

REVENUE ENHANCEMENT STRATEGIES AND GROWTH OF OWN SOURCE REVENUE IN COUNTY GOVERNMENT OF MACHAKOS, KENYA

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ABSTRACT

Machakos County revenue reports show that OSR contributed less than 15% of total revenue between 2017 and 2023, despite the Commission on Revenue Allocation (CRA) estimating that counties could generate up to Kshs. 260.6 billion if fiscal instruments were fully optimized. This persistent underperformance points to structural and strategic gaps in revenue generation mechanisms. Therefore, the specific objectives of this study were to determine the effect of revenue diversification strategies and revenue digitization strategies on the growth of own source revenue in the County Government of Machakos. The study was underpinned by the Resource-Based View and Benefit Theory of Taxation A descriptive research design was employed. The study targeted 110 respondents, comprising 105 sub-county revenue staff and 5 senior officers from the finance and planning departments, using purposive sampling. The data analysis utilized descriptive statistics and multiple regression to assess the strength

and direction of effects. Diagnostic tests conducted included tests for normality, multicollinearity, heteroscedasticity, and autocorrelation. The findings revealed that revenue diversification had a statistically significant positive effect on OSR growth ($\beta = 0.385$, $p = 0.029$), implying that expanding revenue sources enhances fiscal inflows. Revenue digitization strategies were found to have a statistically significant positive effect ($\beta = 0.481$, $p = 0.011$), indicating the usefulness of technology in improving compliance and efficiency. Based on these findings, the study concludes that revenue diversification and digitization are effective levers for improving OSR performance. It is recommended that the County Government of Machakos adopt a comprehensive strategy that maps untapped revenue areas and digitizes the entire revenue value chain.

Keywords: Revenue Enhancement Strategies, Revenue Digitization Strategies, Revenue Diversification Strategies, Own Source Revenue.

INTRODUCTION

Revenue enhancement strategies are crucial for governments as they ensure sustainable financial resources for public service delivery and economic development. These strategies help in broadening the tax base, improving tax compliance, and reducing revenue leakages, thereby increasing government income without overburdening taxpayers (Zahradden, 2022). They also support infrastructure development, healthcare, education, and other essential services by ensuring a steady flow of funds. Additionally, effective revenue strategies reduce reliance on external borrowing, lowering national debt and fostering economic stability (Pierre van der, 2020).

According to Afro Kenya (2024), Machakos County in the fy 2023/24 collected kshs 1.34 billion against a target of kshs 2.92 billion which is 46.5% of the annual target. The county has

a potential to collect kshs 7.7 billion, this is per a report done by the World Bank group and the commission on revenue allocation on the estimated potential of growth of own source revenue for counties. If the collection of kshs 1.3 billion is related to the potential, then Machakos County is only doing approximately 16.8% of its potential.

According to Schoeman (2021) revenue diversification strategies are essential for financial stability, risk management, and long-term sustainability in both organizations and governments. Through generation of income from multiple sources, these strategies reduce dependency on a single revenue stream, minimizing the impact of economic downturns, market fluctuations, or policy changes. In reference to National Treasury and Economic Planning [NTEP] (2022), in the public sector, diversified revenue sources ensure a steady flow of funds for essential services such as healthcare, education, and infrastructure development, reducing reliance on external borrowing and mitigating fiscal deficits. For businesses, revenue diversification enhances resilience, fosters innovation, and creates new growth opportunities.

Revenue digitization strategies are crucial for governments as they enhance efficiency, transparency, and accountability in revenue collection and management. Shoaib, Susheng, and Badar (2022) reveals that by leveraging digital platforms, governments can minimize tax evasion, reduce revenue leakages, and improve compliance through automated tracking and real-time monitoring. While Ligomeka (2019) assert that digitization also streamlines tax administration, reducing paperwork and operational costs while making tax payments more accessible for citizens and businesses. Improving service delivery, reducing corruption, and increasing revenue collection, digitization strengthens sustainable funding for public services such as healthcare, education, and infrastructure development.

Machakos county contributed 3.2% of Kenya's gross domestic product (GDP) and ranked fifth among the 47 counties in its contribution (KNBS, 2019). The local climate is considered semi-arid supporting subsistence agriculture that contributes to 70% of household income, rural self-employment contributing 10%, wage employment 11%, and urban self-employment contributing 5% to the county economy (Machakos County Integrated Development Plan [CIDP], 2022).

Machakos is mandated to execute all devolved functions under the Fourth Schedule of the Constitution to govern and develop the county. The devolved function on county planning and development as required in the PFMA 2012 requires counties to establish CIDP to guide development priorities over a five-year period. The CIDP contains county development priorities that are captured in the annual budget process, including annual development plans, annual county fiscal strategy papers, and annual budget estimates. The PFMA 2012 provides that no public funds shall be used outside a county's planning framework which directly links to the CIDP.

Statement of the Problem

The budget structure of Machakos County further reflects a skewed fiscal dependency. In FY 2023/24, only Kshs 1.32 billion, or 8.2% of the Kshs 15.81 billion budget, was financed

through OSR (OCOB, 2024). The remainder was largely dependent on national transfers. Nationally, only Machakos and Nyandarua Counties recorded OSR performance below 50%, with the latter registering 42.1%. At the same time, counties spent Kshs 190.11 billion—47.4% of their aggregate budgets—on personnel emoluments, placing pressure on recurrent obligations. During the same year, counties collectively raised Kshs 58.95 billion against an OSR target of Kshs 80.94 billion, a shortfall of 27.2%. This recurring imbalance between revenue and expenditure capacities, especially in Machakos County, underscores an urgent need for deliberate, multidimensional strategies for revenue enhancement.

Existing studies provide fragmented insights into revenue mobilization, but offer limited applicability to Machakos County. Darshini and Karnam (2023), for instance, examined tax diversification in Indian states, while Asare (2023) focused on district assemblies in Ghana, and Kago and Musa (2024) analyzed strategies in Chanchaga, Nigeria. Though informative, these contexts differ markedly from Kenya's devolved framework. Choi (2021) explored capacity-building in South Korea's local governments, but institutional and fiscal structures limit comparability. These studies expose a contextual gap, given the systemic and legal divergences with Kenya's county governments.

Kipkurui and Makori (2023) studied revenue systems in Kericho; Muchiri and Muthinja (2023) assessed automation in Nyandarua County. Mutio (2022) focused on Machakos County but addressed only administrative procedures. These reflect a county-specific gap. Others, including Anaenyi (2022) and Adu et al. (2019), rely on descriptive or perception-based designs, lacking inferential depth. These limitations expose both conceptual and methodological gaps. This study responds by applying a multidimensional framework—revenue diversification and revenue digitization and anchored in Resource-Based View and Benefit theory of taxation, and Human Capital Theories, tailored to the fiscal realities of Machakos County.

Objectives of the Study

The study was guided by the general objectives and the specific objectives as provided;

General Objectives

The general objective was to establish the effect of revenue enhancement strategies on growth of own source revenue in county government of Machakos in Kenya.

Specific Objectives

- i. To establish the effect of revenue diversification strategies on growth of own source revenue in county government of Machakos in Kenya.
- ii. To examine the effect of revenue digitization strategies on growth of own source revenue in county government of Machakos in Kenya.

Research Hypothesis

The following comprised of the research questions;

- i. **H₀₁** Revenue diversification strategies have no significant relationship with own source revenue in county government of Machakos in Kenya.
- ii. **H₀₃** revenue digitization strategies have no significant relationship with own source revenue in county government of Machakos in Kenya.

Theoretical Framework

Resource-Based View (RBV) Theory

The Resource-Based View (RBV) was developed by Birger Wernerfelt in 1984 and further expanded by Jay Barney in the 1990s. It states that a firm's competitive advantage stems from unique, valuable, rare, and inimitable internal resources. Unlike external market-based approaches, RBV emphasizes internal capabilities such as intellectual property, human capital, and organizational culture as key to long-term success. This theory guides strategic decision-making by encouraging firms to leverage their unique resources to maintain profitability and competitiveness in dynamic environments (Kero & Bogale, 2023).

RBV assumes that organizations possess unique, heterogeneous resources that can drive financial stability through revenue diversification. It assumes resources are imperfectly mobile, meaning they cannot be easily transferred or replicated by competitors. Additionally, it presumes that firms can sustain a competitive advantage by continuously leveraging and improving their internal assets (Komakech *et al.*, 2024). When applied to revenue diversification, RBV suggests that organizations must identify and maximize underutilized resources such as technological expertise or brand reputation to create new revenue streams while maintaining resilience against market fluctuations.

Benefit Theory of Taxation

The Benefit Theory of Taxation was first introduced by Knut Wicksell in 1896 and refined by Erik Lindahl in 1919. It suggests that individuals should pay taxes based on the benefits they receive from government services. This principle establishes a direct relationship between taxation and public service usage, ensuring fairness. It is commonly applied in tolls, service fees, and user-based taxation models, where those who use specific public services such as roads, water supply, or waste management bear the costs of their maintenance and development (Krauss, 2024).

The Benefit Theory of taxation, when applied to revenue digitization, assumes that taxpayers can be categorized based on their consumption of public services, making taxation proportional. It also assumes that digital systems improve efficiency, ensuring accurate tax collection with minimal evasion. Another key assumption is that technology-driven platforms, such as AI-powered tax compliance tools, enhance trust and fairness by providing accurate assessments of tax obligations. Finally, it assumes that digital tools can optimize tax administration, reduce costs and increase transparency while ensuring that taxpayers contribute fairly based on service utilization.

Empirical Literature Review

Revenue Diversification Strategies on Growth of own source revenue

The reviewed studies affirm that revenue diversification and sound administrative practices are essential for strengthening public finances, yet several gaps remain evident. Research conducted in India, Niger State, and Ghana (Darshini & Karnam, 2023; Kago & Musa, 2024; Asare, 2023) provided valuable insights on how socioeconomic factors and local government strategies shape revenue outcomes, but their findings are contextually limited when applied to Kenyan counties. Within Kenya, Kirer and Cheruiyot (2024) demonstrated that the competencies of revenue collectors significantly influence the achievement of revenue targets, while Mveku, Mutero, and Masinire (2024) found that diverse income streams enhance NGO sustainability, though their focus was outside county governments. Mutio (2022) examined Machakos County and confirmed that administrative practices, including technology adoption and human capital management, improve efficiency, but the study did not fully address the role of diversification. Gitagia (2020) indicated that diversified revenue sources definitely increases the financial performance of an organization. However this study was done in a listed companies with different regulatory framework. The current study therefore seeks to close these conceptual, methodological, and contextual gaps by directly investigating how revenue diversification strategies affect the growth of own source revenue in Machakos County.

Revenue Digitization Strategies on Growth of own source revenue

Research on revenue digitization strategies reveals both progress and limitations. In Indonesia, Sijabat (2019) found most provinces still at the early transactional stage of e-government, a contextual gap as it excludes African experiences. Adu, Buabeng, Asamoah, and Damoah (2019) showed that Ghana's digitization improved accountability but failed to reduce bribery or increase revenues, reflecting a conceptual gap on how digital tools drive sustained growth. In Nigeria, Olasunkanmi and Adejuwon (2024) linked tax digitalization to higher revenue and lower evasion, though their descriptive design created a methodological gap by limiting causal explanation. Kenyan studies also show weaknesses: Qanchora, Gichohi, and Kambura (2021) exposed Isiolo's ineffective systems but relied on a cross-sectional approach, Muchiri and Muthinja (2023) confirmed automation raised revenues in Nyandarua but only within one county, and Manani and Mose (2024) demonstrated blockchain's role in Nairobi while leaving a theoretical gap in explanatory models. Together, these studies confirm digitalization enhances revenue collection but remain contextually, conceptually, methodologically, and theoretically constrained. The present study addresses these gaps by applying robust theories and focusing on how digitization strategies influence the growth of own source revenue in Machakos County.

RESEARCH METHODOLOGY

This study adopted descriptive research design. The target population comprised of staff in revenue section dealing with revenue mobilizations and was 105 (10 staff from each of the 10 Sub Counties) and 5 senior officials from the department of finance, revenue collection and economic planning i.e chief officer-finance, chief officer-revenue collection, director audit, director budget and accountant general in the County Government of Machakos.

In this study, purposive sampling was used to identify a **total of 105 employees** working within the County Government of Machakos. These individuals were selected based on their **direct involvement with revenue enhancement strategies and own-source revenue growth**, either through policy formulation, implementation, monitoring, or data reporting.

Prior to statistical analysis, collected data was checked to confirm that the coding of responses was accurate. The study utilized descriptive statistics, specifically the mean as a measure of central tendency and the standard deviation as a measure of data dispersion.

Regression model was :

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

Y= growth of own source revenue

$\beta_0, \beta_1, \beta_2$, = Beta coefficients

X1= Revenue Diversification

X3= Revenue Digitization Strategies

ε = Error term

Descriptive Analysis

Revenue Diversification Strategies

The study conducted a data collection to establish how County Government of Machakos growth of own source revenue is affected by revenue diversification strategies.

Table 1 Revenue Diversification Strategies

Statement	N	Mean	Std. Dev.
My county government has established multiple and distinct sources of revenue to enhance financial stability.	92	3.587	1.407
County investments are effectively utilized to generate additional revenue streams.	92	2.967	1.529
Public-Private Partnerships (PPPs) are actively pursued as part of the county's revenue strategy.	92	2.521	1.613
The county has embraced non-traditional revenue streams to complement traditional sources.	92	3.663	1.384
There is strong institutional support and policy backing for revenue diversification initiatives.	92	3.956	1.358
My county government has established multiple and distinct sources of revenue to enhance financial stability.	92	3.663	1.447
Overall Mean & Std. Dev.		3.392	1.456

Source: Research Data (2025)

Table 1 presents descriptive findings on perceptions of revenue diversification strategies in the County Government of Machakos. The statement that the county has established multiple and distinct sources of revenue to enhance financial stability received moderate agreement (M = 3.587, SD = 1.407), suggesting a general perception of effort in diversifying income streams. However, the use of county investments to generate additional revenue received a more neutral response (M = 2.967, SD = 1.529), pointing to possible concerns about the effectiveness or visibility of such investments.

Notably, the lowest agreement was observed for the statement that Public-Private Partnerships (PPPs) are actively pursued as a revenue strategy ($M = 2.521$, $SD = 1.613$), indicating limited engagement or awareness in this area. On a more positive note, respondents moderately agreed that the county has embraced non-traditional revenue sources to complement traditional ones ($M = 3.663$, $SD = 1.384$), and that there is institutional and policy support for diversification efforts ($M = 3.956$, $SD = 1.358$).

The overall mean score of 3.392 ($SD = 1.456$) suggests that while there is moderate support for revenue diversification at the institutional level, implementation gaps remain. In the context of Machakos County, the results imply that enhancing administrative capacity and exploring untapped revenue sectors may be necessary to strengthen financial sustainability.

Revenue Digitization Strategies.

The study conducted an analysis of data to determine the effect of revenue digitization strategies on growth of own source revenue at County Government of Machakos.

Table 2 Revenue Digitization Strategies

Statement	N	Mean	Std. Dev.
The county has digitized most of its revenue collection processes.	92	3.641	1.418
Online payment platforms are widely used and accessible for county revenue transactions.	92	3.130	1.215
The county uses digital systems for real-time tracking and reporting of revenue.	92	3.858	1.426
Automation of revenue processes has significantly reduced instances of leakage and fraud.	92	2.771	1.391
Staff has been trained and is competent in managing digital revenue systems.	92	2.847	1.382
Overall Mean & Std. Dev.		3.249	1.366

Source: Research Data (2025)

Table 2 presents descriptive statistics on revenue digitization strategies as perceived by staff at the County Government of Machakos. The aim was to assess the extent to which digital tools and systems have been adopted in revenue collection and management processes.

The results indicate that respondents generally agreed that most revenue collection processes had been digitized, with a moderately high mean score ($M = 3.641$, $SD = 1.418$). The highest agreement was observed for the statement that the county uses digital systems for real-time tracking and reporting of revenue ($M = 3.858$, $SD = 1.426$), suggesting a strong level of adoption in this area.

The use and accessibility of online payment platforms received a more neutral response ($M = 3.130$, $SD = 1.215$), indicating moderate satisfaction, possibly reflecting uneven platform usage or limited outreach. On whether automation has significantly reduced leakage and fraud, respondents expressed lower levels of agreement ($M = 2.771$, $SD = 1.391$), implying concerns about the effectiveness of automation in enhancing accountability. Similarly, views on staff

competence in managing digital revenue systems were mixed, with a relatively low mean ($M = 2.847$, $SD = 1.382$), suggesting the need for further training and support.

The overall mean score across all items was 3.249 ($SD = 1.366$), pointing to a moderately positive perception of revenue digitization efforts. While the integration of digital systems appears to be underway, the findings also point to perceived gaps in staff preparedness and system effectiveness.

Growth of Own Source Revenue

The data was subjected to analysis in order to determine the state of growth of own source revenue at County Government of Machakos.

Table 3 Growth of Own Source Revenue at County Government of Machakos in Kenya

Statement	N	Mean	Std. Dev.
The county has placed strict measures for implementation to improve the collection of own-source revenue.	92	2.815	1.747
There are challenges limiting the county in collecting own-source revenue.	92	4.467	0.954
Local communities and stakeholders are involved in identifying and developing local revenue streams.	92	2.423	1.446
The county's own-source revenue has upwardly changed over the last five years.	92	3.282	1.592
There is active legal policy framework existing in your county to support own-source revenue mobilization.	92	3.978	1.467
Overall Mean & Std. Dev.		3.393	1.441

Source: Research Data (2025).

Table 3 presents descriptive statistics on key perceptions related to the growth of own-source revenue in the County Government of Machakos. The objective was to assess respondents' views on various aspects influencing revenue mobilization efforts.

Regarding whether the county has placed strict measures to improve own-source revenue collection, the responses leaned towards disagreement ($M = 2.815$, $SD = 1.747$), indicating that many respondents felt such measures were either weak or inconsistently applied. On the presence of challenges affecting own-source revenue collection, there was strong agreement ($M = 4.467$, $SD = 0.954$), suggesting a common recognition of obstacles impeding effective mobilization.

Stakeholder engagement appeared limited, as shown by disagreement with the statement on local communities being involved in revenue identification and development ($M = 2.423$, $SD = 1.446$). On the question of whether own-source revenue had shown upward growth over the past five years, the responses were moderately supportive ($M = 3.282$, $SD = 1.592$), indicating perceived progress with some variation across respondents.

Concerning the presence of a legal and policy framework to support revenue mobilization, responses generally indicated agreement ($M = 3.978$, $SD = 1.467$), reflecting recognition of supportive institutional structures in place.

The overall mean score across all items was 3.393 ($SD = 1.441$), suggesting that, on average, perceptions were moderately favorable, though notable challenges and inconsistencies remain. These findings highlight areas of strength—particularly in legal frameworks and problem recognition—as well as gaps in community participation and enforcement measures.

Diagnostic Test Results

Normality Test

To assess the normality of the residuals from the regression model, the Shapiro-Wilk test was employed. This test evaluates the null hypothesis that the data are normally distributed.

Table 4 Shapiro-Wilk test

Test	Statistic	p-value
Shapiro-Wilk Test	0.972	0.068

Source: Research Data (2025)

As shown in Table 4, the Shapiro-Wilk statistic was 0.972 with a corresponding p-value of 0.068. Since the p-value exceeds the 0.05 significance level, the null hypothesis is not rejected. This indicates that the residuals follow an approximately normal distribution, satisfying the assumption of normality required for regression analysis.

Heteroskedasticity Test

To examine the assumption of homoscedasticity, the study employed the Breusch-Pagan test. This test evaluates whether the variance of the residuals from a regression is dependent on the values of the independent variables.

Table 6 Breusch-Pagan Test results

Test	Chi-square	p-value
Breusch-Pagan Test	6.81	0.121

Source: Research Data (2025)

As shown in Table 6, the Breusch-Pagan test returned a chi-square statistic of 6.81 and a p-value of 0.121. Since the p-value is greater than the 0.05 significance level, the null hypothesis of homoskedasticity is not rejected. This indicates that the residuals exhibit constant variance across observations, thereby satisfying the assumption of homoskedasticity in the regression model.

Autocorrelation Test

The Durbin-Watson statistic was computed to assess the presence of autocorrelation among residuals in the regression model. A Durbin-Watson value near 2 indicates no autocorrelation, while values approaching 0 or 4 suggest positive or negative autocorrelation, respectively.

Table 7 Durbin-Watson Test results

Test Statistic	Durbin-Watson Value
Durbin-Watson	1.892

Source: Research Data (2025)

As shown in Table 7, the Durbin-Watson statistic was 1.892. Since this value lies within the acceptable range of 1.5 to 2.5, it suggests that there was no evidence of autocorrelation among the residuals. Therefore, the assumption of independence of error terms is satisfied, validating the reliability of the regression estimates.

Regression Analysis

The present Multiple regression analysis was used in the study to evaluate the importance of the relationship that exists between the dependent variable, namely growth of own source revenue in county government of Machakos, and the independent variables, namely, revenue diversification strategies and revenue digitization strategies. The study investigated the significance of the relationship among the four aforementioned factors.

Table 8 Multiple Linear Regression Analysis Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.965 ^a	.931	.928	.46878

a. Predictors: (Constant), Diversification strategies, Revenue digitization strategies

Source: Research Data (2025).

The model summary results in Table 8 indicate a strong relationship between the independent variables—revenue diversification strategies and revenue digitization strategies, and the growth of own source revenue in the County Government of Machakos. The R Square value of 0.931 suggests that approximately 93.1% of the variance in the growth of own source revenue can be explained by the combined influence of the four predictor variables. The Adjusted R Square value of 0.928 confirms that the model remains robust even after accounting for the number of predictors included. The remaining 6.9% of the variance may be attributed to other external factors not captured in this model, such as macroeconomic dynamics, political factors, or public compliance behavior, which could also influence revenue performance.

The present study employed the analysis of variance (ANOVA) method to evaluate the suitability of the model for application in the research.

Table 9 Analysis of Variance (ANOVA)

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	258.740	4	64.685	294.349	.000 ^b
	Residual	19.119	87	.220		
	Total	277.859	91			

a. Dependent Variable: Growth of own source revenue

b. Predictors: (Constant), Diversification strategies, Revenue digitization strategies

Source: Research Data (2025).

Table 9 presents the results of an ANOVA test used to evaluate the overall significance of the multiple linear regression model. The model produced an F-statistic of 294.349 with a p-value less than 0.001, indicating that the combined effect of revenue diversification strategies and revenue digitization strategies on the growth of own source revenue is statistically significant. In other words, the model as a whole provides a significantly better fit than a model without any predictors.

The regression sums of squares (258.740) accounts for a substantial proportion of the total variability (277.859), further confirming that the predictors jointly explain a large share of the variance in revenue growth. This reinforces the earlier findings that these four strategic variables are important in understanding variations in own source revenue performance within the County Government of Machakos.

Table 10 Regression Coefficient Results

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1 (Constant)	-.120	.182		-.659	.512
X ₁ Diversification strategies	.385	.173	.310	2.220	.029
X ₂ Revenue digitization strategies	.481	.184	.391	2.612	.011

a. Dependent Variable: Growth of own source revenue

Source: Research Data, (2025)

$$Y = -0.120 + 0.385X_1 + 0.481X_3 + \varepsilon;$$

Effects of Diversification Strategies on Growth of Own Source Revenue

The first objective of this study was to assess the effect of diversification strategies on the growth of own source revenue in the County Government of Machakos. As shown in Table 10, the coefficient for diversification strategies was 0.385 with a p-value of 0.029. Since the p-value is less than 0.05, this indicates a statistically significant positive effect. The implication is that a unit increase in the implementation of diversification strategies is expected to lead to a 0.385 unit increase in the growth of own source revenue, assuming all other variables remain constant.

Effects of Revenue Digitization Strategies on Growth of Own Source Revenue

The third objective sought to evaluate the effect of revenue digitization strategies on own source revenue growth in the County Government of Machakos. According to Table 11, the coefficient for revenue digitization was 0.481 and the p-value was 0.011. Since the p-value is below 0.05, the effect is statistically significant and positive. This indicates that improving digital systems by one unit leads to an expected increase of 0.481 units in own source revenue, holding other factors constant.

CONCLUSIONS AND RECOMMENDATIONS

Revenue Diversification Strategies

The enforcement of revenue diversification initiatives at the County Government of Machakos had a dual mixed on the County Government of Machakos in augmenting its own-source revenue, attributable to constrained institutional capacity, insufficient policy frameworks, and excessive dependence on conventional sources like property rates and business permits. The absence of new strategies to exploit underdeveloped areas such as tourism, real estate development, agro-processing, and digital services limits efforts to expand the county's revenue base. The inadequate compliance rates among taxpayers were discovered to obstruct the county's capacity to precisely evaluate and collect various revenues. These constraints generate a bottleneck that diminishes financial autonomy and impairs the county's capacity to finance critical economic efforts.

Revenue digitization strategies

The summary shows that adoption of revenue digitization tactics significantly influenced the growth of the Machakos County government's own source revenue. The summary indicated that revenue digitization initiatives present a barrier for the County Government of Machakos in achieving the increase of its own-source revenue. These findings are in line with Oguna & Gitagia, 2025 who found application of revenue digitization among informal groups has a link with financial performance. The investigation indicated that this was due to inadequate ICT infrastructure and insufficient digital literacy among personnel and residents. The restricted integrated digital platforms for revenue collecting, billing, and reporting lead to fragmented data and inefficiencies that hinder rapid decision-making. The aforementioned mixed difficulties were identified as impediments to the comprehensive deployment of computerized revenue procedures, thereby limiting the county's capacity to optimize revenue collection and accountability.

Conclusion

The study concluded that due to limited institutional capacity, insufficient policy frameworks, and excessive dependence on conventional sources like property rates and business permits, revenue diversification initiatives at the County Government of Machakos had mixed effects on increasing its own-source revenue. Lack of new tactics to leverage underdeveloped tourism, real estate, agro-processing, and digital services hinders county revenue growth. Uneven taxpayer compliance hindered the county's ability to accurately assess and collect revenues. These constraints create a financial bottleneck that limits the county's ability to fund vital economic initiatives.

It was concluded that revenue digitalization helped Machakos County grow its source revenue. Summary: Revenue digitization measures hinder Machakos County Government's ability to boost own-source revenue. This was attributable to poor ICT infrastructure and staff and resident digital literacy, according to the research. Fragmented data and inefficiencies from limited integrated digital platforms for revenue collection, billing, and reporting slow decision-making. Mixed challenges prevented the county from fully implementing computerized revenue operations, restricting revenue collection and accountability.

Recommendations

The study concluded based on the following objectives;

Revenue diversification strategies

From the findings, the study recommends that the County Government of Machakos should adopt a comprehensive revenue enhancement strategy that includes mapping and digitizing all potential revenue streams, improving revenue collection systems through automation, and enforcing compliance using data-driven mechanisms. Strengthening public-private partnerships (ppps) can unlock investment in key economic sectors such as tourism and agriculture, creating new taxable activities. Establishing a clear legal and policy framework to support innovative revenue-generating initiatives, such as land value capture and user fees for public services, will further ensure sustainable growth of own source revenue.

Revenue digitization strategies

Findings from the study highlighting limited ICT infrastructure, low digital literacy among staff and residents. The study recommends that to overcome such barriers, the senior management at the County Government of Machakos should consider investing in building a centralized and secure digital revenue management system that integrates all revenue streams, enabling real-time monitoring and analysis. Partnering with technology providers to implement mobile payment solutions and online platforms for licensing, permits, and tax payments can improve convenience and compliance. Lastly, establishing strong cyber security policies and data governance frameworks may enhance trust and ensure the sustainability of revenue digitization strategies, ultimately driving growth in own source revenue.

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