MODERATING EFFECT OF GOVERNMENT TRAINING ON TECHNOLOGY ACCEPTANCE AND TAX COMPLIANCE: A SURVEY OF SMALL MEDIUM ENTREPRESES IN NAIROBI CBD, KENYA

BY

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DECLARATION

This research thesis is my original work and to the best of my knowledge, has not been presented for a degre award in any university.

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DEDICATION

This research thesis is dedicated to my late Mum Mercy, Dad, Peter my husband, my boys Neville & Reagan, and all my family members for their inspiration, support and encouragement throughout the period.

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ABSTRACT

Tax compliance is viewed as the degree to which a taxpayer obliges to tax rules and regulations. The purpose of the research was to establish the moderating role of government training on the relationship between technology acceptance and tax compliance of SMEs. The specific objectives were; to establish the effect of perceived ease of use on tax compliance, to determine the effect of perceived usefulness on tax compliance, to establish the effect of the social norm on tax compliance, and to determine the moderating effect of government training on the relationship of technology acceptance and tax compliance. The study was guided by the following theories theory: Social Cognitive Theory, Technology Acceptance Model, and Theory of Planned Behavior. The study was carried out in Nairobi CBD. The current study adopted an explanatory research design. The target population was 98,608 licensed SMEs in Nairobi County. Stratified random sampling was used. The sample size was 384. The study used a questionnaire as the primary data collection instrument. The study finding indicated that perceived ease of use, perceived usefulness, social norm has a positive and significant association with tax compliance among small and medium enterprises. The data were analyzed using both descriptive and inferential statistics. The results revealed that there was a positive and significant relationship between perceived ease of use and tax compliance among small and medium enterprises (β =.258, p=0.000<0.05), a positive and significant relationship between perceived usefulness and tax compliance among small and medium enterprises (β =.307, p=0.000<0.05) and a positive and significant relationship between social norm and tax compliance among small and medium enterprises (β =.516, p=0.000<0.05). It was further found that government training moderate Perceived ease (β =.165, p<0.05), Perceived usefulness(β =.29, p<0.05) and Social norm(β =.284, p<0.05) and tax compliance among small and medium enterprises where the R^2 before moderation was 51.9% but after moderation the R^2 improved to 55.4% implying that government training enhances tax compliance. The study concluded that perceived ease of use, perceived usefulness and social norms positively affects tax compliance among small and medium enterprises. It was concluded that government training moderates the relationship between technology acceptance and tax compliance among small and medium enterprises was accepted. The study recommended that properly structured e-tax training for small and medium enterprise owners and managers is required to enhance ease of use e-tax facilities. Many medium enterprise owners and managers were not aware on how to use e-tax platforms and need to be trained for ease and simplicity of using them. The study thus recommended for tax awareness workshops among small and medium enterprises so as to acknowledge the importance of being tax complaint.

TABLE OF CONTENTS

LIST OF TABLES

LIST OF FIGURES

LIST OF ABBREVIATIONS

AIA   **-** Appropriation in aid

A-I-A **-** Appropriate in Aid

CBD   **-** Central Business District

DC   **-** Developing Countries

DTPB - Decomposed Theory of Planned Behaviour

IC   **-** Industrialized Countries

ICT   **-** Information Communication Technology

IDT   **-** Innovation Diffusion Theory

IT   **-** Information Technology

KRA   **-** Kenya Revenue Authority

PAYE - Pay As You Earn

PEOU - Perceived Ease of Use

PIN   **-** Personal Identification Number

PU   **-** Perceived Usefulness

SAS   **-** Self-Assessment Systems

SCT   **-** Social Cognitive Theory

SMEs - Small and Medium Enterprises

SPSS   **-** Statistical Package for Social Sciences

TAM   **-** Technology Adoption Model

TAM2 - Extended Technology Acceptance Model

TPB   - Theory of Planned Behavior

TRA   - Theory of reasoned Action

UTAUT- Unified Theory of Users acceptance of Technology

VAT   **-** Value Added Tax

OPERATIONAL DEFINITION OF TERMS

Behaviour usage (Adoption): Behaviour usage measures include goals such as satisfaction after usage and quality service by the users. Behaviour usage (adoption) measures include assessment of factors such as acceptance factors, actual usage and perceptions of use (Venkatech & Davis, 2000).

Ease of Use: The degree to which a person believes that using computer technology would be achieved with the minimum possible effort (Marangunić & Granić, 2015).

Facilitating Conditions: The degree to which an individual believes that a satisfactory level of government and technical infrastructure exists to support use of the system (Venkatesh *et al.,* 2003).

Government facilitation/training: refer to processes and techniques employed by taxation authorities to facilitate ease of paying taxes (Touchton, Wampler & Peixoto, 2019).

Perceived Usefulness: The degree to which a person believes that using a specific application system will increase his or her job performance within an organization context (Tubaishat, 2018).

Social norm: refer to rules and standards that are understood by members of a group, and that guide and/or constrain social behavior without the force of laws (Bobek *et al.,* 2013).

Tax compliance: This means adhering to the tax laws of a given country, in this case the tax laws of Kenya regarding PAYE (Hallsworth *et al.,* 2017).

Technology acceptance: refer to willingness to accept or adopt certain type of technology based on benefits to be accrued and ease of use (Al-Gharaibah, 2020).

CHAPTER ONE

1.0 INTRODUCTION

1.1 Overview

This chapter presents an introduction to the relationship between technology acceptances, tax compliance and provides empirical evidence on the role of government facilitation. It also presents the synopsis to the proposal study, which includes background of the study, statement of the problem, general and specific objectives, research hypothesis and the scope of the study, assumptions of the study, justification of the study and significance of the study.

1.2 Background of the Study

Taxation is a fundamental component of government revenue generation, involving the compulsory collection of levies on various sources of income, consumption, and capital (Mustapha, 2013). These levies are imposed on personal income, such as salaries and business profits, as well as on company profits, petroleum profits, capital gains, and capital transfers (Mustapha, 2013). The primary objective of taxation is to generate revenue to support government expenditures and achieve economic and social objectives (Akpubi & Igbekoyi, 2019).

To promote the effective utilization of e-government technologies, training plays a crucial role in encouraging government employees and administrators to accept and adopt these technologies (Falco *et al.,* 2020). Continuous improvement of trainers' traits and the inclusion of practical fieldwork in training sessions have been identified as important factors in enhancing the effectiveness of government youth development

training programs (Rahman, Mamun-ur-Rashid, & Mondal, 2020). Training programs in government banks have also demonstrated the significance of developing overall skills, reducing stress levels, and implementing need-based training programs for long-term productivity (Islam *et al.,* 2020).

While tax payment is generally considered more convenient compared to direct taxes, tax evasion is still a challenge. Taxation policies can be used to regulate the consumption of harmful goods (Mustapha *et al.,* 2015). It is believed that effective government facilitation and the application of appropriate technologies can contribute to increased tax compliance.

Tax compliance encompasses several key aspects, including timely filing and reporting of tax information, accurate self-assessment of taxes owed, and prompt payment without the need for enforcement action (Magiya, 2016). Adherence to executive rules and regulations regarding tax reporting and payment, as well as compliance with procedural requirements and laws, are integral to tax compliance (Palil, 2010). This includes registering as a taxpayer, submitting annual tax returns (if required), and meeting payment deadlines (Kołodziej, 2011). Tax compliance requires honesty, sufficient tax knowledge, timely action, accuracy, and proper record-keeping to ensure complete and accurate tax documentation (Geremew, 2017).

Government intervention in the form of designing platforms, products, or services can serve as essential building blocks for developing an ecosystem that supports complementary products or services from small and medium enterprises (SMEs) (Alshir'ah, Abdul-Jabbar, & Samsudin, 2016). However, weaknesses in revenue collection processes can result in inadequate tax collection. Challenges such as insufficient administrative staff, low skills among taxpayers, a high level of illiteracy, as well as limited logistics and reliable data pose obstacles to effective revenue management by the government (Aladejebi, 2018).

The prevalence of illiteracy inevitably affects tax administration because tax payers are unable to file tax returns or record income sources and expenditure (Magiya, 2016). The government attempts to automate the tax filing online is still not being done by all the SMEs, some of them are still seen queue with hard copies to file their compliance in the KRA offices. The study attempts to establish the relationship between the technology acceptance and tax compliance and whether the government training moderating effects has an effect on the tax compliance.

Tax compliance is a connecting loop between perceived usefulness (PU), perceived ease of use (PEOU) and social norm. Studies have established the effort expectancy has positive influence on the intention to adopt ICT (Alshehri & Dew, 2012). The relationship between effort expectancy and intention to adopt ICT seen in both mandating and voluntary ICT adoption contexts (Pérez & Zamudio, 2018).

Intention to use has been an immediate prediction of actual usage behavior the past studies (Bobek, Hageman & Kelliher, 2013). This in order to determine the actual technology usage intention for use must be transformed to actual usage studies have confirmed the importance of variety of first and second order constructs that affect the technology contexts (Aladejebi, 2018). Their theoretical assertions were supported by a number of empirical studies Li, Wang and Wu (2020) conceptualized and studied the technology context by identifying and operationalizing technology competence.

Technology acceptance research was considered as a mature field in information systems research, with many models and theories developed and tested (Diop, Zhao, & Duy, 2019). However, despite the large volume of work in this area, very little research has been done in the tax compliance context, more so in the developing countries, indicating a significant gap in knowledge (Tusubira & Nkote, 2013). Not surprising, there was a strong current need to develop and gain empirical support for models facilitating technology acceptance within tax payers (Mustapha, 2013). One of the most notable and well-established streams of research in Information System (IS) over the four decades has been focused on how and why people adopt information technology (Gwaro, Maina, & Kwasira, 2016).

Technology acceptance is useful in enhancing tax compliance. Technology Acceptance is guided by the benefits to be achieved and ease of use, perceived usefulness and social norm. The approaches adopted by the authority in charge of tax collection may adopt technologies to enhance collection of tax and may include online tax payments, i-tax filling and reporting; use of mobile money services, mobile

banking, internet banking as alternative and customer support system have to meet at least the three postulation of the Tam model to be effective.

Alkindi *et al.,* (2022) found that government training plays a moderating role in the relationship between perceived ease of use and perceived usefulness of e-government services. Their study suggests that government training enhances the perceived usefulness of these services by improving users' perceived ease of use. In addition, Chen, Wang and Liang (2019) demonstrated that government training strengthens the positive relationship between social norm and intention to use e-government services. This indicates that government training can effectively encourage individuals to adopt e-government services by reinforcing social norms.

Further, Jimenez and Iyer (2016) highlighted the influence of social norms on compliance intentions, specifically in the context of tax compliance. Their research revealed that social norms indirectly affect compliance intentions through the internalization of personal norms. As the strength of social norms favoring tax compliance increases, individuals tend to develop stronger personal norms of tax compliance, subsequently leading to higher compliance intentions.

The SMEs sector is significant sector in the global economy. In Europe, SMEs constitute more than 99% of all businesses and provide two-thirds of private sector employment (Dan, 2014). In both the United States and China, SMEs constitute the majority of the industrial entities (Wang, *et al.,* 2019). SMEs constitute more than 50% of the workforce employed in manufacturing in developing countries such as

Ghana, Turkey, and Ecuador (World Trade Organization, 2013). In Ghana, SMEs constitute 92% of businesses, account for 85% of the manufacturing employment, and contributes 70% to the country's GDP (Ali, 2013). In Nigeria SMEs contributed 48.5% to the country's GDP, employed 84% of the total labor force, and contributed 7.3% to total exports in 2015 (Okeke, Oboreh & Ezeaghaego, 2016).

In Kenya SMEs constitute 98 percent of all business, creating 30 percent of the jobs annually as well as contributing 33.8 percent of the GDP (KNBS Economic Survey, 2018). In addition, Tax revenues make up to 80% of the government's budgetary resources. However, tax evasion and non-compliance remain a major problem among the small and medium enterprises in Kenya (Keraro, 2017). Thus, sensitizing the SMEs on the need to remit taxes accurately and timely is important in enhancing tax revenue growth for the government.

1.3 Statement of the Problem

Low tax compliance is a pressing issue for policymakers in developing countries, as it hampers the government's ability to generate revenue for essential expenditures (Gitaru, 2017). Taxpayer education has been recognized as a potential solution to enhance compliance by improving taxpayers' understanding of tax laws and procedures (Amin, Buhari, Yaacob and Iddy, 2022)). However, the effectiveness of taxpayer education programs in promoting tax compliance among small and medium enterprises (SMEs) in Nairobi's Central Business District (CBD) remains unclear.

In addition, the rapid advancement and acceptance of technology have transformed tax administration processes, leading to the emergence of electronic tax systems. Understanding the relationship between technology acceptance and tax compliance among SMEs is crucial for designing effective interventions. The government has tried to automate the filing of tax to improve on tax system however according to the review tabled in Parliament in 2018 the taxman collected Sh.1.48 Trillion or an average Sh.123.93 billion a month in the year ending June 2018 against a target of Sh.1.65 Trillion reports from KRA and therefore need to do a study on this area. The government and the stakeholders are relying on the success of revenue collection in the Kenya government. The SMES adopting technology will increase the challenges affecting the government. However, there is gap in the knowledge on what will influence the technology acceptance and *i-tax* compliance in SMES.

Previous studies have showed gaps in the existing research, highlighting the need for further investigation in this area. For instance, Gitaru (2017) examined the impact of taxpayer education on tax compliances in Kenya, while Katua (2019) focused on the digitization of tax administration, technology and tax compliance among small and medium-sized enterprises in Nairobi's central business district. These studies explored variables such as digitization of tax administration and technology and their effects on tax compliance by SMEs. However, the current study introduced new variables, including perceived ease, perceived usefulness, social norm, and the moderating role of government training, thereby presenting a gap in the literature. Therefore, the study will address the moderating effects of the government training on the technology acceptance among the SMEs.

1.4 Research Objectives

1.4.1 General Objective

To establish the moderating effect of government training on the relationship between technology acceptance and tax compliance of SMES.

1.4.2 Specific Objectives

1. To establish the effect of perceived ease of use on tax compliance among SMEs in Nairobi CBD, Kenya.

2. To determine the effect of perceived usefulness on the tax compliance among SMEs in Nairobi CBD, Kenya.

3. To establish the effect of social norm on the tax compliance among SMEs in Nairobi, CBD, Kenya.

   4. a.   To establish the moderating role of government training on the relationship   between of perceived ease of use and tax compliance among SMEs in Nairobi CBD, Kenya.

   b.   To examine the moderating role of government training on the relationship between of perceived usefulness and tax compliance among SMEs in Nairobi CBD, Kenya.

   c.   To examine the moderating role of government training on the relationship between of social norm and tax compliance among SMEs in Nairobi CBD, Kenya.

1.5 Research Hypotheses

H_{01} :   Perceived ease of use has no significant effect on tax compliance

H_{02} :   Perceived usefulness has no significant effect on tax compliance.

H_{03} :   Social norm has no significant effect on tax compliance

H_{04a}:   Government training has no significant moderating role on the relationship between perceived ease of use and tax compliance.

H_{04b}:   Government training has no significant moderating role on the relationship between perceived ease of use and tax compliance

H_{04c}:   Government training has no significant moderating role on the relationship between social norm and tax compliance

1.6 Significance of the Study

The study is significant in the sense that a buffer performing tax system will enormously contribute to revenue collection, employment creation and poverty reduction in Kenya, proper roads, schools, medical facilities. The government would gain from increased visibility on the use of funds dispersed as part of welfare schemes it administers.

This study discusses its contributions in terms of theory, methodology and practice. Theoretically, the study extends Tax compliance research by reframing the concept as a hierarchical-reflective construct and modelling its impact on behaviour use of technology, intention to use and adoption of technology in the context of tax compliance in a developing country. It further tests the effects of the government Trainings on tax compliance in Kenya. Practically, the study provides policy makers of taxation with behaviour usage model for conducting integrated analysis and design of information systems in SMEs.

This study extends existing unified theory of user's acceptance of technology theory in the context of tax compliance behaviour usage by capturing three primary independent second order constructs, technology concept (perceived ease of use and perceived usefulness), Implementation concept (social norm, facilitating conditions and the new construct the government policy).

The study will benefit the management of KRA in understanding how technology acceptance from tax payers is key in enhancing tax compliance system for better financial performance.

The study will be of great benefit to academia since it will provide an understanding on the type of relationship that exist between technology acceptance and tax compliance.

Furthermore, this can be compared with the contribution of theory of Reasoned Action. Social cognitive, theory of planned behaviour. Any category relationship with respect to contribution of these theories can be suggested as areas for further research. The findings of this study are useful to future researchers and scholars as the information will form a basis for their literature review and also help them develop other studies.

1.7 Scope of the Study

The study focused on the moderating effect of government training on the relationship between technology acceptance and tax compliance of SME's in Nairobi CBD,

Kenya. The study was limited to three independent variables namely Perceived ease of use, Perceived usefulness and Social norm. The target population comprised of 98,608 licensed SMEs in the Nairobi CBD. In addition, the study used primary data which was collected using questionnaires. The study was based on Theory of Reasoned Action, Social Cognitive Theory, Theory of Planned Behavior, Technology Acceptance model.

CHAPTER TWO

2.0 LITERATURE REVIEW

2.1 Introduction

This chapter presents the conceptualization of study concepts including the government training, technology acceptance and tax compliance. In addition, the chapter presents the theories that guided the study, empirical review, summary of research gaps and conceptual framework.

2.2 Concept of Tax Compliance

Tax compliance refers to fulfilling all tax obligations as required by the tax laws (Heenkenda *et al., 2016*). There has been no charging of taxes proportionately among small and medium enterprises (SMEs) internationally. High compliance costs, inadequate understanding, high tax rates and tax penalties are some of the variables that can lead to tax evasion and tax fraud. Their size, nature and operation make the issue of tax compliance critical among the SMEs. They are not well established in terms of resources and expertise (Lu, Huang & Lo, 2010). Persons fail to comply with tax laws either willingly or unwillingly. They include tax resisters and tax protesters. Tax protesters attempt to evade the payment of taxes using alternative interpretations of the tax law, while tax resisters refuse to pay a tax for conscientious reasons.

The study agrees with Mwangangi and Memba (2022) found that online tax filing had a positive impact on tax compliance among micro and small enterprises (MSE), particularly in relation to taxpayers' perception of online filing and their technical skills in filing tax returns. The study also agrees with Dewi, Riantono, Meiryani and

Aurelia (2022) discovered that perceived usefulness had a significant effect on individual taxpayer compliance in the use of e-Filing, while perceived convenience and security did not show a significant influence on compliance.

Tax compliance describes taxpayers' willingness to pay their taxes, declare the correct income in each year and pays the right amount of taxes on time (Heenkenda *et al.*, 2016). According to Jones (2009) tax compliance is the timely filling and reporting of required tax information, the correct self-assessment of taxes owed, and the timely payment of those taxes without enforcement action (Kołodziej, 2011). Thus, tax compliance measures include amount of tax revenue collected against projected value, timely filling of tax returns and correct revealing of taxable income.

SMEs are characterized by size, uncertainty, innovation and evolution. Proper understanding of SMEs would require a good understanding of its operations. Students are the leaders of tomorrow and therefore it is also a fact that SMEs are the blue chips companies of tomorrow (Sondakh, 2017). Most well-established companies started as small and medium enterprises. Therefore, the stepping stone of big companies is likely to be small and medium enterprise. Developing countries like Kenya should heavily encourage the SMEs and other private sectors in order to promote the business performance within and outside Africa (Okunogbe & Pouliquen, 2018). Their problem was addressed to the letter in order to create a very conducive environment for them to operate. In other words, they should be looked from the eye of success but not from the eye of failure. A conducive environment for the business

is the best because economy wise the country tend to grow. The fundamental purpose of taxation is to raise revenue (Wiafe *et al.,* 2019).

The objective of a tax policy should be to abide with tax laws (James and Alley, 2004). Most of the Kenya SMEs enterprises operate within the informal economy, a sector previously referred to as informal sector, or in the Kenya context, Jua Kali. The Kenya Labour Force Survey Report of 1998/99 indicates that the sector covers all semi-organized and unregulated activities that are small scale in terms of employment. The report noted that the SMEs activities are largely undertaken by self-employed persons or employees with few workers in the open markets, in market stalls, in both developed and undeveloped premises and also on street pavements (ROK, Labour Force Survey, 2003). In order to achieve this objective, the tax system should be effective and efficient to ensure that SMEs are not negatively affected. The society should also not complain. Many of the difficulties with the tax authorities are the consequence of poorly set tax systems and policies. Proper research should be done before employing any tax policy in order to have properly working tax system.

Gwaro, Maina and Kwasira (2016) argued that small and medium enterprises play an important role in creating jobs, social uplifting and building a flexible and adaptable basefor an internationally competitive economy. SMEs are stipulated to attract significant attention from policy makers in terms of industrial renewal, employment creation, export growth and productivity in the economy of the country (Tusubira & Nkote, 2013). The contribution of SMEs in developed countries is also very important and it is considered as the main source of employment and income generation.

Therefore, the contribution of SMEs is highly recognized at the global level and this has alerted authorities around the world to give more focus on SMEs (Magiya, 2016). According to RoK (2012) SMEs contributed to seventy present of the Gross Domestic Product (GDP) in 2011 in Kenya.

The SMEs sector in Kenya employs over 80% and is currently receiving a lot of government attention as it's seen as the solution to the crippling unemployment especially for the youth. Over 65% of Kenyan population is youthful and unemployed. In 2008, Kenya experienced the postelection violence which left over 1,000 people dead and 500,000 displaced. And while this might have been politically instigated, the fuel was the youth unemployment and the grinding poverty. This realization has re-energized the government's resolve to address the unemployment with initiatives as *kazi kwa vijana*. The SMEs in Nairobi CBD are characterized by a variety of shops, including; restaurants, bars, boutiques, food vendors, electronic, cyber, chemist, salon/barbers, Shoe shines, transport (taxi), airtime, tailoring, small scale industries, hotels and guest houses and provision of social services such as health, recreational and educational facilities. The informal sector is estimated to constitute 98% of business in Kenya, contributing 30% of jobs and 3% of 2.7.2.

2.3 Concept of Technology Acceptance

Technology Acceptance behavior researches and studies individual adoption in an organization and country adoption technology. A large number of empirical studies on technology adoption and user's acceptance of technology have dependent variable review Higgins, 1995, Venkatech 2003; 2008). The study of adoption acceptance and

use of information technology (IT) be supported to be one of the most established areas of research within the 15 discipline, (Benbazat and Zmud 1999; Hun *et al.,* 1999; Venkatech *et al.,* 2003). IT adoption research has yielded many competing models, each with sets of acceptance determinants (Williams *et al.,* 2009).

Information system (IS) has long been studied for how and why individuals adopt new IT (Venkatesh *et al.,* 2003) one stream of the IS research concentrate on individual's acceptance of technology by using intention or use a dependent variable (e.g. Compean and Higgins, 1998, Davis *et al.,* 1989). The most frequently used theories for technology adoption are the theory for technology adoption and the theory of reasoned action (TRA) Fishbein and Djzen 1975) the social cognitive theory SCT) (Bandura 1986) the technology acceptance model (TAM) (Davies, 1989, Davies *et al.,* 1989) the theory of planned behavior (TPB) (Aizen 1991) the extended theory acceptance model (TAM) (Venkatesh and Davis, 2006) (DTPB) (Todd, 1995) the innovation diffusion theory (IDT) Moore (2004) the diffusion of innovation (DOI) theory (Rodgers, 1995) the Delore and Mclean is success model (1992, 2003) model and the unified theory of acceptance and use of technology (UTAUT) Venkatech *et al.,* 2003).

The TRA, devised by Martin Fishbein and IcekAjzen (1975), developed from the prior research that started out as the theory of attitude and behavior, which guided the study of attitude and behavior (Fishbein and Ajzen, 1975). It has been one of the most elementary and dominant theories employed to predict a broad variety of human behaviors (Venkatech *et al.,* 2003). The constituents of TRA are three common

constructs: behavioral intention (BI), attitude (A), and subjective norm (SN). This theory suggests that a person's behavioral intention depends on his or her attitude about the behavior and subjective norm (BI = A + SN) (Fishbein and Ajzen, 1975).

Where people have full volitional control (Ajzen, 1991). Apart from the constructs of TRA, it is added with an additional construct called perceived behavioral control (Mathieson, 1991; Taylor and Todd, 1995a). A related model is DTPB, which is identical to TPB in terms of predicting intent in contrast to TPB but similar to TAM, DTPB decomposes its constructs such as attitude, subjective norm, and perceived behavioral control into the underlying belief structure within technology adoption contexts (Venkatesh *et al.,* 2003).

2.4 Concept of Government Training

The drop or fall in tax compliance has some countercyclical effects on the economy in general and in many countries, noncompliance has become unaccepted phenomenon. However, tolerating noncompliance may not be an appropriate response to the fiscal challenges because it is distorting, inequitable and most critical; it hampers the rebuilding of taxation bases over the long term. Tax noncompliance among SMEs is a serious problem, which has worried tax authorities, the academia and nongovernmental organizations all over the world, as argued by Kastlunger *et al.,* (2013) *"*tax non-compliance has increased over the last decades and, thus, gained attention in policy making and research".

Proper government facilitation training can lead to growth in tax compliance. Through government facilitation training, SMEs are taught on the importance of paying taxes their tax in time and also how to file tax faster by using technology provisions like e-tax. Weaknesses in the revenue collections lead to inadequate tax collection (Elmi, Kerosi & Tirimba, 2015). The government faces insufficient administrative staff with low skills and high level of illiteracy among tax payers, lack of logistics and lack of reliable data (Palil, Hamid & Hanafiah, 2013). Further, government facilitation through e-tax training and provision of online tax equipment may facilitate tax compliance among small and medium enterprises. Government facilitates tax compliance through tax education and training.

Taxpayer training is described as a method of educating the people about the whole process of taxation and why they should pay tax (Madamombe, 2018). It assists taxpayers in meeting their tax obligations to the government. This means that the primary existence of taxpayer education is to encourage voluntary compliance amongst taxpayers. According to Deyganto (2018), the main objective of tax payer education is in three folds: impart knowledge as regards tax laws and compliance; change taxpayer's attitude towards taxation and increase tax collection through voluntary compliance. Tax training also involves training of special units within the revenue departments; for providing education, counseling and support to the taxpayers, through different media which include newspapers, television, radio programs, websites, seminars and front desk help, these create more room to disseminate key information to the taxpayers (Gitaru, 2017).

Many medium enterprise owners and managers are not aware on how to use e-tax platforms and need to be trained for ease and simplicity of using them (Gitaru, 2017). In most instances e-tax systems comprise technical procedures that are not understood by most taxpayers thus undermining their ability to pay taxes online resulting to high tax noncompliance (Deyganto, 2018). Promoting public tax education is necessary in increasing public awareness about taxation while promoting tax compliance. Tax knowledge is impacted to tax payers through tax education. Tax payer education is a tool designed to enable taxpayers to understand tax laws and procedures.

Electronic tax filing or e-filing is a process where tax documents or tax returns are submitted through the internet, usually without the need to submit any paper return according to Muturi (2015). Electronic tax filing was first coined in United States, where the Internal Revenue Service's began offering tax return e-filing for tax refunds only according to Muita (2011). The aim of tax reforms in many countries is therefore, to achieve higher voluntary compliance and one way to do this is by introducing electronic filing system (Cuccia, 2013).

Keen (2013) argue that taxpayers with certain characteristics are more likely to use e-filing. In the main they argue that large businesses are more likely to use e-filing than small businesses. In addition, they argued that capability in computer usage, awareness of e-filing and knowledge about the process is important for taxpayer's decisions, said Keen (2013). Muita and Mukanga (2010) conducted a study on the adoption of technology as a strategic tool for enhancing tax compliance in Kenya. The case study was based on SMEs and large companies. The study found that that

technological knowledge influences acceptance of e-filing and compliance among SMEs. Some people would generally not be interested in e-filing because of a lack of computer knowledge. This was confirmed by Bird (2014), with references to some of the lawyers in Florida who did not want to use e-filing in their law firms due to lack of basic computer knowledge.

Berger (2011) said that South Africa improved its ranking on tax payments from number 32nd to 11th, largely due to the success of e-filing and the way in which returns are filed. She further points out that in South Africa it takes 200 hours for a company to complete and file its tax return, compared to a global average of 268 hours. He further argues that most of the SMEs in South Africa are capable of using e-filing. Mongwaketse (2015) in a study on the effects of e-filing on tax compliance found that only 58.3% of the respondents said they know and understand how to use e-filing indicating a lack of knowledge on the part of the tax payer. The findings also revealed that the majority of respondent had basic tax knowledge, though an unusually big percentage still opted for the use of tax consultant as opposed to e-filing personally.

The taxpayer requires access to a computer, the tax software, a reliable internet connection and the knowledge to utilize the electronic filing (Hussein *et al.,* 2012). Lack of the ability to use the e filing system quickly and efficiently or lack of understanding the type of information required by the online tax filing system forces taxpayers to engage third parties or ignore tax obligations (Bird, 2014). There is a significant relationship between computer literacy, tax knowledge and tax compliance knowledge. Edward and Ambrose (2017) confirmed that SME lack confidence in their

ability to correctly calculate the tax payable causing them to hire experts to file for at a cost or totally evade taxes. The study deduced that the technical skill of filing tax returns is a factor that influences the tax compliance. Akinmboade (2012) proposed that three skills are required by a tax payer to interact well with the system namely spread sheet software, word processing and email. Failure to consider such skills may make the intention of the system not to be realized as confirmed by Jaidi (2013). He confirmed that despite the heavy investment that the Malaysian tax authority put in new online system, only 20% of the targeted taxpayers were able to use it after three years of implementation. This was mainly attributed to lack of necessary user skills like computer literacy; however, taxpayer's behaviour also played a role.

A study of South Korea and Turkey on user evaluation of tax filing web sites was done by Loo *et al.,* (2012), to compare the design and the complexity of the web sites and the ease with taxpayers are able to file tax returns and queries on their tax status. While Turkey had a complex online system, to the contrary Turkish users did not find tax filing system difficult to use. This was attributable to the fact that the SMEs compensated their lack of knowledge by using accounting professionals. On the other hand, South Korean system was considered less complex but few taxpayers were using it as expected. Having in place an electronic tax filing system is one thing, but being able to be used by taxpayers is another thing. Other factors to be considered should also be the capacity of the system and the efficiency (Bird, 2014).

Cuccia (2013) did a study on the antecedents of paperless income tax filing by young professionals in India. The objective of his study was to study how young Indian

professionals will adopt or behave towards paperless or online filing of tax returns with the aim of enhancing compliance. The regression analysis carried out found that the antecedents of young Indian professionals depended on the perceived ease of the tax system, personal innovativeness in information technology, relative advantage, performance of filing service, and compatibility.

Helhel *et al.,* (2014) stressed that the problem that an increase technology dominance and sophisticated tax return preparation program might increase the incentive for tax policy makers to incorporate additional complexity into the laws, assuming that such technology will help taxpayers to better comply. They argue that such strategy will place those taxpayers at a disadvantage who do not wish for such a computerized support system.

The study conclusion agrees with Dewi (2021) who found that tax awareness and online perceived ease-of-use positively influenced tax compliance, while tax compliance costs had no direct impact. The conclusion is also consistent with Mosomi (2015) identified factors such as digitization of tax records, organizational restructuring, and electronic payment methods as contributors to enhanced tax efficiency. The conclusion is also consistent with Ayuba, Saad and Ariffin (2019) discovered that probability of detection, incentives, and public governance quality positively affected tax compliance among Nigerian SMEs. Further, Rioni (2020) determined that corporate taxpayers perceived the e-system taxation administration as highly usable, effective, and efficient.

2.5 Theoretical Framework

This study was guided by three theories which includes; Social Cognitive Theory, Technology Acceptance Model and Theory of Planned Behavior.

2.5.1 Social Cognitive Theory

Social Cognitive Theory (SCT) explains how people acquire and maintain certain behavioral patterns based on the learning from others (Bandura, 1977). SCT posits that portions of an individual's knowledge acquisition can be directly related to observing others within the context of social interactions, experiences, and outside media influences. SCT suggests that behavior is affected by both outcome expectations and self-efficacy, while outcome expectations and self-efficacy are in turn influenced by prior behavior. IS scholars have used SCT and found significant relationships with other constructs in ICT adoption and use research (Kim & Crowston, 2011).

Outcome expectations were found to influence both affect and usage (Compeau & Higgins, 1995b). Self-Efficacy was found to positively influence various adoption determinants including PEOU (Chan & Lu, 2004; Venkatesh & Davis, 1996), Perceived use, and perceived enjoyment (Roca & Gagné, 2008). In the post adoption research self-efficacy also influences continued intention to use a technology (Chiu & Wang, 2008). Social Cognitive Theory is useful in predicting taxpayers' behavior in regard to tax compliance.

Social Cognitive Theory (SCT) is relevant to the objective of determining the effect of perceived usefulness on tax compliance. According to SCT, individuals' behaviors are influenced by their beliefs about the effectiveness and benefits of a particular behavior. In the context of this study, perceived usefulness refers to individuals' beliefs about how using technology for tax compliance can be beneficial and effective. SCT suggests that individuals' perception of the usefulness of technology for tax compliance can influence their intention to comply with tax obligations. When individuals perceive that using technology for tax compliance will lead to positive outcomes, such as easier and more convenient tax filing processes, improved accuracy, and reduced compliance costs, they are more likely to engage in tax compliance behaviors.

Therefore, by applying SCT to examine the relationship between perceived usefulness and tax compliance, this study was able to gained insights into how individuals' beliefs about the benefits and effectiveness of using technology for tax compliance influenced their compliance behavior.

2.5.2 Technology Acceptance Model

Technology Acceptance Model (TAM) started by Davis (1989) states that the use acceptance of technology is influenced by the benefits to be achieved and ease of use (Surendran, 2012). In TAM framework perceived usefulness and perceived ease predicts the adoption of technology. The ease of use and perceived usefulness are the very significant factors of actual system use. The TAM suggests that intention to

accept technology is influenced by attitude, usefulness and ease of use (Venkatesh *et al.,* 2012).

Technology Acceptance Model developed by Davis in 1989 is one of the most popular research models to predict use and acceptance of information systems and technology by individual users (Surendran, 2012). In TAM model, there are two factors perceived usefulness and perceived ease of use is relevant in computer use behaviors. Davis defines perceived usefulness as the prospective user's subjective probability that using a specific application system will enhance his or her job or life performance. Perceive ease of use (EOU) can be defined as the degree to which the prospective user expects the target system to be free of effort.

According to TAM, ease of use and perceived usefulness are the most important determinants of actual system use. The Technology Acceptance Model (TAM) determines the user acceptance of any technology perceived usefulness (PU) and perceived ease of use (PEOU) factors. PU defines as the degree to which an individual believes that using a particular system will enhance the task performance. PEOU defines as the degree to which an individual believes that using a particular system is free of physical and mental effort (Davis, 1989; Davis *et al.,* 1989; Davis, 1993). The TAM suggests that intention to accept technology is determined directly by attitude, perceived usefulness and perceived ease of use (Venkatesh *et al.,* 2012).

The Technology Acceptance Model (TAM) is relevant to the objective of determining the effect of perceived ease on tax compliance. According to TAM, perceived ease of

use refers to individuals' perception of the effort required to use a technology. It is one of the key factors influencing individuals' intention to accept and use technology. In the context of this study, perceived ease of use relates to individuals' perception of how easy and convenient it is to use technology for tax compliance. If individuals perceive the technology as easy to use, with minimal physical and mental effort required, they are more likely to adopt and use it for tax compliance purposes.

2.5.3 Theory of Planned Behavior

The Theory of Planned Behavior (TPB) was developed by Ajzen (1991) as an attempt to predict human behavior. The theory of planned behaviour (TPB) states that people's behavioural intentions and behaviours are determined by their attitudes, social pressure (i.e., subjective norms), and the amount of control they perceive to have over the behavior (Ajzen, 1991).A meta-analysis exploring the efficacy of the TPB found it to be useful in predicting intentions and behaviour across a range of health behavior (Conner, 2020). TPB provides a framework to identify key behavioral, normative, and control beliefs affecting behaviors (Ajzen, 1991).

The Theory of Planned Behavior (TPB) is relevant to the objective of determining the effect of social norm on tax compliance. According to TPB, individuals' behavioral intentions and behaviors are influenced by their attitudes, subjective norms, and perceived behavioral control (Ajzen, 1991). In the context of this study, social norm refers to the perceived social pressure or subjective norms surrounding tax compliance. It represents individuals' beliefs about what others in their social environment expect them to do in terms of complying with tax regulations.

2.6 Empirical Review

This study was guided by Theory of Reasoned Action, Social Cognitive Theory, Technology Acceptance Model, Theory of Planned Behavior, Decomposed Theory of Planned Behavior, Innovation Diffusion Theory, Extended Technology Acceptance Model, DeLone and McLean (1992, 2003) IS Success Model and Unified Theory of Acceptance and Use of Technology.

2.6.1 Theory of Technologyy Acceptance and Tax Compliance

Technology Acceptance Model (TAM) started by Davis (1989) states that the use acceptance of technology is influenced by the benefits to be achieved and ease of use (Surendran, 2012). In TAM framework perceived usefulness and perceived ease predicts the adoption of technology. The ease of use and perceived usefulness are the very significant factors of actual system use. The TAM suggests that intention to accept technology is influenced by attitude, usefulness and ease of use (Venkatesh *et al.,* 2012).

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Technology acceptance is useful in enhancing tax compliance. Technology Acceptance is guided by the benefits to be achieved and ease of use, perceived usefulness and perceived ease. The approaches adopted by the authority in charge of tax collection may adopt technologies to enhance collection of tax and may include online tax payments, i-tax filling and reporting; use of mobile money services, mobile banking, internet banking as alternative and customer support system have to meet at least the three postulations of the Tam model to be effective.

Theory of Reasoned Action (TRA) by Fishbein and Ajzen (1975) explains an individual's behavior based on his or her behavioral intention, which is influenced by their attitude toward the behavior and perception of the subjective norms regarding the behavior. TRA has been used in ICT adoption and use research as a fundamental theoretical framework, and it also has been combined with other theories and models. Both attitude and subjective norm were found to be important determinants of

peoples' intentions to adopt and use ICTs (Brown, Massey, Montoya-Weiss, & Burkman, 2002). Attitude was found to have a significant influence on the intention to adopt and continue to use ICT (Bhattacherjee & Premkumar, 2004; Po-An Hsieh, Rai, & Keil, 2008).

Regarding the subjective norm, previous studies found that subjective norm influences not only the behavioral intention (Hu, Lin, & Chen, 2005; Venkatesh & Davis, 2000), but also other constructs including satisfaction (Hsu & Chiu, 2004), image (Chan & Lu, 2004), and perceived usefulness (Venkatesh & Davis, 2000). Theory of Reasoned Action is useful in understanding social norms that may impact tax compliance among taxpayers.

2.6.2 Perceived Ease of Use and Tax Compliance

Dewi (2021) conducted a research study to determine the effect of taxpayer awareness, ease-of-use of technology and tax compliance costs on tax compliance. The research was conducted using a sample of 99 individual taxpayers residing in Jakarta, all of whom possessed a Taxpayer Identification Number. The findings of the study indicated that tax awareness and online perceived ease-of-use had a significant and positive influence on tax compliance, directly affecting individuals' compliance behavior. However, tax compliance costs were found to have no direct impact on tax compliance. Notably, the study revealed that tax attitude played a moderating role, strengthening the relationship between tax compliance costs and tax compliance. However, tax attitude did not strengthen the relationship between tax awareness, online perceived ease-of-use, and tax compliance.

Mosomi (2015) conducted a research study to find out the determinants of tax efficiency perceptions among domestic taxpayers in Kenya, with a focus on Nairobi. A descriptive research design was employed. The analysis revealed statistically significant relationships between the independent variables and tax efficiency. The findings of the study suggested that measures such as digitization of tax records, organizational restructuring, implementation of electronic payment methods, and an integrated tax system can enhance tax efficiency. These factors contribute to transparency, credibility of records, ease of tax collection, and improved accountability.

Ayuba, Saad and Ariffin (2019) conducted a research study to determine the moderating role of perceived service orientation on tax compliance among Nigerian SMEs. A total of 321 SME owners/managers participated in the survey, and the data was analyzed using Partial Least Squares (PLS) path modeling. The findings of the study revealed that several factors had a significant influence on tax compliance. Specifically, the probability of detection, incentives, and public governance quality were found to have positive effects on tax compliance. In contrast, tax complexity had a significant negative effect on tax compliance. Surprisingly, tax rates and tax knowledge were not found to have a significant impact on tax compliance.

Rioni (2020) conducted a research study to find out the perceptions of usability, effectiveness and efficiency of the e-system taxation administration. A descriptive research design was employed, and data were collected through surveys and questionnaire distribution. Convenience sampling was utilized as the sampling

technique. The analysis of data involved the use of an attitude scale. The findings of the study indicated that, based on the responses of corporate taxpayers, there was a high perception of usability, with the system being perceived as very easy to use. Additionally, the effectiveness of the e-system taxation administration was perceived to be very high, indicating that it was perceived as highly effective in fulfilling its intended purpose. Further, the system was perceived to be highly efficient, indicating that it was deemed to be very efficient in terms of time and resource utilization. The study concluded that there was a positive perception among corporate taxpayers regarding the usability, effectiveness and efficiency of the e-system taxation administration at the Tax Service Office (KKP) Madya Medan.

2.6.3 Perceived Usefulness and Tax Compliance

Mwangangi and Memba (2022) carried out a research study to examine the effect of online tax filing on tax compliance among micro and small enterprises (MSE) in Kibwezi Sub County. A descriptive survey research design was used. The study revealed that online tax filing had an impact on tax compliance among MSE, particularly in relation to taxpayers' perception of online filing and their technical skills in filing tax returns. The study also indicated a negative correlation between perception towards online tax filing and tax compliance. Moreover, the study showed that technical skills in filing tax returns had a positive relationship with tax compliance.

Dewi, Riantono, Meiryani and Aurelia (2022) studied the impact of perceived usefulness, perceived convenience and perceived security on individual taxpayer

compliance in the use of e-Filing. A quantitative approach was employed, and the sample consisted of 139 respondents who possessed a Taxpayer Identification Number (NPWP), had utilized the e-Filing application, and were residents of West Jakarta. The findings of the study indicated that perceived usefulness had a significant effect on individual taxpayer compliance. However, the perceptions of convenience and security were not found to have a significant impact on individual taxpayer compliance. The study demonstrated that perceived usefulness played a crucial role in influencing individual taxpayer compliance in the use of e-Filing. On the other hand, the perceived convenience and security did not show a significant influence on compliance. Therefore, the three variables examined in this study collectively contributed to individual taxpayer compliance.

Rakhmawati and Rusydi (2020) conducted a research study to examine and provide empirical evidence of the impact of perceived usefulness, perceived ease of use, social influence, and facilitating conditions on tax compliance. The study utilized a convenience sampling technique to obtain a sample of 100 taxpayers from the Directorate General of Taxation III in East Java. The collected data were analyzed using the partial least squares (PLS) technique. The findings of the study revealed that perceived ease of use did not have a significant effect on tax compliance. However, perceived usefulness was found to have a positive and significant impact on tax compliance, indicating that taxpayers who perceived the system as useful were more likely to comply with their tax obligations. Moreover, social influence was found to have a positive and significant effect on tax compliance, suggesting that the influence

of others played a role in shaping taxpayers' compliance behavior. On the other hand, facilitating conditions were not found to have a significant effect on tax compliance. Bethencourt and Kunze (2020) conducted a research study to examines the relationship between economic growth and income tax evasion, specifically focusing on labor and capital income tax evasion. A theoretical model was developed to analyze the dynamics of tax evasion. The model considered the role of social norms towards tax compliance and the accumulation of capital in shaping the patterns of tax evasion. The study found that the presence of a social norm towards tax compliance creates a complementary relationship between labor and capital income tax evasion. This complementarity explains the simultaneous decline in the proportion of tax evaders in the population and the amount of tax evasion as countries accumulate capital. The model also predicted a positive correlation between tax morale, income per capita, and both types of income tax evasion, aligning with recent empirical evidence. Further, the study revealed that higher tax rates contribute to an increase in the proportion of tax evaders in the population and overall tax evasion.

Hery and Jasman (2019) studied the effect of perceived tax equity and legal sanctions on tax compliance intentions. A quantitative research approach was employed to collect primary data for this study. The sample consisted of 75 individual taxpayers who were employed. Jakarta, the capital city of Indonesia, was chosen as the research location due to its representativeness of the characteristics of Indonesian taxpayers. The study revealed that perceptions of tax equity had a positive and significant effect on tax compliance intentions. Both moral and social norms were found to have a positive and significant influence on tax compliance intentions. In addition, the

research indicated that penalty magnitude had a positive and significant impact on tax compliance intentions. However, detection risk did not show a significant effect on tax compliance intentions.

2.6.4 The Social Norm and Tax Compliance

Górecki and Letki (2021) conducted a research study determine the moderating role of social norms in shaping individuals' willingness to evade taxes in response to instrumental incentives provided by tax system parameters. A unique survey experiment was conducted in fourteen countries of Central-Eastern Europe. The study utilized quantitative methods to collect data and analyze the responses. The study revealed two distinct conditioning effects of norms on tax compliance decisions. Firstly, the impact of tax rates on the propensity for tax evasion was moderated by perceived descriptive norms, representing the societal perceptions of honesty among taxpayers. Higher tax rates were found to decrease the likelihood of evasion when individuals perceived "most others" as honest taxpayers, emphasizing the significance of fairness concerns in tax compliance. Secondly, the impact of penalties for tax evasion was moderated by subjective norms, reflecting the perceived compliance norms within one's immediate reference group. Strong subjective compliance norms were found to effectively replace penalties as a deterrent mechanism against tax evasion, indicating that penalties can be rendered ineffective when subjective norms are strong.

Muturi (2021) conducted a research to examine the effects of taxpayer knowledge, tax complexity and individual taxpayer characteristics on tax compliance by individual

taxpayers in Kenya. The study adopted a cross-sectional descriptive research design. The target population consisted of individual taxpayers registered with the Kenya Revenue Authority Descriptive statistics and multiple regression were used to analyze the collected data. The results of the study revealed that tax knowledge had a significant effect on tax compliance by individual taxpayers in Kenya. Additionally, tax complexity was found to have a significant impact on tax compliance. Individual taxpayer characteristics were also found to significantly influence tax compliance. Further, the study identified that tax penalties had a significant moderating effect on the relationship between social economic attributes and tax compliance.

Onu and Oats (2015) conducted a research study to explore the role of societal norms in tax compliance and understand how these insights can contribute to tax administration and policy. The study employed a literature review approach to synthesize and analyze existing research on social norms and tax compliance. The study revealed that societal norms play a significant role in shaping individuals' compliance behavior regarding tax laws. The overview of research highlighted key trends and provided conceptual clarity on the relationship between social norms and tax compliance. The study also identified the potential application of social norms approaches in improving tax compliance and discussed various options for designing social norms campaigns.

2.6.5 Moderating Role of Government Training

Night and Bananuka (2020) carried out a research study to investigate the mediating effect of the adoption of an electronic tax system on the relationship between attitude

towards the electronic tax system and tax compliance, focusing on small business enterprises (SBEs) in an African developing economy. A quantitative research approach was employed, utilizing questionnaires with closed-ended questions. The study adopted a cross-sectional and correlational research design. The data collected from 214 SBE managers were analyzed using SPSS v22 and the MedGraph program in Excel. The findings of the study revealed that the adoption of the electronic tax system partially mediated the association between attitude towards the electronic tax system and tax compliance. Additionally, the results indicated significant associations between the adoption of the electronic tax system, attitude towards the electronic tax system, and tax compliance.

Tan, Lau, Kassim and Mohd (2021) conducted a research study to determine the relationship between ethical perception, education level and tax compliance behavior among individual taxpayers in Malaysia. A cross-sectional survey design was employed to collect data from respondents at a specific point in time. The data analysis was conducted using the Statistical Package for the Social Sciences (SPSS) version 21 in order to derive meaningful insights from the data. The study revealed a significant positive impact of ethical perception on tax compliance behavior. The study also indicated that education level moderates the relationship between ethical perception and tax compliance behavior. Higher education levels were found to enhance ethical perception among individual taxpayers, leading to greater compliance. Based on the results, the study concluded that ethical perception plays a crucial role in influencing tax compliance behavior among individual taxpayers in Malaysia.

Ramadhani and Kristanto (2022) carried out research study to examine the relationship between financial crime and tax compliance, with the government's future orientation serving as a moderating variable. This research employed a cross-country approach, encompassing a sample of 105 countries selected through purposive sampling. Secondary data were utilized to measure financial crime, tax compliance, and the government's future orientation. The findings revealed that financial crime has a negative impact on tax compliance. Higher levels of financial crime were associated with lower levels of tax compliance; as financial crimes can undermine a culture of compliance. The study also found that the government's future orientation can weaken the negative influence of financial crime on tax compliance. When the government demonstrates a future-oriented approach and prepares for the welfare of its citizens, trust in the government increases, leading to higher levels of tax compliance.

Sritharan and Salawati (2019) conducted a research study to examine the role of individual factors on individual taxpayers' tax compliance behavior and investigate the moderating effect of tax knowledge on the relationship between individual factors and tax compliance behavior. The study utilized a survey research design. Questionnaires were collected from top and mid-level taxpayers, and data analysis involved correlation, multiple regression, and hierarchical regression techniques. Then study revealed that individual financial position, referral group, political influence, religiosity, and cultural influence had a positive impact on tax compliance behavior. The study also noted that tax knowledge was found to moderate the relationship between individual factors and tax compliance behavior. The study concluded that individual factors play a significant role in shaping tax compliance

behavior. Factors such as individual financial position, referral group, political influence, religiosity and cultural influence contribute to higher levels of tax compliance.

Handoko and Amalia (2019) carried out a research study to investigate the implementation of training and strategies for enhancing the quality of human resources and career development. A qualitative research approach with a phenomenological perspective was employed in this study. Primary data was collected through interviews conducted with participants, including 9 staff members from 3 government institutions. The analysis of the data revealed that training and development programs are crucial for enhancing the performance of staff members in government agencies. The study highlighted the importance of investing in training initiatives to improve the skills and capabilities of employees. The study concluded that government institutions should prioritize the implementation of training programs to enhance the performance and professional growth of their staff.

2.5.6 Summary of Literature Gaps

Table 2.1: Contributing Theories and Core Constructs

Theory/Model and Discussion	Core Constructs
Theory of Reasoned Action (TRA)	
TRA is one of the basic theories in Psychology that has been utilized broadly to predict behavior (Fishbein and Ajzen 1975; Sheppard *et al.,* 1988). A review of TRA research was performed by Sheppard *et al.,* (1988).	Attitude toward Behavior
Social Cognitive Theory (SCT)	
SCT is one of the most powerful theories of human behavior (Bandura, 1986). Campeau and Higgins (1995b) applied and extended SCT to the level of computer utilization (Campeau *et al.,* 1999). Although Campeau and Higgins (1995b) studied computer use, the nature of the model and the underlying theory allow it to be extended to the acceptance and use of Information Technology in general (Venkatesh *et al.,* 2003).	• Outcome Expectations-Performance • Outcome Expectations-Personal • Self-Efficacy • Affect • Anxiety
Technology Acceptance Model (TAM)	
TAM (Davis, 1989; Davis *et al.,* 1989) is adapted from TRA Tailored to the context of technology acceptance and usage. Unlike TRA, the final conceptualization of TAM excludes the attitude construct in order to better describe intention parsimoniously.	• Perceived Ease of Use • Perceived Usefulness
Theory of Planned Behavior (TPB)	
TPB is an extension of TRA (Fishbein and Ajzen, 1975) by adding the construct of perceived behavioral control. This construct was theorized as an additional determinant of intention and behavior in TPB. TPB has been successfully implemented to the understanding of individual acceptance and use of many different technologies (Harrison *et al.,* 1997; Mathieson, 1991; Taylor and Todd, 1995b).	• Attitude • Subjective Norm • Perceived Behavioral Control
Decomposed Theory of Planned Behavior (DTPB)	
DTPB (Taylor and Todd, 1995b) was derived from TPB and TAM to certain extent. Empirical evidence suggests that DTPB is comparable to TPB and TAM (Taylor and Todd, 1995b) but holds the advantage of providing a deeper understanding of acceptance. Contrary to TPB but similar to TAM, DTPB "decomposes" attitude, subjective norm, and perceived behavioral control into the underlying belief structure within technology adoption contexts (Taylor and Todd, 1995b).	• Attitude toward Behaviour • Perceived Behavioral Control

Innovation Diffusion Theory (IDT)/Diffusion of Innovation (DOI)	
IDT (Rogers, 1995) has its roots in Sociology and in use since the 1960's to study an array of innovations ranging from agricultural tools to organizational innovations. Moore and Benbasat (1991) adapted innovation characteristics presented in Rogers and refined a set of constructs that could be used to study individual technology acceptance. Agarwal and Prasad (1998) explored the role of these characteristics in predicting acceptance and found that there was a modest support for the predictive validity of innovation characteristics. In terms of the overlapping constructs with other models, relative advantage and ease of use of IDT are similar to perceived usefulness and perceived ease of use of TAM, and compatibility of this model is similar to the one used in DTPB.	
Extended Technology Acceptance Model (TAM2)	
TAM2 extended TAM by including subjective norm as an additional predictor of intention in the case of mandatory settings (Venkatesh and Davis, 2000).	• Perceived Ease of Use • Perceived Usefulness • Subjective Norm
DeLone and McLean (1992, 2003) IS Success Model	
DeLone and McLean (1992) exhaustively reviewed the different IS success measures and proposed a six-factor IS success model as a taxonomy and framework for measuring the complex-dependent variables in IS research. DeLone and McLean (2003) discussed many of the significant IS research efforts that have applied, validated, challenged, and proposed enhancements to their original model, and then proposed u dated DeLone and McLean (2003) IS success Model.	• Information Quality • System Quality • Service Quality
Unified Theory of Acceptance and Use of Technology (UTAUT)	
The UTAUT (Venkatesh *et al.,* 2003) integrates the fragmented theory and research on individual acceptance of IT into a unified theoretical model that captures the essential elements of eight established models: TRA, TAM, TPB, C-TAM-TPB, Motivational Model (MM), Model of PC Utilization (MPCU), IDT, and SCT. The UTAUT is able to account for 70% of the variance in usage intention – a considerable improvement over any of the original eight models and their extensions.	• Performance Expectancy • Effort Expectancy • Social Influence • Facilitating Conditions

Source: Adapted from Rana *et al.,* (2012)

2.7 Summary of Literature Gaps

Tax compliance involves the timely filling and reporting of required tax information, the correct self-assessment of taxes owed, and the timely payment of those taxes without enforcement action (Magiya, 2016). Furthermore, it involves adherence to the executive rules of reporting and paying taxes on time (Palil, 2010). This includes compliance with the coverage requirements, procedural rules and laws. Tax compliance in pure administrational terms includes registering or informing tax authorities of status as a taxpayer, submitting a tax return every year (if required) and following the required payment time frames (Kołodziej, 2011). Tax compliance requires a degree of honesty, adequate tax knowledge and capability to use this knowledge, timeliness, accuracy, and adequate records in order to complete the tax returns and associated tax documentation (Geremew, 2017).

Intention to use has been an immediate prediction of actual usage behavior the past studies (Bobek, Hageman & Kelliher, 2013). This in order to determine the actual technology usage intention for use must be transformed to actual usage studies have confirmed the importance of variety of first and second order constructs that affect the technology contexts (Aladejebi, 2018). Their theoretical assertions were supported by a number of empirical studies Li, Wang and Wu (2020) conceptualized and studied the technology context by identifying and operationalizing technology competence.

2.8 Conceptual Framework

According to Creswell (2013) argued that a conceptual framework is a diagram that elucidates the main concept being studied and the relationship among the variables.

The conceptual framework provides a visual presentation on what the study is all about and the expected outcome of the study backed by the previous studies and theories that are similar to the study in question.

From the diagram, tax compliance is the dependent variable, technology acceptance is the independent variable while government training represents the moderating variable.

The study assumes that Government training moderates the relationship between technology acceptance i.e. perceived ease of use, perceived usefulness, social norm and Tax compliance. This interaction is diagrammatically shown in figure 2.1.

Independent Variable   **Moderating Variable**   **Dependent Variable**
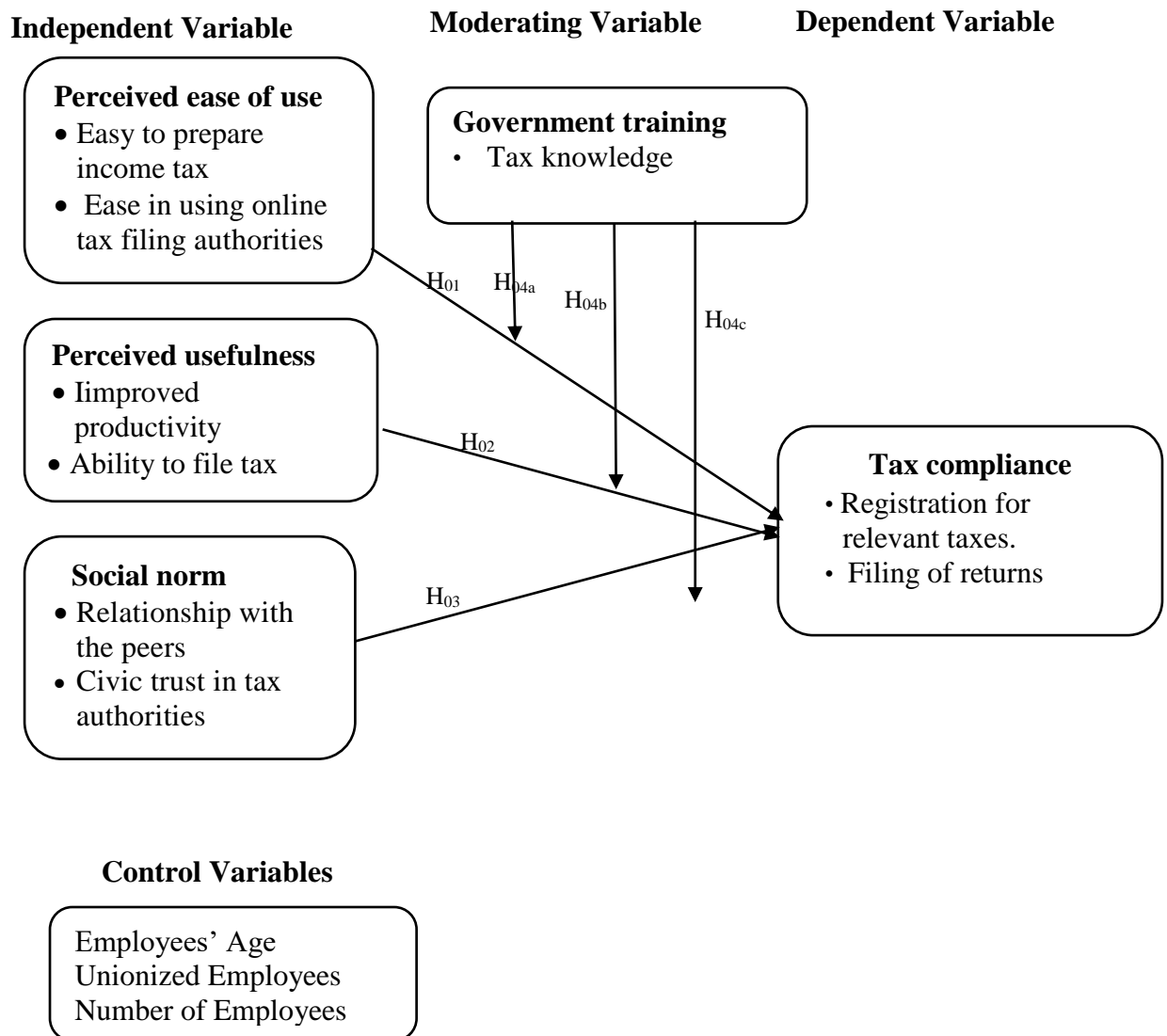
Figure 2.1: Conceptual Framework

CHAPTER THREE
3.0 RESEACH METHODOLOGY

3.1 Introduction

This chapter deals with Research Methodology that was adopted from the research exercise. The chapter contains the study design, the target population, sampling, data collection procedures, and the data collection instruments for data collection, the testing of the data collection instruments, data screening, data screening, data analysis and the expected results, the study is operationalizing the study methods to be used. Subsequent sections describe measures of variables, validity and reliability.

3.2 Research Design

The research design used in this study was an explanatory research design. Explanatory research because it bests explains the cause effect relationship between the study variables providing a comprehensive understanding of the topic under investigation (Kothari, 2012). In this study, the exploratory research design was chosen to gather detailed information and draw conclusions about the population of interest.

3.3 Target Population

Population is the total collection of elements about which inference is made to all possible cases which are of interest in the study (Sekeran & Bougie, 2010). It is a group of individuals, objects or items from which samples are taken for measurement or it is an entire group of persons, or elements that have at least one thing in common. Hence, population refers to an entire group of individuals, events or objects having a

common observable characteristic. The targeted population for this study was 98,608 licensed SMEs in Nairobi County (Licensing Department of the Nairobi City Council, 2019). The unit of analysis was the small and medium enterprises operating in Nairobi City County while the unit of observation was the SMEs operators or owners. This population is aimed to give detailed information that would have been relevant for analysis and interpretation of the data.

Table 3.1: Target Population

SMEs	Target Population
Retail	38471
Manufacturing and processing	3102
Construction and Engineering	2801
Telecommunication and IT	7324
Hospitality	20673
Groceries	9130
Supply and Logistic	17107
Total	**98608**

Source (*Nairobi* county registry*, 2023)*

3.4 Sampling Technique and Sample Size

3.4.1 Sampling Procedure and Technique

To get information about population of interest and to draw inferences about the population, researchers use sample which is a subgroup of the population (Harrison, 2013). Stratified random sampling was used to select the sample size of the study. Stratification was done as per segment of the SMEs in Nairobi City County. The unit

of observation was the SME managers and or owners. Stratified random sampling was used to select the 384 managers and or owners from the SMEs in Nairobi City County.

3.4.2 Sample Size

Since the population of the study was more than 10,000, the sample size was calculated using Fisher *et al.,* (1998) formula which is as follows: where the standard normal deviate = 1.96 for a 95% level of significance, 50% is the prevalence rate from other studies, and 0.05 is the degree of accuracy. Therefore,

$$n = \frac{z^2 p(1-p)}{d^2}$$

Where:

n = sample size;

z = the table value for the level of confidence, 95% level of confidence (1.96)

d = margin of error (0.05)

p = proportion to be estimated, Israel (1992) recommends that if you don't know the value of p then you should assume p=0.5

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

n=384

Table 3.2: Sample Size

SMEs	Target population	Sample size
Retail	38471	150
Manufacturing and processing	3102	12
Construction and Engineering	2801	11
Telecommunication and IT	7324	29
Hospitality	20673	81
Groceries	9130	36
Supply and Logistic	17107	67
Total	**98608**	**384**

3.5 Data Collection Techniques and Procedures

Primary data was to be used to collect data in this study. This is because the study was try to obtain views from the SMEs and since the questions being addressed here had not been captured by any secondary data, primary data sufficed. This was to be collected through a structured questionnaire administered to the owners or managers of the SMEs selected for the study. Data was collected by use of questionnaires which generated both qualitative and quantitative data. The study used a questionnaire as the primary data collection instrument.

The researcher used a letter of introduction explaining clearly why the research was being done. This was due to the fact that data being collected was sensitive. Moreover, the researcher engaged two research assistants who were trained thoroughly on how to collect data using a questionnaire and a basic understanding of the topic being studied. In addition, data will be collected through drop and pick

method and in ten instances depending on the respondent's availability questionnaires will be filled out and collected at the same time. The last option of questionnaires being filled out instantly was preferred as the respondents were provided with relevant clarification whenever they needed it.

3.5.1 Data Collection Methods

The collection of primary data involved using questionnaires schedules. Questionnaires were administered with the aid of research assistants who were given orientation on the process to minimize errors and bias during data collection. To minimize respondents' bias and method variance in data collection, using questionnaires, the following process was used; Phase one formed the initial stages of data collection. Phase two then was collection of data on behavioral intentions, demography and behavioral usage. Wilcox, Gallagher, Boden-Albala and Bakken (2012) recommend the introduction of a time lag between the measurement of predictor and outcome variables as a method of controlling common method bias. Besides, the information was obtained from different sources. The researcher together with trained research assistants personally were to fill the questionnaires simultaneously as each respondent gave their responses for comparison purposes. The purpose was to obtain an objective evaluation and minimize bias.

This study used questionnaires for primary data collection. This is because questionnaires are straightforward and less time consuming for both the researcher and the participants (Cleary, Horsfall & Hayter, 2014). The Questionnaires has a number of sub-sections that are sub-divided based on the major research questions

except the first sub-section (section A) that is meant to capture the background information of the participants like gender, level of sales, age, working experience, level of education. Other sections cover the main areas of the study. Questionnaires are appropriate for studies since they collect information that is not directly observable as they inquire about feelings, motivations, attitudes, accomplishments as well as experiences of individuals (Sutton & Austin, 2015). Cleary, Horsfall and Hayter, (2014) stated that a questionnaire is useful in obtaining objective data.

This is largely because the participants are not manipulated in any way by the researcher. According to Wilcox, *et al.,* (2012) questionnaires have the added advantage of being less costly and using less time as instruments of data collection. The questionnaires were to be administered through giving the questionnaire and guiding the respondents in filling the questionnaire to the sampled population.

3.5.2 Data Collection Instrument

Pilot study was done as stated by Sutton & Austin (2015) and this was to help to test the survey instrument, it was to help validate the questions, remove errors of omission and commission, rectify mistakes and check the general structure of the questionnaire. This was done before proceeding to collect the actual data for analysis. The intention of carrying out a pilot study outside the study is to avoid affecting the study sample. The rule of thumb is that 1% to 10% of the sample should constitute the pilot test (Cooper & Schilder, 2011). The study was to conduct pilot study at 10% of the sample population. Hence a pilot study was to be done on 38 SMEs outside Nairobi County preferably neighboring Kiambu County. Reliability is the consistency of a set

of measurement items while validity indicates that the instrument is testing what it should (Cronbach, 1951). Validity will be used to check whether questionnaire was measured what is purported to measure (Mohamad, 2015). Hence, Cronbach's test was used to check the validity of the sample in order to make sure that it was reliable. The best value in this study was Cronbach's alpha of 0.7. Value of 0.57 which was considered appropriate (Cornbrash, 1951).

3.6 Pilot Study

Before embarking on fieldwork, a pilot study was to be carried out to pre-test the instrument. To ascertain the validity of questionnaire, a pilot test was carried out (Cronbach, 1971). This was to be done by administering the questionnaire onto the pilot group. The content validity of the research instrument was evaluated through the actual administration of the pilot group. In validating the instruments, 38 SMEs was used. As a check on face validity, test/survey items were sent to the pilot group to obtain suggestions for modification. Content validity draws an inference from test scores to a large domain of items similar to those on the test (Mohamad *et al.,* 2015). Content validity is concerned with sample-population representativeness. i.e. the knowledge and skills covered by the test items should be representative to the larger domain of knowledge and skills (Cronbach, 1971).

The instruments were administered by the researcher after which a discussion was made to determine the suitability, clarity and relevance of the instruments for the final study. Ambiguous and inadequate items were revised in order to elicit the required information and to improve the quality of the instruments. Furthermore, to enhance

the validity of the instruments, two university lecturers who are experts in the area of financial management was asked to appraise the instruments. This was done in order to assess the clarity of items, validity and reliability of the instruments (Heale & Twycross, 2015).

3.7 Validity of the Research Instrument

To ascertain the validity of questionnaire, a pilot test was carried out (Cronbach, 1971). This was done by administering the questionnaire onto the pilot group. The content validity of the research instrument was evaluated through the actual administration of the pilot group. As a check on face validity, test/survey items were sent to the pilot group to obtain suggestions for modification. Content validity draws an inference from test scores to a large domain of items similar to those on the test (Heale & Twycross, 2015). Content validity is concerned with sample-population representativeness. I.e. the knowledge and skills covered by the test items should be representative to the larger domain of knowledge and skills (Cronbach, 1971).

The instrument was administered by the researcher after which a discussion was made to determine the suitability, clarity and relevance of the instruments for the final study. Ambiguous and inadequate items was revised in order to elicit the required information and to improve the quality of the instruments. Furthermore, to enhance the validity of the instruments, two university lecturers who are experts in the area of financial management was asked to appraise the instruments.

3.8 Reliability of the Research Instrument

The Split-half method was used to establish reliability of the instruments. The method involves splitting each instrument into two halves (odd and even items) then calculating the Pearson's correlation coefficient (r) between the responses (scores) of the two halves. This was done using both the instruments separately. The scores for all odd and even numbered items for each of the 30 respondents in the pilot study was to be computed separately. The correlation obtained was; however, represent the reliability coefficient of only half of the instrument. Hence a correction was to be made to obtain reliability of the entire instrument.

3.9 Data Analysis Presentation

The collected data was coded, entered and cleaned using SPSS Version 25.0 and a descriptive analysis run to provide the descriptive statistics especially mean scores standard deviation, minimum, maximum and percentages on the key variables of the study interest. As explained in the estimation section above, to evaluate factors affecting tax compliance behavior among SMEs, a multiple regression analysis was to be carried out with tax compliance behavior as the dependent variable and the identified factors as the Independent variables. Various inferential statistics was reported and interpreted instruments.

3.10 Regression Assumptions

3.10.1 Normality Test

This normality test is used to see the distribution of the data if it is approached as diagonal lines or not, if far from the diagonal line, the data are not normally

distributed. To determine whether the properties of the dataset were normal, a normality test was carried out. As indicated by Hair *et al.,* (2010), data for regression analysis should be normally distributed. According to Davcik (2014), the rule of thumb for normality of data is that the skewness and kurtosis should not exceed +2.58 and +7, respectively.

3.10.2 Test for Linearity

Linearity test purposes to determine if the relationship between each of the predictor variables and the predicted variable is linear or not (Zientek, Kim & Bryn, 2016; Zikmund *et al.*, 2013). Linearity test is a requirement in both correlation and linear regression analysis. Good research in a regression model is one that shows a linear relationship between the predictor and the predicted variables. Linearity of the variables in this study will be tested by use of the value significant deviation from linearity. The rule of the thumb is that, this relationship is linear if the value sig. deviation from linearity is greater than 0.05, otherwise the contrary is true.

3.10.3 Multicollinearity Test

This analysis aims to determine whether the independent variables affect each other, Presence or absence of multicollinearity problems in a regression model can be detected with VIF (variance inflector factor) and the value of tolerance (tolerance) (Arikunto, 2010). A regression model is said to be free of problems multicolinearity if having VIF smaller than 5 and has a tolerance value above 0.0001 (Ghozali: 2008).

3.10.4 Test for Heteroscedasticity

According to Gujarati and Porter (2009), heteroscedasticity is presented by the variations in the predicted variable all through the set data. It is the variance of error around the regression line such that this variance is not the same for all the predictors in the research study, or the errors of the model are not identically distributed

(Tabachnick & Fidell, 2001). Accordingly, heteroscedasticity will be a source of threats to the error term which is supposed to be constant (Park, 2008). To test for heteroscedasticity, the study will use the Glejser test of heterogeneity of variances.

3.11 Model Specification, Estimation and Evaluation

Data analysis refers to the application of reasoning to understand the data that has been gathered with the aim of determining consistent patterns and summarizing the relevant details revealed in the investigation (Zikmund, Babin, Carr & Griffin, 2010).The specific descriptive statistics included frequencies, mean scores and standard deviation. The particular inferential statistic was multiple regression modeling.

The particular multiple regression model is shown as;

$$Y = \beta_0 + C + \epsilon \dots\dots\dots\dots\dots\dots\dots\dots\dots\dots\dots\dots\dots\dots\dots\dots\dots\dots\dots 1$$

$$Y = \beta_0 + C + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \epsilon \dots\dots\dots\dots\dots\dots\dots\dots\dots\dots\dots 2$$

Where;

Y = Tax compliance

X_1 = Perceived Ease of use

X_2 = Perceived Usefulness

X_3 = Social norm

C = Control variables

ϵ = error terms

In the model, β_0 = the constant term while the coefficient β_i = 1….3 was used to measure the sensitivity of the dependent variable (Y) to unit change in the predictor variables X_1, X_2, and X_3. The error (ϵ) term capture the unexplained variations in the model.

3.12 Moderating Role of Government Training

Moderation occurs when the effect of an independent variable on a dependent variable varies according to the level of a third variable, termed a moderator variable, which interacts with the independent variable (Baron & Kenny, 1986; Arnold, 1982; Sauer, & Dick, 1993). Moderation is involved in research on individual differences or situational conditions that influence the strength of the good relationship between a predictor and an outcome. The study adopted Baron and Kenny (1986) moderating technique. The change in R^2 was used to confirm moderating effect of government training. The model was as shown below;

$Y = \beta_0 + C + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \beta_5 X_5 * M + \epsilon$………………..……………3

$Y = \beta_0 + C + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \beta_5 X_5 * M + \beta_6 X_6 * M + \epsilon$………………………4

$Y = \beta_0 + C + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \beta_5 X_5 * M + \beta_6 X_6 * M + \beta_7 X_7 * M + \epsilon$……..……..5

$Y = \beta_0 + C + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \beta_5 X_5 * M + \beta_6 X_6 * M + \beta_7 X_7 * M + \beta_8 X_8 * M + \epsilon$……6

$Y = \beta_0 + C + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \beta_5 X_5 * M + \beta_6 X_6 * M + \beta_7 X_7 * M + \beta_8 X_8 * M + \beta_9 X_9 * M + \epsilon$…………………………………………………………………………7

Where:

Y = Tax Compliance

X_1 = Perceived Ease of Use

X_2 = Perceived Usefulness

X_3 = Social Norm

M= Government Training

C=Control variables

Є=error terms

3.13 Ethical Consideration

This study observed the following ethical procedures: Due to sensitivity of some information collected, the researcher held a moral obligation to treat all information provided with utmost confidentiality. Since the respondents were reluctant to disclose. This study will be conducted purely for academic reasons and the data collected will be used strictly for that purpose. Participants consent was sought prior to the study and respondent's participation will be on voluntary basis. Respondents will be free to withdraw from participating in the study at any point in the process without penalty. The respondent will not be required to give their names in the data collection tool. Feedback will be analyzed as they are without alteration, deception, tempering or exaggeration to ensure honesty, accuracy and authenticity of the results of the finding.

CHAPTER FOUR

DATA ANALYSIS, PRESENTATION AND INTERPRETATION

4.1 Introduction

This chapter presents the patterns of the results and their analyses as to their relevance

to the objectives and hypotheses. The chapter presents the demographic results,

descriptive statistics, reliability results, correlation analysis and multiple regressions.

The findings are presented in tables and narrations as per the specific objectives. The

chapter further presents the results of the models that were used to interpret study

findings and answer study's objectives.

4.2 Response Rate

The number of questionnaires that were administered was 384 and a total of 296

questionnaires were properly filled and returned but some of the respondents returned

the questionnaires half-filled while others did not return them completely despite a lot

of follow up. The response rate result is shown in Table 4.1.

Table 4.1: Response Rate

Response	Frequency	Percent
Returned	296	77.1%
Unreturned	88	22.9%
Total	**384**	**100%**

Out of the 384 questionnaires administered 296 were filled and returned representing

77.1 percent. This response rate is considered satisfactory to make conclusions for the

study. Bailey (2000) stated that a response rate of 50% is adequate while a response

rate greater than 70% is very good. This implies that based on this assertion, the

response rate in this case of 77.1% is therefore very good. The high response rate

could have attributed to the use of competent research assistants, pre-notification of respondents and voluntary participation by respondents; drop and pick of questionnaires to allow for ample time to fill; assurance of confidentiality and anonymity to the participants.

4.3 Demographic Information Analysis

Background information of the medium enterprise owners and managers deemed necessary in studying state of SMEs in relation to tax compliance. This background information has been summarized under the sub- headings: gender, employment, age, work experience, monthly sales, main business activity and size of business in terms of the number of employees.

4.3.1 Gender of the Respondents

The study sought to establish gender of the respondents. This was meant to establish any relationship between gender and performance of micro and small enterprises. The results are presented in Figure 4.1.
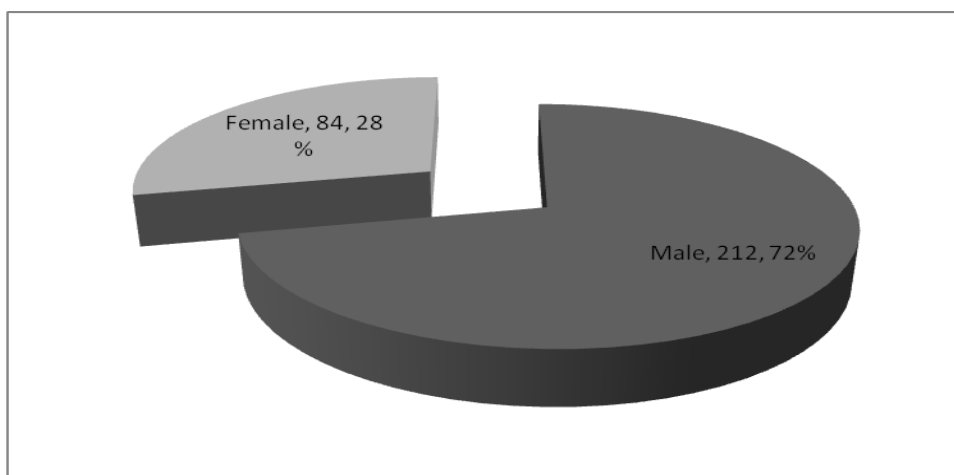
Figure 4.1: Gender of the Respondents

As shown in Figure 4.1, of the total respondents, 212 were males (72%) and 84 were females (84%). The results revealed that majority of the respondents were males which implied that most SMEs are owned by males. This pointed to a gender imbalance in the Micro and medium enterprises sector. Coincidentally even there is also some skewness in terms of ownership. This implies that we have more males pursuing small and medium enterprises than females. This is an implication that women are tight up by domestic roles hence are not represented much in the SME sector. The results agree with Osunsan (2015) study that gender significantly affects the performance the small business and that there is a significant difference in the levels of performance between male owned businesses and females owned businesses. According to Radipere and Dhliwayo (2014), gender plays a significant role in business performance.

4.3.2 Gender of the Respondents

The study sought to establish gender of the respondents. This was meant to establish any relationship between gender and performance of micro and small enterprises. The results are presented in Figure 4.2.

Are you employed or own the business

Owner
114
39%
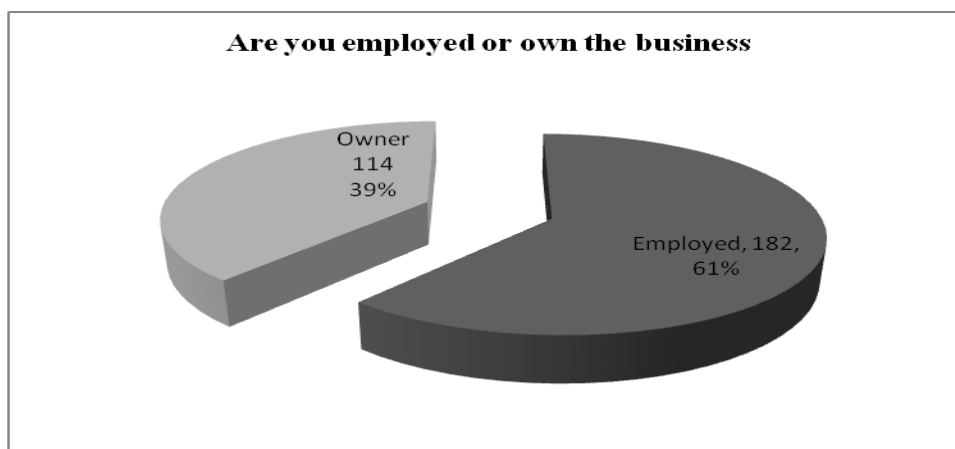
Employed, 182,
61%

Figure 4.2: Employment status

Results in Figure 4.2 showed that majority 61% of respondnets were employed to run small and medium enetrprise while 395 were the actual owners. Th resuts imply that small and medium enterprises has created employment opportunities.

4.3.3 Age of the Respondents

The study sought to present the age of the respondents. This was meant to establish any relationship between age of the respondents and performance of micro and small enterprises. The results were as presented in Figure 4.3.
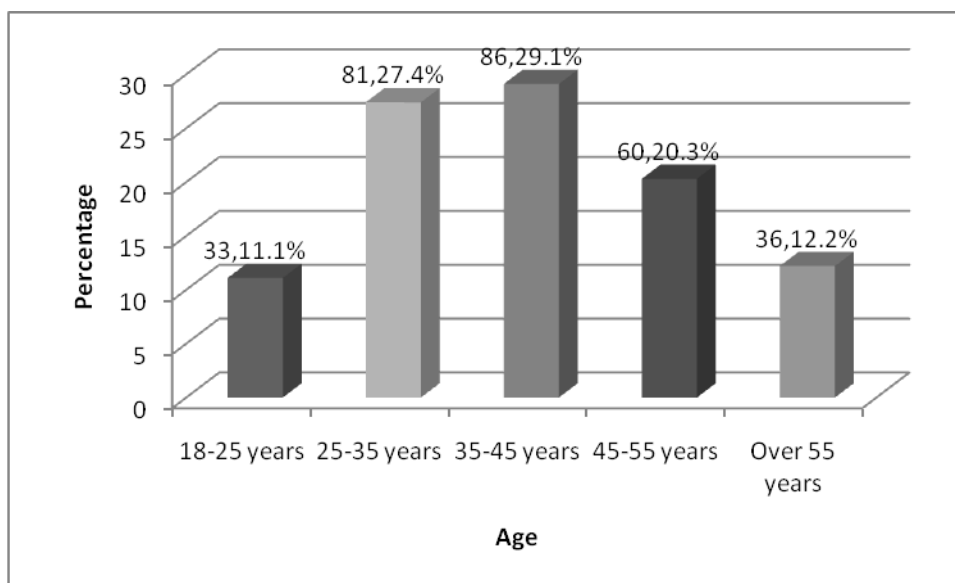
Figure 4.3: Age of the Respondents

The findings in Figure 4.3 indicated that, of the total respondents 29.1% were aged between 35-45 years, 27.4% were between 25 – 35 years, 20.3% were aged between 45 – 55 years, 12.2% were aged 55 years and above while 11.1% were 18-25 years. From the findings it is evident that the majority of the SMES owners and managers are at their middle age. This could be attributed that at this age, people have more responsibilities that range from educating children and family sustenance hence need

of more sources of income. The results agree with Chiliya and Roberts-Lombard (2012) who established that age of the owner and the length of business operation have a significant impact on the profitability of the business.

4.3.4 Period of service of the respondents

The respondents were asked to indicate the duration they had operated their micro and small enterprises. The study sought to present the period business has been in existence. This was meant to establish any relationship between age of the SMEs and its performance. The results are presented in Figure 4.4.

Figure 4.4: Duration of Work

It was found that 29.1% of the respondents indicated that they have been operating their enterprise for the period of 5- 7 years, 28% of the SMEs owners and managers indicated a period of more than 2-4 years. Further, results showed that 10.1% of the enterprises have been in operation for less than 2-5 years while 7.1% of the enterprises had been in existence for over 10 years. This implies that micro and small

enterprises are growing. The results agree with Chiliya and Roberts-Lombard (2012) that previous work experiences, education levels, age of the owner and the length of business operation have a significant impact on the profitability of the business. Wanigasekara and Surangi (2011) elaborates that there is found a strong link between business experience and business success.

4.3.5 Formal Registration of Enterprise at the Government's Registry

The respondents were asked to indicate their SMEs were formally registered at the government registry. It was necessary to establish whether small and medium enterprises were formally registered by the government registry. The results are presented in Figure 4.5.
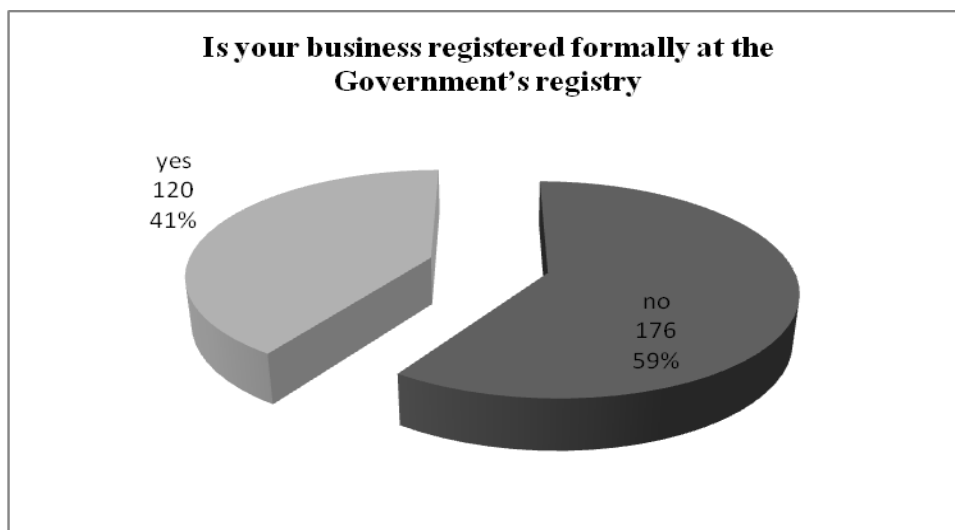
Figure 4.5: Formal registration of enterprise at the government's registry

Results in figure 4.5 shows that majority 59% of the enterprises were not formally registered while 41% were formally registered at the government registry. Formal registration implies that government or tax authorities can track on enterprises that are

complying by paying and filing tax returns. Tax compliance for non-registered SMEs is rather hard because of poor tracking.

4.3.6 Monthly sales

The respondents were asked to indicate size of sales they make monthly. It was necessary to determine the number of sales generated by the enterprises. The results are presented in Figure 4.6.
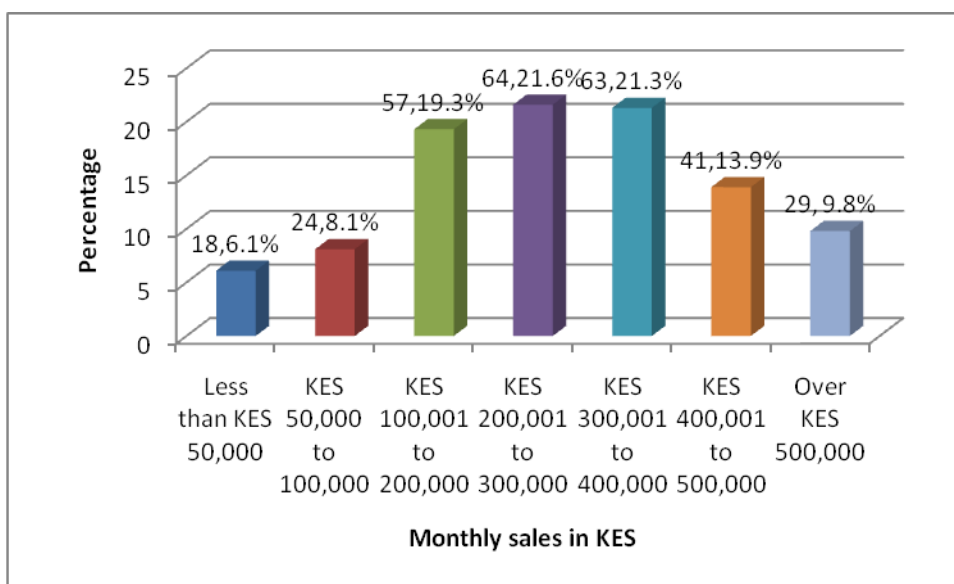
Figure 4.6: Monthly Sales

It was found that 6.1% of the respondents indicated that the monthly sale was below KES.50,000, 8.1% was between KES.50,000-100,000, 21.6% of the respondents indicated that monthly sale was between KES.200001-300000, 21.3% of the SMEs owners had monthly income of KES.300001-40000, and 19.3% generated monthly income of KES.100001-200000, 13.9% was between KES.400001-500,000 and 9.8% over KES.500,000.The size of sales made by small and medium enterprises

determines the size of taxes to be paid by small and medium enterprises owners and managers.

4.3.7Main Business Activity

The study sought to indicate the type of business. This was meant to establish any relationship between type of business and tax compliance. The results are presented in Figure 4.7.
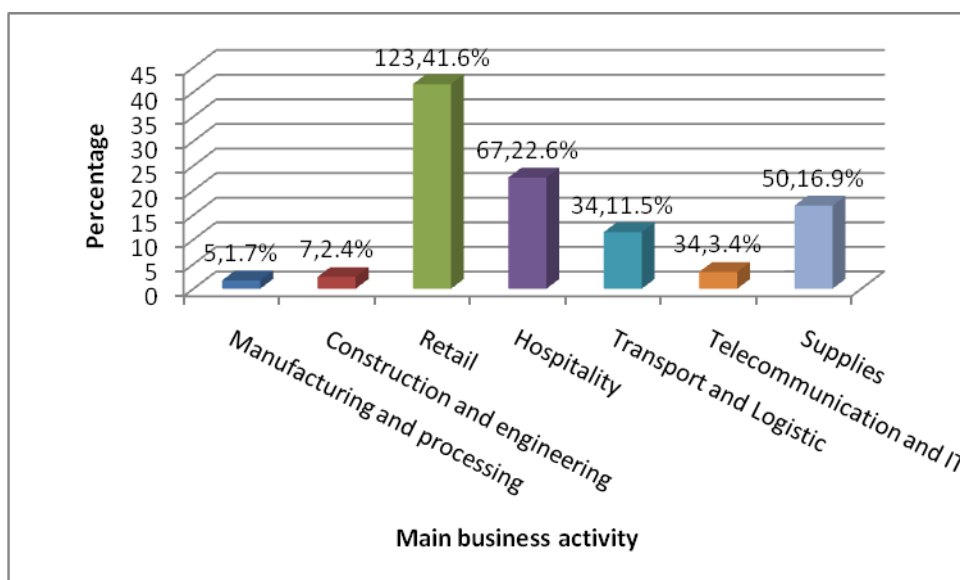
Figure 4.7: Main Business Activity

Based on Figure 4.7, results of the study showed that most 41.6% of the enterprises were retails, 2.6% hospitality, 16.9% supplies, 11.5% transport and logistics, 3.4% telecommunication and IT, 2.4 construction and engineering and 1.7% in manufacturing and processing. Most enterprises are retail since it requires less capital and capacity compared to other forms of SMEs like construction and manufacturing. This implies that micro and small enterprises are diversified. The findings agree with

those in Akinruwa, Awolusi and Ibojo (2013) who examined the determinants of Micro and Small Enterprises (MSEs) Performance in Ekiti State, Nigeria and concluded that small business vary and are spread across the various economic sectors.

4.3.8 Size of Business in Terms of Employees

The study sought to indicate the size of business. This was meant to establish any relationship between size of business and average taxable sales income. The results are presented in Figure 4.8.
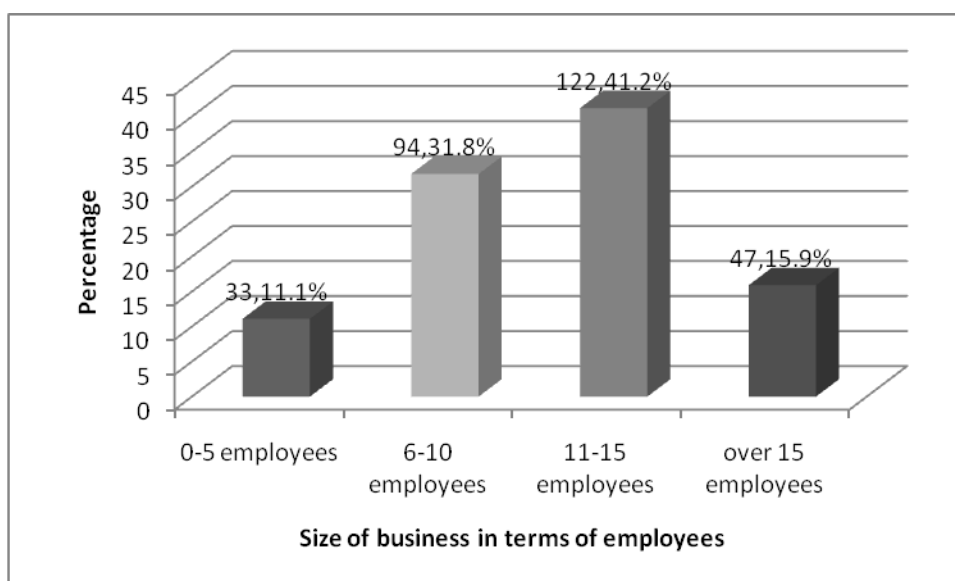
Figure 4.8: Main Business Activity

Based on Figure 4.8, results of the study showed that most 41.2% of the enterprises had 11-15 employees, 31.8% 6-10 employees, 15.9% over 15 employees and 11.1% 0-5 employees. The size of the small and medium enterprises may indicate the level

of income generated that is subjected to taxation. Larger small and medium enterprises in terms of income generated have sufficient income to be taxed hence more compliance compared to SMEs with small income.

4.4 Reliability Test

The study used Split-half method to test for reliability of data. Reliability is the consistency of measurement, or the degree to which an instrument measures the same way each time it is used under the same condition with the same subjects. Reliability test was conducted to test for data collection instruments' ability to produce consistent and accurate results. Split-half method was used to test for reliability of data. The acceptance value of 0.70 was used as cut-off of the reliability for the study. Results are presented in Table 4.2.

Table 4.2: Reliability Statistics

Variable	Cronbach alpha	Reliability comment
Perceived Ease Of Use	.797	Acceptable
Perceived Usefulness	.814	Acceptable
Social Norm	.786	Acceptable
Government Training	.814	Acceptable
Tax Compliance	.759	Acceptable

Source: Field Data 2022

The study findings indicated that the data instruments were reliability with a Split-half method value of above 0.70. Castillio (2009) provided the following rules of thumb: >0.9 – Excellent, >0.8 – Good, >0.7 – Acceptable, >0.6 – Questionable, >0.5 – Poor and <0.5 – Unacceptable. The findings indicated that the Split-half method for each of

the variables was above the lower limit of acceptability thus reliable with perceived ease of use having a coefficient of 0.797; perceived usefulness 0.814; social norm0.786; government training 0.814 and tax compliance 0.759 as shown in Table 4.2.

4.5 Descriptive Analysis

This section contains descriptive analysis for perceived ease of use, perceived usefulness and social norm andtax compliance among small and medium enterprises. A likert scale with options of strongly disagree, disagree, don't know, agree and strongly agree were presented for answering by respondents. The results were presented in form of mean and standard deviations.

4.5.1 Perceived ease of use and tax compliance among small and medium enterprises

The first objective of this study was to establish the effect of perceived ease of use on tax compliance among small and medium enterprises. A Likert scale of 1 to 5 (1 = strongly disagree, 2 = Disagree 3 = don't know, 4 = Agree, 5 = strongly agree) was used and the mean response rate from the respondents calculated. For the purposes of interpretation 4 & 5 (agree and strongly agree) were grouped together as agree, 1 & 2 (strongly disagree and disagree) were grouped as disagree while 3 was don't know. The results of this study are as depicted in the table below.

able 4.3: Perceived ease of use and tax compliance among small and medium
enterprises

Perceived ease of use	Strongly Disagree	Disagree	Don't know	Agree	Strongly Agree	Mean	SD
I find it easy to prepare income tax filing using the e-tax filing and payment system	27.7%	42.9%	10.1%	9.5%	9.8%	2.3	1.2
My interaction with the e-tax filing and payment system is clear and understandable	27.0%	38.2%	11.8%	12.2%	10.8%	2.4	1.3
It is easy for me to become skillful at using the e-tax filing and payment system	29.7%	40.5%	9.8%	7.8%	12.2%	2.3	1.3
I find the e-tax reporting easy to use	25.3%	42.6%	9.5%	8.8%	13.9%	2.4	1.3
Using the online tax filing and payment system is compatible with the way I like to do things	9.5%	11.8%	6.4%	45.9%	26.4%	3.7	1.2
Using the technology supported tax filing fits to my nature of work	3.0%	6.1%	4.7%	44.3%	41.9%	4.2	1.0
Online tax transactions are easy to learn	33.8%	41.2%	8.4%	8.4%	8.1%	2.2	1.2

Source: Field data 2022

Table 4.3 showed that majority of small and medium enterprise owners and managers

did not agree that they found it easy to prepare income tax filing using the e-tax filing

and payment system, with mean score of 2.3 and standard deviation is 1.2 implying that majority of medium enterprise owners and managers have a problem in preparing income tax filing using e-tax. The results also showed that majority of the medium enterprise owners and managers did not agree that their interaction with the e-tax filing and payment system is clear and understandable with mean score of 2.4 and standard deviation is 1.3 implying that majority of SME owners do not understand e-tax filing and payment system. The results also showed that majority of the medium enterprise owners and managers did not agree that it is easy for them to become skillful at using the e-tax filing and payment system with mean score for place is 2.3and standard deviation is 1.3 implying that majority of SME owners are not skillful using the e-tax filing and payment system.

Further, medium enterprise owners and managers did not agree that participants found e-tax reporting easy to use with mean score for place is 2.4and standard deviation is 1.3 implying that majority of small and medium enterprise owners and managers finds e-tax reporting rather hard to use. The study established that majority of the medium enterprise owners and managers agreed that using the online tax filing and payment system is compatible with the way SME owners like to do their things with mean score for place is 3.7and standard deviation is 1.2 implying that online tax filing and payment system is compatible with daily operations of small and medium enterprises. Majority of the small and medium enterprise owners and managers agreed that using the technology supported tax filing fitted to their nature of work with mean score for place is 4.2and standard deviation is 1.0 implying that technology supported tax filing fitted to SME owners and managers' nature of work.

Finally, majority of the small and medium enterprise owners and managers did not agree that online tax transactions are easy to learn with mean score of2.2and standard deviation of 1.2 implying that majority of SME owners and managers find it rather difficulty in using online tax transactions.

4.5.2Perceived usefulness and tax compliance among small and medium enterprises

The second objective of this study was to establish the effect of perceived usefulness on tax compliance among small and medium enterprises. A Likert scale of 1 to 5 (1 = strongly disagree, 2 = Disagree 3 = don't know, 4 = Agree, 5 = strongly agree) was used and the mean response rate from the respondents calculated. For the purposes of interpretation 4 & 5 (agree and strongly agree) were grouped together as agree, 1 & 2 (strongly disagree and disagree) were grouped as disagree while 3 was don't know. The results of this study are as depicted in Table 4.4.

Table 4.4: Perceived Usefulness and Tax Compliance among Small and Medium

Enterprises

Perceived usefulness	Strongly Disagree	Disagree	Don't know	Agree	Strongly Agree	Mean	SD
Using the technology supported e-tax filing and payment system improves my productivity in preparing income tax filing	7.4%	8.4%	3.7%	47.6%	32.8%	3.9	1.0
Using the technology supported taxation system makes it easier for me to complete tax filing and payment	10.1%	7.8%	7.1%	42.2%	32.8%	3.8	1.2
Using the technology supported taxation system has enhanced my effectiveness in preparing income tax filing	8.8%	11.1%	9.5%	38.2%	32.4%	3.7	1.1
The technology enabled e-tax filing is useful in preparing income tax filing and payment	11.8%	6.4%	8.1%	40.9%	32.8%	3.8	1.3
i-tax has helped me in preparing tax returns	9.8%	8.4%	7.4%	41.9%	32.4%	3.8	1.2

Source: Field Data 2022

Table 4.4 showed that majority of medium enterprise owners and managers agreed

that using technology supported e-tax filing and payment system improved their

productivity in preparing income tax filing, with mean score of 3.9 and standard

deviation is 1.0 implying that using e-tax filing and payment improved productivity of small and medium enterprises. The results also showed that majority of and medium enterprise owners and managers agreed that using the technology supported taxation system makes it easier for me to complete tax filing and payment with mean score of 3.8 and standard deviation is 1.2 implying that technology supported taxation system makes made it easier for SME owners and managers to complete tax filing and payment. The results also showed that majority of of medium enterprise owners and managers agreed that using the technology supported taxation system has enhanced my effectiveness in preparing income tax filing with mean score for place is 3.7and standard deviation is 1.1 implying that technology supported taxation system led to enhanced effectiveness in preparing income tax filing.

Further, majority of medium enterprise owners and managers agreed that technology enabled e-tax filing is useful in preparing income tax filing and payment with mean score for place is 3.8and standard deviation is 1.3 implying that technology enabled e-tax filing is useful in preparing income tax filing and payment. Finally, majority of the small and medium enterprise owners and managers agreed that i-tax helped small and medium enterprises in preparing tax returns with mean score of3.8and standard deviation is 1.2 implying that i-tax helped small and medium enterprises in preparing tax returns.

4.5.3 Social Norm and Tax Compliance Among Small and Medium Enterprises

The third objective of this study was to establish the effect of social norm on tax compliance among small and medium enterprises. A Likert scale of 1 to 5 (1 =

strongly disagree, 2 = disagree 3 = don't know, 4 = Agree, 5 = strongly agree) was
used and the mean response rate from the respondents calculated. For the purposes of
interpretation 4 & 5 (agree and strongly agree) were grouped together as agree, 1 & 2
(strongly disagree and disagree) were grouped as disagree while 3 was don't know.
The results of this study are as depicted in Table 4.5.

**Table 4.5: Social Norm and Tax Compliance among Small and Medium
Enterprises**

Social norm	Strongly Disagree	Disagree	Don't know	Agree	Strongly Agree	Mean	SD
I trust the e-Tax filing and payment system	28.0%	50.3%	17.9%	1.7%	2.0%	2.0	0.8
I trust the e tax reporting system	26.4%	51.7%	15.5%	3.4%	3.0%	2.1	0.9
I believe online tax payment is secure	31.4%	45.9%	17.6%	2.4%	2.7%	2.0	0.9
The e-tax filing and payment system is quick	8.8%	10.5%	13.9%	39.5%	27.4%	3.7	1.2
The e-reporting system is always available and operation	45.6%	32.4%	5.1%	10.5%	6.4%	2.0	1.2
On the whole my SME team supports the technology supported taxation system	45.9%	31.8%	5.4%	8.8%	8.1%	2.0	1.3

Source: Field Data, 2022

Descriptive results in Table 4.5 showed that majority of the medium enterprise
owners and managers do not trust the e-tax filing and payment system, with mean
score of 2.0 and standard deviation is 0.8 implying that majority of medium enterprise
owners and managers do not trust the e-tax filing and payment system. The results

also showed that majority of the medium enterprise owners and managers did not trust the e-tax reporting system with mean score of 2.1 and standard deviation is 0.9 implying that majority of SME owner slack sufficient trust in the-tax reporting system. The results also showed that majority of the participants did not believe that online tax payment is secure with mean score for place is 2.0and standard deviation is 0.9 implying that majority of SME owners feel online tax payment is insecure.

Further, majority of medium enterprise owners and managers agreed that e-tax filing and payment system is quick with mean score for place is 3.7and standard deviation is 1.2 implying that e-tax filing and payment system is a quick method of paying taxes. The study established that majority of the respondents did not agree that e-reporting system is always available and operation with mean score for place is 2.0and standard deviation is 1.2 implying that online tax filing and payment system is often unavailable and operational. Finally, majority of the small and medium enterprise owners and managers agreed that on the whole SME team supports the technology supported taxation system with a mean score of4.0and standard deviation of 1.2 implying that majority of SME owners and managers view technology supported taxation system as essential in running their businesses.

4.5.4 Government Training, Technology Acceptance and Tax Compliance Tax

The forth objective of this study was to establish the moderating role of government training on the relationship between technology acceptance and tax compliance tax among small and medium enterprises. A Likert scale of 1 to 5 (1 = strongly disagree, 2 = Disagree 3 = don't know, 4 = Agree, 5 = strongly agree) was used and the mean

response rate from the respondents calculated. For the purposes of interpretation 4 & 5 (agree and strongly agree) were grouped together as agree, 1 & 2 (strongly disagree and disagree) were grouped as disagree while 3 was don't know. The results of this study are as depicted in Table 4.6.

Table 4.6: Government training and tax compliance tax

Government facilitation	Strongly Disagree	Disagree	Don't know	Agree	Strongly Agree	Mean	SD
Kenya revenue authority facilitates training on how to use i-tax platform	32.4%	39.5%	4.7%	7.1%	16.2%	2.4	1.2
The taxation rate from the government is fair to me	32.1%	40.2%	4.1%	6.4%	17.2%	2.4	1.3
The government has demonstrated strong commitment to support technologically supported e tax management	35.5%	37.2%	5.1%	5.4%	16.9%	2.3	1.1
Kenya revenue authority provides e-tax supported equipment	30.1%	37.8%	6.1%	8.8%	17.2%	2.2	1.4
Officials from the Kenya revenue authority are friendly	34.5%	37.5%	4.4%	8.1%	15.5%	2.3	1.2

Source: *Field Data, 2022*

Table 4.6 showed that majority of medium enterprise owners and managers did not agree that Kenya revenue authority facilitates training on how to use i-tax platform, with mean score of 2.4 and standard deviation is 1.2 implying that majority of medium enterprise owners and managers lack sufficient e-tax training. The results also showed that majority of the respondents did not agree that taxation rate from the

government is fair to me with mean score of 2.4 and standard deviation is 1.3 implying that taxation rate is not fair. The results also showed that majority of the participants did not agree that government demonstrated a strong commitment to support technologically supported e tax management with mean score for place is 2.3and standard deviation is 1.3 implying that government did not show full commitment in supporting technologically supported e tax management.

Further, respondents did not agree that Kenya revenue authority provides e-tax supported equipment with mean score for place is 2.2and standard deviation is 1.4 implying that government is not providing e-tax supported equipment. The study established majority of respondents did not agree officials from the Kenya revenue authority are friendly with mean score for place is 2.3and standard deviation is 1.2 implying that small and medium enterprises owners and managers feel that officials from KRA are not friendly.

4.5.5 Tax Compliance Tax Among Small and Medium Enterprises

The study sought to determine tax compliance among small and medium enterprises. A Likert scale of 1 to 5 (1 = strongly disagree, 2 = Disagree 3 = don't know, 4 = Agree, 5 = strongly agree) was used and the mean response rate from the respondents calculated. For the purposes of interpretation 4 & 5 (agree and strongly agree) were grouped together as agree, 1 & 2 (strongly disagree and disagree) were grouped as disagree while 3 was don't know. The results of this study are as depicted in Table 4.7.

Table 4.7: Tax Compliance Tax Among Small and Medium Enterprises

Tax compliance	Strongly Disagree	Disagree	Don't know	Agree	Strongly Agree	Mean	SD
I file my tax returns every month	28.7%	42.9%	6.4%	9.5%	12.5%	2.3	1.2
I correctly declare my monthly income to the tax authorities	29.1%	40.2%	5.7%	9.8%	15.2%	2.4	1.4
I remit my tax dues at the prescribed date	31.4%	40.2%	7.1%	10.5%	10.8%	2.3	1.1
I document my income tax file records with the tax authority	27.4%	43.2%	6.4%	7.8%	15.2%	2.4	1.2
I am always willing to pay tax	33.4%	39.5%	6.4%	10.5%	10.1%	2.2	1.3
I have never forfeited to pay my tax to the tax authority	34.8%	37.2%	5.1%	9.1%	13.9%	2.3	1.4
I am registered with PAYE	30.7%	39.5%	6.1%	12.8%	10.8%	2.3	1.3
I am registered for i-tax	35.8%	40.9%	4.1%	7.8%	11.5%	2.2	1.2

*Source***:** *Field Data 2022*

Table 4.7 showed that majority of medium enterprise owners and managers did not agree that they file their tax returns every month, with mean score of 2.3 and standard deviation is 1.2 implying that majority of medium enterprise owners and managers fail to file their tax returns every month. The results also showed that majority of the medium enterprise owners and managers did not agree that they correctly declare their monthly income to the tax authorities with mean score of 2.4 and standard deviation is 1.4 implying that majority of SME owners fail to correctly declare their monthly income to the tax authorities. The study also showed that majority of medium

enterprise owners and managers did not remit my tax dues at the prescribed date with mean score for place is 2.3and standard deviation is 1.1 implying that majority of SME owners fail to remit taxes in time.

Further, respondents did not agree that medium enterprise owners and managers document their income tax file records with the tax authority with mean score for place is 2.4and standard deviation is 1.2 implying that majority of small and medium enterprise owners and managers fail to document their income tax file records with the tax authority in time. The study established that majority medium enterprise owners and managers are always willing to pay tax with mean score for place is 2.2and standard deviation is 1.3 implying that medium enterprise owners and managers are always not willing to pay tax. Majority of the small and medium enterprise owners and managers did not agree that they never forfeited to pay my tax to the tax authority with mean score for place is 2.3and standard deviation is 1.4 implying that small and medium enterprise owners have often forfeited to pay taxes.

Further, majority of the small and medium enterprise owners and managers have not registered with PAYE with mean score of 2.3and standard deviation of 1.3 implying that majority of SME owners and managers cannot access PAYE because they are unregistered. It was also established that majority of the small and medium enterprise owners and managers have not registered with i-tax with mean score of 2.2and standard deviation of 1.2 implying that majority of SME owners and managers cannot access e-tax because they are unregistered. Tax compliance includes true reporting of

the tax base, correct computation of the liability, timely filing of the return and timely payment of the amounts due.

4.6 Correlation Analysis

In order to get an overview of the association between the dependent and independent variables, the researcher conducted pairwise correlation analysis. The study conducted correlation analysis between to establish the moderating role of government facilitation on the relationship between technology acceptance and tax compliance of small and medium enterprises. Pearson's product-moment correlation coefficient (r) was used to examine the extent of correlation between the variables of study and to show the strength of the linear association between the variables. r ranges between ±1. Where r= +0.7 and above it indicates a very strong relationship; r=+0.5 to below 0.7 is a strong association; r=0.3-0.49 is a moderate association while r=0.29 and below indicates a weak association. Where r=0 it indicates that there is no association. Table 4.9 shows the correlation matrix of perceived ease of use, perceived usefulness, social norm and tax compliance.

Table 4.9: Correlation between technology acceptance and tax compliance

Variable	Tax Compliance	Perceived Ease of Use	Perceived Usefulness	Social Norm	Government Training
Tax Compliance	1.000				
Perceived Ease of Use	0.683*	1.000			
Perceived Usefulness	0.709**	0.546**	1.000		
Social Norm	0.567**	0.498*	0.402*	1.000	
Government Training	0.712**	0.6133	0.5086**	0.4934	1.000

. Correlation is significant at the 0.01 level (2-tailed). ***Source*: *Field Data 2022*

The correlation results found that perceived ease of use and tax compliance of small and medium enterprises have a positive and significant association (r=.683, p=0.000<0.05). Perceived ease of use defines as the degree to which a potential adopter views the usage of the target technology to be relatively free of effort. A system perceived to be easier to use will facilitate more system use and is more likely to be accepted by uses. The ease to use technology supported tax filing is important in determining tax compliance. Simple and easy procedures of paying taxes shall enhance high tax payment hence high tax compliance. Perceived ease of use and perceived usefulness greatly determine the use of online tax filing. The finding conforms to the study conducted by Bojuwon (2013) on the impact of perceived ease of use and perceived usefulness on an online tax system.

The results found that perceived usefulness measured and tax compliance among small and medium enterprises have a positive and significant association (r=.709, p=0.000<0.05). Perceived usefulness is defined as the extent to which an individual believes that he or she would benefit from using online platform to carry out a particular task. Benefits to be derived reduce by paying taxes online may include convenience and cost reduction. The results agree with Mustapha (2013) that perceived usefulness positively influence tax compliance. The results agree with Mustapha and Obid (2015) that perceived ease of use has a significant mediating effect on the relationship between tax service quality and online tax system, and tax service quality has a positive significant relationship with an online tax system.

It was also established that social norm and tax compliance among small and medium enterprises have a positive and significant association (r=.567, p=0.000<0.05). Social norms refer to injunctive norms, that is, normative prescriptions regarding tax compliance or, conversely, the normative acceptability of noncompliance. Poor tax performance could be partly caused by social norms, which play an important role in compliance but are often ignored by public and tax policy makers, in addition to other factors that influence tax compliance, such as perceptions of fairness, perceived benefits and perceived penalties. The results agree with Çevik and Yeniçeri (2013) that efficiency of tax administration was found to have a significant and positive moderating effect on the relationship between social norms and tax compliance.

The results of this study indicate a significant and positive association between the moderating variable of government training and the relationship between technology acceptance and tax compliance among small and medium enterprises (r = 0.712, p < 0.05). This finding suggests that government training plays a crucial role in influencing the compliance behavior of businesses when adopting tax filing technology. The study's findings align with the research conducted by Omary and Pastory (2022), which highlights the importance of maintaining tax fairness, implementing appropriate and moderate levels of penalties, and keeping tax rates as low as possible. These factors contribute to fostering voluntary compliance among taxpayers.

4.7 Regression Analysis

This section contains inferential analysis for perceived ease of use, perceived usefulness and social norm and tax compliance among small and medium enterprises. Inferential statistics in this section include model fitness, ANOVA tests and regression coefficients. The results presented in Table 4.10 present the fitness of model used of the regression model in explaining the study phenomena.

Table 4.10: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
	.721[a]	.519	.514	.73234

a. Predictors: (Constant), perceived ease of use, perceived usefulness, social norm

Perceived ease of use, perceived usefulness and social norm were found to be satisfactory in explaining tax compliance among small and medium enterprises. This is supported by coefficient of determination also known as the R square of 51.9%. This implies that perceived ease of use, perceived usefulness and social norm explain 79.3% of the variations in the dependent variable which is tax compliance among small and medium enterprises. The ANOVA results are presented in Table 4.11.

Table 4.11: Analysis of Variance

Model	Sum of Squares	df	Mean Square	F	Sig.
Regression	169.134	3	56.378	105.121	.000[b]
Residual	156.604	292	.536		
Total	325.738	295			

a. Dependent Variable: Tax compliance
b. Predictors: (Constant), social norm, Perceived usefulness, Perceived ease of use

Table 4.11 provides the results on the analysis of the variance (ANOVA). The results indicate that the overall model was statistically significant. Further, the results imply that project perceived ease of use, perceived usefulness and social norm are good predictors of tax compliance among small and medium enterprises. This was supported by an F statistic of 105.121which was greater than the critical F-statistic of 2.08 and the reported p value (0.000) which was less than the conventional probability of 0.05 significance level. The findings for F calculated (105.121) was also compared against the F critical value ($F_{3, 292}$) of 2.08 calculated from the F tables. Since the F calculated was greater than F critical (105.121) > (2.46), the model is significant. Regression of coefficient results is presented in Table 4.12.To interpret the regression coefficient results, calculated p value is compared with 0.05 level of significance. If the p value is less than 0.05, then the relationship between variables is significant otherwise insignificant.

Table 4.12: Regression of coefficient

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	.587	.174			
Employees' Age	.664	.394	6.301	1.685	.046
Unionized Employees	.708	.398	.931	1.778	.037
Number of Employees	.245	.087	.195	2.816	.002
Perceived ease of use	.258	.069	.195	3.751	000
Perceived usefulness	.307	.045	.322	6.781	000
Social norm	.516	.074	.361	6.945	000

a. Dependent Variable: Tax compliance

The constant vale of -.587 means that in the absence of perceived ease of use, perceived usefulness and social norm, tax compliance is very low. Results are presented in Table 4.12. The regression modes was;

Tax compliance =   .587+ .664employees' age +.708unionized employees +.245number of employees +.258perceived ease of use+.307perceived usefulness +.516social norm+ error terms

The results revealed that there was a positive and significant relationship between perceived ease of use and tax compliance among small and medium enterprises (β =.258, p=0.000<0.05). This was supported by a calculated t-statistic of 3.751 that if perceived ease of use is increased by one unit, the tax compliance among small and

medium enterprises increases by .258 units. This implies that a unit change in perceived ease of use results to a unit change in tax compliance by .258 units. The first hypothesis (H_1) was that perceived ease of use has positive effect on tax compliance was tested using p-value method. The acceptance/rejection criterion was that, if the p value is greater than the significance level of 0.05, we fail to reject the Ho_1 but if it's less than 0.05 level of significance, the Ho_1 is rejected. Results in Table 4.12 shows that perceived ease of use and tax compliance among small and medium enterprises are positively and significantly related with p value=0.000<0.05. The null hypothesis was therefore rejected and conclusion made that that perceived ease of use has positive effect on tax compliance. Intention to use an e-tax filing system is largely influenced by perceived use. Perceived ease of use and perceived usefulness greatly determine the use of online tax filing. The finding conforms to the study conducted by Bojuwon (2013) on the impact of perceived ease of use and perceived usefulness on an online tax system.

There was a positive and significant relationship between perceived usefulness and tax compliance among small and medium enterprises (β =.307, p=0.000<0.05). This was supported by a calculated t-statistic of 6.781 that if perceived usefulness is increased by one unit, the tax compliance among small and medium enterprises increases by .307 units. This implies that a unit change in perceived usefulness of use results to a unit change in tax compliance by .307 units. The second hypothesis (H_2) was that perceived usefulness has positive effect on tax compliance was tested using p-value method. The acceptance/rejection criterion was that, if the p value is greater than the significance level of 0.05, we fail to reject the Ho_2 but if it's less than 0.05

level of significance, the Ho_2 is rejected. Results in Table 4.12 shows that perceived usefulness and tax compliance among small and medium enterprises are positively and significantly related with p value=0.000<0.05. The null hypothesis was therefore rejected and conclusion made that perceived usefulness has positive effect on tax compliance. Perceived usefulness is described as the degree at which the user believes that the use of a particular system supports his work. Perceived usefulness is accomplished by exploring the advantages for easy application of a new innovation, technology supported taxation system in the case of this study. A system that is perceived useful and easy is important for taxpayers to voluntarily e-file their taxes. The results agree with Akpubi and Igbekoyi (2019) that perceived usefulness positively influences tax compliance. Further, Gwaro, Maina and Kwasira (2016) found that perceived usefulness positively determines tax compliance among small and medium enterprises.

Further, the results revealed that there was a positive and significant relationship between social norm and tax compliance among small and medium enterprises (β =.516, p=0.000<0.05). This was supported by a calculated t-statistic of 6.945 that if social norm is increased by one unit, the tax compliance among small and medium enterprises increases by .516 units. This implies that a unit change in social norm results to a unit change in tax compliance by .516 units. The third hypothesis (H_3) was that social norm has positive effect on tax compliance was tested using p-value method. The acceptance/rejection criterion was that, if the p value is greater than the significance level of 0.05, we fail to reject the Ho_3 but if it's less than 0.05 level of significance, the Ho_3 is rejected. Results in Table 4.12 shows that social norm and tax

compliance among small and medium enterprises are positively and significantly related with p value=0.000<0.05. The null hypothesis was therefore rejected and conclusion made that social norm has positive effect on tax compliance. Social norms regarding taxes could play an important role in determining compliance behavior. If individual attitudes towards compliance are a function of social norms, then enhancing these norms may be a desirable policy option. Social norms make information sharing possible amongst taxpayers, which then improve tax compliance. The results agree with Tusubira and Nkote (2013) commitment to social norms and taxpayers' morale are significant predictors of tax compliance. The results also concur with Doerrenberg and Peichl (2018) participants in a social-norm treatment have lower tax morale relative to a control group while participants in a reciprocity treatment have significantly higher tax morale than those in the social-norm group.

4.8 Moderating Effect of Government Training on Technology Acceptance and Tax Compliance of Small and Medium Enterprises

The fifth objective of the study was to establish the moderating role of government training on the relationship between technology acceptance and tax compliance. The results presented in Table 4.10a shows the model fitness for a regression model after moderation.

Table 4.10a:Model Fitness

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.744[a]	.554	.548	.70658

a. Predictors: (Constant), social norm*M, Perceived usefulness*M, Perceived ease*M, government training*M

The R^2 before moderation was 51.9% but after moderation the R^2 improved to 55.4%. This implies that government facilitation enhances tax compliance. Further the moderating term has significance with P value 0.000<0.05. The null hypothesis was that government training positive moderating effect on the relationship between technology acceptance and tax compliance. Results indicated that the p-value is 0.000<0.05. The null hypothesis Ho_4 was therefore rejected and conclusion made that government training moderate technology acceptance and tax compliance among small and medium enterprises. The ANOVA results are presented in Table 4.12a after interacting technology acceptance and tax compliance with government training as a moderator.

Table 4.12a: Analysis of Variance

Model	Sum of Squares	df	Mean Square	F	Sig.
Regression	180.453	4	45.113	90.360	.000[c]
Residual	145.285	291	.499		
Total	325.738	295			

a. Dependent Variable: Tax compliance
b. Predictors: (Constant), social norm*M, Perceived usefulness*M, Perceived ease*M, government training*M

Table 4.12a provides the results on the analysis of the variance (ANOVA) after interacting technology acceptance and tax compliance with government training. Further, the results imply that interacting project perceived ease of use, perceived usefulness and with government training results to satisfactory model in explain tax compliance among small and medium enterprises. This was supported by an F statistic of 90.360 which was greater than the critical F-statistic of 2.08 and the reported p value (0.000) which was less than the conventional probability of 0.05

significance level. Regression of coefficient results after interacting technology acceptance and tax compliance with government training is presented in Table 4.13a. The results indicate that the overall model was statistically significant in predicting tax compliance.

Table 4.13a: Regression of Coefficient

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	.818	.175		4.682	.000
Perceived ease	1.379	.452	.034	3.051	.000
Perceived usefulness	.955	.904	.871	1.056	.145
Perceived usefulness	1.31	.345	.903	3.798	.000
Perceived ease of use*M	.218	.067	.165	3.259	.001
Perceived usefulness*M	.276	.044	.290	6.259	.000
Social norm*M	.407	.075	.284	5.396	.000
a. Dependent Variable: Tax compliance					

The relationship between perceived ease of use is positive and significantly related to tax compliance among small and medium enterprises both before and after interacting the relationship between technology acceptance and tax compliance with government facilitation (β =.034, p<0.05).

The relationship between perceived usefulness was positive and statistically significant with tax compliance among small and medium enterprises before interacting with government facilitation. Likewise, after introducing government facilitation in the relationship between technology acceptance and tax compliance, perceived usefulness was still positive and statistically significant (β =.871, p<0.05).

with tax compliance among small and medium enterprises before interacting with government facilitation. It was further revealed that the relationship between social norm tax compliance among small and medium enterprises is positive and statistically significant both before and after introducing government training in the relationship between technology acceptance and tax compliance (β =.903, p<0.05).

H0$_{4a}$: Government training has no significant moderating role on the relationship between perceived ease of use and tax compliance.

Table 4.13a revealed that government training significantly moderates the relationship between the technology acceptance and tax compliance among SMEs in Nairobi city county leading to the rejection of the null hypothesis. The interaction reduces the negative effects of debt to equity showing a buffering effect on the relationship between technology acceptance and tax compliance. (β =.165, p<0.05) informed the rejection of the null hypothesis(**H0$_{4a}$**) indicating that keeping high levels of government training reduces the adverse effects of technology acceptance on f tax compliance.

H$_{04b}$: Government training has no significant moderating role on the relationship between perceived ease of use and tax compliance

Results also indicated a significant moderating effect of government training on the relationship between the perceived ease and tax compliance among SMEs in Nairobi city county leading to the rejection of the **H$_{04b}$** (β= .290; ρ <0.05). This suggests that government training mitigates the adverse effect of perceived ease on tax compliance.

H_{04c}: **Government training has no significant moderating role on the relationship between social norm and tax compliance**

Results also indicated a significant moderating effect of government training on the relationship between social norm and tax compliance (β= .284; ρ <0.05). Therefore, the rejection of the **H_{04c}.**This suggests that government training mitigates the adverse effect of social norm and tax compliance.

The model further showed that introducing government training in the relationship among perceived ease of use, perceived usefulness, social norm and compliance among small and medium enterprises was satisfactory. The R^2 of the model summary before moderation was 51.9% but after moderation the R^2 improved to 55.4%. This implies that government facilitation enhances compliance among small and medium enterprises. The fourth hypothesis (H_4) that that government training moderate technology acceptance and tax compliance among small and medium enterprises was accepted. Proper government training and technologies can lead to growth in tax compliance. It is the government training in an attempt to manage revenue from the SMEs. Weaknesses in the revenue collections lead to inadequate tax collection. The government faces insufficient administrative staff with low skills and high level of illiteracy among tax payers, lack of logistics and lack of reliable data. Further, government training through e-tax training and provision of online tax equipment may facilitate tax compliance among small and medium enterprises.

Model specification for moderation

Tax compliance = .818+1.379Perceived ease of use+.955Perceived usefulness +1.31social norm +.218 Perceived ease of use*M +.276Perceived usefulness*M +.407Social norm*M+ error terms.

The study agrees with Night and Bananuka (2020) found that adoption of electronic tax system partially mediates relationship between attitude and tax compliance for small businesses in Africa. The study also agrees with Tan, Lau, Kassim and Mohd (2021) found that ethical perception positively influences tax compliance behavior in Malaysia; education level moderates this relationship. Ramadhani and Kristanto (2022) found that financial crime negatively affects tax compliance; government's future orientation mitigates this effect. Sritharan and Salawati (2019) found that individual factors (financial position, referral group, political influence, religiosity, cultural influence) impact tax compliance behavior; tax knowledge moderates this relationship. The study agrees with Handoko and Amalia (2019) found that training programs are essential for improving performance and professional growth in government institutions.

Table 4.14: Summary Results of Hypotheses Tests

Hypotheses	B	P<5%	Decision
H_{01} : Perceived ease of use has no significant effect on tax compliance	.258	0.000	Rejected
H_{02} : Perceived usefulness has no significant effect on tax compliance.	.301	0.000	Rejected
H_{03} : Social norm has no significant effect on tax compliance	.516	0.000	Rejected
$H0_{4a}$: Government training has no significant moderating role on the relationship between perceived ease of use and tax compliance	.165	0.000	Rejected
H_{04b}: Government training has no significant moderating role on the relationship between perceived ease of use and tax compliance	.290	0.000	Rejected
H_{04c}: Government training has no significant moderating role on the relationship between social norm and tax compliance	.284	0.000	Rejected

CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

This chapter gives a summary of the findings in line with the specific objectives of the study, conclusions drawn and the necessary recommendations made for the study including suggested areas of further study to enrich relevant knowledge under the study.

5.2 Summary of the Study

The general objective of this study was to establish the moderating role of government training on the relationship between technology acceptance and tax compliance of small and medium enterprises. The study objectives were to establish the effect of perceived ease on tax compliance, to establish the effect of perceived usefulness on the tax compliance and to establish the effect of social norm on the tax compliance. The study also established the moderating role of government training on the relationship between technology acceptance and tax compliance.

The study employed explanatory research design that sets out to explain and account for the descriptive and inferential information of the population. Pearson correlation was used to establish the association between the independent variables and the dependent variable and it was found that perceived ease of use, perceived usefulness, social norm has a positive and significant association with tax compliance among small and medium enterprises.

The first objective of this study was to establish the effect of perceived ease of use on tax compliance among small and medium enterprises. Correlation analysis showed there was a positive and significant association between perceived ease of use and tax compliance among small and medium enterprises. Regression analysis indicated that a positive and significant relationship between perceived ease of use and tax compliance among small and medium enterprises. Perceived ease of use greatly determines the use of online tax filing. The first hypothesis (H_1) that perceived ease of use has positive effect on tax compliance was not rejected and conclusion made that perceived ease of use has positive effect on tax compliance. The finding conforms to the study conducted by Bowdon (2013) on the impact of perceived ease of use and perceived usefulness on an online tax system.

The second objective of this study was to establish the effect of perceived usefulness on tax compliance among small and medium enterprises. Correlation analysis showed there was a positive and significant association between perceived usefulness and tax compliance among small and medium enterprises. Regression analysis indicated that a positive and significant relationship between perceived usefulness and tax compliance among small and medium enterprises. Perceived usefulness greatly determines the use of online tax filing. The second hypothesis (H_2) that perceived usefulness has positive effect on tax compliance was not rejected and conclusion made that perceived usefulness has positive effect on tax compliance. According to Gwaro, Maina and Kwasira (2016) perceived usefulness positively determines tax compliance among small and medium enterprises.

The third objective of this study was to establish the effect of social norm on tax compliance among small and medium enterprises. Correlation analysis showed there was a positive and significant association between social norm and tax compliance among small and medium enterprises. Regression analysis showed that a positive and significant relationship between social norm and tax compliance among small and medium enterprises. Social norms regarding taxes could play an important role in determining compliance behavior. The second hypothesis (H_3) that social norm has positive effect on tax compliance was not rejected and conclusion made that social norm has positive effect on tax compliance. The results agree with Tusubira and Nkote (2013) commitment to social norms and taxpayers' morale are significant predictors of tax compliance.

The forth objective of the study was to establish the moderating role of government training on the relationship between technology acceptance and tax compliance. The model further showed that introducing government training in the relationship among perceived ease of use, perceived usefulness, social norm and compliance among micro financial institutions was satisfactory. The R^2 of the model summary before moderation was 51.9% but after moderation the R^2 improved to 55.4%. This implies that government training enhances compliance among micro financial institutions. The fourth hypothesis (H_4) that that government training moderate technology acceptance and tax compliance among small and medium enterprises was accepted. Proper government training and technologies can lead to growth in tax compliance. It is the government training in an attempt to manage revenue from the SMEs.

5.3 Conclusions

Based on the results of the findings and the conclusions drawn from the study, the various recommendations touching small and medium enterprises, tax authorities and governments are provided. The conclusions are based on the study findings were:

The study's first objective was to ascertain how perceived ease of use affected tax compliance in Nairobi, Kenya. Based on the replies from K.R.A. employees, the study's findings indicated that perceived ease of use has a favorable impact on tax compliance since its improved taxpayer registration, return filing, and income declaration.

Regarding its perceived simplicity of use, tax compliance is well received since most people concur that it is valuable in allowing taxpayers to submit their returns online, is simple to understand and use by both staff and taxpayers, and enhances workers' productivity at the office. The regression analysis indicated a p-value less than 0.05 which indicated a significant effect. From these findings, the study concluded that perceived ease of use has a positive effect on tax compliance in Nairobi, Kenya.

The study's second objective was to examine the impact of SMEs respondents' perceptions of usefulness on tax compliance in Nairobi, Kenya. The study's conclusions showed that by identifying audit areas through taxpayers' economic patterns, perceived usefulness has an impact on taxpayer registration, return filing, and income declaration. Since the mean responses were lower than those for tax compliance, the perceived usefulness was not as well received. Although respondents agreed that perceived usefulness is valuable at their jobs, it is simple to learn and

apply, increases productivity, and facilitates performance, the perceived usefulness replies were still favorable. With a value of less than 0.05, the regression analysis revealed a substantial impact on tax compliance. Based on the results, the study concluded that data analytics positively impacts tax compliance in Nairobi, Kenya.

The study's third objective was to examine how social norms in Nairobi, Kenya, had an impact on tax compliance. In light of the technology's ability to close tax evasion loopholes by taxpayers through rigorous transaction trails, the study's findings suggested that societal norms had an impact on taxpayers' registration, filing of returns, and income declaration. The social norm is comparable to data analytics in that it helps to enhance tax compliance, is simple for staff to use, makes tasks easier to complete, and boosts productivity. Regression analysis, however, revealed a p-value larger than 0.05, indicating that it was statistically significant in influencing tax compliance. The findings led to the conclusion that social norm has a statistically significant effect on tax compliance.

The fourth objective was to look into how government training moderated the relationship between link between technology adoption and tax compliance among the SMEs in Nairobi County's CBD's. The study's findings confirmed that if given enough time to learn about a new system, taxpayers will welcome it with open arms. Therefore, the tax authority or other public education institutions must arrange teaching programs to improve taxpayers' understanding of the Self-assessment system and to boost their confidence in carrying out their tax obligations. The degree of tax compliance and tax knowledge are positively correlated. One of the main recommendations was that tax education should begin in primary school with a focus

on encouraging voluntary compliance. A major recommendation was that tax education should start at the primary level with an emphasis on the promotion of voluntary compliance. In conclusion, taxpayer education is essential to raising public understanding, particularly in regard to tax laws, and the contribution taxes make to national development, and particularly to clarify how and where the government spends the money it collects. To guarantee that SMEs are not severely impacted, the tax system must be functional and efficient in order to accomplish this goal.

The study also revealed that government training moderated the relationship between technology acceptance and tax compliance among small and medium enterprises was accepted. Proper government training and technologies can lead to growth in tax compliance. Government training may be through proper i-tax training and provision of i-tax equipment. Government authorities for instance Kenya Revenue Authority and Nairobi City County in the current context of the study needs to support the use of online tax payment by offering tax training sessions on how to remit, file and report taxes online.

5.4 Recommendations

Managerial Implications

Based on the study's findings, it is advised that Kenya Revenue Authority conduct sufficient training for new information technologies as many employees were not well-versed in them, including blockchain and data analytics. They would be able to fully utilize them as a result, improving tax compliance. In order for the technologies adopted to be properly assessed and monitored to establish their success, the revenue

authority should also develop key performance indicators (KPIs) for such technologies. The study suggests that when new information technology is being used, taxpayers should be made aware of it. Finally, K.R.A. should practice effective change management to reduce resistance, which is typical in many businesses when a new technology or system is adopted. This covers appropriate employee performance feedback and communication. In addition, to enhance tax compliance among small business taxpayers, Kenya Revenue Authority and Nairobi City County should establish a harmonious working relationship with all stakeholders and vigorous public relations to reverse the negative image of the institution. There should be massive sensitization programs to increase awareness, educate the public and remind them that they are partners, as opposed to mere subjects forced to pay taxes.

Policy Implications

According to the findings, the government should develop information technology regulations that would control their use, security, and privacy in relation to K.R.A. taxpayers' data. This will make it possible for taxpayers to provide information securely during registration, tax filing, and tax payment. There is need for the taxation authorities to create a policy to protect them and thereby enable them to build capacity with the hope that this can improve the social norms and strengthen their taxpaying morale, which will eventually improve their compliance with the tax laws and systems. The draft government policy, strategies and plan of action for capacity building among small and medium enterprises should be able to outline these issues. This study provides policy makers with insights into ways of encouraging social

norms amongst taxpayers by giving back to society, with flexibility and integrity from the government so that trust is built to taxpayers' satisfaction.

Theoretical implications

The current study adds to the body of knowledge and theory on tax compliance by providing evidence that government training facilitation moderates the link between technology adoption and tax compliance. By educating taxpayers on the advantages of electronic tax systems, the government hopes to increase tax compliance. This may modify taxpayers' perceptions of these systems and encourage them to use them, which will increase tax compliance.

5.5 Further Research

The relied much on primary data to study the effect of perceived ease of use, perceived usefulness and social norm on tax compliance among small and medium enterprises. Primary data at times may be misleading as it only measures people's opinions and perceptions and it may not be possible to quantify the results in actual numbers. Further research may include employing secondary data from tax authorities to model tax compliance among small and medium enterprises.

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APPENDICES

Appendix I: Introduction Letter

Loice Ng'ong'a
School of Business and Economics
Moi University
P O Box 3900-30100
Eldoret, Kenya

Date: …………………………

Dear Sir/Madam,

RE: INTRODUCTION

I am a student at Moi University undertaking a Master degree in Business Management-(Finance option). I am currently undertaking a research study entitled "***The moderating role of government training on the relationship between technology acceptance and tax compliance. Case of SMEs in the CBD, Nairobi Kenya***''.

The study is expected to provide useful information that will be beneficial for tax compliance purpose.

You have been identified as one of the respondents to provide information for the study.   This is therefore to request you to complete the questionnaire attached as honestly as possible. All information that you provide will be treated with utmost confidence and will be used for the purpose of this study only.
Thank you for your co-operation.

Yours faithfully,

Loice Ng'ong'a (Mrs.)

Appendix II: Research Questionnaire

This questionnaire is aimed at collecting data to establish **the moderating role of government training on the relationship between technology acceptance and tax compliance of SMES in Nairobi City County** for a Master's thesis. The data was used for academic purpose only, and was treated with strict confidence. You are requested to participate in the study by providing answers to the items in the sections as indicated.

SECTION A: GENERAL INFORMATION OF THE RESPONDENT

1. What is your gender? Male ( ) Female ( )

2. Are you employed or own the business? Employed ( ) Owner ( )

3. How old are you?

    18-25 ( ) 25-35 ( ) 35-45 ( ) 45-55 ( ) Over 55 ( )

4. How long have you been in operation or worked for your company in years?

    Less than 2 ( ) 2-4 ( ) 5-7 ( ) 8-10 ( ) Over 10 ( )

5. Is your business registered formally at the Government's registry?

    Yes ( ) No ( )

6. What is the sales level of your business per month?

    [ ] Less than 50,000/-

    [ ] 50,000/- to 100,000/-

    [ ] 100,001/- to 200,000/-

    [ ] 200,001/- to 300,000/-

    [ ] 300,001/- to 400,000/-

    [ ] 400,001/- to 500,000/-

    [ ] Over 500,000/-

7. What is your main Business Activity?

Business Activity Tick (☐) Business Activity Tick (☐)

Manufacturing and processing   ☐

Construction and engineering   ☐

Retail   ☐

Hospitality   ☐

Transport and Logistic   ☐

Telecommunication and IT   ☐

Supplies Other (specify)   ………………………………………………………

8. What is the size of business in terms of employees?

     0-5 ( ) 6-10 ( ) 11-15 ( ) over 15 ( )

Section B: Perceived Ease of Use

Please tick (√) one cell for each item to establish the effect of perceived ease on tax compliance. Use the scale where **1:** Strongly Disagree; **2**: Disagree; **3**: Don't know; **4**: Agree; **5**: Strongly Agree.

	Perceived ease	**5**	**4**	**3**	**2**	**1**
1	I find it easy to prepare income tax filing using the e-tax filing and payment system					
2	My interaction with the e-tax filing and payment system is clear and understandable					
3	It is easy for me to become skilful at using the e-tax filing and payment system					
4	I find the e-tax reporting easy to use					
5	Using the online tax filing and payment system is compatible with the way I like to do things					
6	Using the technology supported tax filing fits to my nature of work					
7	Online tax transactions are easy to learn					

Section C: Perceived Usefulness

Please tick (√) one cell for each item to determine the effect of perceived usefulness on the tax compliance. Use the scale where **1:** Strongly Disagree; **2**: Disagree; **3**: Don't know; **4**: Agree; **5**: Strongly Agree.

	Perceived usefulness	5	4	3	2	1
1	Using the technology supported e-tax filing and payment system improves my productivity in preparing income tax filing					
2	Using the technology supported taxation system makes it easier for me to complete tax filing and payment					
3	Using the technology supported taxation system has enhanced my effectiveness in preparing income tax filing					
4	The technology enabled e-tax filing is useful in preparing income tax filing and payment					
5	i-tax has helped me in preparing tax returns					

Section D: Social Norm

Please tick (√) one cell for each item to establish the effect of social norm on the tax compliance. Use the scale where **1:** Strongly Disagree; **2**: Disagree; **3**: Don't know; **4**: Agree; **5**: Strongly Agree.

	Social norm	5	4	3	2	1
1	I trust the e-Tax filing and payment system					
2	I trust the e tax reporting system					
3	I believe online tax payment is secure					
4	The e-tax filing and payment system is quick					
5	The e-reporting system is always available and operation					
6	On the whole my SME team supports the technology supported taxation system					

Section E: Moderating Variable -Government Training

Please tick (√) one cell for each item to determine the moderating effect of government facilitation on the relationship between technology acceptance and tax compliance a. Use the scale where **1:** Strongly Disagree; **2**: Disagree; **3**: Don't know; **4**: Agree; **5**: Strongly Agree.

	Statement	5	4	3	2	1
1	Kenya revenue authority facilitates training on how to use i-tax platform					
2	The taxation rate from the government is fair to me					
3	The government has demonstrated strong commitment to support e tax management					
4	Kenya revenue authority provides e-tax supported equipment					
5	Officials from the Kenya revenue authority are friendly					

Part V: Tax Compliance

1. Evaluate the following statements and tick where appropriate under the choicesbelow**1:** Strongly Disagree; **2**: Disagree; **3**: Don't know; **4**: Agree; **5**: Strongly Agree.

Item	Statements	1	2	3	4	5
1	I file my tax returns every month					
2	I correctly declare my monthly income to the tax authorities					
3	I remit my tax dues at the prescribed date					
4	I document my income tax file records with the tax authority					
5	I am always willing to pay tax					
6	I have never forfeited to pay my tax to the tax authority					
7	I am registered with PAYE					
8	I am registered for i-tax					

Thank you very much for your patience, cooperation and support in my research.

Appendix III: Research Permits

MOI UNIVERSITY
POSTGRADUATE OFFICE
SCHOOL OF BUSINESS AND ECONOMICS

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Fax No: (053) 43047
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RE: MU/SBE/PGR/ACD/21B
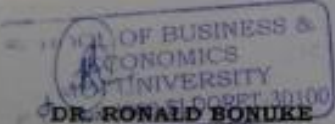
DATE: 7th September, 2020

TO WHOM IT MAY CONCERN:

RE: LOICE NG'ONG'A   REG. NO. MU/MBM/020/14

The above named is a bonafide student of Moi University, School of Business & Economics, undertaking **Masters in Business Management (Finance Option).**

She has successfully completed coursework, defended her proposal, and is proceeding to the field to collect data for her research titled: **"Moderating Effect of Government Training On Technology Acceptance And Tax Compliance: Study Of SMES In Nairobi CBD, Kenya".**

Any assistance accorded to her will be highly appreciated.

Yours faithfully,

DR. RONALD BONUKE
ASSOCIATE DEAN AND CHAIR-POSTGRADUATE STUDIES
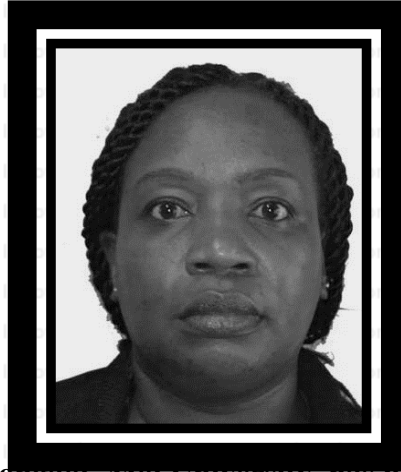
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REPUBLIC OF KENYA

117

NATIONAL COMMISSION FOR SCIENCE.TECHNOLOGY& INNOVATION

Ref No.**500038**

Date of Issue **08 August 2022**

This is to Certify that Ms..**LoiceNgongaoi** *Moi University.* has been licensed to conduct research in Nairobi on **MODERATING EFFECT OF GOVERNMENT TRAINING ON THE RELATIONSHIP BETWEEN TECH ACCEPTANCE AND TAX COMPLIANCE: A CASE STUDY OF SMES IN NAIROBI CBD. KENYA** for the **08 August 2023.**

License No. **NACOSTI/P/22/19492**

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Applicant Identification Number

Director General
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INNOVATION

Verification OR Code

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