa Tax Administration Forum (2017), it was the norm in Sub-Saharan Africa that the great bulk of revenues collected by the national tax authority comes from a tiny proportion of taxpayers. At the same time, most organization energy and staff time go into very different tasks, including trying to tax small enterprises. However, due to revenue challenges, many countries in Sub-Saharan Africa have resorted to taxing the informal economy, where the majority of the micro-enterprises belong (Chartered Institute of Taxation of Nigeria, 2014). ZIMRA (2009) acknowledged that a significant amount of money goes untaxed in the informal sector, which subsequently posed a threat to the stabilization of the economy in most African countries. Several reasons, including advertent evasion of tax, lack of tax knowledge, and the complexity of tax systems, were some reasons why businesses and individuals in the informal sector failed to pay their taxes (Udoh, 2015; Porter & Shleifer, 2014).

In Kenya, as per the KRA (2021) Revenue Performance report for financial 2019/2020, revenue performed at 97.9%, which is a growth of 1.7% using the financial year 2018/2019 performance levels. This growth saw the collection of KES1.607 trillion against the target of KES 1.642 trillion, leaving a gap of KES 33 billion approximately. Income Tax bases include PAYE, rental income tax, withholding tax, and individual and corporate income tax. Across these bases, PAYE grew by 2.0%, withholding Tax and rental income grew by 18.2%, while income tax from corporates and individuals grew by only 1.8%. Even though Kenya Revenue Authority had made strides and employed technology to collect tax revenue, these gaps still needed to be narrowed to empower the government to offer public goods and services (IMF, 2018). The steps

that had been taken by the Kenya Revenue Authority to include taxpayer's education indicate, according to discussed data, progression. However, revenue performance falls below the set targets even with the increased tax bases.

Even though there is no universal agreement on whether to tax or not tax the informal sector, Kenya may be forced to look that way. Still, several scholars agree that there was a need to increase taxpayers' education as an important aspect of improving tax compliance, affecting tax revenue performance. Many agreed that often taxpayers had little understanding of the importance of paying taxes and the role that revenue played in the provision of public goods and services; non-compliance would be high, and revenue would underperform irrespective of the tax base (Kira, 2017; Palil, 2010; Richardson, 2006, Tanui, 2016). It was important to understand further through the study how taxpayer education influences income tax performance among micro-enterprises. It is hoped that the study's findings may be used to add value to the overall task of tax collection and contribute to the attainment of the economic goals of Kenya.

To address the persistent underperformance of tax revenue and the need to meet the country's economic development and growth demands, some governments were increasing tax rates, expanding tax bases, and investing in the human capital of their populations (World Bank, 2019). Further, according to Ramalho and Packman (2019), these attempts would contribute to raising the proportion of GDP, particularly in lower-income countries where the tax-to-GDP ratio was below the global averages. Changing tax rates or changing the harmony between immediate and aberrant taxes were two potential ways of expanding revenue from taxation. One more way actually was to make tax frameworks as straightforward as conceivable to consent to and afterward implement the principles in a fair, straightforward, and proportionate way.

Basic, reasonable, surely known, and appropriately controlled charge frameworks could assist with bringing the boundaries for organizations down to move from the casual to the conventional area. As a result, this would broaden the tax base and potentially raise tax revenue without increasing the tax rate (World Bank, 2019), even though Kenya Revenue Authority had made efforts to increase tax bases recently by introducing taxes such as turnover tax, capital gains tax, betting tax, rental income tax, and digital service tax. The efforts, even though they yielded to increase in revenue performance, still that these bases had not been able to contribute to achieving revenue targets effectively. According to the Kenya National Bureau of Statistics Economic Survey (2020), the informal sector employs about 15.1 million people and accounts for 86.1% of the labor force in Kenya.

Kenya Revenue Authority (2020) reported that the total number of taxpayers, both businesses and individuals, who filed their taxes was 4.4 million in 2020, against the target of 7 million by the end of 2021. Considering that from the financial years 2018/2019 to 2019/2020, taxpayers increased from 3.8 million to 4.4 million, an increase of 600,000 additional taxpayers, it was almost impossible to attain the target of 7 million taxpayers within 2021. Most qualifying taxpayers going by the data on the informal sector employment alone (15.1 million), do not pay taxes. There was, therefore, a need to bring more taxpayers into paying taxes if revenue performance was to be improved. However, to enhance tax payment and tax compliance, there was a need to focus on the informal sector, especially small business owners and individuals. It was worth noting that the business in the informal sector, especially the micro-enterprises, had been cited as having high rates of non-compliance to tax laws.

Kamleitener *et al.* (2012) provided reasons why this compliance may be high and stated that non-compliance to tax laws was due to the micro enterprises' owners and

individuals' lack of knowledge. The lack of knowledge puts these micro-enterprises in a likely position not to pay their taxes compared to large-scale businesses. Therefore, the micro-enterprise owners and individuals assume that non-compliance with tax laws is not unlawful and might not have the responsibility to comply (Kisipillai *et al.*, 2013). From the preceding, it was obvious that the informal sector, where the micro-businesses were mostly domiciled, was critical if focused on improving tax revenue performance. Knowledge of these business owners and individuals was important to contribute to compliance which further enhances revenue performance.

Palil and Mustapha (2011) agree that the level of education received by the taxpayer was important in improving their level of knowledge about issues relating to tax. There seems to be inadequate research attention on the influence of taxpayer education from the informal sector on revenue performance, which would continue to attract research. Research in Kenya had concentrated at the national and county level on factors determining tax compliance and general revenue performance, with none focusing on the informal sector and specifically the microenterprises and income revenue performance (Wawire, 2020; Ngicuru *et al.*, 2016; Nyaga & Omwenga, 2016). Therefore, this study investigated the perceived effect of taxpayer education on income performance among the microenterprises in Nairobi County, Kenya.

1.2 Statement of the Problem

Kenya depends on various tax bases, including VAT, CIT, CGT, PAYE, and excise duty, to collect tax revenue critical to financing its development agenda. Kenya Revenue Authority has reported growth in tax revenue for the past three years, yet all this growth has not been able to meet the set revenue target. According to KRA Seventh Corporate Plan 2018/19 – 2020/21, the revenue to GDP ratio strategic target is to move from 17.4% to 19.2% (KRA, 2019); however, according to World Bank and OECD

(2020) estimates, the revenue to GDP ratio was at 15.87% in the year 2020. The differences indicate that as much as an increase in total revenue collected within the financial year, it is still below the thresholds for revenue to GDP ratios. As per the African Union 2063 agenda, African countries and members of the AU set a revenue to GDP ratio target of at least 25% of the GDP by 2025 (ATAF, 2020). Due to the underperformance of the ordinary revenue, in the Kenya budget for the financial year 2020/2021; the fiscal deficit is projected at 7.3% of the GDP, indicating a widening scenario compared to the previous projection of 4.9% due to an economic slowdown and the ensuing revenue underperformance (Parliamentary Budget Office, 2020).

Boogaard *et al.* (2018) note that when taxpayers lack education and understanding of the importance of paying taxes diligently, many feel that it is the government's responsibility to force them to pay taxes. According to Isbell (2017), tax education is a critical factor that every tax authority should make efforts, irrespective of the categories of the taxpayer, to enhance compliance which ultimately leads to better revenue performance. Liebman and Luttmer (2015) aver that this is particularly severe in developing economies where taxpayers may not easily equate goods and services to taxes paid. Palil & Mustapha (2011) conducted a study on taxpayers' modes of education and their impact on income tax performance among large corporates in Malaysia, where the findings revealed that some modes of taxpayers' education led to poor performance of income tax among these corporates.

According to the study done by Gitaru (2017) on the effect of taxpayer education on tax compliance in Kenya, a case study of SMEs in Nairobi Central Business District, showed that where taxpayers lacked general, procedural, and legal knowledge, non-compliance tended to increase, which is the feeder of income tax underperformance. The problem of non-compliance was made worse when the taxpayer in question did not

understand the legal obligations surrounding tax payment. This becomes more serious when considering the micro-sectors of the economy. The study, therefore, investigated the perceived effect of taxpayer education on income tax performance. The study addressed the two-fold challenges of revenue underperformance and the difficult environment of taxing micro-enterprises within the economy.

1.3 Objectives of the study

The objectives of the study were divided into two. These were the general and specific objectives that the study aimed to achieve by the end of the entire process.

1.3.1 General Objective of the Study

The general objective of the study was to investigate the perceived effect of taxpayer education on income tax performance among micro-enterprises in Nairobi County, Kenya.

1.3.2 Specific Objectives of the Study

- i. To determine the effect of taxpayer sensitization on income tax performance among micro-enterprises in Nairobi County, Kenya.
- ii. To establish the effect of print media education on income tax performance among micro-enterprises in Nairobi County, Kenya.
- iii. To investigate the effect of electronic media education on income tax performance among micro-enterprises in Nairobi County, Kenya.

1.4 Research Hypotheses

H₀₁ Taxpayer sensitization has no significant effect on income tax performance among micro-enterprises in Nairobi County, Kenya.

H₀₂ Print media education has no significant effect on income tax performance among micro-enterprises in Nairobi County, Kenya.

H₀₃ Electronic media education has no significant effect on income tax performance among micro-enterprises in Nairobi County, Kenya.

1.5 Significance of the Study

The study evaluated the perceived effect of taxpayer education on income tax performance among microenterprises in Nairobi County, Kenya. The study's findings might be used by Kenya Revenue Authority to improve income tax revenue performance when the authority understands the relationship between taxpayer education and revenue performance. The study findings may also be used by the tax authority to assist in designing taxpayer education programs that are inclined to the needs of the micro-enterprises within the informal sector. The study established the perceived effect of taxpayer engagement on income tax performance, the perceived effect of print media on income tax performance, and the perceived effect of electronic media education on income tax performance. The findings of the study based on these variables may be used by academia to build further research knowledge on the subject of taxation. This would be useful in developing economies where literature is scarce on specific tax base performances.

1.6 Scope of the Study

The study established the relationship between taxpayer education and income tax performance among micro-enterprises in Kamkunji business district, Nairobi County. The focus was on micro-enterprises because this category falls within the larger micro, small and medium enterprises. Many of these micro-enterprises may also be doing both formal and informal businesses, yet their income was sufficient enough to warrant payment of taxes. Kamkunji had been specifically selected for the study because the location had many micro-enterprises. To differentiate micro-enterprises and other groups in the MSMEs sector, the study only focused on those enterprises with an annual

turnover of between Kenya shillings 1 million and Kenya shillings 5 million. Bogoviz *et al.* (2019) found that the free-rider problem of tax is common in the informal sector due to the lack of tax education and the notion that others should bear the tax burden. It was, therefore, important to study small and medium enterprises within the informal set to validate these assumptions conceptually and contextually.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

The chapter presents the introduction, the concepts of the study, the theoretical framework that supports and relates to the study variables, the literature review, the empirical review of study variables, research gaps, a summary of the literature review, and the conceptual framework of the study.

2.2 Conceptual Review of Study Variables

The main concept of the study was to investigate the perceived effect of taxpayer education on income tax performance among micro-enterprises in Nairobi County, Kenya. This was further divided into the variables of income tax performance measured against the variables of taxpayer sensitization, print media education, and electronic media education. These were further discussed.

2.2.1 Income Tax Performance

The concept of income tax performance depends on various factors. As per this study, these factors would influence income tax performance to some extent. These factors included taxpayer sensitization, print media education, and electronic media education. The study conceptualized that income tax performance would be influenced by the presence or absence of these factors to some degree. The concept further posited that income tax being crucial to revenue being collected by the government, should be enhanced to enable the government to achieve its developmental goals.

The aspect of tax collection among micro-enterprises is an important contributor to plugging the budget deficits that the country is experiencing from time to time. Therefore, the interest of the study was to find out how well could income tax among

the micro-enterprises' performance be improved. The concept further postulated that through multiple approaches, taxpayers could be educated, which inversely and proportionately could affect income tax performance, especially among the micro-enterprises' subsector of the economy.

2.2.2 Taxpayer Sensitization

The concept of taxpayer sensitization is that various people engaged in micro-enterprising should equally play their part in paying their tax liabilities. Even though their businesses might be considered negligible to effectively contribute to the country's revenue collection pool, their engagement with the revenue authority is equally important. It might be through physical training or online training, among other means, including open tax forums/day, but whereby taxpayers interact with the revenue authorities and are being walked through various aspects of taxation according to the prevailing tax laws as posited by Benzarti (2015).

The concept of taxpayer sensitization was perceived in the study as an aspect that would enhance taxpayers' compliance due to the knowledge gained. This is so important, especially when done physically where the tax authorities and the taxpayers interact on a common platform. The participants would even relate the costs of non-compliance to the speakers during such taxpayer sensitization functions as per Liebman & Luttmer's (2015) assertions. These events in the study included tax conferences, taxpayer's week, and seminars, among others.

2.2.3 Print Media Education

Print media education is whereby a taxpayer is subjected to print materials in the form of brochures, leaflets, flyers, banners, and personal letters, among others, to deliver information on tax requirements, procedures, regulations, and cause of action that may

be taken against those that are non-compliant (Banerjee *et al.* 2018). The study concept postulated that print media would influence income tax awareness, and those who have read and understood the communication intent are likely to remember and comply with the tax requirements.

The other aspect of this concept was that the taxpayers might be able to refer to the print media from time to time in areas that the taxpayer does not understand well. As Banerjee *et al.* (2018) put it, these print media education sources included brochures/flyers, tax newsletters, and tax guidebooks for this study. These are conceptualized as sources that, once accessed, could be repeatedly referenced whenever the need arises. These were expected to contribute to improving income tax compliance among micro-enterprises.

2.2.4 Electronic Media Education

According to Kleven *et al.* (2011), electronic media is any communication passed on to the taxpayer in electronic format and through electronic media channels. These may include tax information and communication passed through television screens, social media, websites, and blog posts. The concept of the study was that since technology is rapidly advancing, electronic media usage could be a powerful tool to reach the masses in micro-enterprises economic subsector. In the public domain, the majority of the micro enterprise's owners have smartphones that further enhance virtual communication.

The concept further postulated that the revenue authority could employ the power of electronic media to pass educational information on tax compliance, hence improving its performance. This interaction, to some degree, might influence income tax performance since taxpayers, especially the younger generation, are likely to interact

with relevant tax laws, tax obligations, and requirements and use existing electronic media to file and pay their taxes due (Feldman, Katuščák & Kawano 2016). The concept also can be understood to mean that electronic media education materials can be accessed anywhere and anytime. This characteristic can positively influence income tax performance among micro-enterprises.

2.3 Theoretical Framework

The study was guided by three theories relevant to the study variables. These are the Transformative Learning Theory, the Social Learning Theory, and the Benefit Theory of Taxation. These theories were discussed, critiqued, and then described how each supported and related to the study.

2.3.1 Transformative Learning Theory

Two great scholars, Mezirow and Marsick 1978 developed and first presented Transformative Learning Theory. According to Mezirow and Marsick's (1978) schools of thought, learners can adjust their thinking based on new information (Schnepfleitner & Ferreira, 2021). As Dix (2016) outlined, the theory began with Jack Mezirow, who did various studies on adult women who went back to school. After several experiments and research, he found that adults do not apply their old understanding to new situations, but rather adults learn by looking for new perspectives to understand new things and how they change. Mezirow theorized that students in this context, the adult learners had important teaching and learning opportunities connected to their past experiences. Mezirow found that critical reflection and critical review lead to a transformation of the learner's understanding (Malki & Green, 2014).

As the world's average human life span increases, and people can choose to change by learning about new occurrences in the economy, in the society, in education which

keeps on changing from time to time which leads to growth of interest on several fronts (Taylor & Laros, 2014). In this growth of interest is the notion of transformational learning, which encourages modification and inspires learners to critically question and assess the veracity of their inner thoughts, and assumptions while also understanding the world around them (Mezirow & Taylor, 2011). The world around people, for instance, could be taxation and how to gradually learn how to cope with tax requirements. For example, spending even a short time watching worldwide news channels will show how pertinent and germane understanding of this kind of learning theory is on levels that go beyond education. This is because individuals and nations are being thrown into chaos that requires them to adjust or change their inherent frames of reference or behaviour (Mezirow, 2008).

The transformational theory further posits that with constructivist practicalities, a person's established and taken-for-granted frames of reference are capable of change. Moreover, people left unable to learn can guide a deep, structural shift in basic premises of thought, feelings, and actions changing for the better, according to Mathis (2010). However, according to Schnepfleitner & Ferreira (2021), transformation can suddenly be epochal and life-changing, involving profound shifts in a person's understanding of themselves, knowledge, and the world. Based on the theory, Shamana & Alito (2020) found that taxpayers who had been exposed to tax courses showed more levels of awareness and compliance. The study further noted that taxpayers who had been educated felt more obligated to pay their taxes, which increased compliance. On the other hand, transformation can arise from accumulating insights that gradually change a point of view or habit in mind. At whichever level it occurs, transformative learning will involve, to some degree, parts of the three core elements of critical reflection, individual experience, and voluntary dialectical discourse (Mezirow, 2012).

There are also ten identified phases of transformative learning, which occur during learning. These include contemplation, critical assessment of assumptions, acknowledging a connection between one's discontent and the transformation process, and examining possibilities for new roles, relationships, and action. Others include disorientating dilemmas, planning a course of action, acquiring knowledge and skills for implementing one's plan, provisional trying of new roles, and building competence and self-confidence in new roles and relationships. And the final process is reintegration into one's life based on conditions dictated by one's new perspective (Mezirow, 2011). Any of the above elements normally occur in transformative learning of a person irrespective of the sector or industry in which they are based and familiar with its operations (Tisdell, 2012).

According to Kagan (2009), the transformational theory has, over the years, been critiqued based on its limited focus on adult theory while leaving out the whole life span. Even though there are critiques of the theory, Taylor and Snyder (2012) note that such interrogations and criticisms are in order and a rite of passage to a still-evolving theory. For instance, some aspects of transformative learning, such as capturing if the experience has occurred, have been researched to the point of redundancy (Cranton & Taylor, 2012; Malki & Green, 2014). However, most questions and criticisms should now focus on what is lacking or still unknown about the transformative process. Further, because the research is still being explored in so many fields, some researchers feel that Mezirow's original theory does not fully capture all the nuances or assumptions on which their research is based. This has led to strong current trends where transformative learning theory is becoming more holistic and unified, integrating different perspectives under one theoretical umbrella, according to Baumgartner (2012).

While some studies still use surveys and questionnaires, qualitative research is still dominant based on the theory. To continue with a more rounded approaches and cohesive trend, there are prerogatives that the theory needs to consider psychoanalytical together with psycho-developmental approaches. Moreover, the theory also needs to take into consideration social and cultural context, the spiritual significances, sentiment, overall context, perceptions, relationships, developmental experiences and socialization (Dix, 2016). Nevertheless, Taylor and Snyder (2012) contemplate that the trend is not deprived of risks if there is a deficiency of an alignment amid basic assumptions about the nature of transformative learning or lack of acknowledgement.

As previously discussed, the fundamental elements of transformative learning include critical reflection, dialogue, individual experience, and the context of transformative learning. Thus, if the critical reflection is required for a person to scrutinize individual ideals or beliefs, and also if it can act as a catalyst for transformative learning, it can be advocated as the most effective method on which to concentrate, expressly as it has the potential to extract the basic reasons as to why a value system is being held (Nairn *et al.*, 2012). On dialogue, Mezirow (1997) contends that the only way is to involve in discourse to authenticate what is communicated. An individual can better scrutinize the evidence, arguments, and any alternative points of view through reflective discourse. Mezirow supposed that discourse could lead to a harmony and establishment of a belief of validity. This is critical, especially on contentious matters such as taxation. Tax authorities can sensitize taxpayers' through dialogue on many conflicting issues about their tax obligations. When these issues are resolved, further awareness and understanding will be gained, leading to improved compliance.

Regarding a person's experience, Malki & Green (2014) claims that stories frequently tell the experiences vividly through the eyes of the hero/heroine as they encounter

problems in foreign and bizarre domains. The two authors further suggest that have also been used to illustrate the journey of transformation from a boy to a man. This would relate well with tax education and tax awareness, as found out by Kurniawan (2020), who studied the influence of tax education in higher school on tax knowledge and its effect on personal tax compliance. The findings revealed that when a student is exposed to tax education at higher school, they are likely to be more compliant when they graduate as adults, which improves their tax compliance. Meaning knowledge about a phenomenon is gradually absorbed, and one can better as they utilize the gained knowledge (Kurniawan, 2020).

On the contextual interest of the transformative learning process, Mezirow (2011) never dismissed the significance of context. Also, he did not fully approve other researchers in alignment with the post-Marxist and postmodern opponents who believed that contextual interests decree learning theories. However, Mezirow (2012) detailed that contextual culture permits, inhibits, and decrees whoever acquires which understanding, what type of knowhow, how, where and when. This further relates to the study since the focus of the study is to look into how taxpayers gain education about their tax obligations. Depending on the context of the taxpayers, they may have the possibility of using one method as opposed to the other to access tax education for greater awareness. Transformative learning as a school of thought objects to get adults to contemplate aspects and things for themselves and reevaluate the issues that support contextual culture. Even though this may have underlying restraints of varied social contexts and physical restraints on the behaviour (Mezirow, 2012).

The theory of transformative learning was relevant and supported the study variables of tax education since, at one point in a taxpayer's life, they interact with tax systems which could take time to learn, and the more taxpayers learn, the more their behavior,

and perceptions are influenced and inclined to comply. These sets of taxpayer education can be delivered through various methods and under various contexts, including taxpayer sensitization, print media, and electronic media, and where the absorption depends on the print media education and the context in which the learning is delivered. If learning has taken place and taxpayers become compliant, the effect of the knowledge gained would be the improved tax performance irrespective of the tax base.

2.3.2 Social Learning Theory

Albert Bandura first founded social learning theory in 1977. Social learning theory is progressively being cited as a significant concept in sustainable natural resource management and the preferment of necessary behavioural change (Muro & Jeffrey, 2018). The theory is founded on the impression that people learn from their exchanges with others in a social setting. Individually people learn by observing the behaviours of others. According to the authors, people acquire and develop similar behaviours during their interactions. As a forementioned, through observation conform and emulate those behaviours, particularly if their observational experiences are positively confirming to their inner perceptions (Nabavi, 2012). Bandura accept as true that straight reinforcement could not account for every type of learning. This prompted him to add a social element, arguing that people can learn new information and behaviours by watching others (Bandura, 1977). Bandura states that through observing others, humans can develop ideas about how new behaviours are performed (Martinez, 2012). This information is then coded, then stored in memory where it serves as a way for actions nearly after the observation or the encounter.

There are four most important components of social learning theory, according to Bandura (1977). Attention is essential for learning to occur during observation thus an individual must pay attention to the modelled behavioural change to occur. The physical

appearance of both the observer and the one being observed can influence the level of attention is given to the modelled activities. Retention is required since in the event that people are to gather knowledge through observed behaviour, they must be able to remember the modelled activities (Bandura, 1977). Also, retention can be aided through the use of imagery and descriptive language. This is because, to increase the reproduction of the modelled behaviour by the observer, reproduction is critical for the observer to translate the modelled behaviour into apt distinct actions. Reproducing a behaviour involves converting the retained imagery and language provided by the model into an action that assimilates the modelled pattern (Sherry & Zane, 2012). This enhances the observer's ability to improve the next cause of behaviour being observed. Finally, motivation is needed as the fuel that keeps the observed behaviour is reproduced. These motivations could be acts of rewards and punishments. Without these, it is unlikely that the observer would make efforts to reproduce the observed behaviour. The theory was relevant to the study because taxpayer's education may occur through observing or perceived behaviour. A taxpayer who observed another taxpayer filing tax returns would most likely be able to do the same. This goes through the process of social learning with its four core elements. When taxpayers understand the economic and social consequences of non-compliance, they are more motivated to comply for fear of losing business or being caught or fined heavily (Brandy, 2017). The theory of social learning supported the variable of taxpayer sensitization and print media education because when individual micro-entrepreneurs learn from their fellow businesses' tax issues, they learn the importance of tax compliance and the process under which a registered entity becomes compliant to avoid possible liabilities emanating non-compliance.

2.3.3 The Benefit Theory of Taxation

Knut W. developed this theory in 1896 and Erik L. in 1919. The theory posits that the state should levy taxes on individuals according to their advantage. Therefore, how a person's benefits and level of contribution in terms of taxation should be reciprocal to more benefits a person derives from the activities of the state. Neumark & McLure (2021) noted on the benefit theory that taxes serve a function like that of process in private transactions; that is, they help determine what activities the government will undertake and who will pay for them. If this theory could be implemented, allocating resources through the public sector would respond directly to consumer wishes. It is difficult to implement the theory for most public services because citizens generally are not inclined to pay for a publicly provided service unless they can be excluded from the benefits of the service (Neumark & McLure, 2021).

Wasao (2014) notes that the critics of benefits theory contend that the state should not preserve a connection between the benefits conversed with the benefits derived. The proponents of the theory argue that the principle of tax demands for taxpayers to make a compulsory contribution to the state or public authority to cater to the government's expenditure and provision of the benefits. This argument reaffirms that no quid pro quo exists in the process. The total expenditure accumulated by the state cannot be adequately equated to the benefits derived by an individual taxpayer. Wasao (2014) further notes that if this principle is applied to the letter, the poor will pay the most taxes based on the benefits they derive; hence, the small taxpayers may have to pay more taxes than medium and large taxpayers.

The theory was relevant to the study because micro-enterprises should not be inclined to think that they should only pay taxes when their business grows and only when receiving benefits from the government. This is not true since there is no quid pro quo

in taxation. However, this kind of knowledge and awareness can only be gained by the taxpayers when they are educated and understand that tax is a mandatory obligation and does not have to have direct benefits on the individual to pay taxes. Therefore, the theory is related to income tax performance. When benefits are not a requisite to payment of taxes, taxpayers will do better and contribute to better income tax performance. The knowledgeable taxpayers are likely to understand that people must pay taxes and that payment does not directly and proportionately be related to the benefits gained from the government (Blum & Kalven, 1952).

2.4 Empirical Review

The study evaluated the perceived effect of taxpayer education on income tax performance among micro-enterprises in Nairobi County, Kenya. The study equally established the perceived effect of taxpayer sensitization, print media education, and electronic media education on income tax performance among micro-enterprises in Nairobi County, Kenya. The section, therefore, reviewed studies that have been conducted in the same knowledge area as this study by different scholars. Some of these studies were done in the past, and some were still ongoing by the time this study was conducted.

2.4.1 Taxpayer Education and Income Tax Performance

Santoro, Groening, Mdluli & Shongwe (2020) conducted a study on to file or not to file, another dimension of non-compliance, in Eswatini. The study adopted descriptive research methodologies. Data were analyzed using a regression model. The study findings revealed a strong correlation between tax knowledge and compliance which led to improved income tax performance. Mascagani, Santoro & Mukama (2019) surveyed teaching to comply, evidence from a taxpayer education programme in Rwanda. The survey adopted secondary data analysis methodologies. The study found

that taxpayer education results in significant and large increases in knowledge, which starts from a very low level and contributes to improving compliance behaviour. Further, the results showed that training new taxpayers help bring them into the habit of filing tax declarations. Further, the study still found that the benefits of taxpayer education go beyond increased income revenue performance in the short term and include building the habit of sustained tax compliance.

Ndaka (2017) conducted a secondary data review research into the informal sector and taxation in Kenya; causes and effects. The study adopted desktop research methodology and metadata analysis. The study's findings showed that the informal sector is critical to the economy. However, there is a need for the Kenya Revenue Authority to conduct other administrative reforms like setting up specialized units or desks for the informal sector taxation, instill a culture of compliance, training and sensitization of taxpayers, and recognition of informal taxpayers, among others to tap into the revenue that would be lost as a result of non-compliance in the informal sector. Verberne (2018) conducted similar desktop research by empirically reviewing recent research on taxation and the informal business sector in Uganda. The study results showed that tax compliance attitudes were influenced by issues related to their trust, knowledge of the tax regime, the perspective of public goods and service delivery, ideas about fairness, and the power of the authorities to enforce compliance. Compliance is required for income tax performance to be on the positive trend.

According to Mascagni and Santoro (2018), a review of the role of taxpayer education in Africa found that taxpayer education has many benefits to tax performance. When the taxpayer is aware of the reasons behind taxation, laws and regulations on tax payment, tax payment procedures and tax non-compliance consequences. The taxpayer is more likely to be compliant and, hence, directly impacts the tax revenue performance.

Specifically, the review shows that income tax performance would greatly improve when tax education is given a priority, especially among the informal sector players such as micro-enterprises. Based on the studies reviewed, it is evident that taxpayer education impacts tax revenue performance across many tax bases. Particularly of concern is the income tax, where all Kenyans who earn irrespective of the sector should be able to pay their fair share of tax to the government.

2.4.2 Taxpayer Sensitization and Income Tax Performance

Tetteh (2019) led a concentrate on the impacts of tax mindfulness and tax information on tax consistency and compliance in Ghana. The study discovered that utilizing flyers, papers, printouts, magazines, and numerous other platforms to complete campaigns on tax liabilities and privileges among SMEs will upgrade awareness, accommodation of profits, and the certainty of citizens. As indicated by Hyman (2005), print media citizen education is the most favored method for accomplishing tax compliance in Tanzania. As indicated by Nurlis (2015), the reception of print media citizen training will work on comprehension of the tax regulations, citizen cognizance, government form entries, installment mindfulness, dedication, and decrease in tax avoidance. Albeit not much examination has been done, particularly in Kenya, on the effect of print media on citizens' schooling and expense compliance, there is basic proof that print media assume a significant part in instructing citizens about taxation and their obligations to their country.

Aondo (2019) conducted a study on the effectiveness of taxpayer education on tax compliance for small and medium enterprises in Kenya. The study focused on the selected business enterprises in Kitengela town in Kajiado County. The study's findings revealed, among others, that taxpayer education influences tax compliance irrespective of the mode of delivery. Gitaru (2017) conducted a study on the effect of taxpayer

education on tax compliance in Kenya, a case study of SMEs in Central Business District Nairobi. The study findings revealed that effective use of national newspapers and information magazines would improve tax awareness, file tax returns, and ultimately boost taxpayers' morale. He further notes that this enhances tax revenue awareness, but the business operation will also be smooth and creates a conducive environment where thriving businesses pay their fair share of the taxes.

Amaning *et al.* (2021) conducted a study on tax compliance among Ghanaian SMEs and how impactful is taxpayer education. The study was located in Techiman municipality of Ghana. The study adopted an online survey methodology to solicit responses from 297 respondents using purposive and simple random sampling approaches. The Partial Least Square-Structural Equation Model was adopted for analysis. The study's findings revealed that taxpayer sensitization positively and significantly influenced tax compliance in the area under the study. The other variables in the study included print and electronic media, where both were also found to influence tax compliance positively and significantly among the small and medium enterprises in the Techiman Municipality.

2.4.3 Print Media Education and Income Tax Performance.

Farrar and Thorne (2016) conducted a study on print media as an avenue for taxpayer education. The study adopted a qualitative research method. The study's findings show that where a taxpayer is engaged in person with the tax authority, there is a sense of accountability towards one's actions. This means that when one is engaged with the tax authority through print material, the taxpayer will likely comply with the tax requirements. Alm (2012) also studied the role of print media taxpayer education and found that print media education impacted taxpayers' responses in filing taxes, paying for the tax due and maintaining compliance. These studies show that taxpayers tend to

remember and comply with tax rules, regulations, laws, and policies when trained or educated through print media.

Olowookere and Fasina (2013) studied taxpayers' education, a key strategy in achieving compliance. The study was conducted in Lagos State, Nigeria. The study adopted survey research methodologies and data analyzed using analysis of variance to test the hypothesis. The study findings showed a need to conduct education for taxpayers, and most of the study respondents preferred taxpayer sensitization as the taxpayers would ask bothering questions and get answers to spot on. The study also found that print media taxpayer education should be integrated into conventional learning institutions' curricula and not be left to be a preserve of the accounting students only. That part of this education should ensure that tax is not presented to learners in complicated matrixes and language that would further hinder compliance for better revenue awareness.

Adekoya (2019) later studied the role of taxpayer education and tax compliance in Lagos State. The study adopted descriptive research methods where data was analyzed using regression analysis. The study findings revealed that print media education has a significant and positive effect on tax compliance and awareness. The above literature shows that print media education of taxpayers improves compliance that effectively contributes to improved revenue performance, whether this is on income tax or any other tax bases. The findings are further reinforced by Misra (2004), who found that the essence of print media taxpayer education should be geared towards influencing the taxpayer's attitude towards taxes generally and maximizing tax revenues vide voluntary compliance.

2.4.4 Electronic Media Education and Income Tax Performance

Tax compliance can be improved through electronic methods for making mindfulness or awareness (Ross, 2007). As per Palil (2010), electronic taxpayer training through radio and TV is among the best correspondence stages for spreading the most recent tax data to citizens. This could prompt expanded personal assessment execution by Kenya Revenue Authority. A concentrate by Amaning et al. (2021) on Tax compliance among Ghanaian SMEs on how effective citizen education on taxation is using a survey research method. A partial Least Square-Structural Equation Model approach uncovered that electronic media taxpayer education positively influences Tax compliance. Print media altogether impact Tax compliance; taxpayer sensitization significantly impacts tax compliance. based on the uncovered findings, Tax specialists ought to escalate the education of taxpayers if and when income tax execution performance is supposed to move along.

Misra (2004), in any case, says that charge specialists can take on media, for example, TV, Radio, web, phone, cell phone, CD-ROMS, DVD, virtual entertainment, blog entries, and sites, among others, to improve personal duty execution, including the income tax. Palil (2010) further contends that tax specialists can embrace email, short messages (SMS), and sites to routinely refresh citizens about charge issues, including their tax compliance. Citizens who have difficulties can similarly utilize these media to request help from the neighborhood charge workplaces. This is additionally anxious by Aondo (2019), who observed that the area of the taxation office is critical to further developing consistency, which straightforwardly influences income tax execution.

Even though not many studies have been conducted on the use of specific media channels to educate taxpayers, the existing evidence from the few shows that taxpayer education can take many forms and benefits the performance of income tax. As Palil

(2010) finally puts it, tax authorities can provide the needed information about electronic tax payments systems through electronic taxpayer education, including e-registration, e-filing, and e-payment, among other possible services to enhance tax compliance among micro, small, and medium enterprises. From the reviewed literature, it can be generally hypothesized that there is an influence of taxpayer education on income tax performance. Income tax is just one of the many tax bases that taxpayer education impacts. It would be critical to study these variables to improve the adoption and absorption of electronic media taxpayer education.

2.5 Research Gaps

Santoro *et al.* (2020) studied to file or not to file, another dimension of non-compliance, in Eswatini. Descriptive research methodologies were employed. Data were analyzed using a regression model. Olowookere & Fasina (2013) studied taxpayers' education, a key strategy in achieving compliance. The study was conducted in Lagos State, Nigeria. Survey research methodologies and data are analyzed using analysis of variance to test the hypothesis. Adekoya (2019) studied the role of taxpayer education and tax compliance in Lagos State. Descriptive research methods where data was analyzed using regression analysis. Tetteh (2019) studied taxpayer sensitization in Ghana. The descriptive research method was used where 150 SME managers in the Greater Accra region were subjected to the study instrument. Data were analyzed using regression and correlation analysis. Nurlis (2015) studied taxpayers' education and income tax compliance in Indonesia's Jakarta, Bogor, Depok, Tangerang, Bekasi and Bandung tax offices. The questionnaire was used to collect data from 550 taxpayers. Data were then analyzed using regression and correlation analysis. Amaning *et al.* (2021) studied tax compliance among Ghanaian SMEs; how impactful is taxpayer education. The survey research method was adopted, and data were analyzed using Partial Least Square-

Structural Equation Model. Ndaka (2017) reviewed secondary data on the informal sector and taxation in Kenya; causes and effects. The study adopted desktop research methodology and metadata analysis.

Even though based on the reviewed literature, many scholars have undertaken studies on revenue performance, tax evasion, tax compliance, and tax awareness measured against variables including tax perception, tax dissemination, cost of compliance, and tax rate, among others. These studies have been conducted using different concepts and under different contexts. The majority of the studies have focused on Asia, West Africa, Europe and, to some extent, other African nations (Amaning *et al.* (2020). There is no study among the reviewed that has used the variables of income tax performance measured against tax education elements, including taxpayer sensitization, print media, and electronic media taxpayer education. None of the reviewed studies has been conducted within in Nairobi County. This study contributed to filling this gap by investigating the perceived effect of taxpayer education on income tax performance among micro-enterprises. The study further investigated the perceived effect of taxpayer sensitization, print media education, and electronic media education on income tax performance among the microenterprises in Nairobi County, Kenya. The study could add valuable lessons to the challenging subject of taxing micro-enterprises and possibly lead to increased revenue performance.

2.6 Summary of the Literature Review

The chapter has discussed the concept of the study, which was to evaluate the perceived effect of taxpayer education on income tax performance among micro-enterprises in Nairobi County, Kenya. The other variables in the study were taxpayer sensitization, print media education and electronic media taxpayer education on income tax performance among micro-enterprises in Nairobi County, Kenya. Based on the study's

findings, the analysis of the hypotheses revealed that the concepts that the study investigated influenced income tax compliance among micro-enterprises. These findings were further found to agree with the theories that anchored the study. These theories included Transformative Learning Theory, Social Learning Theory and the Benefit Theory of Taxation. Transformative learning theory was relevant to and supported the independent variables of taxpayer sensitization, print media education and electronic media education. Social learning theory also related to and supported the variables of taxpayer sensitization, and electronic media education. The benefit theory of taxation supports the income tax performance variable.

The chapter further discussed various scholarly articles on the same subject as this study. From the review, there was a common finding that taxpayer education to some degree influenced tax compliance. Studies from Nigeria, Ghana, Zimbabwe, Tanzania, Uganda, Rwanda, and Kenya point in the same direction of the significant and positive relationship between taxpayer education and tax compliance, a critical aspect of income tax performance. Further, these studies focused mainly on taxpayer education and general tax compliance or revenue performance. However, several areas still had gaps that called for further studies. The research gaps that were identified in the literature review were twofold. First, the reviewed studies looked at taxpayers from a wider perspective lacking the specificity of the taxpayer education method ideal for reaching out to the majority of taxpayers. Therefore, this study attempted to fill the gap by investigating the perceived effect of taxpayer education on income tax performance among micro-enterprise. The study also evaluated the perceived effect of taxpayer sensitization, print media education, and electronic education on income tax performance among micro-enterprises in Nairobi County, Kenya. The chapter

concluded with a summary and presentation of the conceptual framework of the relationship among the study variables.

2.7 Conceptual Framework

The study attempted to evaluate the perceived effect of taxpayer education on income tax performance among micro-enterprises in Nairobi County, Kenya. Figure 2.1 shows the relationship between the variables under the study.

Independent Variable

Dependent Variable

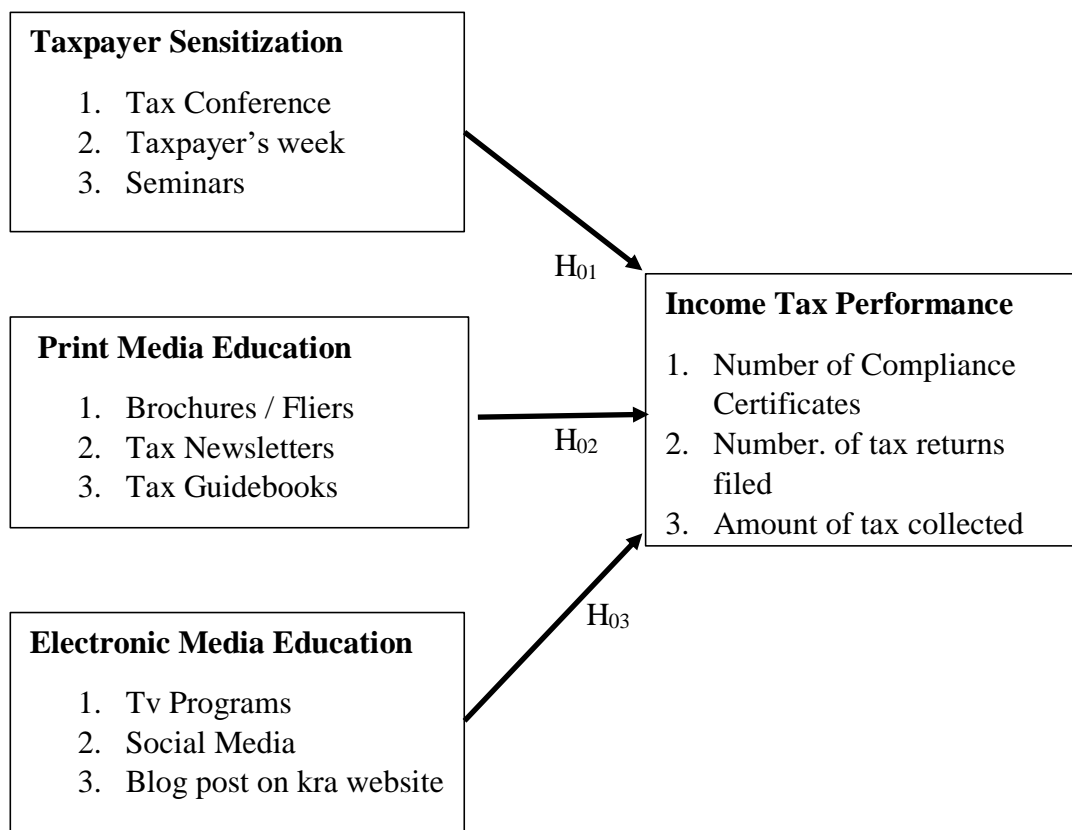


Figure 2.1: Conceptual Framework

Source: Author

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This chapter presents methodological approach that was employed for the research. The methodology was carried under the following subtopics: target population, research design, sampling procedure and sample size, data collection instruments, measurement of variables, reliability and validity of the instruments, pilot study, data collection procedure, data analysis and presentation, ethical consideration and finally limitation of the study.

3.2 Research Design

A research design is an empirical investigation that analyzes a current occurrence in detail and within its real-world setting (Yin, 2009). It all comes down to creating a systematic connection that assures the correlation between the study's primary research questions and the scientific data gathered from them (Yin, 2009). An explanatory research design was used in this study. Explanatory research's major goal is to explain why events occur and to anticipate future occurrences. Explanatory investigations are distinguished by hypotheses that describe the type and orientation of the connection being explored between or among variables. This study design is ideal because it enables the researcher to generalize the results to a general population (Schindler & Cooper, 2003). The objective is often to generalize the findings to the population from which the sample was drawn (Fowler, 2002).

3.3 Target Population

Oson and Onen (2011) define target population as the aggregate number of individuals or entire environment of concentration of the investigation. The researcher targets micro entrepreneurs operating their business in Nairobi's Kamkunji area. For the

purposes of this research, the micro enterprises, which are a subset of the micro-small and medium firms, served as the unit of analysis. The unit of observation however, remained the owners of these enterprises. The population for the study in the subset was a total of 7,800 micro-enterprises in Kamkunji area from which the study sample was drawn (Micro and Small Enterprises Authority, 2021). Kamkunji was purposefully selected because there are many micro enterprises confined within a smaller area. This large population supported the study because all the traders in micro enterprises could be found here, and it also offered the best example of micro-enterprising. It was also necessary because of the complexity and nature of doing business there, to aid the study in assessing the reality on the ground.

3.4 Sampling Procedure and Sample Size

Yin (2013) defines sampling as the process of selecting a small and representative sample from a research population. According to Burns and Grove (2014), a sample is a tiny representative of a target population that gets selected for the purpose of analysis. The study adopted a systematic sampling technique in selecting respondents. Each respondent was selected using a fixed interval technique, where from a fixed starting point, every 20th respondent was subjected to the study instrument within the study population. This process was repeated multiple times until the requisite number of samples was obtained. The 20th interval was chosen because the population was large enough to accommodate the extra capacity required by the wider interval. The study utilized the Bridget and Lewin formula to arrive at the sample from the study population. The sample therefore was derived from:

$$n = \frac{N}{1+N(e)^2} = 7800 / [1+7800(0.05)^2] = 380 \text{ micro enterprises.}$$

Where n is the size of the sample and N is the size of the population. Then, e is the sampling error or precision/error limit at a 95% confidence level, $p = 0.5$, and a 5% level of precision. This sample size is satisfactory because it is greater or represents more than 1% of the target population (Gravette & Forzano, 2012).

3.5 Data Collection Tools

According to Teddlie & Tashakkori (2009), data collection tools denotes the device used to collect data such as questionnaires, structured interview schedules and checklists. For this study, questionnaire was used as the main tool for primary data collection from the sampled respondents who are micro-enterprises owners within Nairobi County. The questionnaire was self-administered containing rigid questions on a 5-point Likert scale, which was validated in order to help identify any ambiguity of questions to the participants. According to Saunders (2003), the fact that the participants in the research were not influenced in any way by the experiment demonstrates that the use of a questionnaire was effective in gathering objective data. He further noted that another benefit of using questionnaires as a technique for gathering primary data is that they are both less expensive and take up less time than other methods. The survey was broken up into two parts, with the first part focusing on gathering basic information about the respondents and the second part addressing the three main aims of the study.

3.6 Measurement of Variables

All studies variables were measured using several measurements. Income tax performance was measured using the constructs of number of compliance certificates owned, amount tax collected, and number of returns filed. Verberne (2018) measured income tax performance using the constructs of trust, knowledge of tax regime, perspective of public goods, ideas about fairness, and power to enforce compliance by

the tax authorities. The study's data was gathered using a five-point Likert scale and analyzed using regression and correlation analysis. The taxpayer sensitization was gauged using the constructs of tax conference, taxpayers' week and seminars. Amaning *et al.*, (2021) measured stakeholder education using tax clinics, conferences and seminars. Data collection employed a five-point Likert scale questionnaire and analyzed using regression and correlation analysis.

Print media education was measured using the constructs of brochures/flyers, tax newsletters, and tax guidebooks. Amin & Mispa (2020) measured print media education with tax bulletins, seculars and flyers. Data was collected using a five-point Likert scale and analyzed using regression and correlation analysis. Electronic media education was measured using the constructs of television programs, social media and blogs. Amaning *et al.* (2021) measured electronic media education with print media and taxpayers' sensitization. Data was collected using a five-point Likert scale and analyzed using regression and correlation analysis.

The ordinal approach was used in the research to measure the extent to which the independent variable had an impact on the dependent variable. Pearson Analysis of correlation, denoted as r , is a statistical technique that may be used to discover and assess the degree and direction of associations between dependent variables and each of the independent variables. The coefficient of determination, often identified as r^2 , is a statistical tool that measures the amount of variation in the dependent variable that can be accounted for by the independent variable. At a confidence level of 95 percent and a level of significance of 5 percent, an ANOVA, T-test, and F-test were used in order to examine the significance of the model in terms of quantifying the connection between the variables. When the significance of the model was evaluated using the P

value, a confidence level of between 90 and 99 percent was enough for drawing conclusions about the model's relevance (Zar, 1984).

3.7 Pilot Study

According to Payne (2016), a pilot study is a miniature version of a full-scale research that is carried out in the same manner as the proposed study but on a more limited size. At the course of this investigation, a pilot test was carried out in Garissa lodge in Kisumu city. This was due to the fact that there were many commonalities between the microbusinesses in Garissa lodge Kisumu and those in Kamkunji, which is located in Nairobi. This close comparisons ensured that the micro-enterprises owners had the same understanding of the statements in the questionnaire to warrant objective responses. This factor however did not affect the integrity of the study since those respondents involved in the pilot study were far away from those that were involved in the main study. The pilot study assisted in the pre-testing of the research instrument, which helped test a variety of indicators, methodological, and disclose any inadequacies in the tool. After a certain amount of time has passed since the last test, a procedure known as test re-testing was carried out. This method entails giving the exact same instrument to a different subset of the individuals who were polled for the study again. According to Mugenda and Mugenda's (2003), the pre-test sample should account for 10 percent of the total sample size. The retest was done in Kibuye market in Kisumu to another set of 38 respondents, representing 10% of the sampled population.

The Cronbach alpha test was used in order to evaluate the pilot test's level of internal consistency. It was given in the form of a number ranging from 0 to 1. Internal consistency was tied to the interconnections of the items inside the pilot test because it was used to define the degree to which all of the items in a pilot test assess the same idea or construct. Before using a test for research or examination purposes, an

evaluation of its validity was conducted, at which time internal consistency was assessed. When the score was greater, the reliability of the automatically created scale increased. According to Nunnally (1978), a dependability value of 0.7 is considered to be satisfactory.

3.7.1 Validity of Instrument

According to Mugenda & Mugenda (2003), content validity is having a professional or expert in a certain subject analyze the questionnaire to identify any problems in phrasing, sequencing, or substance before beginning data collection. The researcher solicited the advice of specialists, in this instance the project supervisor and instructors, whose comments directed the development and revision of the questionnaire, therefore increasing the validity of the data obtained. During the pilot phase, the questionnaire's dependability was assessed.

Construct validity refers to how well a measuring technique reflects a construct that can be measured directly and provides an observation that differs from that obtained by a way of measuring of another construct (Carmines and Zellar, 1979). The validity of the constructs was assessed using factor analysis and correlation tests to see if all of the constructs generated separate observations that were independent of one another. The research instruments were changed in the event of mistakes and throughout the pilot study to ensure that each construct was different from the others. According to Liu (2010), criterion - related validity is the amount to which the instrument's scores correspond with an external criterion, which is often another measurement from a separate instrument, either at contemporaneous validity or predictive validity. The criterion validity of the research was determined by comparing the correlation coefficient of relevant and comparable prior studies between the two instruments

measurements. A correlation of more than .60 (>.60) demonstrates the presence of criteria validity.

3.7.2 Instrument Reliability

Bell (2010) noted that dependability is the level of stability with which a research instrument evaluates whatever it is designed to evaluate. It is the degree to which an instrument provides identical findings under similar contexts on various occasions. That is to say, it is associated with whether the findings of a research are repeated. The researcher used a test-retest approach to verify reliability for this study, administering a pilot questionnaire twice in two distinct occasions to 10% of the survey participants who were not among the sample population. According to Orodho (2012), the pre-test should account for 10% of the sample. The two scores were linked to see if the questionnaire's contents were consistent in evoking the same answers each time the tool was given. Cronbach's alpha was used to test the instrument's reliability. For the investigation, a construct composite reliability co-efficient (Cronbach alpha) of 0.7 or above was deemed appropriate (Rousson, Gasser & Seifer, 2012).

3.8 Diagnostic Testing

Diagnostic tests, according to Wheeler and Tiefelsdorf (2005), are often performed to experimentally establish the quantitative influence of research design deficits on estimations of diagnostic accuracy. Before analyzing the data, the research performed diagnostics tests to evaluate the correctness and reliability of the results. The research used the Shapiro-Wilk test to determine normality, scatter plots to determine linearity, the Durbin-Watson test to determine autocorrelation, and the variance inflation factor to determine multicollinearity (VIF). The results of these diagnostics were given separately for each test.

3.8.1 Normality Test

According to Amata (2017), the normality test is what is utilized to determine out whether or not a data collection is normally distributed. The conformity of the distribution of test results to the bell-shaped normal curve may be determined by using a visual depiction of the distribution. In order to conduct the normality test, the normal probability plot, the skewness, the histogram, and the kurtosis were used. When using the Shapiro-Wilk Test, if the alpha level is set at 0.05 and the p-value is < 0.05 , then the null hypothesis is rejected and there is substantiation that the data being tested are not regularly distributed. When the p-value, however, is larger than 0.05, the null hypothesis is not rejected; this indicates that the data had originated from a population with a regularly dispersed population.

3.8.2 Linearity Test

In order for an analysis to be credible and valid, multiple linear regressions models need that the correlation between the dependent and independent variables be linear. This is a prerequisite for the model. Producing scatter plots demonstrating the connection between each of the dependent and independent variables was one method that could be used to validate the linearity of the model.

3.8.3 Autocorrelation Test

This test was performed to determine whether the residual values were independent, which ensured that the observations were independent and uncorrelated. The Durbin-Watson test was used to determine the degree of autocorrelation.

3.8.4 Multicollinearity Test

When two or more independent variables are directly dependent on each other, just one of them should be utilized in data analysis rather than the two or more because doing

so raises standard errors and biases the findings (Alin, 2010). A VIF value of ≥ 10 indicates that the independent variables (IVs) suffer from multicollinearity, but any VIF value of ≤ 10 with a tolerance factor of ≥ 0.2 is an optimal and admissible measure of multi - collinearity. It is critical to test for multi - collinearity amongst predictor variables since the occurrence of co-integration leads to various mistakes in data processing (Zainodin & Yap, 2011). The research assumed a real linear link between taxpayer education and income tax performance. During the variable analysis, the deviations were normally distributed, and there was equal variation around the regression line. That the association was independent of one another in order to diagnostically assess the association between the factors.

3.9 Data Collection Procedure

Primary data was collected using a self-administered questionnaire on a 5-point Likert scale. Where the respondents were not able to fill the questionnaires on their own the researcher was to guide them through filling of the question but not influence their responses. A permit to conduct the research was obtained from the National Commission for Science, Technology, and Innovation (NACOSTI) before embarking on data collection. This was after the approval from the university to carry out the research. The researcher with the help of the research assistants visited the respondents at different times and seek their consent to collect data after explaining to them the purpose of the research and assuring them of confidentiality for any information provided was used for academic purpose only.

3.10 Data Analysis and Presentation

Descriptive statistics such as mean, standard deviation, frequencies, and percentages were used in the analysis of the quantitative data that was obtained. Tables were used to present the results of the analysis. The degree of the association between the variables

was determined with the use of correlation analysis, as was the direction of the relationship. Through the use of multiple regression analysis, it was possible to determine the effect of taxpayer education on the performance of income tax filings among micro firms in Kamkunji Nairobi County.

3.11 Statistical Model Specification

The model used in the analysis adopted multiple regression model specified as follows.

$$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \varepsilon$$

Where: Y- Income Tax Performance

β_0 = Constant term.

X1 - Taxpayer Sensitization

X2 - Print Media Education

X3 - Electronic Media Education

ε - error term.

β_1 β_2 and β_3 = Regression coefficients representing the condition of the independent variables to the dependent variable

3.12 Ethical Consideration

The researcher took precautions to protect the participants' privacy and ensured that they were truthful throughout the data gathering process. The researcher took measures to secure the identities of the people who participated in the study, ensuring that those individuals' identities were concealed at all times. This was accomplished by providing them with prior information on the significance of the research and ensuring that their

participation was entirely voluntary. Participants in the research had the option to withdraw from the investigation at any moment if they did not feel comfortable continuing with the survey. Information that may identify a person, such as their name and address, was withheld. The researcher gave the respondents with a letter of introduction from the university as well as a study permission from NACOSTI in order to reassure them that the information they had given would only be used for academic purposes. The participants in the research were asked for their permission, and they were briefed in advance on the scope and extent of the investigation. The researcher had an obligation to uphold all ethical standards, including those of candor, confidentiality, sensitivity to cultural norms, informed consent, and consensual involvement.

3.13 Limitations of the Study

The study was restricted by the accessibility of the dealers in Kamkunji, who were excessively caught up with business activities during working hours to answer the research questionnaires. To alleviate this issue, the researcher gave an extended information assortment period. Further, the scientist settled on various telephone decisions to build the reaction and response rate. Because of the awareness of the data sensitivity, the respondent might have had a fanciful apprehension about giving the data to contenders. This limitation was countered by assuring the respondents that information was purely for academic purposes and would be treated with confidentiality.

CHAPTER FOUR

DATA ANALYSIS, PRESENTATION, AND INTERPRETATION

4.1 Introduction

Primarily, the aim of this section is to show the findings that were obtained upon data analysis in which descriptive and inferential statistics were employed. Hence, this section is arranged in three basic themes: response rate, descriptive statistics, and outcome of a regression model. At the end of the chapter, a discussion of findings on taxpayer sensitization, print media education, and electronic media education was presented.

4.2 Response Rate

Out of the sample size of 380 research participants, 301 of them effectively participated in the study by completing the questionnaires and returning them as expected. This made a response rate of 79%, which was an excellent outcome. Mugenda and Mugenda (2003) affirmed that a response rate of 70% and above was very good for an objective analysis. The high response rate, however, is a result of efforts by the researcher to make regular follow-ups and remind the respondents of the need to fully complete the questionnaires and return them on time. The non-response of 21% was occasioned by tight business demands that denied them the opportunity to complete the questionnaires issued to them before the collapse of time allocated. Strict ethical considerations were observed during fieldwork, where all the respondents were duly appraised concerning their participation in the study and given credible information. The participants' response rate is outlined in figure 4.1.

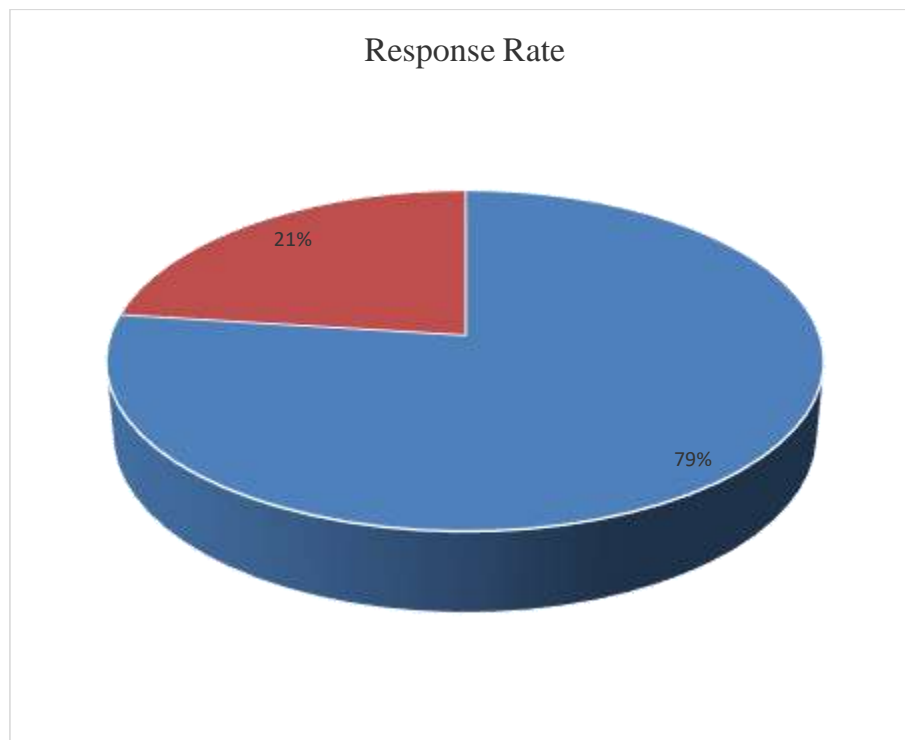


Figure 4.1: Response Rate

4.3 Reliability Test Result

This study utilized Cronbach's alpha to assess internal reliability of the tool that was employed to source data from micro enterprises in Kamkunji study area. Table 4.1 entails a presentation of results that were obtained on this test.

Table 4.1: Reliability Test

Variable	Cronbach's Alpha	Item Number	Conclusion
Taxpayer Sensitization	.865	5	Reliable
Print Media Education	.831	5	Reliable
Electronic Media Education	.942	5	Reliable
Income Tax Performance	.776	5	Reliable

Statistics shown on Table 4.1, reveals that taxpayer sensitization had Cronbach's alpha of 0.865, print media education had Cronbach's alpha of 0.831, electronic media education had Cronbach's alpha of 0.942, and tax performance had Cronbach's alpha of 0.776 respectively. Where Cronbach's alpha statistic is greater or equal to 0.700, it

is concluded that data sourcing tool is reliable. In reference, to the statistics that each variables had, then the tool was fit as it had internal reliability and thus capable of getting information that led to meeting of research objectives.

4.4 Demographic Information

Demographic information details the social economic statistics of the respondents. Factors studied included Gender, Age, number of employees, Level of education, annual turnover tax and computation responsibility. The study participants were asked to indicate their gender as per the questionnaire. Their responses are presented on table 4.2. According to the findings shown on table 4.2, 65.4% of the respondents were male while 34.6 % of the respondents were female.

The participants were asked to indicate their age bracket on the questionnaire to assess if the respondents were from diverse age groups as indicated in table 4.2, 5.3% were aged between 18-28 years, 28.9% were aged between 29 to 39 years, 39.8% were aged between 40 to 49 years, 13.6% were aged between 50 to 59 years and lastly, 12.3% were 60 years of age and above. This indicates that the respondents were composed of individuals from diverse age groups and have several years of experience and skills that are necessary to understand the income tax performance among micro enterprises in Kamkunji Nairobi County.

The findings in Table 4.2 indicated that, 4.3% of the total respondents had primary level of education, 26.2% of the respondents had secondary level of education, 45.2% had university degree while 15.9% had tertiary education. Lastly, the 8.3% of respondent had none. The results imply that education level influence the ability of taxpayers.

As shown on Table 4.2, 15.9% having between 1-5 employees, with 38.5% having between 6-10 employees. While 45.5% having employees more than 10. The study

results indicated that majority of businesses had employees between more than 10 employees. The participants were requested to identify their annual turnover. Their responses are indicated on table 4.6. As per the results shown on table 4.6, 2.6% of the institution recorded annual turnover 250,000 -1,000,000 followed by 26.2% had an annual turnover of 1,000,000-1,750,000, 15.6% had a turnover of 1,750,000 – 2,500,000, 29.9% which recorded a turnover of 2,500,000 – 3,250,000. 17.3% had turnover of 3,250,000 – 4,000,000. Lastly, few businesses at 8.3% got above 4,000,000.

Table 4.2 Demographic information

Gender	Frequency	Percent
Male	197	65.4
Female	104	34.6
Total	301	100
Age		
18 - 28 Years	16	5.3
29- 39 Years	87	28.9
40 – 49 Years	120	39.8
50 – 59 Year	41	13.6
Above 60 years	37	12.3
Total	301	100
Education level		
Primary	13	4.3
Secondary	79	26.2
University	136	45.2
Tertiary	48	15.9
None	25	8.3
Total	301	100
No of Employee		
1 -5	48	15.9
6-10	116	38.5
More than 10	137	45.5
Total	301	100
Annual Turnover		
250,000-1,000,000	8	2.6
1,000,000-1,750,000	79	26.2
1,750,000-2.500,000	47	15.6
2.500,000-3,250,000	90	29.9
3.250,000-4,000,000	52	17.3
Above 4,000,000	25	8.3
Total	301	100

4.5 Descriptive Statistics

4.5.1 Taxpayer Sensitization

Table 4.3 illustrate the level of taxpayer sensitization on tax performance. The results from respondents demonstrate that I have interacted with Kenya Revenue Authority during one of the conferences organized for tax training and awareness with a (mean=4.47, standard deviation= 0. 587). My business has been invited to attend a tax seminar organized for businesses in which mine belongs by the government with a (mean=3.85, standard deviation= 0. 748). I have attended taxpayers' week organized for business entities in which I presented and represented other businesses tax needs with a (mean=4.00, standard deviation= 0. 635). My business as well others understand that meeting with KRA officials physically is important in increasing tax awareness amongst us (mean=3.62, standard deviation= 0. 750). My business understands that constant tax education is important to sustain awareness level among businesses especially micro-enterprises with a (mean=3.96, standard deviation= 0. 751).Taxpayer sensitization obtained an average of mean 3.98. Implying those micro enterprises owner moderately high ranking with respect to various taxpayer sensitization efforts.

Table 4.3: Taxpayer Sensitization

5 = Strongly Agree, 4 = Agree, 3 = Neutral, 2 = Disagree, 1= Strongly Disagree

	Mean	Std. Dev
I have interacted with Kenya Revenue Authority during one of the conferences organized for tax training and awareness.	4.47	0.587
My business has been invited to attend a tax seminar organized for businesses in which mine belongs by the government.	3.85	0.748
I have attended taxpayers' week organized for business entities in which I presented and represented other businesses tax needs.	4.00	0.635
My business as well others understand that meeting with KRA officials physically is important in increasing tax awareness amongst us	3.62	0.750
My business understands that constant tax education is important to sustain awareness level among businesses especially micro-enterprises.	3.96	0.751
Taxpayer Sensitization	3.98	

4.5.2 Print Media Education

Table 4.4 illustrate the findings print media education on tax performance. The results from respondents demonstrate that I know that print media is any material designed and printed on paper which I can read and making meaning out of (mean=4.12, standard deviation= 0.747). Brochures are an important source of information on my business tax obligations, tax rules and regulations (mean=3.10, standard deviation= 1.041). I have received many brochures on micro businesses tax obligations which have educated me on many issues on taxing small businesses (mean=4.08, standard deviation= 0.682). I have interacted with a newsletter informing me and my business about my tax obligations, rules, and regulations (mean=4.11, standard deviation = 0.703). I know tax guidebooks are an important source of education materials that my business regularly depend on for reference (mean=4.34, standard deviation = 0.764). These findings imply that micro enterprises owners moderately ranking high with respect to various print media education.

Table 4.4: Print Media Education

5 = Strongly Agree 4 = Agree 3 = Neutral 2 = Disagree 1= Strongly Disagree

	Mean	Std. Dev
I know that print media is any material designed and printed on paper which I can read and making meaning out of.	4.12	0.747
Brochures are an important source of information on my business tax obligations, tax rules and regulations.	3.10	1.041
I have received many brochures on micro businesses tax obligations which have educated me on many issues on taxing small businesses.	4.08	0.682
I have interacted with a newsletter informing me and my business about my tax obligations, rules, and regulations.	4.11	0.703
I know tax guidebooks are an important source of education materials that my business regularly depend on for reference.	4.34	0.764
Print Media Education	3.95	

4.5.3 Electronic Media Education

Table 4.5 illustrate the level of electronic media education on tax performance. The results from respondents demonstrate that I know there are television (TV) programs which teach small business about their tax obligations, rules, and regulations from KRA (mean= 3.23, standard deviation=1.279). I have learnt about my tax obligations from the social media platforms which has increased my level of awareness on income tax (mean=4.49, standard deviation= 0.546). I sometimes read through blogs posted at KRA's website which have informed me so much about my tax obligations. (Mean=3.70, standard deviation= 0.711). I depend on social media sites such as twitter, Facebook, Instagram among others to get tax information that I need (mean=4.38, standard deviation=.613). My business has a social media handle where I connect and interact with other taxpayers and the tax authority (mean=3.29, standard deviation= 1.082). Implying that micro enterprise owner's moderately high ranking with respect to various electronic media education.

Table 4.5: Electronic Media Education

5 = Strongly Agree 4 = Agree 3 = Neutral 2 = Disagree 1= Strongly Disagree

	Mean	Std. Dev
I know there are television (TV) programs which teach small business about their tax obligations, rules, and regulations from KRA.	3.23	1.279
I have learnt about my tax obligations from the social media platforms which has increased my level of awareness on income tax.	4.49	0.546
I sometimes read through blogs posted at KRA's website which have informed me so much about my tax obligations.	3.70	0.711
I depend on social media sites such as twitter, Facebook, Instagram among others to get tax information that I need.	4.38	0.613
My business has a social media handle where I connect and interact with other taxpayers and the tax authority.	3.29	1.082
Electronic media education	3.81	

4.5.4 Income Tax Performance

Table 4.6 illustrate the level of income tax performance. The results from respondents demonstrate that I file all my income tax returns as is required because I am afraid, I may be punished if I do not (mean=3.38, standard deviation= 0.918). My business has acquired several compliance certificates each year which is measure of the level of my tax awareness and compliance (mean=3.88, standard deviation= 0.737). My business understands the need to pay all taxes due as this contributes to improved revenue performance (mean=3.03, standard deviation= 0.956). My business is so small that its contribution to the total tax revenue collected by the revenue authority will be negligible (mean=3.77, standard deviation= 0.710). As a business I think it is important to continuously educate micro enterprises on their tax obligations so as to be more compliant (mean=3.92, standard deviation= 0.720). Implying those micro enterprises owners moderately high ranking with respect to various income tax performance

Table 4.6: Income tax performance

5 = Strongly Agree, 4 = Agree, 3 = Neutral, 2 = Disagree, 1= Strongly Disagree

	Mean	Std. Dev
I file all my income tax returns as is required because I am afraid, I may be punished if I do not.	3.38	0.918
My business has acquired several compliance certificates each year which is measure of the level of my tax awareness and compliance.	3.88	0.728
My business understands the need to pay all taxes due as this contributes to improved revenue performance.	3.03	0.956
My business is so small that its contribution to the total tax revenue collected by the revenue authority will be negligible.	3.77	0.710
As a business I think it is important to continuously educate micro enterprises on their tax obligations so as to be more compliant.	3.92	0.720
Income Tax performance	3.59	

4.6 Statistical Assumptions

Certain assumptions regarding the variables employed in the analysis are made by statistical tests. According to Osborne and Waters (2014), if these assumptions are not satisfied, the findings may be invalid. They go on to say that this might lead to a type I or type II mistake, as well as an over or underestimation of value or effect size (s). As a consequence, it is critical to pre-test for these preconceptions in order to ensure the validity of their findings. According to Osborne, Christensen, and Gunter (2001), few papers claim having evaluated the theoretical underpinnings the statistical tests they use to make their conclusions.

According to Osborne and Waters (2014), the failure to test for these assumptions has resulted in a rich literature in education and social science, but issues about the credibility of many of these findings, conclusions, and statements remain. Assumption testing is useful because it confirms that an analysis fulfils the related hypotheses and helps to eliminate type I and II mistakes (Osborne and Waters, 2014; Owino, 2014). Before data analysis, normality and multicollinearity assumptions were validated.

4.6.1 Normality

Shapiro–Wilk test was used in order to examine the normality of the data. Therefore, on the contrary, if the p value is less than the preferred alpha level, then the null hypothesis gets dismissed and there is evidence that the data being tested are not normally distributed. On the other hand, if the p value is greater than the selected alpha level, then the null hypothesis is accepted. On the other hand, if the selected alpha level is lower than the p value, then the null hypothesis that the data originated from a normally distributed population may be disregarded. This occurs when the p value is less than the alpha level. The assumption that the population follows a normal distribution serves as the test's "null hypothesis." Table 4.7 displays the findings of the normalcy test that was performed.

The results of the normality test revealed that the p value for taxpayer sensitization was more than 0.05, indicating that the data is normally distributed. It was also determined that the p value for education gained through print media was more than 0.05, whereas that gained from electronic media had a p value of $.137 > 0.05$. However, Tax performance had a p value that was more than 0.05. As a consequence of the findings of the normality test, which demonstrated that the data followed a normal distribution, further studies were carried out.

Table 4.7: Tests of Normality

	Shapiro-Wilk	
	Statistic	Sig.
Taxpayer Sensitization	.975	.084
Print Media Education	.896	.061
Electronic Media Education	.978	.137
Tax Performance	0.840	.205

4.6.2 Linearity Test

The test for linearity for the four independent variables was performed to determine whether or not the dependent variables had a linear relationship with each of the four independent variables. The findings are shown in the table accessible at 4.8. The results of the ANOVA are shown in table 4.9, and it can be seen that the F-value is 54.843, which is significant when $p < 0.05$ is used. This indicates that a model is statistically significant and that there is a linear connection between the variables being considered (the dependent variables) and the variables being considered (the independent variables). Therefore, as a result, the hypothesis of linearity was not invalidated in any way.

Table 4.8: Tests for Linearity

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	23.980	1	23.980	54.843	.000 ^b
	Residual	26.013	300	0.086		
	Total	49.993	301			

a. Dependent Variable: income tax performance

b. Predictors: (Constant), taxpayer sensitization, print media education, and electronic media education

Source: Research Data, (2021)

4.6.3 Autocorrelation Test

A test for autocorrelation was carried out in order to determine whether or not the values of the residuals can be considered independent, as well as to establish whether or not the observations can be considered independent of each other and uncorrelated. In order to demonstrate the degree of autocorrelation, the Durbin-Watson test was carried out. The value of the statistic might vary anywhere from 0 to 4. A score close to 2 indicates that there is no synchronization between the variables being studied; a value close to 0

indicates that there is positive synchronization; and a value close to 4 indicates that there is negative autocorrelation between the variables being studied.

Table 4.9: Autocorrelation Test Durbin Watson

Model	Durbin-Watson
1	1.9762127

The results of Durbin Watson statistic value in Table 4.9 is 1.9762127. According to Chen (2016), test statistic values in the 1.5 to 2.5 range imply no autocorrelations, hence the research found that there was no autocorrelation between the independent variables.

4.6.4 Multicollinearity Test

When two or more variables in a regression model are moderately or strongly associated, multicollinearity occurs, restricting the research results that may be reached. Multicollinearity, as defined by Zainodin, Noraini, and Yap (2011), is the occurrence of linkages between predictor variables. Multicollinearity may occur in extreme circumstances of perfect relationships between predictor variables, implying that unique least squares result to a regression analysis cannot be found (Field, 2009). According to Field (2009), VIF values greater than 10 indicate the existence of Multicollinearity. Multicollinearity inflates standard deviation and confidence intervals, resulting in unsustainable coefficient estimates for individual predictors. The Variance Inflation Factor (VIF) was used to quantify multicollinearity in this investigation, as indicated in Table 4.10.

Table 4.8 displays the results. A variance inflation factor test was performed to determine predictor multicollinearity, and a result less than 10 is considered acceptable. The V.I.F value for taxpayer sensitization was 1.641, which is less than 10, indicating that there is no cointegration relationship. Print media education has a VIF score of

1.936, indicating that there is no multicollinearity since the VIF is less than 10. The findings showed that electronic media education had a VIF score of 1.586, indicating that there is no multicollinearity since VIF is less than 10. Thus, regression analysis might be used to evaluate the perceived impact of taxpayer education on income tax performance in Nairobi County, Kenya.

Table 4.10: Multicollinearity Test

Variable	Collinearity Statistics	
	Tolerance	VIF
Taxpayer sensitization	0.708	1.641
Print media education	0.889	1.936
Electronic media education	0.823	1.586

4.7 Exploratory Factor Analysis

The exploratory factor analysis matrix gives loading that is the correlation between each variable and each factor. A factor denotes an underlying dimension that account for numerous observed variables (Coghlan & Brannick, 2002). The cells results from the Table 4.2 reveal factor loadings which gives values over 0.5 and none is more than 0.944 implying linear relationship, interval or near interval data lack of high multicollinearity. Bell (2016) suggested that any factor loading below 0.4 is weak and those between 0.5 and 0.6 are moderate. While values which are <0.3 , the results of the factor analysis perhaps was not be so imperative in the research. Thus, from results of the all the questionnaire were able to meet a significant value in the research findings.

Table 4.11 Factor Analysis

	TS	PME	EME
Taxpayer Sensitization			
I have interacted with RA	0.685		
I attend a tax seminar	0.684		
I have attended taxpayers' week.....	0.534		
Meeting with KRA is important.....	0.791		
Constant tax education is important...	0.876		
Print Media Education			
I know that print media is.....		0.519	
Brochures are an important.....		0.854	
I have received many brochures.....		0.689	
I have interacted with newsletters.....		0.536	
I know tax guidebooks are		0.949	
Electronic Media Education			
I know there are television programs...			0.703
I have learnt about my tax.....			0.592
Sometimes read through blogs			0.669
I depend on social media.....			0.621
My business has a social media handle.....			0.587

Method of Extraction: Principal Component Analysis

Survey Data (2021)

4.8 Inferential Statistics

4.8.1 Correlation Analysis

Pearson correlation analysis shown in Table 4.11 below, taxpayer sensitization had the positive correlation between taxpayer sensitization with income tax performance ($r=0.397$, $P < 0.007$). Thus, taxpayer sensitization had 39.7% positive relationship with income tax performance. Print media education with income tax performance ($r=0.283$, $P < 0.004$). Thus, print media education had 28.3% positive relationship with income tax performance. Electronic media education positively correlated with electronic media education ($r=0.421$, $P < 0.000$). Thus, electronic media education had a 42.1% positive relationship with income tax performance.

Table 4.12: Correlation Analysis

		Income tax performance	Taxpayer sensitization	Print media education	Electronic media education
Income tax performance	Pearson				
	Correlation	1			
	Sig. (2-tailed)				
	N	301			
Taxpayer sensitization	Pearson		1		
	Correlation	.397**			
	Sig. (2-tailed)	.007			
	N	301			
Print media education	Pearson			1	
	Correlation	.283**	.367**		
	Sig. (2-tailed)	.004	.000		
	N	301			
Electronic media education	Pearson				1
	Correlation	.421**	.259**	.255**	
	Sig. (2-tailed)	.001	.000	.000	
	N	301			

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

Source: Research Data, (2021)

4.8.2 Multiple Regression Analysis

The use of multiple regression analysis was opted upon to demonstrate the degree of importance that can be attributed to the connection that exists between the dependent variable and the independent variables. The study illustrates how the independent variables might have an impact on the dependent variable, as well as the degree to which the selected variables interact with one another. The findings are presented in the model summary, found on table 4.13.

Table 4.13: Multiple Linear Regression analysis Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.887 ^a	.786	.779	.28543

a. Predictors: (Constant), taxpayer sensitization, print media education and electronic media education

Source: Research Data, (2021)

The results in Table 4.13, revealed that taxpayer sensitization, print media education, electronic media education correlate with income tax performance up to 88.7% ($R=0.887$) and accounts for a variation of 78.6% ($R^2 =0.786$). This implies that 21.4% of the change in income tax performance was necessitated by other variables which were not integrated in the study. The findings further illustrate that even if the results adjust, the study still accounted for 77.9% (Adjusted R^2 , 0. 779) variation of income tax performance.

4.8.3 Variance Analysis

The ANOVA-Analysis of Variance is used to show the efficacy of the adopted mode for use in the study. The findings were summarized on the table 4.14.

Table 4.14: Analysis of Variance (ANOVA)

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	23.980	1	23.980	54.843	.000 ^b
	Residual	26.013	300	0.086		
	Total	49.993	301			

a. Dependent Variable: income tax performance

b. Predictors: (Constant), taxpayer sensitization, print media education and electronic media education

Source: Research Data, (2021)

Further ANOVA tests were conducted to determine whether the model works in explaining the relationship among variables as postulated in the conceptual model. The findings from Table below show an F value of 54.843 with a significance level of 0.000 which is far lower than the confidence level of 0.05, hence establishing the model is statistically significant. The implication is that each independent variable contributes significantly to changes in the dependent variable.

Table 4.15: Regression Coefficient Results

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.381	.111		3.432	.007
	Taxpayer sensitization	.457	.075	.274	6.093	.000
	Print media education	.255	.059	.324	4.322	.001
	Electronic media education	.286	.036	.321	7.944	.004

a. Dependent Variable: income tax performance

Source: Research Data, (2021)

The regression analysis model derived from the methodology was delineated as follows.

$$Y = \alpha + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \varepsilon$$

Where Y = income tax performance

X₁ – taxpayer sensitization

X₂ - print media education

X₃ - electronic media education

α - constants term

$\beta_1, \beta_2, \beta_3$ - regression coefficients of X₁, X₂ and X₃ and ε = error item.

Regression Equation

$$Y = 0.381 + 0.274X_1 + 0.324X_2 + 0.321X_3$$

The Regression equation reveals that the independent variables and dependent variable were statistically significant. A unit change in taxpayer sensitization, print media education and electronic media education increase income tax performance by 0.274, 0.324 and 0.321 respectively.

4.8.4 Test of Hypotheses

According to the first hypothesis, H_0_1 , taxpayer enlightenment had no substantial effect on income tax performance among micro companies in Nairobi County, Kenya. Income tax performance is positively related to taxpayer sensitization. Table 4.14 indicated a beta value of $\beta=0.274$ and a p value of $\rho=0.001$, both of which were less than the standard $p<0.05$, indicating that the association was statistically meaningful and thus the null hypothesis was rejected. According to the second hypothesis, H_0_2 , print media education has no substantial impact on income tax performance among tiny companies in Nairobi County. Income tax performance is positively related to print media education. Table 4.14 indicated a beta value of $\beta=0.324$ and a p value of $\rho=0.000$, both of which were less than the conventional probability of $p<0.05$, indicating that the association was statistically relevant and therefore the null hypothesis was rejected.

The third hypothesis H_0_3 stated that electronic media education has no significant influence on income tax performance among micro enterprises in Kamkunji, Nairobi County. Electronic media education has a positive relationship effect on income tax performance. The finding on Table 4.14 revealed a beta value of $\beta=0.321$ and a p value of $\rho=0.004$ which was less than the conventional $p<0.05$, which implies that relationship was statistically significant therefore the null hypotheses was rejected.

Table 4.16: Summary of Hypothesis Testing

Hypothesis	P-value	Conclusion
H₀₁: Taxpayer sensitization has no significant influence on income tax performance among micro enterprises in Nairobi County, Kenya.	0.000	Reject H ₀₁
H₀₂: Print media education has no significant influence on income tax performance among micro enterprises in Nairobi County, Kenya	0.001	Reject H ₀₂
H₀₃: Electronic media education has no significant influence on income tax performance among micro enterprises in Nairobi County, Kenya.	0.004	Reject H ₀₃

Source: Research, 2021

4.9 Discussion of Finding

4.9.1 Effect of Taxpayer Sensitization on Income Tax Performance

The initial objective was to see how taxpayer sensitization affected income tax performance among micro companies in Nairobi County, Kenya. The results show that the correlation between taxpayer sensitization and income tax performance is statistically significant, with p-Value = 0.000, which is less than the standard probability significance limit ($p=0.0000.05$). The findings were consistent with those of Amaning et al., (2021), who investigated the impact of taxpayer sensitization on income tax conformity among small and medium-sized businesses in Ghana. These studies reveal that when taxpayers are instructed or educated by one-on-one contact with tax authorities during sensitization events, they not only recall but also adhere to the tax rules, regulations, laws, and policies.

4.9.2 Effect of Print Media Education on Income Tax Performance

The second objective was to determine whether education about print media had an effect on the level of income tax compliance among micro companies in Kamkunji, which is located in Nairobi County. This conclusion indicates that the association

between literacy in print media and performance on income tax returns is statistically relevant, with a p-value of 0.001, which is lower than 0.05, the standard probability significance threshold, ($p=0.0000.05$). According to the results, which were in agreement with Nurlis (2015), the implementation of print media taxpayer education would result in an improved comprehension of the tax rules, taxpayer sensibility, tax return submissions, payment consciousness, loyalty, and a decrease in tax evasion. There is much indication that print media play a significant role in teaching taxpayers, despite the fact that there has not been a great deal of study conducted, particularly in Kenya, on the influence of print media taxpayers' education on taxation and conformity. A regression analysis and a correlation analysis were carried out on the data. According to the conclusions of the research, education in print media has a favorable and substantial association with tax knowledge, which ultimately results in improved revenue performance.

4.9.3 Effect of Electronic Media Education on Income Tax Performance

The third objective was to evaluate the impact of electronic media education on the performance of income tax filings by micro firms in Kamkunji, which is located in Nairobi County. The study indicates that the correlation between taxpayer sensitization and income tax performance is statistically significant, with a p-Value of 0.004; this value is less than 0.05, which is the conventional probability significance threshold, and $p=0.0000.05$. The findings of a research by Amaning and colleagues (2020) were consistent regarding tax adherence among Ghanaian SMEs and the significance of taxpayer education. The research technique used in this research was a survey. The approach known as the Partial Least Square-Structural Equation Model was selected. The outcomes of the research indicate that taxpayer education via electronic media has a beneficial effect on tax adherence; print media has a considerable influence on tax

compliance; and taxpayer sensitization programs have a major impact on tax compliance. The tax authorities should step up their teaching efforts for taxpayers if and when it is anticipated that income tax performance would improve.

CHAPTER FIVE

SUMMARY OF FINDINGS, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

This chapter summarizes and presents the researcher's findings from the study. It has been organized to provide a concise summary of the study findings, conclusions made from the study findings, and areas of further research.

5.2 Summary of Findings

The main objective of this study was to investigate the perceived effect of taxpayer education on income tax performance among micro-enterprises in Nairobi County, Kenya. The study applied explanatory both primary data methods were used to gather data for this research. To achieve the study's objectives, primary data was collected using a self-administered predetermined questionnaire. The study questionnaire included closed-ended questions with five-point Likert scale type statements.

The study had three specific objectives; to determine the perceived effect of taxpayer sensitization on income tax performance among micro-enterprises in Nairobi County, Kenya. To establish the perceived effect of print media education on income tax performance among micro-enterprises in Nairobi County, Kenya. To investigate the perceived effect of electronic media education on income tax performance among micro-enterprises Nairobi County, Kenya.

5.2.1 Effect of Taxpayer Sensitization on Income Tax Performance

To determine the perceived effect of taxpayer sensitization on income tax performance among micro-enterprises in Nairobi County, Kenya. Correlation analysis showed that taxpayer sensitization education on income tax performance among micro-enterprises in Nairobi County, is 39.7% positively and significantly associated. Also, the

Regression analysis has shown a 0.274 positive significant linear relationship between taxpayer sensitization on income tax performance among micro-enterprises in Nairobi County, Kenya.

5.2.2 Effect of Print Media Education on Income Tax Performance

To establish the perceived effect of print media education on income tax performance among micro-enterprises in Nairobi County, Kenya. Correlation analysis showed that print media education on income tax performance among micro-enterprises in Nairobi County, is 28.3% positively and significantly associated. Also, the Regression analysis showed there was a 0.324 positive significant linear relationship between print media education on income tax performance among micro-enterprises in Nairobi County, Kenya.

5.2.3 Effect of Electronic Media Education on Income Tax Performance

To investigate the perceived effect of electronic media education on income tax performance among micro-enterprises in Nairobi County, Kenya. Correlation analysis showed that electronic media education on income tax performance among micro-enterprises in Nairobi County, is 42.1% positively and significantly associated. Also, the Regression analysis showed there was a 0.321 positive significant linear relationship between electronic media education on income tax performance among micro-enterprises in Nairobi County, Kenya.

5.3 Conclusions of the Study

The conclusions of this study were informed based on the study's findings. Each objective was reviewed, and a conclusion was provided. This study aimed to investigate the perceived effect of taxpayer education on income tax performance among micro-enterprises Nairobi County, Kenya. Based on research findings, it can be concluded that

taxpayer sensitization affects income tax performance among micro-enterprises in Nairobi County. From the study's findings, taxpayer sensitization is found to play a significant role in the income tax performance among micro-enterprises in Nairobi County. The study found that taxpayers interacted with Kenya Revenue Authority during one of the conferences organized for tax training and awareness creation.

It is also concluded that print media education affects income tax performance among micro-enterprises in Nairobi County. From the findings taxpayer positively affects income tax performance, respondents agreed that I had received many brochures on micro-businesses tax obligations, which have educated me on many issues on taxing small businesses, and I know that print media is any material designed and printed on paper which I can read and making meaning out of.

Lastly, the findings conclude that electronic media affect income tax performance among micro-enterprises in Nairobi County. From the findings, taxpayer education positively affects income tax performance, majority of taxpayers were in agreement that they have learned about my tax obligations from the social media platforms, which has increased my level of awareness of income tax.

5.4 Recommendations of the Study

The findings revealed a statistically significant relationship between taxpayer sensitization, print media education, and electronic media taxpayer education on income tax performance. To the revenue authority, the study recommends that more efforts be put into taxpayer sensitization which will enhance the interaction between the taxpayers and the authority, help clear issues in the grey areas and improve revenue collection from the micro-enterprises.

Drawing from the transformative learning theory, learning is gradual and continuous. The study recommends that taxpayer education be a constant and continuous effort to bring all eligible taxpayers into the taxation bracket, especially the micro, small and medium enterprises. The study recommends that social and religious institutions be engaged in taxpayer education to improve the consumption of the printed materials that revenue authority has put out there. The reading culture would facilitate the reliance on printed materials for knowledge gain and tax compliance. Income tax performance depends on the willingness of taxpayers to comply.

Since several other factors could not be explained in the analytical model and borrowing from the social learning theory, the study recommends that specific and tailor-made forms of taxpayer education should be established to target taxpayers with varying levels of education and social factors such as religion, beliefs, and culture by the relevant government agencies for improved income tax performance.

5.5 Suggestions for Further Research

The study explains 78.6% of the variance in income tax performance among micro-enterprises leaving 21.4% unexplained. The study, therefore, suggests that further research should be conducted across these unexplained factors, such as economic, social, and religious factors affecting income tax compliance among micro-enterprises. Equally, this study was done in one subset of enterprises. The generalization of results to unrelated subsets may not be objective. Hence, other studies should investigate the effect of similar variables in other subsets of the enterprising sectors of the economy. This will offer the basis for comparing income tax performance parameters within different economic sectors.

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APPENDICES

Appendix I: Letter of Introduction

Dear respondent,

I am a student at Kenya School of Revenue Administration conducting a study on **the influence of taxpayer education on income tax performance among micro enterprises within Kamkunji, Nairobi, County**. This study will enlighten the micro enterprises, various policy makers, tax authority, and public on the above subject area of study. I request you to complete this questionnaire, in order to complete the study.

The information obtained will be used purely for academic purposes and therefore, will be treated with utmost confidentiality and good faith. Thank you in advance for your participation and contribution towards achieving this goal.

Yours sincerely

.....

Felix Odhiambo Obong'o

KESRA105/0001/2019

Appendix II: Research Questionnaire

Instructions for Respondents

This questionnaire is divided into four parts namely Part 1, Part 2, Part 3, Part 4, and Part 5. You are requested to be as honest as possible while answering the questions. Kindly put a tick, circle, or put an x mark in the spaces provided and as instructed each part of the questionnaire.

PART 1: GENERAL INFORMATION

1. What is your gender?

Male Female

2. How old are you?

18 – 28 years 29 – 39 years 40 – 49 years

50 – 59 years 60 and above

3. What is your level of education?

Primary Secondary University

Tertiary None

4. How many employees does your business have including those on short term?

1 – 5 people 6 – 10 people

More than 10

5. What was your cumulative annual sales turnover for the last three years?

250,000 – 1,000,000 1,000,000 – 1,750,000

1,750,000 – 2,500,000 2,500,000 – 3,250,000

3,250,000 – 4,000,000 4,000,000 and above

PART 2: TAXPAYER SENSITIZATION

To what extent do you agree or disagree with the following statements. Kindly put a cross (X) where applicable. *Use a scale of 1-5 where; 1= Strongly Disagree, 2 = Disagree, 3 = Neutral, 4 = Agree, 5 = Strongly Agree.*

		1	2	3	4	5
1.	I have interacted with Kenya Revenue Authority during one of the conferences organized for tax training and awareness.					
2.	My business has been invited to attend a tax seminar organized for businesses in which mine belongs by the government.					
3.	I have attended taxpayers' week organized for business entities in which I represented other businesses tax needs.					
4.	My business as well others understand that meeting with KRA officials physically is important in increasing tax awareness amongst us.					
5.	My business understands that constant tax education is important to sustain awareness level among businesses especially micro-enterprises.					

PART 3: PRINT MEDIA EDUCATION

To what extent do you agree or disagree with the following statements. Put a cross (X) in the spaces provided. Use a scale of 1-5 where; 1= *Strongly Disagree*, 2 = *Disagree*, 3 = *Neutral*, 4 = *Agree*, 5 = *Strongly Agree*.

		1	2	3	4	5
1.	I know that print media is any material designed and printed on paper which I can read and making meaning out of.					
2.	Brochures are an important source of information on my business tax obligations, tax rules and regulations.					
3.	I have received many brochures on micro businesses tax obligations which have educated me on many issues on taxing small businesses.					
4.	I have interacted with a newsletter informing me and my business about my tax obligations, rules, and regulations.					
5.	I know tax guidebooks are an important source of education materials that my business regularly depend on for reference.					

PART 4: ELECTRONIC MEDIA EDUCATION

To what extent do you agree or disagree with the following statements. Put a cross (X) in the spaces provided. Use a scale of 1-5 where; 1= *Strongly Disagree*, 2 = *Disagree*, 3 = *Neutral*, 4 = *Agree*, 5 = *Strongly Agree*.

		1	2	3	4	5
1.	I know there are television (TV) programs which teach small business about their tax obligations, rules, and regulations from KRA.					
2.	I have learnt about my tax obligations from the social media platforms which has increased my level of awareness on income tax.					
3.	I sometimes read through blogs posted at KRA's website which have informed me so much about my tax obligations.					
4.	I depend on social media sites such as twitter, Facebook, Instagram among others to get tax information that I need.					
5.	My business has a social media handle where I connect and interact with other taxpayers and the tax authority.					

PART 5: INCOME TAX PERFORMANCE

To what extent do you agree or disagree with the following statements. Put a cross (X) in the spaces provided. Use a scale of 1-5 where; 1= *Strongly Disagree*, 2 = *Disagree*, 3 = *Neutral*, 4 = *Agree*, 5 = *Strongly Agree*.

No.		1	2	3	4	5
1.	My business is aware that tax education leads to improved revenue performance for the government which also benefits my business.					
2.	My business has acquired compliance certificates over several years which measures my level of my tax awareness and compliance.					
3.	My business understands the need to pay all taxes due as this contributes to improved revenue performance.					
4.	My business is so small that its contribution to the total tax revenue collected by the revenue authority will be negligible.					
5.	Tax education should be a continuous process for micro-enterprises to ensure that revenue is efficiently and effectively collected.					

THE END

Thank you.

Appendix III: List of Sampled Small and Medium Enterprises

No.	Name Of The Enterprise	No.	Name Of The Enterprise
1.	SUKAN TRADERS	194.	SERE TRADERS
2.	TRISHNA DISTRIBUTORS	195.	SONKAR TRADERS
3.	MAHAVIR AGENCIES	196.	KARSAN ENTERPRISES
4.	POLYPUMPS TRADERS	197.	UNIQUE TRADERS
5.	PECK BABY SHOP	198.	BRODER VENTURES
6.	AMWAGO SHOES DEALERS	199.	JOY MERCY ENTERPRISES
7.	JEMA TRADERS	200.	CITYSUN VENTURES
8.	RUPYSTAR ENTERPRISES	201.	TAMINA VENTURES
9.	TAUSI ENTERPRISES	202.	MODANA ENTERPRISES
10.	COSY KITCHEN WARE	203.	DELTA TRADERS
11.	EX-TEP FASHIONS	204.	STEWAMU ENTERPRISES
12.	DA-JA TRADERS	205.	RESILIENT VENTURES
13.	NEEMA ENTERPRISES	206.	JOJEMI ENTERPRISES
14.	PENJOY TRADERS	207.	UKWALA SUPPLIERS
15.	ALIWAN ENTERPRISES	208.	NEW KIANDARI ENTERPRISES
16.	TRENDY CROCKERIES	209.	SALICO TRADERS
17.	MACK-E TRADERS	210.	ROCHAM ENTERPRISES
18.	PAMBAZA KITCHEN WARE	211.	GIFT TRADERS
19.	JIKAZE ENTERPRISES	212.	PERUNA TRADERS
20.	IMANI ENTERPRISES	213.	BEULAH ENTERPRISES
21.	KINKIM TRADERS	214.	ELDAD VENTURES
22.	GUNAS ENTERPRISES	215.	SMITH BABY SHOP
23.	MILLENIUM TRADERS	216.	EDDJOS ENTERPRISES
24.	KINYOHO STORES	217.	GOOLUCK STORES
25.	KIAMA INVESTMENT	218.	KEISAM VENTURES
26.	MADEFU TRADERS	219.	ZIBBLE COLLECTIONS
27.	ELSHADAI ENTERPRISES	220.	SPRING VENTURES
28.	WINCOM TRADERS	221.	KAMWAMU ENTERPRISES
29.	GRASPER VENTURES	222.	LEXANNA ENTERPRISES
30.	BASMA TRADERS	223.	ANJENDA ENTERPRISES
31.	WAJACKLINE ENTERPRISES	224.	MAMA KITCHEN COOKWARE
32.	VICTORY TRADERS	225.	ADJUST SUPPLIERS
33.	RENTON ENTERPRISES	226.	MANCHESTER FOOTWARE
34.	FIDELITY STORES	227.	JOMBU ENTERPRISES
35.	MAMBO YETU ENTERPRISES	228.	RESTORATION ENTERPRISES
36.	WINAM ENTERPRISES	229.	FAIR PRICE
37.	GENESIS TRADERS	230.	MSIMAMU TRADERS
38.	CENTUARY ENTERPRISES	231.	JONYYCE TRADERS
39.	GURU MERCHANTS	232.	MOSMU'S ENTERPRISES
40.	MARIANAH TRADERS	233.	BETDA VENTURES
41.	HAPPY FEET COLLECTIONS	234.	EUNICE TEXTILE
42.	DOLLY CLASSIC ENTERPRISES	235.	MEFLO TRADERS

43.	PIONEER TRADERS	236.	THE POWER ENTERPRISES
44.	MR. SNEEKERS VENTURES	237.	PE-JOY TRADERS
45.	AL-AMIN FOOTWARE	238.	GATEWAY VENTURES
46.	DIKIROS TRADERS	239.	JOCHA TRADERS
47.	PYRAMID COLLECTIONS	240.	FULLTIME STORES
48.	SAN SIRO FOOTWARE	241.	SAMAR ENTERPRISES
49.	SHOES UNIVERSE	242.	LIZTECH ENTERPRISES
50.	ZEUMU FOOTWARE	243.	WINNER SUPPLIERS
51.	JUDAH INVESTMENTS	244.	JEI-EM ENTERPRISES
52.	PATA FASHIONS	245.	JAMHAT TRADERS
53.	AARAN ENTERPRISES	246.	KINSY ENTERPRISES
54.	KITCHEN SECRETS COOKWARE	247.	JOPEMA TRADERS
55.	HAVEN COOKWARE	248.	EANGLE WINGS VENTURES
56.	ELVIS ENTERPRISES	249.	MILMA ENTERPRISES
57.	KITCHEN SOLUTIONS	250.	PSALMS KIDS WEAR
58.	TOP DAN TRADERS	251.	PETGRACE ENTERPRISES
59.	JAMA TRADERS	252.	MICMAG TRADERS
60.	PATLEA ENTERPRISES	253.	GICHEMA ENTERPRISES
61.	REBOHATH ENTERPRISES	254.	CYBRA ENTERPRISES
62.	BLUE HILL VENTURES	255.	TWO IN ONE
63.	JOJE TRADERS	256.	GLADELI ENTERPRISES
64.	DANSAR BABY SHOP	257.	JEYDEN ENTERPRISES
65.	ROBAH'S RACK	258.	MINTECH ENTERPRISES
66.	NAFUU ENTERPRISES	259.	JOPA TRADERS
67.	NAVKAR TRADERS	260.	MIKI TRADERS
68.	STEWARDS ENTERPRISES	261.	GLORIOUS BABY SHOP
69.	KIDS CORNER	262.	MWATHI KITCHEN WARE
70.	FRAJA TRADERS	263.	TOTO FABULOUS
71.	REX INVESTMENT	264.	ROSEN ENTERPRISES
72.	BALRAM TRADERS	265.	SWEET ANGLES BABY SHOP
73.	SHANAL TRADERS	266.	SAFROB FOOTWARE
74.	TINAP ENTERPRISES	267.	META TRADERS
75.	LUCKY STORES	268.	THE PLACE COOKWARE
76.	KIFARU ENTERPRISES	269.	MANTEMOMO ENTERPRISES
77.	SAWLA ENTERPRISES	270.	GITHIWA TRADERS
78.	AMAZINGGRACE VENTURES	271.	BERMWA ENTERPRISES
79.	BRIMAS TRADERS	272.	JOAN'S COLLECTIONS
80.	THE PROMISE ENTERPRISES	273.	SHALOM ENTERPRISES
81.	TEMBO TRADERS	274.	AVIWA ENTERPRISES
82.	JAKAM TRADERS	275.	ZONELLA ENTERPRISES
83.	JOSTENG ENTERPRISES	276.	LUCIMA HOLDINGS
84.	WAMATHEGE'S ENTERPRISES	277.	SANVIC BABY SHOP
85.	BEMUX TRADERS	278.	ELEGANT KITCHEN & BAKEWARE

86.	BIJAL TRADERS	279.	STARLITE ENTERPRISES
87.	JOWAMB TRADERS	280.	AURY STORES
88.	IDEAL DRAPPERS	281.	TEMPARA ENTERPRISES
89.	MODERN TRADERS	282.	PASEPH ENTERPRISES
90.	OSILA TRADERS	283.	ECONMA ENTERPRISES
91.	THIWA ENTERPRISES	284.	STEP ONE TRADERS
92.	PALVIN TRADERS	285.	COLUMBUS COLLECTIONS
93.	KAPITOL VENTURES	286.	KIZLON ENTERPRISES
94.	WANDUGU TRADERS	287.	SWAN ENTERPRISES
95.	SHIRO'S STORES	288.	DIDAN VENTURES
96.	SAMREY TRADERS	289.	LINKY'S ENTERPRISES
97.	VITAMACS TRADERS	290.	GOD'S FAVOUR ENTERPRISES
98.	LUCY ENTERPRISES	291.	ENMOCK VENTURES
99.	TEWAKU TRADERS	292.	BETHEL TRADERS
100.	SALLYJOE ENTERPRISES	293.	SHINNER'S ENTERPRISES
101.	AL-MORAN TRADERS	294.	UFANISI ENTERPRISES
102.	JOLIS TRADERS	295.	STEKA TRADERS
103.	TERRY ENTERPRISES	296.	RIAN TRADERS
104.	ERAMA TRADERS	297.	JJAY'S TRADERS
105.	GLORIA VENTURES	298.	STEVAN'S ENTERPRISES
106.	ARMIS ENTERPRISES	299.	SWASTIK TRADERS
107.	HENMA TRADERS	300.	JAMUNJE TRADERS
108.	DENKA TRADERS	301.	BORU ENTERPRISES
109.	ALFAJETER ENTERPRISES	302.	MAMATA TRADERS
110.	FAITH ENTERPRISES	303.	NGIGG'S ENTERPRISES
111.	SUPREME TRADERS	304.	SAINTZ ENTERPRISES
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115.	BIGDEAL TRADERS	308.	PEROLA TRADERS
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117.	ANDIE TRADERS	310.	EL-NJEGA TRADERS
118.	MWINA INVESTMENT	311.	DEMWA TRADERS
119.	GEDEN SUPPLIERS	312.	FAY'S ENTERPRISES
120.	EFFORT VENTURES	313.	STEMBA ENTERPRISES
121.	BRISTAL TRADERS	314.	SPARTAN TRADERS
122.	FAIRDEAL ENTERPRISES	315.	TESHLI ENTERPRISES
123.	JOZAKEL ENTERPRISES	316.	DOVISH ENTERPRISES
124.	KENSON'S VENTURES	317.	AFAF SUPPLIERS
125.	RONAK ENTERPRISES	318.	EUNICA ENTERPRISES
126.	BEAVER TRADERS	319.	AFRISTO ENTERPRISES
127.	KENSTA ENTERPRISES	320.	FAVOURED VENTURES
128.	BRISMA TRADERS	321.	NALEPO ENTERPRISES
129.	VAST VENTURES	322.	MAISH VENTURES
130.	CATE ENTERPRISES	323.	CHASAM ENTERPRISES
131.	MUGOIR TRADERS	324.	STUDMAC TRADERS

132.	MWIJOYO ENTERPRISES	325.	KITGUM ENTERPRISES
133.	ROBINS TRADERS	326.	WENPRERI TRADERS
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135.	JASMINE TEXTILE	328.	BARAKA VENTURES
136.	MATILDA VENTURES	329.	MIAMI SUPPLIERS
137.	PRIWAK ENTERPRISES	330.	PAJIL TRADERS
138.	JANEBOSCO ENTERPRISES	331.	BETTY'S ENTERPRISES
139.	SILVER TRADERS	332.	BY GRACE ENTERPRISES
140.	SARAH'S ENTERPRISES	333.	TMAN TRADERS
141.	NASADIKI TRADERS	334.	SACC ENTERPRISES
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150.	TEDMAN ENTERPRISES	343.	MASTER'S TRADERS
151.	MT. KENYA VENTURES	344.	SUPERIOR SSUPPLIERS
152.	TIMES ENTERPRISES	345.	SERVOTECH ENTERPRISES
153.	NGEMI TRADERS	346.	DEFINATE VENTURES
154.	FRANKIM ENTERPRISES	347.	EDDMAC ENTERPRISES
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166.	TAMAM TRADERS	359.	PENNY ENTERPRISES
167.	LINKA ENTERPRISES	360.	EMPIRE VENTURES
168.	JACKPAS TRADERS	361.	SHINNER'S TRADERS
169.	DICSON TRADERS	362.	WARICKIE ENTERPRISES
170.	PAMA STORES	363.	LAFEM ENTERPRISES
171.	VISION ENTERPRISES	364.	MSSOO ENTERPRISES
172.	WAKANOA ENTERPRISES	365.	DOBESH ENTERPRISES
173.	FFS ENTERPRISES	366.	ENKAREN ENTERPRISES
174.	BINO TRADERS	367.	VISIONMED ENTERPRISES
175.	ANN'S ENTERPRISES	368.	LUZIKI ENTERPRISES
176.	KAMI TRADERS	369.	MIDAS ENTERPRISES
177.	BLESSINGS STORES	370.	ELCHIM ENTERPRISES

178.	PAMUMWA ENTERPRISES	371.	HANGET ENTERPRISES
179.	MOJOJI TRADERS	372.	JACBARON ENTERPRISES
180.	JAMAC ENTERPRISES	373.	VOLEX ENTERPRISES
181.	GOD'S GRACE VENTURES	374.	JIMMY ENTERPRISES
182.	JEWA TRADERS	375.	FRAWAR ENTERPRISES
183.	SUEBIL ENTERPRISES	376.	NEWPEA TRADERS
184.	BLESSED TRADERS	377.	JOASHTO VENTURES
185.	NDEMWA ENTERPRISES	378.	GERUCHAN ENTERPRISES
186.	NAZARENE VENTURES	379.	NGWATAH ENTERPRISES
187.	RAYKELLY ENTERPRISES	380.	MAYAASH ENTERPRISES
188.	MWASH ENTERPRISES	381.	TAKWENYA ENTERPRISES
189.	HOUSTON HOLDINGS	382.	GAVY ENTERPRISES
190.	JAMWAR TRADERS	383.	NGOROSE ENTERPRISES
191.	ZIMAX ENTERPRISES	384.	FRAMAX ENTERPRISES
192.	OVERFLOW VENTURES	385.	JUNDOM TRADESR
193.	DHAMIK ENTERPRISES	386.	VESPA ENTERPRISES

Appendix IV: KESRA Permission Request

PUBLIC



REF: KESRA/NBI/036

6th June 2022

TO: WHOM IT MAY CONCERN

RE: REQUEST FOR RESEARCH DATA

FELIX ODHIAMBO OBONG'O- REG. NO.: KESRA/105/0001/2019

This is to confirm that the above named is a student at Kenya School of Revenue Administration (KESRA) Nairobi Campus pursuing Masters in Tax and Customs Administration.

The named student is undertaking Research on TOPIC: **"PERCEIVED EFFECT OF TAXPAYER EDUCATION ON INCOME TAX PERFORMANCE AMONGS MICRO ENTERPRISES IN NAIROBI COUNTY, KENYA."**

The purpose of this letter is to request your good office to assist the above student with the information to enable him work on his project.

Your support to KESRA in this regard will be highly appreciated.

Thank you

Dr. Marion Nekesa, PhD
 Head Academic Research
 KESRA

Tulipe Ushuru, Tujitegemee!

Appendix V: NACOSTI Research Permit



REPUBLIC OF KENYA
REPUBLIC OF KENYA



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Date of Issue: **01/October/2021**

RESEARCH LICENSE



This is to Certify that Mr. FELIX ODHIAMBO OBONGO of Moi University, has been licensed to conduct research in Nairobi on the topic: INFLUENCE OF TAXPAYER EDUCATION ON INCOME TAX AWARENESS AMONG MICRO ENTERPRISES IN KAMKUNJI ,NAIROBI, KENYA for the period ending : 01/October/2022.

License No: **NACOSTUP/21/13113**

090004

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PERCEIVED EFFECT OF TAXPAYER EDUCATION ON INCOME
TAX PERFORMANCE AMONG MICRO ENTERPRISES IN NAIROBI
COUNTY, KENYA

FELIX ODHIAMBO ORONG'O

A RESEARCH REPORT SUBMITTED IN PARTIAL FULFILLMENT OF THE
REQUIREMENTS FOR THE AWARD OF THE DEGREE OF MASTERS IN TAX
AND CUSTOMS ADMINISTRATION IN THE SCHOOL OF BUSINESS AND
ECONOMICS, JERU UNIVERSITY KENYA

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