THE INTERNATIONAL JOURNAL OF BUSINESS & MANAGEMENT

Board Independence and Revenue Collection by Kenya Revenue Authority

Eliud Nyaega Gwaro
Student, Department of Accounting and Finance, Kenyatta University, Kenya
Dr. John Mungai Njangiru
Lecturer, Department of Accounting and Finance, Kenyatta University, Kenya

Abstract:
Corporate structure is considered an important requirement for operations for any institution as it lays out the complexity, formalization, and centralization. The Kenya Revenue Authority is the government revenue collecting institution which remits the collected revenues to the treasury for the government to be able to spend in various expenditures. The trend of revenue collection by Kenya Revenue Authority over the past years has been increasing due to the growing economy and also due to increased efficiency in revenue collection. As a result, the study identified objectives in order to analyse the effect of organization structure in revenue collection by Kenya Revenue Authority. The objective of the study was to analyse the effect of board independence on revenue collection at KRA. The study used agency theory, to provide the foundation for the study. Empirical literature was provided where previous relevant studies were highlighted, providing the methodology and outcome. The study targeted Kenya Revenue Authority. Secondary data was also used to gather information necessary in the analysis of the data and improve the quality of the outcome was collected from KRA websites, publications and journals. The collected data was analysed using descriptive and regression analysis techniques so as to answer the research objective. These tests were done using the SPSS v.21. The study found that positive change in board independence resulted positive change in revenue collection. The study concluded that the relationship between board independence and revenue collection was positive and significant. Based on the coefficient of determination and coefficient of correlation values, the study concludes that board independence was strongly positively correlated to revenue collection. The study also indicated that revenue collection was determined strongly by board independence. The study recommended that the number of independent directors increased since their effect on revenue collection is positive and significant. The study recommended the proportionate ratio of independent board of directors should be increased to a minimum of 5 independent directors.

Keywords: *Corporate structure, revenue collection, board independence*

1. Introduction

Revenue collection is the means by which an institution gets money and for a country this is done through a revenue authority and other revenue agents. The task of revenue collection by the revenue authority is an immensely important task since this is the money that finances governments' projects. The largest source of any government revenue is through taxation whose history goes way back as far as history can remember. Though records were not kept, it is understood that 'taxation' was done before the Roman Empire and even in the Bible one asks Jesus whether it is right to pay the taxes. The reply from Jesus was the famous "…give unto Caesar what belongs to him" (Morgan & Prasad 2009).
Tax World (2012) report stated that with the change of the trading medium of exchange, so did the payment of taxes. During the various reins of the Egyptian Pharaohs tax collectors were known as scribes. During one period the scribes imposed a tax on cooking oil. To ensure that citizens were not avoiding the cooking oil tax scribes would audit households to ensure that appropriate amounts of cooking oil were consumed and that citizens were not using leavings generated by other cooking processes as a substitute for the taxed oil. In Great Britain the first tax assessed in England was during occupation by the Roman Empire between 1337 and 1453. When Rome fell, the Saxon kings-imposed taxes, referred to as Dangledon land and property. The kings also imposed substantial customs duties.

Tax World (2012) report also stated that in Africa, taxation was introduced by the colonial governments and they were enforced in those countries to be able to perform administrative functions. After the colonialists left, African countries maintained the tax systems that were implemented by the colonialists. Changes have been made by countries to their tax system gradually to accommodate current requirements and to facilitate budgets. Centre for Tax Policy and Administration, (2011) showed that South Africa and Nigeria who are the two largest African economies have modified their revenue structures to be able to efficiently collect revenues. Their tax structures are known to be efficient and other revenue bodies to model their revenue structures in relation to theirs.

Atta-Mills (2012) indicated that revenue authorities that have an effective revenue administration generate or mobilize more revenue, thereby enabling governments to achieve greater financial reliance and facilitating the pursuit of

growth –oriented structural adjustment programmes and the provision of requisite infrastructure for economic growth. It will also make it possible for the elimination or reduction of burdensome taxes without reducing revenue yields. It facilitates the adoption of simple and easy-to-administer tax laws, thus rendering non-compliance more difficult.
The Centre for Tax Policy and Administration, (2010) report stated that the range of powers given to a national revenue body depends on a range of factors including the system of government in place and the state of development of a country's public sector administration practices, as well as the institutional model adopted for tax administration. The report continued to state that over the last decade or so, the organizational structure of many revenue bodies has been the subject of major reform aimed at improving operational efficiency and effectiveness and the delivery of services to taxpayers. By and large, these reform efforts have mirrored a broader trend in the evolution of the structure of revenue bodies, moving initially from a structure based largely on 'tax type' criterion to one based principally on a 'function' criterion. For many revenue bodies, steps have also been taken to structure their compliance (service and verification) functions on the basis of 'taxpayer segment', at least so far as large tax payers are concerned, while a few bodies have gone further with the 'taxpayer segment' approach.

1.1. Statement of the Problem

In Kenya, taxation is the single largest source of government budgetary resources. The Government of Kenya has been unable to service its budget over years resorting to internal and external borrowing. This is because the National Budget has been increasing year in year out. Kenya Revenue Authority, a body that collects revenue for the Government has not been meeting its targets set by Government treasury thus leading to the deficit. Given the destabilizing effects of the budget deficits and the fact that they were becoming unsustainable, the Kenya Government came up with measures to address this problem the most notable fiscal policy proposals adopted being the Tax Modernization Programme (TMP) and the Budget Rationalization Programme. In spite of these efforts by the Government of Kenya there are still a myriad of problems militating against effective and efficient tax system in Kenya and hence affecting the revenue collected by the Kenya government.

Studies done by Ohemeng and Owusu (2013), Muriithi and Moyi (2003), and Awitta (2010) relating to corporate structures to efficiency in revenue collection and overall performance have looked at different variables and concepts into the relationship. Awitta (2010) analysed the effectiveness of collection studies but did not single out the effects of corporate structure on revenue collection. The corporate structure variables such as board size, staff ethics, board composition and independence of the board and their relationship with revenue collection is not clear despite growing concern on the need by different stakeholders in Kenya. With the Kenya Revenue Authority management trying to find ways of ensuring that the set targets are achieved, the management over time has tried to change its corporate structure so as to improve its efficiency in revenue collection since the reporting and command structure has changed the operations. In the fourth corporate Plan 2009/10-2011/12, the revenue authority completed its transition into a fully functional structure which was meant to improve efficiency. It is on this basis of previous research gaps and plans on organizational structure changes by the Kenya Revenue Authority that the current study seeks to analyse the effect of board independence on revenue collection.

1.2. Objective of the Study

The general objective of the study was to determine the effect of board independence onrevenue collection at Kenya Revenue Authority.

1.2.1. Research Hypotheses

- H01Board independence has no relationship with revenue collection at the Kenya Revenue Authority.

1.3. Significance of the Study

The study was of significance to various stakeholders including the management of Kenya Revenue Authority who would use the research findings to improve their management and corporate structure for efficiency purposes. The study would be of importance to other government policy makers so as to help come up with efficient policies in terms of management of government institutions. This will harmonize operations of the institutions for better performance. Finally, the study will also be useful to scholars and academicians to further the study and also serve as a literature in other studies related to it.

1.4. Scope of the Study

The study analysed the board independence of Kenya Revenue Authority and its effects on revenue collection. The study targeted Kenya Revenue Authority whose headquarters are located in Nairobi County. Secondary data on board independence and revenue collected in the years 2007/2008 to 2016/2017 was used. Data was obtained from Kenya Revenue websites, publications and journals.

2. Theoretical Literature

2.1. Agency Theory

Agency theory is the cornerstone of all the relationship involving an agent and the principal. It is a dominant theory which explains the corporate structure (Akbar, 2016). Agency theory explains the conflicts of interests between the

shareholders and managers (Ehikioya, 2009). Due to conflicts of interest between agents (managers) and principals (owners), agency costs may arise. Misalignment of interests between managers and companies/government result in agency costs, and because of managers' preference for on-the-job perks, or by making self-entrenched decisions that may reduce shareholder's value (Ang, 2011). Due to this misalignment in objectives, agency costs are inevitably going to arise. There is a need to align managers' interests to the firm's interest through a code of governance.

Sarens and Abdolmohammadi (2011) argues that agency theory allows the KRA board of directors and staff to have more information than the principal owners (government or the members of public) and these information asymmetries adversely affects the principal' ability to monitor the actions of the staff and board of directors in KRA. Thus, there should be an approach where the actions of the managers should be monitored by independent board and proper board composition to avoid the agency costs. Connelly (2011) suggested that because there is information asymmetry between agents and principals, there is the possibility that agents will act opportunistically in their interest rather than those of the principals. Principals do not have access to all of the information at the time agents make a decision; therefore, they are unable to determine whether the agents' actions are in the best interests of the firm. Hence, this theory will be useful in determining the effect of Board independence and revenue collection.

2.2. Empirical Literature

2.2.1. Effects of Board Independence

Chen (2012) studied the impact of corporate governance impacts on cash holdings of companies with different investment policies. The target population was 1500 American Standard and Poor's firms. Descriptive research design was used. The study indicated that CEO ownership and board independence affect cash holdings in listed firms differently. The study indicated that large boards result in the loss of productivity due to increased difficulties in coordinating the efforts of multiple individuals. Another study Lam and Lee (2012) on the relationship between board committees and corporate performance that utilises publicly-available data of 346 firms of public firms in Hong Kong for the period 2001–2003 indicated that boards are perceived to be efficient and productive if they are comprised of independent non-executive directors. The studies were carried out in different countries and show contradicting findings while the current study investigates the effects of corporate structure on revenues collection by KRA.

Uwuigbe (2011), study on effects of independent board on performance and Stephano (2013), on the relationship between board independence on financial performance of the banks, all agree that there is a negative relationship between presence of independent directors in banks boards and the financial performance. The study found that the "independent directors" are not indeed truly independent as they have hidden financial and personal ties with the CEO. The studies were carried out on banks performance while the current study focuses on KRA revenue collection.

3. Research Methodology

Census of revenue collected for ten years was done to the one agent of the government of Kenya who is mandated to collect revenue. The study used only secondary data for the analysis of data. Secondary data was sought from the Kenya Revenue Authority publications and website together with other relevant data from websites and newspapers.

Data was analysed using Statistical Package for Social Sciences (SPSS) version 21. Descriptive statistics including mean, standard deviations, minimum and maximum. Bivariate analysis used Pearson correlation test to determine the relationship between organizational structure and revenue collection at Kenya Revenue Authority. The correlation values were between +1 and -1 with +1 indicating a perfect positive relationship, -1 indicating a perfect negative relationship, while a value of 0 or near 0 indicating no relationship. Tables were used to present the data to enable ease of understanding and analysis. Correlation and multiple regression analysis were used to find out whether the independent variables predicted the given dependent variable. The study used revenue collection for ten years.

3.1. Diagnostic Tests

In measuring how well, our regression model fits the data in this study, the study employed the use of the goodness of fit statistic R2. The R2 calculated was used to examine how close the data is to the fitted regression line. The R2 is also known as the coefficient of determination. The R test measured the strength and the direction of the linear relationship between variables. This test had the assumptions that there is a linear relationship between the dependent and the independent variables, no or little multicollinearity in which the independent variables are independent from each other which was tested using Pearson's correlation matrix, and that the variables are normal which were tested using a histogram fitted with a normal curve

Normality tests were also done to test the assumption of normality of the data and this was done using Shapiro-Wilk test. If the significance values from the normality tests are greater than 0.05 then the data were found to be normal and if lesser than 0.05 then they were identified as skewed (http://statisticalconcepts.blogspot.co.ke, 2016).

3.2. Operationalization and Measurement of Variables

The study independent variable was corporate structure. The indicator of corporate structure was board independence. The dependent variable of the study was revenue collection measured by the actual revenue collected and ratio between the actual revenue and target revenue. The operationalization and measurement of the study variables were presented in the table below (Table 1)

Variable	Type	Operationalization	Measurements
Revenue Collected	Dependent Variable	Actual Revenue Collected	Actual vs targeted Revenue
Board Independence	Independent Variable	Number of External Directors	Proportionate number of Independent Directors in the Board

Table 1: Operationalization and Variable Measurement
Source: (Researcher, 2018)

4. Data Analysis, Findings and Discussions

The study obtained a complete data for the interpretation and presentation. The independent variable was board independence while the dependent variable was revenue collection. The indicator of board independence was the proportionate number of independent directors in the board and revenue collection was measured by the ratio of actual revenue to targeted revenue. The study used descriptive measures such as mean, maximum, minimum, kurtosis, standard deviation and skewness to describe the findings. Mean was used to determine the average data values while standard deviation gave the dispersion rate of data from the mean. The maximum and minimum statistics indicated the minimum and maximum percentage of board independence and revenue collection. The normality of the descriptive data was indicated by the use of skewness and kurtosis statistics. The data obtained was for the period 2008 to 2017.

	N	Minimum	Maximum	Mean	Std. Deviation	Skewness	Kurtosis
	Statistic	Statistic	Statistic	Statistic	Statistic	Statistic	Statistic
Board Independence	10	.2000	.6000	.464440	.1335191	-.911	.232
Revenue Collection	10	.8371	1.0219	.950310	.0544246	-.914	.772
Valid N (listwise)	10						

Table 2: Descriptive Statistics
Source: Survey Data (2018)

The results indicate that the average board independence ratio was 0.4644 (46.44%) for the years 2008to 2017. The minimum board independence was 0.2000 and the maximum was0.6000. On average this indicates that the independent directors were well represented. Additionally, a low standard deviation of 0.1335191indicates a low variation in board independence for the period under study.

The study also sought to determine the revenue collection by KRA and found a mean of 0.950310which indicated that on average KRA managed to collect 95.03% of the targeted revenue between years 2008 to 2017.The standard deviation was 0.0544246indicating a low variation in the percentage of collected revenue. The skewness and kurtosis values for board independence and collected revenue were below 2 which indicate that the data was normally distributed. The study contradicts Uwuigbe (2011), study on effects of independent board on performance that the percentage of independent directors were less than 33% on the banks board representation. The study also indicated that the variation on the number of independent directors was huge, indicating that the number of the independent director changes more often and there was no standard number fixed.

4.1. Correlation Analysis

The findings on the level of correlation variables were sought and results presented in the table 3below.

		Board Independence	Revenue Collection
Board Independence	Pearson Correlation		
	Sig. (2-tailed)		
		.100	
Revenue Collection	Pearson Correlation	.772	1
	Sig. (2-tailed)	.002	0

Table 3: Correlations between Variables
Source: Survey Data (2018)

The study results in Table 3indicated that the correlation between board independence and revenue collection was positive and strong (r= 0.772, p=0.002). The study rejected the hypotheses that: Board independence does not affect revenue collection. It is clear that the independent variable considered board independence significantly affect revenue collection. The findings in table 3concurs with Uwuigbe (2011) study on effects of independent board on performance and Stephano (2013) on the relationship between board independence on financial performance of the banks that there is a negative and significant relationship between presence of independent directors on Bank's financial performance.The

study findings in table 3disagrees with Mwangi and Murigu (2015) findings on the study of the effects of corporate governance on financial performance of listed companies in Nairobi Securities Exchange which found that there was no significant relationship between board independence and financial performance.

4.2. Multicollinearity

The study sought to establish the level of multicollinearity between independent variables in the study. The results were presented in table 4.3.

Model		Collinearity Statistics	
		Tolerance	VIF
1	(Constant)		
	Board Independence	.504	1.983

Table 4: Multi-Collinearity
Source: Survey Data (2018)

A tolerance value of less than 0.2 and VIF value of more than 5.0 indicates a possibility of multicollinearity. The findings also indicate that the board independence tolerance level was 0.504 and VIF was 1.983. This is a clear indication that there was no possibility of multicollinearity and therefore relationship between dependent and independent variables could be done through regression analysis.

4.3. Regression Analysis

Hypotheses test was done through a performance of regression analysis. The regression analysis presented included the model summary, ANOVA and coefficients of the independent variable. The independent variables considered were board size, board composition and board independence while the dependent variable was revenue collection. Indicator of board size was the total number of board of directors, indicator of board composition was the ratio non-executive and executive board members, the indicator of board independence was the proportionate number of independent directors in the board and revenue collection was measured by the ratio of actual revenue to targeted revenue. Table 4.4, table 6 and table 7presents the results.

4.3.1. Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.979[a]	.958	.937	.0198666

Table 5: Model Summary
a. Predictors: (Constant), Board Composition, Board Independence, Board Size
Source: Survey Data (2018)

The results in table 5present the coefficient of correlation and coefficient of determinant. The model coefficient of determination was 0.937 with a significance level of 0.0198. This indicates that Board Composition, Board Independence, Board Size explains the changes of revenue collection up to 93.7 per cent. The rest of change (6.3 per cent) is determined by other factors not included in this study model. The study concurs with Uwuigbe (2011), study on effects of independent board on performance and Stephano (2013), on the relationship between board independence on financial performance of the banks that board independence significantly affects financial performance.

4.4. Analysis of Variance

Table 6 presents the analysis of variance amongst variables.

ANOVA[b]						
Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	.054	3	.018	45.778	.000[a]
	Residual	.002	6	.000		
	Total	.057	9			

Table 6: ANOVA
a. Predictors: (Constant), Board Composition, Board Independence, Board Size
b. Dependent Variable: Revenue Collection
Source: Survey Data (2018)

Table 6presents that statistically the model was significant at 5 per cent significant level (F=45.778). Therefore, the findings present evidence that the regression equation was significant in explaining independent and dependent variables relationships. The study concurs with Naseem, Niazi, and Rehman, (2015) study which investigated the relationship between corporate structures on firm's performance in Pakistan. The ANOVA results presented indicated that regression equation was significant in explaining independent and dependent variables relationships.

4.5. Regression Coefficients

The study sought to determine the coefficients of the independent variables. The results were presented in the table 4.

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.140	3.353		.187	.869
	Board Independence	.474	.232	-.236	-.872	.001

Table 7: Regression Coefficientsa

a. Dependent Variable: Revenue Collection

Source: Survey Data (2018)

The result in table 7presents the coefficients of the studied variable. The coefficients indicate the change caused by the independent variable to the dependent variable. Regression model was used to show the effect of predictor variable board independence on revenue collection in Kenya. The coefficients (B) generated by SPSS in table 7helped to develop the following model

$Y= 0.140+ 0.474X2+ \epsilon$

The findings in table 7presented that the value of revenue collection (Y) was 0.140 when variable board independence was held constant (that is when the coefficient B1, was equal to zero). The coefficient presents that positive change in board independence resulted positive change in revenue collection in KRA and that one-unit change in board independence resulted to 0.474-unit change in the same direction to revenue collected. The result show that the regression was significant at 5 per cent significant level since all the p- values are less than 5 per cent ($p<0.05$). The board independence was found to strongly contributing to the revenue collection. Uwuigbe (2011), study on effects of independent board on performance and Stephano (2013), on the relationship between board independence on financial performance, all agree with the current study findings that there is a relationship between presence of independent directors and the financial performance.

5. Summary, Conclusions and Recommendations

5.1. Summary of the Study

The study sought to determine the effect of board independence on revenue collection in KRA. The independent variable of the study was board independence. The dependent variable was revenue collection. The study targeted Kenya Revenue Authority and secondary data was collected from KRA websites, publications and journals for periods 2008 to 2017.

Descriptive findings during (FY2007/08- FY2016/17) indicated that the average board independence ratio was at the required percentage of at least four of the independent directors in the board size. The findings indicated that on average KRA were unable to collect the targeted period revenue for the majority of the years under study.

The correlation results between board independence and revenue collection was strong and positive. The correlation between board size and board independence was found to be strong and positive. The VIF and tolerance values indicated that there was no possibility of multi collinearity between the predictor variables. This indicated that relationship between predictor variables and the dependent variable can be established.

ANOVA analysis was generated and the results indicated that the relationship between the independent variable and dependent variable was significant. The findings on the coefficient in the regression equation indicated that the predictor variable contribute significantly to the revenue collection by KRA. The coefficient presented that positive change in board independence resulted positive change in revenue collection and a negative change of board independence will result to negative change of revenue collected.

5.2. Conclusions of the Study

Based on the summary of the findings the study concluded that the relationship between board independence and revenue collection was positive and significant. The study concludes that change in board independence results to a great change in revenue collection.

5.3. Recommendations of the Study

Based on the conclusion that the relationship between board independence and revenue collection was positive, the study recommended the proportionate ratio of independent board of directors should be increased to a minimum number of 5 independent directors. To Kenya Revenue Authority, the study recommends that organization structure should be greatly factored when strategizing on how to improve revenue collection in order to meet government targets.

5.4. Suggestions for Further Study

The study focused on board independence on revenue collection. The variable selected was board independence. Therefore, the study suggests other variables on corporate culture and their effects on revenue collection need to be investigated. The study period was ten years hence further research can be done on longer periods to examine the effect of

board independence on revenue collection in Kenya. The study used the ratio between actual and targeted revenue as the indicator of revenue collection, the study recommended a further research measuring revenue collection using actual collected revenues.

6. References

i. Aduda, J., Chogii, R., &Magutu, P. O. (2013). An empirical test of competing corporate governance theories on the performance of firms listed at the nairobi securities exchange. European Scientific Journal, 9 (13).
ii. Atta-Mills, P.S.&Borys, B. (2011). Two types of bureaucracy: Enabling and coercive. Administrative Science Quarterly, 41(1), 61-89.
iii. Al-Qatawneh, M.I. (2014). The impact of organizational structure on organizational commitment: A comparison between public and private sector firms in Jordan. European Journal of Business and Management, 6(12), 30-37.
iv. Akbar, W.R. & Gall, M.D. (2016). Educational research: An Introduction. 5th Edition. New York: Longman.
v. Annuar, H. C., and Rashid. Z. (2015) Corporate Governance and Institutional Ownership.
vi. Journal of Financial and Quantitative Analysis, 46(1), 247-273.
vii. Awitta, M. (2010).Effectiveness of Revenue Collection Strategies at Kenya Revenue Authority in Nairobi.Unpublished, University of Nairobi.
viii. Baisalbayeva, K. (2013). Exploring the causes and effects of revenue decentralization: Does revenue decentralization increase or reduce revenue growth.IDG Working Paper No. 2013-01.
ix. Broder, K., Calopa, M.K.&Pihir, T. (2009).Impact of ICT on the structural and contextual organizational elements: Case of the Vazardan County.
x. Caezar, F.A. (2012). Organizational Structure as a Determinant of Performance: Evidence from Mutual Funds. Strategic Management Journal, 33(6), 611-632.
xi. Centre for Tax Policy and Administration, (2011).Tax administration in OECD and Non-OECD Countries: Comparative Information Series. Forum on Tax Administration.
xii. Chaturvedi, R. (2013). Managing organizations.Vikas Publishing House PVT Ltd, Noida-201301 (UP) India.
xiii. Chen, C. (2012). Outside director experience, compensation and performance. Managerial Finance 38(10), 914-938.
xiv. Clemmer, J. (2003).Organization Structure Limits or Liberates High performance.Retrieved from http://www. clemmer.net/excerpts/ph_orglimits.html.
xv. Donaldson, L. (2001). The contingency theory of organizations.Sage, Thousand Oaks.
xvi. VO, J & Nguyen, M. (2014). Program Change and Organizational Properties: A Comparative Analysis. American Journal of Sociology, 72, 503-519.
xvii. Jackson, J. H & Morgan, C.P. (1982).Organization Theory.2ndEdition, Prentice Hall, Upper Saddle River.
xviii. Jensen, C. (2011). Value Maximization, Stakeholder Theory and the Corporate Objective Function. European Financial Management, 7(3), 297 – 317.
xix. Jensen, M., &Meckling, W. (1976). Theory of the Firm: Managerial Behavior, Agency Costs and Ownership Structure. Journal of Financial Economics, 305-360.
xx. Kenya Revenue Authority (2013).Fifth Corporate Plan, 2012/13-2014/15.
xxi. Kenya Revenue Authority website (2015).http://www.kra.go.ke/index.php/about-kra/about-the-authority.Retrieved on 30th April 2015.
xxii. Love, I., &Rachinsky, A. (2007). Corporate Governance, Ownership and Bank Performance in Emerging Markets: Evidence from Russia and Ukraine. Retrieved fromRetrievedfromhttp://siteresources.worldbank.org/DEC/Resources/Corporate_Governnace Ownership_and_Bank_Performance
xxiii. Lovorka, S. & Lee, H. (2009).The impact of organizational context and information technology on employee knowledge sharing capabilities.Public Administration Review,66(3), 370-385.
xxiv. Malik, M., Wan, D., Ahmad, M. I., Naseem, M., &Rehman, R. (2014). Role of board size in corporate governance and firm performance applying paretoapproach; Is it cultural phenomena? The Journal of Applied Business Research, 30 (5), 1395-1407.
xxv. Martinelli, P.D (2001). Systems Hierarchies and Management. Systems Research and Behavioral Science, 18(1), 68-82.
xxvi. Tricker, M. & Zhang, L. (2015). The role of organization structure: Between Hierarchy and Specialization.
xxvii. Mintzberg, H. (1979). The Structuring of Organizations. Prentice Hall, New Jersey, 1979.
xxviii. Miyahira, H. (2008). Using information technology to improve tax and revenue collection. The George Washington University, Washington DC.
xxix. Morgan, K.J. & Prasad, M. (2009). The Origins of Tax Systems: A French-American Comparison. American Journal of Sociology, 114(5), 1350-1394.
xxx. Mugenda, O.M. &Mugenda, A.G (2011).Research Methods: Quantitative and Qualitative Approaches. Acts Press, Nairobi, Kenya.
xxxi. Muriithi, M.K &Moyi, E.D. (2003).Tax reforms and revenue mobilization in Kenya.AERC Research Paper 131 African Economic Research Consortium, Nairobi.
xxxii. Muthama, J. (2013). The effects of revenue system modernization on revenue collection at Kenya Revenue Authority. Unpublished, University of Nairobi.
xxxiii. Mwangi, A. K. (2012). A survey of Corporate Governance Practices Among Insurance Companies in Kenya. University of Nairobi Press – Nairobi.
xxxiv. Nyarige, E. M. (2012). The effect of corporate governance structure on financial performance of commercial banks in Kenya. Unpublished Master"s Thesis, Nairobi: University of Nairobi.

xxxv. Ohemeng, F.L. &Owusu, F. (2013).Implementing a revenue authority model of tax administration in Ghana: An organizational learning perspective. Community and regional planning publications, 5, 1-23.

xxxvi. Quangyen, T.&Yezhuang, T. (2013). Organizational Structure: Influencing Factors and Impact on a Firm. American Journal of Industrial and Business Management, 3(2).

xxxvii. Sagas, C., Nelimalyani, M. &Kosgei, E. (2015).An assessment of the impact of electronic tax register on revenue collection by Kenya Revenue Authority Western Region, Kenya. Zenith International Journal of Business Economics and Management Research, 5(4), 111-118.

xxxviii. Ujunwa, A. (2012). Board characteristics and the financial performance of Nigerian quoted firms. Corporate Governance 12(5), 656-674.

xxxix. Wepukhulu, J. M. (2015). Relationship between Corporate Governance and Performance of Commercial Banks in Kenya. Unpublished PhD Thesis.

Appendix

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Board of Directors	10	10	10	10	10	10	10	10	10	10
Independent Directors	4	5	6	6	4	4	5	6	6	6
Non-Executive Directors	3	3	3	3	3	3	3	3	3	3

Table 8: Secondary Data

	FY 2016/17			FY 2015/16			FY 2014/15		
	Actual	Target	% Rating	Actual	Target	% Rating	Actual	Target	% Rating
TOTAL	1.365TR	1.415TR	95.05	1.210TR	1.2174TR	99.39%	1.001TR	1.086TR	92.17%
	FY 2013/14			FY 2012/13*			FY 2011/12*		
	Actual	Target	% Rating	Actual	Target	% Rating	Actual	Target	% Rating
TOTAL	963.8B	963.7B	100%	759.5B	845.4B	89.83%	707	717	98.61
	FY 2010/11			FY 2009/10*			FY 2008/09*		
	Actual	Target	% Rating	Actual	Target	% Rating	Actual	Target	% Rating
TOTAL	634.903B	641.212B	99%	534.403B	545.228B	98%	480.57B	493.035B	97.5%
	FY 2007/08								
	Actual	Target	% Rating						
TOTAL	433.9B	424.6B	102.19						

Table 9: Revenue Collection at the Kenya Revenue Authority 2012 To 2016
Source: Kenya Revenue Authority 2007/08-2016/17

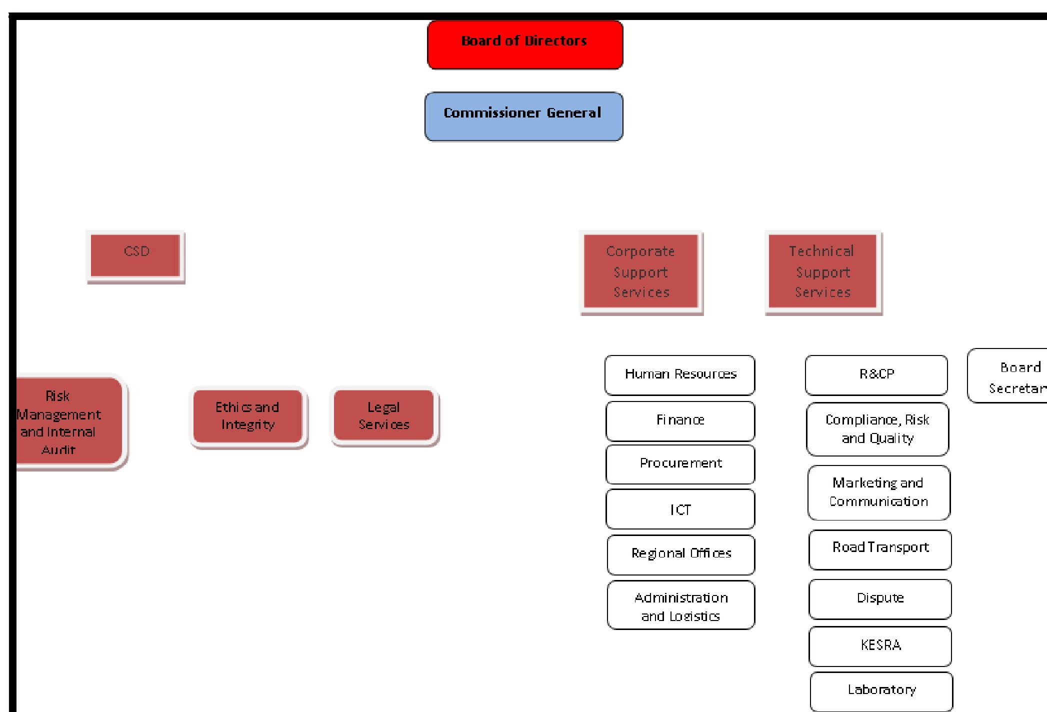

Figure 1: Kenya Revenue Authority Organization Structure