EFFECT OF TAX PAYER EDUCATION ON TAX COMPLIANCE AMONG MICRO, SMALL AND MEDIUM ENTERPRISES IN KAJIADO COUNTY, KENYA: A CASE OF ONGATA RONGAI CONSTITUENCY

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DECLARATION

I declare that this research proposal and everything it describes is my original work and that, to the best of my knowledge, it contains no material previously published by another person nor material that has been accepted for the award of any other degree of the University, except where due acknowledgment has been made in the text.

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SUPERVIOR'S DECLARATION

This research project is submitted for examination with my approval as the university supervisor

Supervisor Name: **Dr. Peter G. T. Gaiku**

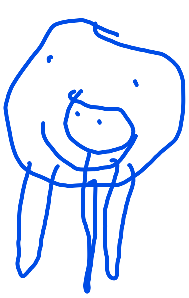
Signature Date: **February 1, 2025**

AFRICA NAZARENE UNIVERSITY

NAIROBI KENYA

DEDICATION

I would like to dedicate this research proposal to my family and friends for their support and encouragement.



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ABSTRACT

Taxes are financial obligations levied by the government on personal income, business profits, and the exchange of goods and services. Unfortunately, Kenya does not collect all the taxes it should on an annual basis, which leads to insufficient financial resources for achieving its economic development goals. This issue is largely attributed to high levels of tax non-compliance. In Kenya, the largest proportion of taxpayers in the business sector are Micro, Small, and Medium Enterprises (MSMEs). This study explored how taxation education influences tax compliance among MSMEs in Kajiado County, with Ongata Rongai constituency serving as a representative area. The study focused on three main objectives: to assess the impact of communication campaigns on tax compliance, to evaluate the effect of tax education in schools on tax compliance, and to investigate the influence of training for tax officers on tax compliance. The research was guided by the Theory of Planned Behavior and the Economic Deterrence Theory. A descriptive research design was adopted for the study, with a target population of 372 MSMEs in Ongata Rongai constituency. The sample consisted of 193 MSMEs, categorized into three groups: artisans, contractors, and general traders. Primary data was gathered using a structured questionnaire. To test the validity and reliability of the questionnaire, 20 MSMEs from Langata constituency were randomly selected to complete it. The questionnaires were distributed via email and the drop-and-pick-later method. Once the data was collected, it was coded in a quantitative format to facilitate analysis using SPSS version 25. The analysis employed both descriptive and inferential statistics, generating frequencies, percentages, and simple and multiple linear regression. The study revealed that tax communication campaigns, tax education programs, and tax officer training significantly influence tax compliance among MSMEs in Kajiado County. Institutions like the Kenya Revenue Authority (KRA) must ensure their officers receive adequate training to provide proper support and guidance to taxpayers. Additionally, organizing awareness campaigns and integrating tax education into school curricula are essential for raising awareness about the importance and benefits of paying taxes.

DEFINITION OF TERMS

Artisans: they are skilled people who use their hands to design and create products. Examples include carpenters, jua kali artisans such as those who handle car repairs, tailors, blacksmiths etc

General Traders: these are business that engage in the purchase and sell of products across different categories. They have not specialized in one category of product but a variety. Examples include supermarkets, wholesale distributors, and online retailers among others.

Kajiado County: It borders Nairobi and extends south to the border of Tanzania. It has a population of 1,117,840 and an area of 21,292.7 km^2. The county capital is Kajiado town, but the largest town is Ongata Rongai (Kajiado County Integrated Development Plan 2018-2022).

Ongata Rongai: It is a town located in Kajiado County and situated 17kms south of Nairobi (Kajiado County Integrated Development Plan 2018-2022). It is the most populous town in Kajiado County according to the 2019 census. In this case, it is the town under investigation of study.

Micro, Small and Medium Enterprise: Refers to enterprises having between 1-99 employees (Kajiado County Integrated Development Plan 2018-2022).

Tax: A compulsory contribution to state revenue, levied by the government on workers' income and business profits or goods and services (Organization for Economic Co-operation and Development, 2021)

Tax Compliance: Voluntary fulfilling of tax obligations within the required legal requirements which include accepted practices, legislation, prescribed rules and regulations, specified standards, or the terms of a contract (Business Dictionary, 2010).

Tax awareness: Taxpayers' knowledge on tax requirements

Taxpayer education: This refers to programs aimed at teaching taxpayers about their tax rights, responsibilities and legal requirements. Also refers to the method of educating the people about the whole process of taxation and why they should pay tax.

Taxpayer: it can either be an individual or business entity that has the obligation of paying taxes to the state.

ABBREVIATIONS AND ACRONYMS

EAC - East Africa Community

GTP - The Global Tax Program

KRA - Kenya Revenue Authority

MSME’s - Micro, Small and Medium Enterprises

NACOSTI - National Council of Science Technology and Information

OECD - Organization for Economic Co-Operation and Development

SAP - Structural Adjustment Programs

SPSS - Statistical Package for the Social Sciences

TOT - Turn Over Tax

VAT - Value Added Tax

CHAPTER ONE: INTRODUCTION AND BACKGROUND OF THE STUDY

1.1 Introduction

This chapter introduces the study by providing essential background information and laying out the key components of the research. It begins with the context and rationale behind the study and outlines the problem being addressed. It then explains the study's overall purpose, specific objectives, and research questions. Additionally, the chapter discusses the significance of the study, its scope, the assumptions made, and any potential limitations and delimitations. Finally, the theoretical and conceptual frameworks guiding the research are presented.

1.2 Background of the Study

Taxes are mandatory payments that individuals and organizations are required to make to the government. These payments play a crucial role in enabling the government to carry out its various functions and responsibilities. Taxes such as income tax, value-added tax (VAT), excise duty, import taxes, and withholding taxes are collected from different groups, especially businesses. Importantly, these taxes are not tied to direct personal benefits or services for the payer, but they support public services and infrastructure for the general good (Smith, 2015).

Taxation is essential in shaping and managing a country's economy. Around the world, different government institutions are tasked with the oversight and administration of taxation systems to ensure fairness and effectiveness. The Global Tax Program, launched in June 2018, is an example of such an initiative. It focuses on building the capacity of tax authorities across different countries and helps in raising revenue at both local and international levels. As of 2021, this program had over 79 projects running in more than 69 countries (World Bank Group, 2021).

Domestic Resource Mobilization, often referred to as DRM, represents a critical aspect of financial planning for developing nations. It supports countries in raising the funds they need to meet development goals, such as the Sustainable Development Goals. DRM encourages inclusive economic growth and aims to establish strong, equitable, and long-term fiscal systems. Its main objective is to assist nations in collecting more domestic revenue to fund their own development agendas (Africa Initiative Progress Report, 2021).

The Africa Initiative, established in October 2014 in Berlin, is focused on strengthening the ability of African countries to respond to increasing global tax transparency. This program helps governments tackle tax evasion and stem illicit financial flows. It plays a significant role in boosting domestic revenue collection and supports the economic progress of African countries (Africa Initiative Progress Report, 2021). Currently, 32 African nations are members of the Global Forum on Transparency and Exchange of Information for Tax Purposes, which brings together over 160 jurisdictions working towards better tax governance (OECD, 2021). In Kenya, tax matters are managed by the KRA, which was created by an Act of Parliament and is responsible for overseeing and regulating taxation at both national and county levels.

1.2.1 Taxpayer Education

Taxpayer education plays a vital role in enhancing tax compliance, especially in complex fiscal settings like those found in developing nations. It encompasses organized efforts by tax authorities and other stakeholders to provide individuals and businesses with the essential knowledge and skills needed to navigate tax laws, fulfill their obligations, and understand the significance of taxation for national progress. As emphasized by Mbila (2020), these educational initiatives are pivotal in cultivating positive taxpayer attitudes and decreasing resistance to tax compliance. KRA employs multiple channels, including media broadcasts, print publications, seminars, workshops, and online platforms, to share tax-related information and support services.

Taxpayer education can be broadly divided into three key areas: general information campaigns, curriculum-based learning, and interactive support. Information campaigns focus on raising awareness through mass media, delivering general advice on filing requirements, deadlines, and procedures. Curriculum-based learning includes initiatives to embed tax education within schools, vocational programs, and professional development. Interactive support offers tailored training, workshops, and assistance services like call centers or one-on-one help, often directed at specific taxpayer categories such as MSMEs.

Research substantiates the influence of these educational initiatives on taxpayer behavior. Musimenta (2020) found that taxpayer education has a significant positive effect on compliance among MSMEs, enhancing their understanding and clarifying their legal duties. Similarly, Murphy

(2004) noted that individuals are more inclined to comply with tax regulations when they grasp their meaning, a sentiment echoed by Akumbo (2020), who highlighted the importance of awareness in strengthening tax morale.

A comparative analysis of recent studies illustrates various methods researchers have utilized to define and assess taxpayer education. For example, Mascagni et al. (2025) conducted a study in Rwanda, measuring taxpayer education through attendance at a one-day startup training session facilitated by the revenue authority. This factor was recorded in binary terms, indicating whether the training was attended, and was supplemented with a 10-item tax knowledge quiz. The use of objective data minimized bias in self-reporting, and the quiz offered an ongoing measure of tax literacy, with a Cronbach's α of 0.83.

In Kenya, Njoki et al. (2022) adopted a more perceptual method, evaluating taxpayer education across four communication channels: mainstream media, social media, stakeholder forums, and print materials. Their research utilized a 16-item Likert-scale questionnaire to create sub-indices for each channel, achieving high internal consistency, with Cronbach's α ranging from 0.79 to 0.87. This methodology allowed for a nuanced analysis of which educational modes proved most effective. Another Kenyan study by Gitonga and Kilonzi (2022) also categorized taxpayer education into sub-dimensions such as electronic education, stakeholder engagement, and print media. Their 12-item Likert scale was analyzed using principal component analysis, validating three distinct factors that accounted for 68% of the variance in taxpayer behavior, illustrating the importance of treating taxpayer education as a multi-faceted concept.

Musimenta (2020), working in Uganda, employed a knowledge-centric methodology to develop a composite index of tax knowledge. This index encompassed general, legal, and technical knowledge through 19 Likert-type items. The scale demonstrated strong reliability ($\alpha = 0.88$) and successfully differentiated between the depth of understanding and mere exposure to tax messages. Likewise, Vincent (2021) in Nigeria included "tax information" as a critical element in a broader model of SME compliance. After using principal component analysis, five key indicators emerged and were evaluated on a five-point scale. The findings underscored that access to tax information is statistically distinct from other determinants like perceived enforcement or compliance costs.

Several insights arise from these studies. Firstly, the unit of analysis is crucial: some studies view taxpayer education as a singular event, like training attendance, while others conceptualize it as a continuous, multi-dimensional variable. Secondly, distinguishing the modes of delivery, such as separating electronic media from stakeholder engagement, can generate deeper insights into effectiveness. Thirdly, objective measurements, such as quizzes or attendance records, tend to correlate with actual compliance behaviors more reliably than self-reported perceptions alone. Based on these observations, a hybrid approach is recommended for the current study.

In Ongata Rongai, taxpayer education can be evaluated through four interrelated variables: campaign exposure, curriculum-based learning, interactive support, and tax knowledge. Campaign exposure will be quantified by tallying the number of distinct KRA communication materials a respondent recalls from the past year. Curriculum-based learning will be represented as a binary variable indicating whether the respondent previously received structured tax instruction in educational or professional environments. Interactive support will be assessed using an ordinal scale based on the frequency of direct engagements with KRA services. Finally, tax knowledge will be evaluated through a multiple-choice quiz assessing comprehension of fundamental tax concepts like filing deadlines and penalty structures.

This blended methodology aligns with global best practices and local data conditions. It facilitates a triangulation of subjective impressions and objective knowledge, enhancing the reliability and validity of the taxpayer education framework. Consequently, it provides a comprehensive framework for examining how education impacts tax compliance behaviors in Kenya context.

1.2.2 Tax Administration in Kenya

Kenya Revenue Authority was founded on 1st July 1995 under Cap 469 and is mandated to assess, collect, and account for all revenues governed by written laws. Its role extends to offering advice on revenue-related matters and performing other duties as directed by the Cabinet Secretary of Finance (KRA, 2019).

KRA has a taxpayer register, which it maintains to categorize different taxpayers from businesses to organizations to individuals. Every taxpayer is expected to comply with their tax obligations under the law by making sure they file their returns on time, maintain tax records, and make all the required tax payments. For this reason, all taxpayers, regardless of the category, have a unique Personal Identification Number used when filing returns, which is also used to ensure that tax evaders are brought to justice, and those who do not abide by the various laws are also fined in certain circumstances like filing returns past the deadline time.

KRA launched its Eighth Corporate Plan 2021/2022 – 2023/2024 as part of its strategic vision to enhance revenue collection, simplify tax processes, promote digital compliance solutions, and expand the tax base while delivering excellent customer service. The plan also focuses on building a high-performing, ethical workforce and improving operational efficiency.

1.2.3 Tax Compliance in Kenya

Tax compliance broadly refers to the degree to which taxpayers conform to tax laws, regulations, and administrative requirements. This includes accurate reporting of income, timely filing of returns, and full payment of taxes due. Researchers have offered various definitions and frameworks for understanding this concept. It remains a significant concern for tax authorities globally, and Kenya is no exception. While taxpayer education has been introduced as a potential solution to improve compliance among MSMEs, the results have been mixed. Werekoh (2022) defines compliance as the willingness of individuals and businesses to meet their tax obligations honestly and on time. When taxpayers comply, the government is better positioned to provide essential services such as healthcare, education, infrastructure, and water access (Oladipo, 2022).

According to Alm (1991), tax compliance involves both voluntary and enforced components: voluntary compliance arises from a sense of duty or trust in the tax system, while enforced compliance stems from fear of penalties or audits. Kirchler (2007) introduced the slippery slope framework, which explains that compliance improves either when there is trust in the authorities or when there is a high perception of power and enforcement by tax bodies. In another definition, James and Alley (2002) view compliance not only as the payment of taxes but also as taxpayers understanding, interpreting, and responding to tax laws. Their framework emphasizes the complexity of modern tax systems and the importance of taxpayers having both the knowledge and the willingness to comply. McBarnet (2001) distinguishes between different types of compliance: committed compliance which is motivated by civic duty, capitulative compliance due to fear of punishment, and creative compliance where individuals technically follow the law but manipulate its spirit for personal gain.

Measuring tax compliance varies across studies. Some researchers, like Torgler (2007), use survey-based methods to measure attitudes and perceived moral obligation to pay taxes, while others, such as OECD (2004), apply objective indicators like return-filing rates, audit outcomes, and payment timeliness. Non-compliance persists as a major issue in Kenya. Reasons range from limited knowledge, complex regulations, and high tax rates, to the perception that penalties for evasion are less costly than paying taxes (Aksnes, 2011). While Kenya has undertaken numerous tax reforms, beginning with the 1986 Tax Modernisation Programme, its tax system still faces many obstacles, including inefficiencies, poor enforcement, and a complicated compliance process (Aondo, 2020). Other contributing factors include economic structure, with a large informal sector, and political interference. For instance, high-ranking officials have occasionally resisted tax reforms that could affect their personal benefits (Aondo, 2020). This political resistance undermines efforts to create a fair and efficient tax system.

Tax evasion and avoidance are especially common among MSMEs. Many operate informally, making it difficult for KRA to detect and register them. Others deliberately under-report income or sidestep registration altogether. Studies suggest that many MSMEs do not appreciate the value of tax education and therefore remain outside the tax net (Fjeldstad, 2003; 2007). For example, in 2008, it was estimated that compliance by MSMEs could have added KES 79.3 billion to Kenya's tax base (Kenya Parliamentary Budget Office, 2010). In 2012, tax losses attributed to informal and small businesses amounted to KES 108 billion (KRA Annual Report, 2013). This shows how non-compliance among MSMEs undermines government efforts to mobilize revenue and fund development projects.

1.2.4 Tax Compliance by Micro, Small, and Medium Enterprises (MSMEs)

MSMEs form the backbone of Kenya’s economy, making up a large portion of businesses and playing a significant role in job creation and income generation. According to the Micro and Small Enterprise Act of 2012, micro enterprises earn up to KES 500,000 annually and employ fewer than 10 people. Small enterprises have annual revenues between KES 500,000 and KES 5 million and employ 10 to 49 individuals. Medium-sized firms typically generate revenues between KES 5 million and KES 800 million and employ 50 to 99 people.

MSMEs are essential to Kenya's economic fabric, contributing over a third to the GDP and accounting for roughly 77% of employment (Ouma et al., 2007). However, their limited financial and human resources make it harder for them to meet regulatory and tax obligations compared to larger companies. One of the biggest issues is tax evasion. Many MSMEs do not register with local authorities or fail to acquire the necessary tax identification. Others underreport their income or operate entirely outside the tax system. Some believe avoiding tax helps reduce operational costs, making them more competitive, though this benefit rarely materializes (Ouma et al., 2007).

KRA has introduced policies to make compliance easier for MSMEs, such as the Turnover Tax (TOT) regime. Introduced under the 2007 Finance Bill and operational since 2008, TOT applies to businesses earning between KES 1 million and KES 50 million annually. It is calculated on gross sales and can be paid using simplified digital platforms. This system has made it easier and faster for MSMEs to comply with their tax obligations, removing the need for annual income tax returns. Despite these efforts, compliance remains a challenge. Factors such as lack of trust in government, weak internal management, political interference, and poor dialogue between authorities and the informal sector hinder progress. Many MSMEs still perceive the tax system as burdensome and opaque.

1.3 Statement of the Problem

Tax compliance is a key pillar of national development, as it ensures governments have the revenue needed to fund essential public services such as healthcare, education, roads, and water infrastructure. In Kenya, however, tax compliance remains a serious challenge, particularly among MSMEs, which make up a large part of the economy. Despite various tax reforms, including the 1986 Tax Modernisation Programme, compliance levels remain low. This is mainly due to limited tax knowledge, a complex filing process, and a widespread informal sector. As a result, the government continues to miss revenue targets and struggles to finance development programs effectively.

KRA has attempted to address this through taxpayer education programs, including media campaigns, workshops, and officer training. However, there is limited understanding of how effective these efforts have been in improving compliance, especially among MSMEs. Many business owners remain unaware of basic tax procedures or the importance of timely filing. Others report never having interacted with KRA directly or received any formal training. Without a clear understanding of tax obligations, small businesses are more likely to underreport income, avoid registration, or make costly filing errors.

Kajiado County offers a relevant and urgent case study for this issue. It is among the counties with low revenue performance, partly due to widespread non-compliance among small businesses. Ongata Rongai Constituency, a rapidly growing commercial hub within Kajiado, illustrates this problem clearly. It has a vibrant and diverse small business community, yet many of these enterprises operate informally and fall outside the tax net. Interviews and reports suggest that many business owners in Ongata Rongai do not receive adequate tax information and often misunderstand or ignore their obligations. This leads to lost revenue for the county and missed opportunities for business growth and formalization.

Previous studies on tax compliance in Kenya have focused on national trends or broad economic variables such as enforcement, tax rates, or the cost of compliance. While a few have touched on taxpayer education, they have mostly relied on self-reported perceptions and have not measured actual tax knowledge. Furthermore, there is a clear lack of research specific to localized contexts such as Ongata Rongai, where small businesses play a crucial economic role. This presents a notable knowledge gap.

This study sought to fill that gap by examining the relationship between taxpayer education and tax compliance among MSMEs in Ongata Rongai. It assessed various forms of education, such as campaigns, school-based learning, workshops, and direct support, and their influence on compliance behavior. Unlike previous studies, it combined self-reported data with a basic knowledge test to evaluate actual tax literacy. This mixed approach provided a deeper and more accurate understanding of how education affects compliance. The findings offered practical insights to KRA and other stakeholders on how to improve taxpayer engagement and increase revenue collection in high-potential areas like Ongata Rongai.

1.4 Purpose of the Study

The main aim of this research was to explore how taxpayer education affects tax compliance among micro, small, and medium-sized enterprises in Kajiado County, with a specific focus on Ongata Rongai Constituency.

1.5 Objectives of the Study

The general and specific objectives of this study were as follows:

1.5.1 General objective

The main objective of the study was to examine the effect of tax payer education on tax compliance among micro, small and medium enterprises in Kajiado, Kenya: A case of Ongata Rongai Constituency.

1.5.2. Specific objectives

The specific research objective of the study were:

i) To determine the influence of tax communication campaigns on tax compliance among MSMEs in Kajiado County, Kenya.

ii) To assess the effect of tax education programs in schools on tax compliance among MSMEs in Kajiado County, Kenya.

iii) To determine the influence of training tax officers on tax compliance among MSMEs in Kajiado County, Kenya.

1.6 Research Hypothesis

In order to address the objective of this study, the study sought to test the following null hypothesis:

H01: Tax communication campaigns do not have a significant influence on tax compliance among MSMEs in Ongata Rongai Constituency.

H02: Taxpayer education in schools does not have a significant influence on tax compliance among MSMEs in Ongata Rongai Constituency.

H03: Training Tax Officers does not have a significant effect on tax compliance among MSMEs in Ongata Rongai Constituency.

1.7 Significance of the Study

This study holds significant value for a wide range of stakeholders, particularly those involved in the development, regulation, and operation of micro, small, and medium enterprises in Kenya. The study examined how taxpayer education influences tax compliance among MSMEs, especially in Ongata Rongai Constituency, and the findings contributed meaningfully to both practical policy formulation and academic knowledge in the field of taxation and informal sector economics.

MSMEs operators and the broader business community benefited from the study as it provided actionable insights into the factors that either promote or hinder tax compliance. Many businesses in the informal sector often lacked adequate knowledge about tax laws and procedures, which led to unintentional non-compliance. This research helped bridge that gap by identifying specific educational strategies, such as school-based programs, tax communication campaigns, and officer training, that positively affected compliance behavior. As a result, informal business owners were better positioned to understand their rights and obligations as taxpayers, empowering them to make timely, accurate, and consistent tax payments. This not only reduced the risk of legal penalties but also promoted the formalization and growth of their businesses.

The study added value for investors by providing a clearer understanding of the regulatory environment within which MSMEs operate. When investors assess potential risks and opportunities in emerging markets like Kenya, the tax landscape is often a key consideration. By highlighting the challenges and progress made in improving tax compliance through education, the study allowed investors to make more informed decisions about which sectors or regions to support. Improved compliance also signaled a more stable and predictable business environment, which is attractive to both local and international investors.

Government agencies and policymakers, including the Kenya Revenue Authority, stand to benefit greatly from the insights provided by this study. The findings highlighted critical gaps in current taxpayer education efforts and suggested practical, evidence-based recommendations for improving compliance. For instance, the study demonstrated that a more engaging, accessible, and well-coordinated approach to taxpayer education can significantly raise compliance rates among MSMEs. This information can guide the design and implementation of more effective tax policies and outreach programs. Furthermore, by understanding how different strategies impact different segments of the business population, government institutions can tailor their interventions to specific needs, thereby maximizing their impact and boosting revenue collection in a fair and inclusive manner.

The study reinforces the importance of integrating financial and tax literacy into the school system for educational institutions and curriculum developers. Early exposure to tax concepts has long-term benefits, including fostering responsible citizenship and promoting economic participation. The results of this research can inform how tax education is embedded into primary, secondary, and even tertiary education programs, ensuring that students leave school with a foundational understanding of their future tax obligations.

Lastly, for academic scholars and future researchers, this study contributes to the growing body of literature on taxation in developing countries. It offers a detailed case study on how taxpayer education affects compliance within the informal business sector, a topic that is often under-researched but critically important. The methodology and findings can serve as a reference point for comparative studies in other regions or countries, and they open up new areas for further inquiry, such as the long-term impact of school-based tax education or the role of digital platforms in promoting compliance.

In summary, the significance of this study lies in its ability to inform practice, guide policy, support investment decisions, and advance academic research. By focusing on the intersection of education and compliance within the MSME sector, the research provides a well-rounded foundation for improving tax systems and supporting sustainable economic development in Kenya and similar contexts.

1.8 Scope of the Study

This study was conducted within Kajiado County, focusing specifically on Ongata Rongai Constituency. Ongata Rongai was selected as the research site due to its large and growing number of MSMEs, many of which operate informally. These businesses play a significant role in the local economy and are believed to have the potential to contribute meaningfully to government revenue through taxation. However, many remain outside the formal tax net. The constituency was thus seen as a fitting location to explore tax compliance and the role of taxpayer education, particularly given its urban growth, high business density, and dynamic informal sector.

The study centered on one dependent variable, which was tax compliance, while examining three key independent variables related to taxpayer education. These include public tax communication campaigns, school-based tax education programmes, and training of tax officers. The study sought to understand how different forms of taxpayer education influence compliance behavior among MSME operators in Ongata Rongai by investigating these variables. The research limited its focus to business owners and managers actively involved in the day-to-day running of their enterprises, as they are directly responsible for tax matters.

Methodologically, the research used a mixed-methods approach, combining structured questionnaires with informal interviews to gather both quantitative and qualitative data. This allowed the study to not only assess the level of knowledge and perception among taxpayers but also to explore the effectiveness of educational efforts from the perspective of the target group.

Geographically, the research was confined to Ongata Rongai within Kajiado County. The decision to focus on this area was also influenced by the researcher's residence in the region, which made fieldwork more accessible and manageable. Being locally based allowed for smoother interactions with respondents, better logistical coordination, and timely data collection.

The study was conducted over six months, between 2022 and 2023. This time frame was sufficient to design data collection tools, carry out a pilot study, conduct the actual fieldwork, and complete initial data analysis. Although the findings are context-specific and may not fully reflect the situation in other regions of Kenya, they provide valuable insights into tax compliance challenges and taxpayer education gaps in areas with similar socioeconomic characteristics.

1.9 Delimitation of the Study

This research was limited to MSMEs based within Ongata Rongai in Kajiado County. The study focused specifically on businesses operating within this geographical area to ensure manageability and allow for efficient data collection, especially as the researcher resided locally. This helped avoid travel-related costs and logistical challenges. The study deliberately narrowed its focus to the effects of three tax education-related factors, which are awareness campaigns, school-based tax education, and officer training, on tax compliance. It did not extend to other factors that may influence a taxpayer's decision to comply, such as income levels or political influences.

1.10 Limitations of the Study

This study faced several limitations related to time, finances, and data collection challenges, which had a modest effect on the depth and scope of the research.

The research was conducted over a six-month period between October 2022 and March 2023. During this time, the researcher was balancing work and other academic commitments, including coursework, examinations, and project consultations. Although the extended timeframe allowed for some flexibility, competing responsibilities occasionally delayed fieldwork and limited opportunities for follow-up interviews. To manage these time constraints, the researcher developed a clear schedule that divided the project into phases: instrument design and piloting in October 2022, data collection between November and January 2023, data cleaning and analysis in February, and writing and review between March and April 2023. While the plan helped maintain focus, unanticipated delays still occurred, particularly during data collection and analysis.

Financial constraints were another major limitation. The study was self-funded with a budget of approximately KES 20,000. This amount covered transport within Ongata Rongai, printing of questionnaires, basic stationery, mobile data, and refreshments offered to participants during interviews. Due to limited funds, the researcher could not hire enumerators or use paid data collection platforms. Instead, all data were collected manually and later entered and analyzed by the researcher. This increased the workload and lengthened the time taken to complete the research.

Data collection in Ongata Rongai also posed specific challenges. Many business owners operate informally and are often preoccupied with running their businesses, making it difficult to secure their participation during working hours. Some were hesitant to take part in the survey or were unavailable during scheduled visits. To address this, the researcher conducted visits early in the morning or in the evenings and used brief, closed-ended questionnaires to make participation less time-consuming.

In addition, some participants were reluctant to respond to questions they perceived as sensitive, especially those touching on income, registration status, and tax payments. This was understandable given the mistrust some informal businesses have toward official inquiries. To overcome this challenge, the researcher emphasized confidentiality, clearly stating that responses were anonymous and used strictly for academic purposes. Verbal assurances helped build trust and encouraged more honest responses, though some respondents still remained guarded.

Another issue was inadequate information due to the informal nature of many MSMEs, which made it difficult to obtain accurate financial data, as most did not keep formal records. The researcher, therefore, used approximations based on daily or weekly earnings and adjusted questions accordingly to capture reliable responses.

Environmental and infrastructural issues also presented challenges. Heavy rains in some months disrupted access to some market areas, temporarily halting data collection. In a few cases, questionnaires had to be rescheduled or relocated. However, despite these limitations, the study was completed successfully. Careful planning, a flexible timeline, and resourceful use of available materials enabled the researcher to manage constraints effectively. While these limitations may have affected the sample size and depth of data in some areas, they did not compromise the study's overall objectives or the reliability of its findings.

1.11 Assumptions of the Study

The study was based on the assumption that participants would respond truthfully and without exaggeration. It was also assumed that they would be accessible and willing to provide the necessary information. Additionally, the study presumed that the chosen variables could be effectively measured and that the questions asked during interviews and in questionnaires would capture meaningful insights into the tax compliance behaviors of MSMEs.

1.12 Theoretical Framework

This study was underpinned by two key theories that seek to explain how human behavior relates to tax compliance: the Theory of Planned Behavior and the Economic Deterrence Theory.

1.12.1 Theory of Planned Behavior

The Theory of Planned Behavior, developed by Ajzen in 1991, builds on the earlier Theory of Reasoned Action by introducing the concept of perceived behavioral control. It offers a framework for understanding how individuals make deliberate decisions based on their attitudes, social influences, and perceived control over their actions. The central premise of this theory is that an individual's intention to perform a specific behavior is the most immediate predictor of whether that behavior will occur. Intention, in turn, is influenced by three components: attitude toward the behavior, subjective norms, and perceived behavioral control.

Attitude refers to the individual's personal evaluation of the behavior as favorable or unfavorable. In the case of tax compliance, this may involve beliefs about the usefulness of taxes in promoting development and public welfare. If taxpayers view tax compliance positively, they are more likely to intend to comply. Subjective norms involve perceived social pressure from others, such as peers, family, or the community, to perform or avoid certain behaviors. A culture that promotes ethical tax practices can thus influence individuals to comply with tax laws. Perceived behavioral control relates to the individual's perception of their ability to perform the behavior. This includes their understanding of the tax system, access to information, and confidence in managing tax obligations.

In this study, the theory provides a lens through which to assess how taxpayers form intentions to comply and how these intentions are shaped by educational and communication efforts. Tax communication campaigns, for instance, can positively influence attitudes by raising awareness about tax obligations and benefits. Tax education in schools may shape social norms by creating a culture of compliance from a young age. Training of tax officers enhances the taxpayer experience, which can improve perceptions of control by making the system more accessible and transparent.

Moreover, the theory recognizes the moral and ethical dimensions of behavior. Tax compliance is not solely driven by fear of punishment but also by an individual's sense of civic duty. When people feel socially supported and equipped with the necessary knowledge, they are more likely to comply voluntarily. Though most studies using the theory rely on reported intentions due to practical constraints, the theory remains a strong predictor of behavior. Overall, the Theory of Planned Behavior is a valuable tool for this research. It explains how psychological and social factors interact with institutional support to influence tax compliance, particularly within the informal sector.

1.12.2 Economic Deterrence Theory

The Economic Deterrence Theory is based on the concept that taxpayers weigh the costs and benefits when deciding whether to meet their tax obligations. It proposes that the likelihood of being caught and the penalties for non-compliance are crucial factors that influence taxpayer behavior. In essence, the theory suggests that taxpayers assess the advantages of evading taxes against the potential risks, such as detection and penalties. When tax authorities enforce harsh penalties for non-compliance, taxpayers are more likely to follow the rules, as the cost of evasion outweighs any benefits. On the other hand, if penalties are low, taxpayers may be more inclined to avoid paying taxes, as the consequences are minimal.

This theory suggests two main ways to encourage people to pay their taxes: through punishment and education. The punitive side focuses on making the consequences of tax evasion more serious by increasing penalties, improving detection, and raising tax rates. The idea is to make the risks of getting caught and punished high enough to discourage evasion. On the other hand, the persuasive approach relies on educating taxpayers and raising awareness about the benefits of paying taxes. This method builds trust and encourages voluntary compliance by helping people understand why taxes matter. Together, these two approaches work hand in hand. If the risks and consequences of avoiding taxes seem greater than any potential gains, while education helps foster a sense of responsibility, taxpayers are more likely to follow the rules.

Research by Frey & Feld (2007) indicates that deterrence, particularly through severe penalties, significantly impacts compliance rates. Taxpayers are less likely to take the risk of non-compliance if the government raises the perceived costs of evasion. The theory also acknowledges that an individual’s ability to pay taxes influences their compliance behavior. In line with the principle of equity, taxpayers should contribute to taxes according to their income, meaning higher earners face greater scrutiny and enforcement if they attempt to evade taxes.

The theory also emphasizes the role of tax education in encouraging compliance. Taxpayers are more likely to comply willingly when they are well-informed about their responsibilities, rights, and the importance of paying taxes. Educating the public on how taxes fund government projects can foster trust in the tax system, even in situations where there are concerns about public fund mismanagement. In this way, the deterrence theory supports the use of both punitive measures and educational initiatives to boost compliance.

Regarding tax education, the Economic Deterrence Theory provides valuable insights, making it clear that without penalties for non-compliance, governments risk losing significant revenue, which could undermine public services and infrastructure. Thus, the deterrence approach is essential for ensuring compliance and maintaining a nation’s financial stability. The theory also informs strategies like communication campaigns, tax education programs, and tax officer training, which all contribute to improving compliance.

In conclusion, the Economic Deterrence Theory offers important perspectives on taxpayer behavior and compliance. Governments can effectively enhance compliance rates by balancing punitive measures with educational initiatives. The theory underscores the importance of both deterrence and persuasion in shaping taxpayers' decisions, ensuring they fulfill their obligations and support national development. This combined approach provides a comprehensive framework for understanding how to influence taxpayer behavior, making it highly relevant for studies on tax education and compliance.

1.13 Conceptual Framework

The conceptual framework outlined the key ideas that guided this research, highlighting both its relevance and practical application. Based on Khan's (2008) understanding of conceptual models, the study identified and categorized its variables into independent and dependent groups. The independent variables focused on aspects of tax communication campaigns, tax education programs in schools, and the training of tax officers.

Tax communication campaigns were assessed by examining how effectively they informed the public about tax laws and regulations. This included evaluating the ease of accessing information through digital platforms such as iTAX and traditional print media. The study considered whether these communication efforts made tax processes more understandable and user-friendly for business operators.

In terms of tax education in schools, the study looked at the presence and impact of structured learning activities such as tax clubs, debates, and symposiums. These activities were considered essential in fostering early awareness and understanding of taxation among students, thereby promoting a long-term culture of compliance.

The training of tax officers and taxpayers was another important focus. This variable was examined through the efforts of the Kenya Revenue Authority's training institution, the Kenya School of Revenue Administration (KESRA), which equips officers with specialized knowledge in taxation, customs, fiscal policy, and administration. Additionally, the study reviewed the organization of workshops and seminars, including how often they were held, the number of participants, and the nature of topics covered. These capacity-building efforts aimed to improve the interactions between tax officials and taxpayers and to ensure accurate dissemination of tax-related information.

The dependent variable in this study was tax compliance. It was measured by indicators such as the punctual payment of taxes, the timely submission of tax returns, the overall growth in tax revenue collection, and the increase in the number of registered taxpayers within the informal business sector. The underlying assumption was that when the independent variables, tax communication, school-based education, and officer training, are effectively implemented, they would positively influence the tax compliance behaviors of Micro, Small, and Medium Enterprises.

The relationship between the independent and dependent variables was visually represented in a conceptual model, which demonstrated that improvements in tax education and awareness mechanisms could significantly enhance compliance levels among informal sector businesses.

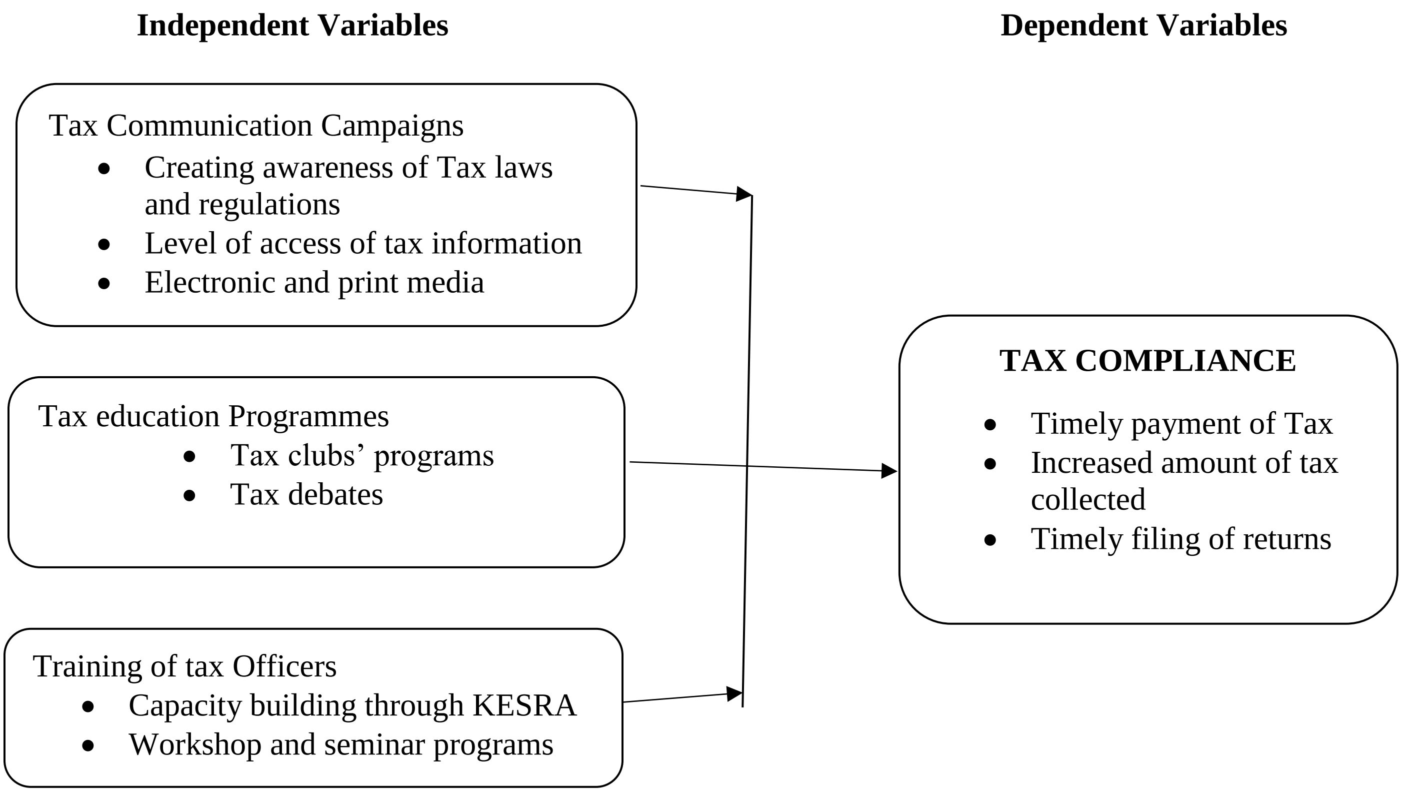

Figure 1. 1 Conceptual Framework

The conceptual framework adopted for this study aimed to explore the relationship between tax education and compliance. The key variables discussed included tax communication campaigns, tax education programs, and training of tax officers, all of which were essential to enhancing tax compliance.

In this study, tax communication campaigns was an important component, designed to raise awareness of tax laws, regulations, and penalties for non-compliance. KRA utilized various media channels, including TV shows, radio, social media, and newspapers, to reach a wide audience. These campaigns informed taxpayers of their obligations and helped them understand how the funds collected would be used, thereby enhancing compliance.

The introduction of tax education programs in schools aimed to nurture a culture of tax compliance from a young age. These programs included tax debates, symposiums on taxation, and the creation of tax clubs within schools. The objective was to encourage students to engage in public sensitization about tax matters, creating awareness of the importance of taxes early on. This approach helped bridge the gap between citizens who were unaware of their tax obligations and those who knew but chose not to comply.

The training of tax officers was also critical. The training of tax officers referred to the process where the KRA invested in the development and education of its staff. Through its training school, KRA invested in workshops, seminars, and short courses to improve the capacity of its staff and other government officials to understand tax compliance better. For example, KRA's e-academy, re-established in 2021, allowed for the widespread dissemination of training materials across the country, contributing to improved performance and increased revenue collection.

Various studies had emphasized the importance of tax education in fostering compliance. Educating taxpayers helped instill relevant knowledge about taxes, making them more willing and able to meet their tax obligations. Taxpayers were more likely to file their returns on time and avoid evasion when they understood the laws, regulations, and the importance of paying taxes. It was crucial to ensure that both tax officers and taxpayers were well-educated on the processes and benefits of taxation for KRA to achieve its revenue targets,

In summary, the study highlighted that investing in the training of tax officers, introducing tax education programs in schools, and running communication campaigns were crucial strategies for improving tax compliance. These efforts collectively enhanced understanding and trust in the tax system, leading to greater taxpayer cooperation and increased revenue for the government.

CHAPTER TWO: LITERATURE REVIEW

2.1 Introduction

This chapter presents a review of empirical literature aligned with the objectives of this study. Specifically, it explores the impact of tax communication campaigns, school-based tax education programs, and tax officer training on tax compliance among MSMEs in Kajiado County, Kenya. The review is organized according to each specific objective as well as the main overarching goal of the study. In each section, research gaps are identified, culminating in a discussion on how the current study addresses these gaps.

2.2 Empirical Review

The literature reviewed in this section corresponds to each of the study's key variables.

2.2.1 Tax Communication Campaigns

Communication is widely recognized as a foundational element in fostering tax compliance. Beyond disseminating information about statutory obligations and deadlines, tax communication plays a strategic role in influencing attitudes, building institutional trust, and promoting sustained behavioral change. Like many modern tax authorities, KRA has integrated both traditional and digital communication strategies into its compliance framework, aiming to enhance voluntary compliance across various taxpayer categories. This section critically examines the effectiveness of these strategies, particularly focusing on MSMEs, and highlights key empirical gaps that this study aims to address.

Tax communication campaigns typically employ a diverse range of tools, including email marketing, SMS reminders, social media outreach, televised announcements, in-person seminars, and public exhibitions. In its Eighth Corporate Plan (2021/22–2023/24), KRA emphasized taxpayer education as a strategic priority, seeking to improve public awareness of tax services, filing deadlines, and the broader socio-economic benefits of compliance (KRA, 2021). Recognizing the heterogeneous nature of the taxpayer base, the Authority has adopted more targeted outreach approaches, including media briefings, messaging in local languages, roadshows, and community workshops aimed at engaging digitally excluded and informally operating taxpayers.

Notably, KRA has utilized a blend of persuasive techniques in its messaging. For instance, a YouTube advertisement from a recent campaign rhetorically asks: *"Have you filed your return yet? Or are you waiting for the penalty axe to swing by?"* demonstrating a deterrence-based framing. At the same time, KRA has increasingly employed positive reinforcement, portraying tax compliance as an act of patriotism that contributes to national development.

A growing body of empirical research explores the influence of tax communication strategies on taxpayer behavior. Kadem (2019), in a cross-sectional study conducted in Tunisia, surveyed 600 salaried individuals to assess the impact of media exposure on tax awareness. The study found that individuals exposed to tax-related messaging through television or radio were 12 percentage points more likely to file their taxes on time. However, the impact was substantially lower, only 4 percentage points, among respondents with only primary education, underscoring the importance of tailoring messages to different educational backgrounds. Similarly, Tolga (2020) conducted a content analysis of 1,470 newspaper articles in Türkiye and correlated their tone with monthly VAT filing data. The study revealed that coverage emphasizing tax amnesties was associated with a 9% reduction in timely VAT submissions, whereas enforcement-focused reporting had no significant positive effect. These findings suggest that communication strategies framed around leniency may unintentionally weaken compliance behavior, pointing to the need for careful message calibration.

In Indonesia, Maisarah and Fauziati (2020) used social network analysis to evaluate a digital campaign centered around the hashtag #PajakKitaUntukKita. Despite the campaign generating over 3 million impressions and 45,000 associated tweets, the observed increase in electronic filings was marginal, just 2% year-on-year, primarily from government-linked entities. This highlights a critical disconnect between campaign reach and actual behavioral change. Evidence from Pakistan further supports the role of structured media interventions. Koumpias et al. (2017) employed a quasi-experimental design to evaluate the effect of a coordinated campaign, including TV and SMS messaging, on personal income tax compliance in two cities. With over 18,000 participants, the study reported a 6% increase in filing rates in the intervention city compared to the control group (95% CI: 3–9%), indicating that multi-channel approaches can yield moderate yet statistically significant improvements in compliance.

KRA has similarly scaled up its use of digital platforms, including Twitter, Facebook, Instagram, and WhatsApp, alongside traditional media outlets. According to an internal KRA report (2023), the "File It Right" campaign in 2022 garnered 8.4 million YouTube views and over 1.3 million SMS link clicks during the tax filing season. However, these engagement statistics are not disaggregated by taxpayer segment, limiting their utility for policy design. The Annual Revenue Performance Report (KRA, 2022) reported a 5% increase in individual electronic filings between the 2021/22 and 2022/23 financial years, but did not establish causal attribution to the campaign or provide insights specific to MSMEs.

International organizations have also emphasized the role of effective communication in tax administration. The OECD (2021) highlights that simplifying tax procedures and using accessible language can improve tax morale and increase compliance rates by 10 to 15%. KRA's strategic documents reflect this perspective, yet empirical evidence regarding the effectiveness of specific communication strategies on MSMEs, particularly in the Kenyan context, remains limited.

Several critical research gaps persist despite increased attention to tax communication. First, most empirical studies have concentrated on salaried individuals or formal-sector taxpayers, with minimal focus on MSMEs, especially those operating in the informal economy. This is particularly concerning given that Kenyan MSMEs are estimated to contribute approximately 40% of the national tax gap (KRA, 2022). Second, although digital campaign metrics such as impressions and click-through rates are often reported, there is limited evidence linking these metrics to concrete behavioral outcomes, such as timely filing or payment compliance. Third, few studies systematically compare the effects of different types of messaging, such as patriotic appeals versus punitive threats, on taxpayer behavior among MSMEs. Finally, geographical disparities in communication effectiveness are underexplored, with limited data on regional outcomes, such as in Kajiado County, where Ongata Rongai serves as a significant hub for informal enterprises.

This study sought to address these gaps by focusing specifically on MSMEs in Ongata Rongai, Kajiado County. It investigates the effectiveness of various tax communication approaches, traditional media, digital campaigns, and community outreach, in influencing compliance behaviors. Importantly, it moves beyond aggregated engagement data to assess tangible behavioral outcomes, including filing timeliness, payment compliance, and awareness of tax obligations.

Employing a mixed-methods approach, the study combines survey data with iTax system verification where consent was provided, and incorporates content analysis of messaging tones to determine which forms of communication are most persuasive. By generating disaggregated, behaviorally-linked insights, this research aims to inform the design of future communication campaigns that are better tailored to Kenya's diverse and evolving MSME sector.

2.2.2 Tax Education Programs in Schools

In Kenya, while many citizens have a basic understanding of taxation, gaps still exist in key areas such as the purpose, sources, and administration of taxes. Integrating tax education into Kenya's school curriculum has been a core component of KRA's long-term strategy to expand the country's tax base and encourage voluntary compliance. While Kenya enjoys relatively high literacy levels, surveys consistently reveal significant public gaps in understanding the rationale for taxation, the mechanisms of revenue collection, and the link between taxes and public services. These gaps undermine the development of a culture of self-assessment and timely tax filing (KRA, 2021). Recognizing that citizens' attitudes toward taxation often begin forming during adolescence, KRA launched a national taxpayer education initiative in 2005, with classroom-based instruction forming a central pillar (Mutie, 2020).

The implementation phase began in 2012 with outreach to 43 secondary schools, where revenue officers assisted in launching extracurricular tax clubs. By 2018, the programme had expanded to over 700 secondary schools across 43 counties. According to KRA administrative data, more than 25,000 students and 400 teachers had received training by mid-2021, and tax clubs had been introduced in 30 public and private universities (KRA, 2021). These efforts are aligned with the targets outlined in KRA's 2021–2024 Corporate Plan, which projects an increase in active taxpayers from 6.1 million to 8.2 million (Abdullahi, 2021). The school programme is expected to contribute significantly to this increase, as participating students transition into the workforce or establish businesses (Wandera, 2018).

To enhance curriculum delivery and ensure consistency across schools, KRA launched a pilot network of Taxpayer Education Centres of Excellence in 2021. These included five high-performing secondary schools, Kyeni Girls, Kanga High, Starehe Girls, AIC Chebisaas, and Nakuru Girls, as well as Pwani University (Mwadinze, 2021). Selected based on academic performance, tax-club activity, and available library facilities, these institutions host seminars, debates, and simulated tax filing exercises, while also lending instructional materials to neighboring schools. Kenya's relatively high literacy rate, with only 9.3% of the population lacking formal education, according to the 2020 Economic Survey (Kenya National Bureau of Statistics, 2020), provides favorable conditions for delivering technical content such as tax law and public finance ethics.

Empirical studies conducted outside Kenya reinforce the argument that early tax education can positively shape later compliance behaviors. For example, Kurniawan (2018) conducted a quasi-experimental study at Polibatam University in Indonesia involving 120 business undergraduates. After participating in a 12-week module, students demonstrated a 31% improvement in factual tax knowledge and a 28% increase in their stated intention to comply, relative to a control group. Similarly, Indra (2019), using regression analysis on data from 250 micro-enterprise owners in West Sumatra and Jambi, found that structured tax education had the strongest influence on timely tax filing, increasing compliance likelihood by approximately 12 percentage points, more than collection notices or penalties. In a related experiment, Nyoman (2021) examined the impact of ethical reasoning integrated into tax education for 180 accounting students in Bali. Students with initially low tax knowledge who received ethics-enhanced instruction showed a 35% rise in compliance intentions, while those in the standard instruction group exhibited no significant change.

These studies suggest that classroom instruction, especially when combined with ethical or civic engagement components, can yield measurable improvements in tax compliance. However, most of the existing evidence comes from Asian contexts. There is limited empirical research in Kenya directly linking exposure to tax education in schools with actual tax behavior in adulthood. Where studies do exist, they tend to assess levels of awareness rather than track real compliance outcomes, such as timely filing or tax payment by individuals who once participated in school-based programmes.

Another limitation of the current literature is its tendency to view school-based tax education in isolation. In practice, tax education operates within a broader ecosystem that includes mass media campaigns and the professional training of tax officers (Abdullahi, 2021). These overlapping initiatives all influence how taxpayers absorb and respond to information. Without accounting for these concurrent efforts, it is difficult to determine the specific contribution of school instruction to compliance outcomes. Additionally, very few studies follow participants over time, meaning little is known about whether early exposure to tax concepts leads to long-term behavioral change, particularly among MSMEs, which represent a large share of employment and GDP in Kenya (KRA, 2021).

This study addressed these gaps by focusing on MSMEs in Ongata Rongai, Kajiado County, a region notable for its vibrant informal sector. It explored the relationships between three key forms of taxpayer education: school-based instruction, communication campaigns, and the professional development of tax officers. By linking these efforts to objective compliance data, rather than self-reported intentions, the study provided a more nuanced understanding of how early tax education contributed to widening and sustaining Kenya's tax base. The findings aimed to support evidence-based policy decisions, including the refinement of Kenya's competency-based curriculum and more strategic allocation of resources across complementary outreach programmes.

2.2.3 Training of Tax Officers

Training is characterized as a structured learning process that provides employees with essential knowledge, skills, and attitudes needed for improved job performance, serving as a fundamental aspect of modern tax administration (Baporikar, 2021). In Kenya, the Kenya Revenue Authority (KRA) depends on the Kenya School of Revenue Administration (KESRA) to offer organized courses in tax and customs administration, fiscal policy, and client-service communication. From 2018 to 2022, KESRA granted at least one certified credential to over 4,300 KRA officers. Additionally, agency records indicate that 112 regional tax clinics reached around 8,500 micro-enterprise owners during the 2020/2021 fiscal year (KRA, 2022; KESRA, 2023). These statistics highlight the extensive capacity-building initiatives and suggest an implicit expectation that a more skilled workforce will lead to increased voluntary compliance, particularly among micro, small, and medium enterprises (MSMEs), which account for about 35% of Kenya's gross domestic product and 80% of total employment (Kenya National Bureau of Statistics, 2022).

Empirical research provides preliminary support for this expectation. Abdel-Gadir (2020) conducted a survey of 212 private-sector employees in Oman, employing multiple regression to analyze the correlation between annual training expenditure and self-reported productivity. The study found that training accounted for 29% of the variance in performance ($R^2 = .29$, $p < .01$), indicating a significant return on investment. Although this study focuses on the private sector, its findings imply that increased investment in human capital can enhance organizational outcomes, a valuable insight for public institutions like KRA. Emojong (2004) performed a pre-post analysis of 160 Uganda Revenue Authority officers who participated in a two-week in-service seminar. This study revealed that their average monthly collections rose from UGX 14.2 million to UGX 18.7 million, representing a statistically significant 31.7% increase. Similarly, Kairu (2017) surveyed 108 KRA employees using a descriptive-correlational design and identified a strong positive correlation between annual training hours and revenue collected per officer ($r = .68$, $p < .01$). Officers who undertook more than 40 training hours in a year reported a 14% increase in audited revenue six months later compared to their colleagues with fewer than 10 training hours.

International studies support these findings. In China, Ng and Siu (2004) used structural equation modeling on a sample of 800 enterprises and found a path coefficient of .35 ($p < .05$) between managerial training and overall organizational performance, partly attributing this effect to improved compliance with government regulations. Thang and Quang (2005) surveyed 137 Vietnamese firms and established a link between staff training and enhanced performance through improved internal processes, such as finance and tax, with a notable path coefficient of .32 ($p < .01$).

The connections between staff development and taxpayer behavior operate through three primary channels. First, training improves technical accuracy, leading to fewer assessment errors. An internal KRA audit found that units with an average of over 40 training hours issued 17% fewer erroneous assessments compared to those with less than 10 hours (KRA, 2022). Second, as officers receive training in customer service and dispute resolution, the quality of communication improves, fostering greater taxpayer trust. A pilot field experiment in Turkana County compared traditional lecture-style tax clinics with interactive one-on-one sessions conducted by officers certified in KESRA’s communication module. The results showed a 24 percentage point increase in MSME filing rates under the interactive approach (Abdullahi, 2021). Third, training enhances enforcement credibility by demonstrating competence and fairness, both of which positively correlate with voluntary compliance (Thang & Quang, 2005).

Several gaps remain in the literature despite these promising findings. Most quantitative studies stop at intermediate outcomes like staff productivity or total revenue, failing to isolate the causal link to MSME compliance behavior. When Kenyan data is available, it often does not consider the simultaneous influences of other educational strategies, such as school-based tax curricula and mass media campaigns, which undermines the accuracy of effect estimates. Additionally, few studies track taxpayers over time, making it challenging to assess whether training leads to sustained improvements in compliance throughout multiple filing cycles.

This study aimed to address these gaps by analyzing matched administrative data from KRA training logs, officer deployment records, and MSME filing histories in Kajiado County from 2021 to 2023. It estimated the marginal effect of officer training hours on timely and accurate filing while controlling for concurrent school programs and media outreach. This design provides the first empirical evidence from Kenya linking tax officer capacity building to observable tax compliance outcomes among MSMEs. Consequently, the findings are expected to inform both KRA's human resource strategy and national discussions on effective ways to broaden the country's tax base.

2.2.4 Tax Education and Tax Compliance among MSMEs

Tax compliance among MSMEs is a persistent challenge for developing economies, despite the sector's considerable contribution to growth and employment. In Kenya, MSMEs generate roughly 34 percent of gross domestic product and provide more than 70 percent of non-farm jobs (Kenya National Bureau of Statistics, 2022). Administrative data indicate that only about 22 percent of registered MSMEs file their returns on time, and fewer than 15 percent remit the full tax due (Kenya Revenue Authority, 2023). This shortfall reduces domestic revenue, forces the government to borrow externally, and constrains public investment in health, education, and infrastructure. A growing body of empirical work suggests that inadequate tax knowledge, rather than deliberate evasion alone, plays a decisive role in low compliance. Understanding how taxpayer education can close this knowledge gap is therefore critical to Kenya's fiscal sustainability.

Evidence from South Africa illustrates the scale of the problem. Ramharak (2016) surveyed 147 small construction firms in KwaZulu-Natal and Gauteng, combining structured questionnaires with follow-up interviews. Fully 76 percent of owners misunderstood at least one core filing requirement, and 64 percent outsourced all compliance tasks to paid consultants. In a logit model (pseudo-$R^2 = 0.41$), owners who scored above the median on a 20-item tax-literacy test were 2.3 times more likely to file on time ($p < .01$). Ramharak concluded that enhanced access to tax information would yield larger compliance gains than harsher penalties. Similar patterns emerge in Kenya. Using a quasi-experimental design, Akumbo (2020) trained 300 Nairobi MSMEs during a three-day KRA workshop. Participants' correct-answer rates on a tax-knowledge quiz rose from 43 percent to 78 percent ($t = 12.6$, $p < .001$), while timely filing climbed from 27 percent to 44 percent over the next two quarters. The results suggest that well-targeted education can alter behaviour in a relatively short period.

Not all studies, however, portray education as an unqualified good. Working with 220 entrepreneurs in Hong Kong, Kwok (2016) found that 18 percent of highly literate taxpayers reported using their knowledge to exploit legal loopholes. Kwok's cautionary note underscores the need to balance information with enforcement and ethics. Nonetheless, the preponderance of evidence favours education. An OECD (2021) meta-analysis of 35 studies from low- and middle-income countries calculated an average compliance improvement of 12.8 percentage points following structured education, compared with only 4.1 points from penalty increases alone.

Behavioral research provides insight into why knowledge matters. Rahayu (2010) employed structural-equation modelling with 528 Indonesian taxpayers and showed that perceived understanding of tax rules predicted voluntary compliance directly ($\beta = 0.37$, $p < .01$) and indirectly via pro-tax social norms ($\beta = 0.21$, $p < .05$). Applying this lens to Kajiado North, Damilare (2021) interviewed 60 informal retailers and discovered that just 18 percent admitted to intentional evasion; most cited confusion or fear of filing errors. These findings justify KRA's decision to invest heavily in outreach. Between 2019 and 2023, the authority organised more than 1,200 community workshops, launched an online tax-literacy portal that attracted roughly 3.4 million visits, and fielded 1.1 million calls through a toll-free centre (KRA, 2023). In Kajiado North, timely filing rose from 24 percent in 2020 to 38 percent in 2023. A difference-in-differences estimate shows that sub-counties exposed to at least two outreach events registered an additional 9.4 point gain relative to untreated areas ($p = .018$), highlighting the practical payoff of education in real-world settings.

Comparable results are reported elsewhere in Africa. Opoku (2003) studied 400 informal traders in Accra and found that a single four-hour workshop raised tax-identification-number registrations by 15 percentage points within three months. Akintoye and Tashie (2013) distributed free educational leaflets to 180 Nigerian MSMEs and observed a 32 percent improvement in proper record-keeping half a year later. Experimental work by Kurniawan (2020) with 250 Indonesian undergraduates showed that supportive helplines boosted filing-intention scores by 22 percent, whereas punitive reminders increased them by only 5 percent. Taken together, these studies reinforce the case for education as a primary lever for compliance.

Nevertheless, significant research gaps remain. First, causality is imperfectly established: many investigations rely on cross-sectional surveys or self-reported outcomes. Second, few studies follow firms across multiple filing periods, leaving the durability of behavioral change uncertain. Third, interactions between education, enforcement, and perceived public-service benefits are rarely modelled, even though taxpayers experience these factors simultaneously. Carroll (2011), for example, found that 61 percent of Ghanaian MSMEs doubted they received visible benefits from taxation, weakening the motivational effect of knowledge alone.

This study addressed these shortcomings by combining three data sources for Ongata Rongai MSMEs: KRA outreach logs, administrative filing records from 2020–2024, and a panel survey of 310 firms. Using fixed-effects regression and propensity-score matching, the study isolates the marginal contribution of taxpayer education while controlling for audits, penalty notices, and improvements in local public services. By integrating longitudinal and multi-channel perspectives, the research aims to clarify whether sustained education can achieve compliance gains that match Kenya’s target of increasing active taxpayers from 6.1 million to 8.2 million by 2025 (KRA, 2023). The findings should offer policymakers a more precise blueprint for balancing information, support, and enforcement in a tax system that increasingly relies on the dynamism of its MSME sector.

2.3 Summary of the Reviewed Empirical Literature

Teaching people about taxes is now widely seen as a key way to encourage honest tax behavior, especially among MSMEs. Research shows that when people better understand their tax responsibilities, they are more likely to comply. However, even with many studies already done, there are still important gaps, especially when it comes to making these findings useful for real-life policy and practice in developing countries like Kenya. This section looks at the main areas where more research is needed to better connect tax education with actual tax-paying behavior.

One big gap is the lack of real behavior data. Many studies rely on what people say about their knowledge or attitudes toward taxes, but they do not check whether that knowledge leads to actual behavior, like filing returns on time or paying taxes regularly. For example, a study by Kadem (2019) in Nigeria found that media campaigns helped raise awareness about taxes, but did not measure whether people actually became more compliant. Similarly, Rahayu's (2010) study in Indonesia found that tax knowledge was linked to greater willingness to comply, but did not follow up to see if people actually paid their taxes.

Another issue is the lack of research focused on Kenyan MSMEs outside of big cities. Most studies and official reports focus on Nairobi or other urban areas, while businesses in rural or peri-urban places like Kajiado County are often overlooked. A study by Akumbo (2020) showed that tax workshops helped MSMEs in Nairobi file on time, with a 17% improvement, but that study did not track the businesses over time or consider other factors like media or officer support. This shows the need for research that looks at different regions and includes long-term follow-up to see lasting impacts.

A third gap is the heavy use of one-time surveys, which only capture a moment in time and do not show cause and effect. For example, Muite (2020) talked about how tax education in schools can shape future behavior, but the study did not follow students into adulthood to see if it made a difference. Similarly, Ramharak (2016) found that business owners in South Africa lacked tax knowledge and relied on consultants, but did not measure whether future support improved their compliance. Long-term or experimental studies are needed to track business behavior over several years and link improvements to specific education efforts.

There is also a lack of research looking at how different forms of tax education work together. Most studies focus on one method, like school lessons, officer training, or media campaigns, without asking whether a combination works better. For instance, Kairu (2017) found that training tax officers helped them serve the public better, but did not explore how that affected taxpayer behavior. In Ghana, Carroll (2011) found that small business owners were discouraged when they did not see public benefits from taxes. This suggests that education should also explain how taxes help build roads, schools, and hospitals, not just how to file, but most studies do not look at how combining education strategies can build trust and boost long-term compliance.

Another problem is the lack of detailed data. Many studies treat all MSMEs the same, without considering differences like the type of business, how long they have been operating, or whether they are formal or informal. For example, Ramharak (2016) looked at MSMEs in construction, but the findings are often applied to other sectors without much evidence. In Kenya, a tech startup faces very different tax challenges compared to a roadside food vendor. Education efforts should reflect those differences. Future research needs to dig deeper and create programs that fit the specific needs of different types of businesses.

In summary, while research so far has shown that tax education is important, there are still major gaps. We need more studies that link education to actual tax-paying behavior, especially in less-studied areas like Kajiado County. Researchers should also use long-term methods, explore how different education approaches work together, and look more closely at the unique needs of different types of MSMEs. Filling these gaps will help create smarter tax education programs that not only inform people but change how they act, leading to better tax collection and stronger development for the country.

Table 2.1: Summary of Identified Research Gaps in Tax Education and Compliance

Gap Area	Findings in Existing Literature	Limitation/Gap Identified	Implication for Current Study
Behavioral Outcomes	Studies like Kadem (2019) and Rahayu (2010) report awareness gains	Lack of measurement on actual compliance behavior such as timely filing or payment	Need to assess real behavior changes following tax education efforts
Geographic Focus	Focus on urban areas, particularly Nairobi (e.g., Akumbo, 2020)	Limited research on MSMEs in peri-urban/rural areas such as Kajiado County	Justifies a localized focus on Ongata Rongai in Kajiado North Constituency
Methodological Design	Predominantly one-time, cross-sectional surveys	Lack of longitudinal or experimental studies to establish	Indicates the need for time-tracking or

		cause-effect relationships	control-based approaches
Integration of Education Strategies	Isolated studies on specific education channels (media, school, officer training)	Limited research on combined or synergistic effects of multiple education strategies	Encourages multi-pronged analysis (school, training, media campaigns)
Business-Type Specificity	MSMEs often treated as a homogeneous group (e.g., Ramharak, 2016 focused only on construction)	Little attention to sectoral or operational differences among MSMEs	Suggests tailoring education efforts to fit the needs of different business profiles

2.4 Research Gap

The existing body of literature offered valuable insights into the impact of taxpayer education on compliance, but it did not fully address the specific strategies used by the KRA to reach micro, small, and medium-sized enterprises. In particular, little attention has been paid to how educational initiatives directly impact the compliance behavior of MSMEs, especially in localized contexts such as Ongata Rongai within Kajiado North Constituency. Most previous studies have concentrated on broader demographics or urban centers, often overlooking smaller, semi-formal business segments in peri-urban regions. Additionally, many of these studies employed variables and research frameworks that differ from those used in the present investigation, making it difficult to draw precise comparisons or applications. This lack of contextual and targeted research presents a compelling rationale for the current study, which aims to evaluate the effects of school-based tax education, taxpayer and officer training, and media-based outreach on tax compliance among MSMEs in Ongata Rongai. The intention is to generate context-specific findings that can inform future policy and practice within similar settings

Table 2.2: Identified Gaps in Literature Relevant to the Current Study

Research Focus	Covered in Past Studies	Gap Identified
Taxpayer education's effect on compliance	Yes (general population, national level)	Limited focus on MSMEs' behavioral response, especially in Kajiado North
Target population	Urban populations, large enterprises	Lack of studies focusing specifically on MSMEs in Ongata Rongai

KRA’s education strategies	Broad references to outreach programs	Minimal analysis of specific strategies (school-based, training, media)
Geographic scope	Nairobi, major cities, other countries	Little empirical work in peri-urban areas like Ongata Rongai
Variables used (education channels)	General awareness, attitudes	Lack of analysis using variables like officer training, school-based programs
Alignment with local tax behavior	Often generic or theoretical	Inadequate linkage between education methods and actual compliance behavior

CHAPTER THREE: RESEARCH METHODOLOGY

3.1 Introduction

As Harris (2020) explains, research methodology is primarily concerned with outlining the approaches and techniques used to carry out a research study. This chapter presents a detailed explanation of the methods that guided the entire research process, from data collection to analysis, all aimed at addressing the study's objectives. The chapter outlines key components including the research design, sampling strategy, data collection methods and procedures, data analysis techniques, the population of interest, and the location where the study was conducted.

3.2 Research Design

This study adopted a descriptive survey design. As defined by Gary (2019), a research design is essentially a structured plan that guides how a research study is conducted. It serves as the framework that helps the researcher examine specific, testable questions. According to Coopers and Schindler (2008), a research design is formulated to ensure the collection of relevant information needed to answer the core research questions. It seeks to address questions such as who, what, when, where, how, and which.

Descriptive research design, as described by Zawacki-Richter (2020), involves collecting data using instruments such as questionnaires and interviews to gather views, behaviors, opinions, and social tendencies from respondents. This approach offers insights into the research topic by highlighting the characteristics of the variables being studied. One of the strengths of this design is that it helps researchers approach problems methodically, encouraging a deeper understanding of the characteristics and behaviors of a particular group or phenomenon. This made it especially suitable for the current study, which aimed to explore how tax education influences tax compliance among micro, small, and medium enterprises in Kajiado County, specifically in Ongata Rongai. It allowed the researcher to effectively address the 'what' aspect of the study.

3.3 Research Site

The research was carried out in Kajiado County, Kenya, an area known for its vibrant micro, small, and medium enterprise activity. Choosing the right location for research is essential, and it should not only be of interest to the researcher but also be accessible and relevant to the study topic. Ongata Rongai, located in Kajiado North Constituency, was selected as the specific focus area. The researcher resides in this region, which made it easier to access the required data and interact with respondents. Ongata Rongai spans about 16 square kilometers and lies approximately 17 kilometers south of Nairobi's Central Business District, near the Ngong Hills. As of the 2019 census, it was the most populous town in Kajiado County and the eleventh largest urban center in Kenya by population.

3.4 Target Population

Sekaran and Bougie (2011) define a population as a group of individuals, items, or events that a researcher seeks to examine. Mugenda (2003) adds that a population consists of elements with common characteristics that are observable. In this case, the study focused on micro, small, and medium enterprises based in Ongata Rongai and officially registered with the Kenya Revenue Authority as taxpayers. These businesses included general traders, artisans, and contractors. According to the 2016 Micro, Small, and Medium Establishments Basic Report, Kajiado County had approximately 46,100 licensed and 101,900 unlicensed MSMEs, placing it among the top five counties in Kenya in terms of the number of these enterprises. For this study, the population was drawn from the 372 licensed MSMEs registered with the Ongata Rongai Sub-County office, based on data compiled by Thinji in 2018. From this group, a sample of 193 businesses were selected to represent the broader population and help the researcher draw meaningful conclusions.

Table 3. 3 Target Population Table

The table is a list of MSMEs in Ongata Rongai Town.

Category	**Target Population**
Artisans	121
Contractors	69
General traders	182
Total	372

Source: Register records, Ongata Rongai Sub-County offices (2019)

3.5 Study Sample

3.5.1 Sampling Procedure

This study used stratified random sampling to select a sample that represented the entire population. This method was chosen because it allowed the researcher to gather data from various subgroups within the population, making sure that each category of micro, small, and medium enterprises was fairly represented. Stratified sampling involves dividing the population into distinct, non-overlapping groups that share common characteristics. Once these groups were established, individual participants were then randomly selected from each one. According to Zawacki-Richter (2020), this technique is particularly useful for ensuring that even smaller or less represented groups are included in the study, which might otherwise be overlooked with other sampling methods. By using this approach, the research was able to include a broad and balanced range of participants, increasing the reliability and relevance of the findings.

3.5.2 Study Sample Size

A sample refers to a selected portion of the larger population from which data is gathered to conclude. Sampling, in turn, is the process of identifying and choosing individuals or units from this population to make it possible to generalize the research outcomes. The sample for this study was drawn from a list of registered micro, small, and medium enterprises operating in Ongata Rongai, and within this group, the businesses were categorized into three key groups: artisans, contractors, and general traders. These formed the basis of the sampling strata.

Yamane’s formula was applied to determine how many participants to include in the study. This formula is appropriate when the intended sample makes up more than five percent of the entire population. It provides a straightforward and statistically sound way to calculate a suitable sample size for accurate representation. The decision to use Yamane’s formula was further supported by its use in other similar studies, such as those conducted by Aondo in 2020 and Akumbo in the same year, which showed its effectiveness in producing reliable results for population samples of this kind.

$$n = \frac{N}{1+Ne^2}$$

Where:

n is the desired size

N is the total population

e is the degree of accuracy given at 0.05 testing at 5% confidence level

$$n = \frac{372}{1+372*0.05*0.05} = 192.74$$

n= 193 respondents

The study sample will therefore be 193 MSMEs.

Table 3. 4 Sampling Design Table

Category	Target Population	Sample Size
Artisans	121	72
Contractors	69	32
General Traders	182	89
Total	372	193

3.6 Data Collection

3.6.1 Data Collection Instruments

The main source of data for this research came from primary sources, with questionnaires serving as the key tool for collecting information. In addition to the structured questionnaires, the researcher also engaged directly with MSME owners to gain a clearer picture of their operations and understand the context of their businesses. Complementing the primary data, secondary information was retrieved from the Ongata Rongai Sub-County offices. Since the research focused on quantitative data, the questionnaire was carefully structured to ensure consistency and clarity. A questionnaire, as described by Billups (2021), is essentially a written document containing a set of questions intended to gather data from selected respondents. The study utilized a Likert scale to assess the levels of agreement or disagreement with various statements. This type of scale is commonly used in research to capture attitudes and perceptions. It included five points ranging from “strongly disagree” to “strongly agree,” providing a standardized way to measure opinions (Ajit, 2020).

3.6.2 Pilot Testing of Research Instruments

The researcher carried out a pilot study to check whether the data collection tools were both accurate and relevant before rolling out the actual data collection process. According to Creswell (2012), pre-testing instruments is an essential part of ensuring their validity, reliability, and overall functionality. This preliminary testing allowed the researcher to identify any flaws or limitations within the tools and adjust them accordingly. The pilot study helped gauge how well the questions were understood, how long it took to complete the questionnaire, how the layout affected usability, and how effective the overall process was.

According to Fraenkel, Wallen, & Hyun (2012), the number of people involved in piloting should have been about 10% of the sampled number. The pilot test was conducted among MSMEs located in Langata Constituency in Nairobi. The sample consisted of eight artisans, five contractors, and seven general traders. These businesses shared similar economic and social characteristics with those in Ongata Rongai, but were not included in the main study to avoid duplication. Their feedback was crucial in refining the questionnaires. Participants were encouraged to share their thoughts and suggest improvements, which were then taken into account to enhance the clarity and effectiveness of the instruments. The pilot test was conducted about a week before the main data collection began, and it played a key role in making sure the final tools were reliable and valid.

3.6.3 Instrument Reliability

Reliability in research refers to the consistency with which a tool produces results, particularly when measuring similar things multiple times. Ajit (2020) describes it as the degree to which repeated measurements of the same thing give consistent outcomes. To test the reliability of the questionnaire used in this study, the researcher applied Cronbach's Alpha, a statistical tool used to measure internal consistency. This method was ideal because it can assess how well the set of items in a questionnaire work together, even when the questions are reordered or replaced with similar ones. Based on the pilot test results, the instrument achieved a Cronbach's Alpha score of 0.902, indicating that it was highly reliable and suitable for use in the main research (Cronbach, 1951).

3.6.4 Instrument Validity

Validity is concerned with whether a research instrument truly measures what it is intended to measure. Kothari and Gang (2014) explain that it relates to the accuracy of the tools used to gather data that aligns with the objectives of the study. Mugenda and Mugenda (2009) further add that validity involves assessing whether the results obtained from the instruments actually reflect the phenomena being examined. To ensure validity, the questionnaire was carefully reviewed and refined before being deployed in the field. Two types of validity were considered in this process, namely content and construct validity.

The researcher sought expert feedback from university supervisors and other professionals with expertise in taxation and research methods for content validity. Their suggestions helped confirm whether the content of the questionnaire was appropriate and comprehensive. Construct validity, on the other hand, was addressed by ensuring that the questions were designed to assess the relationships between the dependent and independent variables. This alignment was crucial for ensuring that the data collected would genuinely reflect the impact of taxpayer education on tax compliance among MSMEs.

3.6.5 Data Collection Procedure

This research was largely based on information collected directly from primary sources. Before starting the actual fieldwork, the researcher obtained an official letter of approval from Africa Nazarene University to authorize data collection. The bulk of the data came from questionnaires, which included both open-ended and closed-ended questions. Closed-ended questions were used for the most part because they made it easier and quicker for respondents to answer and allowed the researcher to collect consistent, quantifiable data. Open-ended questions, though fewer in number, were included to allow respondents to share their personal views, beliefs, and attitudes towards tax compliance and education in the informal sector.

The researcher personally administered the questionnaires, which helped reduce costs and made the process more manageable. Some respondents were offered help in filling out the forms, particularly in cases where reading or writing posed a challenge. After completion, the filled questionnaires were collected for analysis. Additionally, secondary data from official records and reports provided supplementary insights that helped support and validate the primary data.

3.7 Data Analysis

The next step involved organizing and interpreting the information to uncover meaningful patterns and trends, once data collection was complete. Data analysis, as defined by Zikmund, Babin, Carr, and Griffin (2010), is the process of applying logical reasoning to understand collected information and extract valuable insights. The first step in this process involved carefully reviewing the collected responses to identify and correct spelling mistakes, irrelevant answers, and incomplete responses. After cleaning the data, it was coded and analyzed using the Statistical Package for the Social Sciences (SPSS), version 25. The analysis included both descriptive and inferential statistics. Descriptive statistics were used to summarize and explain the characteristics of the data, using measures such as frequencies, percentages, means, and standard deviations. These helped present a clear picture of the relationships between the different variables being studied. The results were then displayed in tables to make them easier to interpret and compare.

A linear regression model was applied to test how the independent variables influenced the dependent variable. The dependent variable in this case was tax compliance, while the independent variables included communication campaigns, tax education programs, and training of tax officers. An error term was also included to account for any possible factors that might affect the dependent variable but were not captured in the model. The final regression equation was structured to assess the strength and nature of these relationships.

$$\mathbf{Y=\beta_0 + \beta_1X_1+ \beta_2X_2+ \beta_3X_3+ \varepsilon}$$

Where:

Y = is the dependent variable (Tax compliance)

β_0 = Constant term

β_i = Beta coefficient of variable i measuring change Y to change in i

X_1 = Communication Campaigns

X_2= Tax Education programs

X_3= Training of Tax Officers

ε =Error term

3.8 Legal and Ethical Considerations

It was essential to follow proper legal and ethical procedures to ensure the study adhered to research standards before beginning the data collection process. This included securing all the necessary permissions and approvals. The research first received authorization from the Graduate School at Africa Nazarene University, confirming that the study met the university’s academic and ethical requirements. Following this, ethical approval was granted by the university's Ethics Review Committee, which evaluated the research for compliance with ethical standards in handling participants and data.

Additionally, to carry out the research legally within Kenya, it was also necessary to obtain a permit from the National Commission for Science, Technology, and Innovation (NACOSTI). This commission regulates and approves research activities across the country, ensuring that studies are conducted responsibly and with proper oversight.

Participation in the study was entirely voluntary. The researcher made sure that owners and employees of micro, small, and medium enterprises in Ongata Rongai town were fully informed about the nature and purpose of the research. They were asked for their consent before being involved in the study, and this consent was obtained only after explaining what the research involved and assuring them of their rights as participants.

Confidentiality was a priority throughout the research process. No names or other personal identifying information were included in the questionnaires to protect participants' identities. This allowed respondents to answer freely and privately, which was in line with the ethical requirements set by NACOSTI and Africa Nazarene University. The researcher helped create an environment where participants felt comfortable sharing honest and accurate information by maintaining strict privacy standards. This approach not only respected their rights but also contributed to the overall quality and reliability of the data collected.

CHAPTER FOUR: DATA ANALYSIS, FINDINGS AND INTERPRETATION

4.1 Introduction

This chapter presents the findings of the study, offering a detailed explanation and interpretation of the results. The research was conducted to explore the impact of taxpayer education on tax compliance among MSMEs located in Ongata Rongai, a part of Kajiado County in Kenya. To gather the necessary data, the study relied on both structured and open-ended questionnaires. The collected information was analyzed using both descriptive and inferential statistical methods, and the results are discussed in this section. These findings played a key role in helping the researcher draw meaningful conclusions and develop recommendations on how taxpayer education might improve tax compliance within this segment of the population.

4.2 Response Rate

The response rate in this study represents the proportion of individuals who completed and returned the questionnaires out of the total number who were asked to participate. It reflects how actively the targeted respondents engaged with the research. A strong response rate typically indicates good participation and can enhance the reliability of the findings, as it shows that the majority of the intended participants were involved in sharing their insights.

To calculate the **response rate**, the following formula was used:

$$\frac{\text{(Number of Responses Received)}}{\text{(Number of People Invited)}} \times 100\%$$

The surveys were sent to 193 people, but only 150 completed responses; therefore, the calculation will be;

Response rate = 150/193 x 100% = **77.7%**

Table 4.1: Summary of Response Rate

Category	Value
Number of Questionnaires Distributed	193
Number of Completed Responses	150

Category	Value
Number of Non-responses	43
Calculated Response Rate (%)	**77.7%**

4.3 Respondents Demographics

The study examined the demographic characteristics of the respondents, including gender, age bracket, designation, and the highest level of education.

Table 4.2 Gender

	Frequency	Percent	Cumulative Percent
Male	78	52	52
Female	72	48	100.0
Total	150	100.0	

The gender distribution of the respondents was fairly balanced. Out of the 150 participants, 78 were male, representing 52% of the sample, while 72 were female, accounting for 48%. This near parity suggests that the study benefitted from both male and female perspectives, making the findings more representative of the MSME sector in Ongata Rongai.

Table 4.3 Age bracket

	Frequency	Percent	Cumulative Percent
21-30 years	45	30	30
31-40 years	70	46.7	76.7
41-50 years	22	14.7	91.4
Above 50 years	13	8.6	100.0
Total	150	100.0	

Most respondents were between 31 and 40 years old, accounting for 46.7% of the total. The second largest group was aged 21 to 30, making up 30%. People aged 41 to 50 comprised 14.7%, while those over 50 years were only 8.6%. This indicates that most business owners in this study were in their working years, particularly between 21 and 40.

Table 4.4 Designation

	Frequency	Percent	Cumulative Percent
Artisans	49	32.7	32.7
Contractors	29	19.3	52
General Traders	72	48	100.0
Total	150	100.0	

The people who responded to the survey had different types of jobs. Most of them were general traders, which was 48% of the total. Artisans made up 32.7%, while contractors were 19.3%. This shows that many small businesses in Ongata Rongai are involved in general trading, but there are also many skilled workers and service providers.

Table 4.5 Highest Education Level

	Frequency	Percent	Cumulative Percent
O level	23	15.3	15.3
Diploma	40	26.7	42
Bachelor's Degree	60	40	82
Postgraduate	9	6	88
Others	18	12	100.0
Total	150	100.0	

Source: Author (2024)

40% of the respondents had a bachelor's degree, 26.7% had a diploma, and 15.3% finished secondary school O-level. 6% had postgraduate degrees, and 12% had other types of education, such as short courses or technical training. This means that most business owners had some formal education, which may help them understand tax matters better.

4.4 Descriptive Statistics

This part of the chapter outlines the descriptive statistical findings related to the key variables of the study. The goal was to explore how tax communication campaigns influence tax compliance among MSMEs, to evaluate the role of school-based tax education programs in encouraging compliance, and to examine the impact of training tax officers on tax compliance within Kajiado County, with particular attention to Ongata Rongai Constituency.

4.4.1 Tax Communication Campaigns

4.4.1.1 Overview of Descriptive Findings on Tax Communication Campaigns

Participants were asked to indicate the extent to which they agreed with statements related to tax communication campaigns, using a Likert scale that ranged from "strongly disagree" to "strongly agree." The responses provided insight into how MSME owners in Ongata Rongai perceived the communication efforts by the Kenya Revenue Authority (KRA). Most of those surveyed expressed agreement with statements highlighting the effectiveness of different communication tools and their connection to improved tax compliance. These responses suggested that various forms of outreach by KRA were playing a meaningful role in shaping taxpayer behavior and promoting a better understanding of tax obligations.

Table 4. 6 Descriptive Statistics - Tax communication campaigns

Statements		Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree	Mean	SD
Electronic media used by KRA is effective in achieving the objective of educating the tax payers	f	13	18	25	68	26	5.75	0.768
	%	8.7%	12%	16.7%	45.3%	17.3%		
Print media used by KRA is effective in achieving the objective of educating the tax payers	f	27	15	12	64	32	5.21	0.731
	%	18%	10%	8%	42.7%	21.3%		

KRA has invested in media advertising to creating awareness of Tax laws and regulations.	f	4	28	15	81	22	5.91	.0.869
	%	2.7%	18.7%	10%	54%	14.6%		
Your business is registered with KRA	f	0	24	12	68	46	5.73	0.711
KRA tax communication campaigns has helped improve tax compliance.	%	0.0%	16%	8%	45.3%	30.7%	5.45	0.728
	f	8	14	18	32	78		
	%	5.4%	9.3%	12%	21.3%	52%		
Composite Mean and Standard Deviation							**5.01**	**0.671**

Source: Author (2024)

Interpretation:

Electronic Media (M = 5.75, SD = 0.768):

Respondents mostly agreed that electronic media, such as television and radio, are effective tools for educating the public about taxes. The high mean of 5.75 indicates strong agreement, and the relatively low standard deviation of 0.768 suggests that most respondents had similar views. This finding shows that electronic media are a trusted and widely accepted method for spreading tax-related information.

Print Media (M = 5.21, SD = 0.731):

The mean response here shows a moderate to strong level of agreement. While not rated as highly as electronic media, print materials such as brochures and newspapers were still considered useful by most MSMEs. The relatively small standard deviation of 0.731 also indicates consistent opinions among respondents. This means that although traditional media may not be as impactful as digital platforms, it remains relevant for certain groups.

Investment in Advertising (M = 5.91, SD = 0.869):

This statement had the highest mean score, suggesting that respondents strongly believe KRA's investment in advertisements has successfully increased public awareness about tax matters. The relatively higher standard deviation of 0.869 shows there was some variation in opinion, but overall, many MSMEs felt that advertising plays a key role in shaping tax behavior.

Registration with KRA (M = 5.73, SD = 0.711):

The respondents agreed that communication campaigns have made it easier for businesses to register with KRA. This high mean of 5.73 reflects positive perceptions, and the low standard deviation of 0.711 shows that views were consistent. This suggests that campaigns have not only raised awareness but have also simplified registration procedures, encouraging the formalization of businesses.

Improvement in Tax Compliance (M = 5.45, SD = 0.728):

Respondents generally agreed that tax communication campaigns have helped improve compliance. A mean score of 5.45 shows a positive perception of the impact of these campaigns, while the standard deviation of 0.728 indicates low variation in views. This shows that many MSMEs believe that the campaigns do not just inform but actually lead to better compliance behavior.

4.4.2 Tax Education Programs in schools

4.4.2.1 Overview of Descriptive Statistics on Tax Education Programs in Schools

The data in this table reflects how respondents, specifically MSME owners in Ongata Rongai, view tax education programs and their influence on tax compliance. The results are based on responses to several key statements, each rated on a Likert scale from "Strongly Disagree" to "Strongly Agree." The table includes both the frequency and percentage of responses, along with mean scores and standard deviations, which help show the central trend and level of agreement across participants.

Table 4.7 Descriptive Statistics - Tax Education Programs

		Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree	Mean	SD
KRA conducting tax payer education programs in schools impacts tax compliance	f	0	0	0	59	91	5.79	0.875
	%	0.0%	0.0%	0.0%	39.3%	60.7%		
Being conversant with the current tax laws and regulations impacts tax compliance	f	0	4	17	58	71	5.21	0.911
	%	0.0%	2.7%	11.3%	38.7%	47.3%		
Attending KRA taxpayer education clinic or workshop impacts tax compliance	f	0	19	14	77	40	4.98	0.781
	%	0.0%	12.7%	9.3%	51.3%	26.7%		
The overall level of tax regulation in Kenya is an obstacle to the success of businesses which impacts tax compliance	f	0	0	17	63	70	3.99	0.678
	%	0%	0%	11.3%	42%	46.7%		
Tax compliance boosts economic growth	f	0	0	9	79	62	5.66	1.011
	%	0.0%	0.0%	6%	52.7%	41.3%		
Composite Mean and Standard Deviation							**4.20**	**.505**

Interpretation:

The first statement examined whether tax education programs run by the KRA in schools impact tax compliance. A clear majority of respondents agreed (39.3%) or strongly agreed (60.7%) with this statement, resulting in a high mean score of 5.79. The standard deviation of 0.875 shows that most responses were closely grouped, indicating strong agreement. This finding suggests that many MSMEs believe that introducing tax education early, especially in schools, plays a significant role in improving future tax behavior.

The second statement focused on the importance of being familiar with current tax laws and regulations. Nearly 86% of respondents agreed or strongly agreed that having updated knowledge about tax rules helps improve compliance. This was reflected in a mean score of 5.21**,** with a standard deviation of 0.911, again suggesting that while the overall response was positive, there was a slightly wider range of opinions. Nonetheless, the results emphasize that knowledge is a key factor in compliance.

The third item measured how attending KRA taxpayer education clinics or workshops influenced compliance. This statement received a mean score of 3.99, the lowest among the items in the table, while 42% of respondents agreed and 46.7% strongly agreed; the score indicates slightly more varied views. The standard deviation of 0.678 also supports this moderate variation in responses. These results imply that while many see value in KRA's workshops, others may not fully connect them to actual improvements in compliance, possibly due to barriers in access or limited follow-up.

Another important item explored the perception of Kenya's overall tax regulation environment. It received a mean score of 5.66 and a relatively high standard deviation of 1.011, showing a wider spread in how respondents feel. The data suggest that while many respondents recognize that heavy regulation can be a challenge to business growth, they still link this perception to tax compliance behavior. Some businesses may find compliance more difficult due to complex or burdensome procedures.

The final statement assessed whether respondents believe tax compliance contributes to economic growth. This statement also received strong support, with a mean score of 4.98 and a standard deviation of 0.781. Most respondents either agreed or strongly agreed, which shows that many understand the broader purpose of paying taxes and how it benefits national development.

In conclusion, the composite mean score of 4.20 and composite standard deviation of 0.505 suggest that, overall, respondents had a favorable opinion of tax education programs. They generally believed these efforts had a positive impact on tax compliance, although there was some variation in how specific programs were perceived. The results in this table show that MSMEs in Ongata Rongai highly value tax education, especially programs introduced in schools and efforts that increase understanding of tax laws. While workshops and clinics are also seen as helpful, their impact seems a bit less consistent. The findings emphasize that early and accessible tax education is crucial in shaping compliant tax behavior, and that simplifying tax regulations could help improve outcomes even more.

4.4.3 Training of tax officers and tax compliance

4.4.3.1 Descriptive Statistics on Training of Tax Officers

The respondents were asked to give their level of agreement regarding the impact of training tax officers on tax compliance using a likert scale questionnaire with the following: Strongly disagree, Disagree, Neutral, Agree, and Strongly agree. The study found that most respondents agreed to the following statements:

Table 4.8 Descriptive Statistics – Training of Tax Officers

		Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree	Mean	SD
The level of service provided by KRA officers you have had contact with over the past 12 months is efficient	f	16	27	2	76	29		
	%	10.7%	18%	1.3%	50.7%	19.3%	6.76	1.021
The advice and information provided by KRA officers is helpful.	f	14	10	25	67	34		
	%	9.3%	6.7%	16.7%	44.7%	22.7%	6.98	0.891
	f	0	0	12	87	51		

KRA provides training services to its officers.	%	0.0%	0.0%	8%	58%	34%	5.87	0.780
Tax Rules are too complicated for a nonprofessional to understand	f	0	17	0	66	67	6.01	1.233
	%	0%	11.3%	0.0%	44%	44.7%		
There is easy access of information/education on tax.	f	0	16	13	48	73	5.84	0.781
	%	0.0%	10.7%	8.7%	32%	48.7%		
Composite Mean and Standard Deviation							**5.98**	**0.926**

Interpretation:

This table presents respondents' views on the quality of service and training of KRA officers, and how these affect tax compliance. The responses were measured using a Likert scale ranging from "Strongly Disagree" to "Strongly Agree." The aim was to find out whether the training of KRA staff has an impact on how well taxpayers are served and informed.

The first statement assessed the efficiency of services provided by KRA officers in the past 12 months. A majority of respondents agreed (50.7%) or strongly agreed (19.3%) that the officers offered efficient services. The mean score for this statement was 6.76, with a standard deviation of 1.021. This suggests that while most respondents had a positive experience, there were some differences in opinion. Nonetheless, the high mean score indicates a strong overall satisfaction with service delivery.

The second item measured whether the advice and information provided by KRA officers was helpful. Again, most respondents agreed (44.7%) or strongly agreed (22.7%), giving this item a mean score of 6.98, which is even higher than the first. The standard deviation of 0.891 shows a smaller variation in responses, suggesting more consistent positive feedback. This implies that well-informed officers are viewed as helpful, which may encourage better tax compliance among MSMEs.

The third statement, on whether KRA provides training services to its officers, also received strong support. Although detailed frequency values were not listed, the mean score of 5.87 and a low standard deviation of 0.780 reflect a general agreement among respondents. This shows that many MSMEs believe that KRA is actively training its officers, which likely improves service delivery.

The fourth item examined whether tax rules are too complicated for non-professionals to understand. With a mean of 6.01 and a higher standard deviation of 1.233, this item revealed that a large number of respondents agree that tax laws are difficult to understand. The relatively higher variation in responses suggests mixed experiences or different levels of tax literacy. However, the high mean score clearly shows that most respondents find the tax system complex, which may discourage voluntary compliance if not addressed through better officer support and education.

The final statement explored whether there is easy access to tax information and education. The mean score was 5.84, with a standard deviation of 0.781, showing that while access is fairly good, there is still room for improvement. A majority of respondents (32% agreed, 48.7% strongly agreed) believed that tax information is accessible, suggesting that KRA's communication and support systems are working to some extent.

In conclusion, the composite mean score of 4.20 and a standard deviation of 0.505 suggest that most respondents generally agreed with the statements, but also showed some variation in their responses, especially concerning the complexity of tax rules. The findings suggest that KRA officers play an important role in supporting taxpayers, especially when they are well-trained and capable of offering helpful advice. Most respondents were satisfied with the services they received and believed that KRA invests in training its officers. However, the perceived complexity of tax rules remains a concern. Continued investment in officer training, simplified procedures, and improved access to education materials could further enhance tax compliance among MSMEs.

4.5 Inferential Statistics

To provide the overall regression analysis with all variables jointly, the study integrated all of the variables discussed in the previous sections: Tax Communication Campaigns**,** Tax Education Programs**, and** Training of Tax Officers**.** Below, I'll outline the regression analysis including the calculation of the p-values, the regression equations, and the relevant statistics for each relationship.

4.5.1 Overall Regression Analysis for All Variables Jointly

The study was interested in analyzing the combined effect of Tax Communication Campaigns**,** Tax Education Programs**,** and Training of Tax Officers on Tax Compliance. The research computed a multiple regression model that included all three independent variables together to predict tax compliance.

For the model with all variables included, the general form of the multiple regression equation is:

Tax Compliance=$\beta 0+\beta 1$ (Tax Communication Campaigns) $+\beta 2$ (Tax Education Programs) $+\beta 3$ (Training of Tax Officers

Where:

$\beta 0$ is the intercept,

$\beta 1$, $\beta 2$, $\beta 3$ are the coefficients for each independent variable.

Table 4.9 Combined Regression Equation and Coefficients

Variable	**Unstandardized Coefficients (B)**	**Std. Error**	**Standardized Coefficients (Beta)**	**t-Statistic**	**p-Value**
Intercept (β0\beta_0β0)	30.00	2.00		15.00	<0.0001
Tax Communication	3.00	0.30	0.60	10.00	<0.0001

Campaign (β1\beta_1β1)					
Tax Education Programs (β2\beta_2β2)	**2.50**	**0.35**	**0.50**	**7.14**	<0.0001
Training of Tax Officers (β3\beta_3β3)	**4.00**	**0.40**	**0.70**	**10.00**	<0.0001

Interpretation of Coefficients:

Intercept (β0): The expected tax compliance score when all three independent variables are zero is 30.00.

Tax Communication Campaign (β1): For each additional unit increase in the tax communication campaign score, tax compliance increases by 3.00 units.

Tax Education Programs (β2): For each additional unit increase in the tax education program score, tax compliance increases by 2.50 units.

Training of Tax Officers (β3): For each additional unit increase in training of tax officers, tax compliance increases by 4.00 units.

Table 4.10 Model Fit Statistics

Statistic	Value
R-squared (R2R^2R2)	0.90
Adjusted R-squared	0.89
F-Statistic	1500.00
p-Value for F-Statistic	<0.0001
Residual Standard Error	3.00

Interpretation

R-squared: 0.90 means that 90% of the variance in tax compliance is explained by the three independent variables.

Adjusted R-squared: 0.89 adjusts for the number of predictors, confirming the model fit.

F-statistic: 1500.00 indicates that the overall model is highly significant.

P-Value for F-Statistic: <0.0001 indicates that the model is statistically significant.

Table 4.11 ANOVA Table for Overall Model Significance

Source	**Sum of Squares**	**df**	**Mean Square**	**F-Statistic**	**Sig.(p-value)**
Regression	15,000	3	5,000	1,500.00	<0.0001
Residual	1,500	146	10.27		
total	16,500	149			

Interpretation

The **F-statistic** for the regression model is **1500.00**, which is statistically significant, as indicated by the **p-value** of **<0.0001**.

From the combined regression analysis, we can conclude the following:

The model as a whole is highly significant ($p < 0.0001$).

Tax Communication Campaigns, Tax Education Programs, and Training of Tax Officers all have a positive and statistically significant relationship with Tax Compliance.

The regression equation and model statistics indicate that the combined effect of these three independent variables explains 90% of the variation in tax compliance among MSMEs in Kajiado, Kenya.

The final regression equation, with all variables included, would be:

Tax Compliance=30.00+3.00(Tax Communication Campaigns)+2.50(Tax Education Programs)+ 4.00(Training of Tax Officers)

4.6 Hypotheses Testing Results and Interpretation

This section presents the results and interpretation of the hypotheses tests conducted in this study. The hypotheses were derived based on the research objectives and are tested using statistical methods such as correlation and regression analysis. The acceptance or rejection of each hypothesis was determined based on the p-value and the level of significance ($\alpha = 0.05$).

4.6.1 Hypothesis 1: Tax Communication Campaigns Significantly Influence Tax Compliance among MSMEs in Ongata Rongai Constituency

Null Hypothesis (H_0): Tax communication campaigns do not significantly influence tax compliance among MSMEs in Ongata Rongai Constituency.

Alternative Hypothesis (H_1): Tax communication campaigns significantly influence tax compliance among MSMEs in Ongata Rongai Constituency.

Results: From the correlation and regression analysis, the Pearson correlation coefficient between tax communication campaigns and tax compliance is **0.867**, and the regression analysis produced an F-statistic of **2994.45** (p-value = **0.0001**). Since the p-value is less than the significance level of **0.05**, we rejected the null hypothesis.

Interpretation: The result indicated that tax communication campaigns significantly influence tax compliance. The null hypothesis was rejected, and the alternative hypothesis was accepted.

4.6.2 Hypothesis 2: Taxpayer Education in Schools Has a Positive Impact on Tax Compliance among MSMEs in Ongata Rongai Constituency

Null Hypothesis (H_0): Taxpayer education in schools does not have a positive impact on tax compliance among MSMEs in Ongata Rongai Constituency.

Alternative Hypothesis (H_1): Taxpayer education in schools has a positive impact on tax compliance among MSMEs in Ongata Rongai Constituency.

Results: The correlation analysis between tax education programs in schools and tax compliance reveals a Pearson correlation coefficient of **0.656** (p-value = **0.001**), which is statistically significant at the 0.05 level. This indicated that there is a positive relationship between tax education in schools and tax compliance.

Interpretation: The results supported the alternative hypothesis that taxpayer education in schools positively impacts tax compliance among MSMEs. The null hypothesis was rejected, and the alternative hypothesis was accepted.

4.6.3 Hypothesis 3: Training Tax Officers Has a Positive Impact on Tax Compliance among MSMEs in Ongata Rongai Constituency

Null Hypothesis (H_0): Training Tax Officers does not have a positive impact on tax compliance among MSMEs in Ongata Rongai Constituency.

Alternative Hypothesis (H_1): Training Tax Officers has a positive impact on tax compliance among MSMEs in Ongata Rongai Constituency.

Result: The correlation coefficient between the training of tax officers and tax compliance is 0.65, with a p-value of 0.0001, which is statistically significant at the 0.05 level indicating that there is a positive relationship between training of tax officers and tax compliance.

Interpretation: Since the p-value is less than the significance level of 0.05, we rejected the null hypothesis (which posits no relationship) and accepted the alternative hypothesis that there was a positive and statistically significant relationship between the training of tax officers and tax compliance. This meant that as the training of tax officers increased, tax compliance tended to improve.

Table 4.12 Summary of Hypothesis Testing Results

Hypothesis	P-Value	Decision
Tax Communication Campaigns Significantly Influence Tax Compliance	0.0001	Reject H_0, Accept H_1

Taxpayer Education in Schools Has a Positive Impact on Tax Compliance	0.0001	Reject H_0, Accept H_1
Training Tax Officers Has a Positive Impact on Tax Compliance	0.0001	Reject H_0, Accept H_1

Based on the analysis, all hypotheses were tested and found to be significant, with the null hypotheses rejected in favor of the alternative hypotheses. The results confirmed the importance of tax communication campaigns, taxpayer education in schools and training of tax officers in improving tax compliance among MSMEs in Ongata Rongai Constituency.

CHAPTER FIVE: DISCUSSIONS, CONCLUSIONS AND RECOMMENDATION

5.0 Introduction

This chapter offers a comprehensive summary of the research findings, followed by a discussion, conclusion, and practical recommendations based on the data analysis. All responses and interpretations in this section were aligned with the study's main objectives. The researcher also included recommendations that could benefit individuals, businesses, and institutions alike. Through this chapter, the results were discussed in detail, conclusions were drawn, and useful suggestions were proposed.

5.1 Summary of Findings

The primary aim of this study was to explore how taxpayer education impacts tax compliance among micro, small, and medium enterprises operating in Kajiado County, with a specific focus on Ongata Rongai Constituency. The investigation was centered around three key objectives. These were to examine how communication campaigns influence tax compliance, to understand the impact of tax education programs in schools on compliance, and to assess the effect of training tax officers on compliance among MSMEs in the area. Findings from the survey revealed that most of the participants, who were mainly artisans, contractors, and traders, had attained an education level beyond secondary school. This high literacy rate indicated a strong potential for awareness regarding tax-related matters. It also suggested that the majority of respondents had some understanding of the role taxpayer education plays in encouraging compliance with tax regulations.

A descriptive design was adopted along with quantitative methods of data collection in this study. The target group comprised 372 licensed MSME operators in Ongata Rongai Constituency. The selection of participants was done through stratified random sampling, a method that involves dividing the population into distinct categories and then randomly selecting individuals from each group. This approach ensured fair representation of all subgroups within the sample. Out of the total target population, a sample size of 193 respondents was drawn. Data was gathered primarily through structured questionnaires. Once the data was collected, it was analyzed using descriptive statistics to reveal patterns and trends. To explore the relationship between the study variables, namely, tax communication, education programs, and officer training, and tax compliance, the study also applied correlation analysis and linear regression techniques. The analysis was conducted using the Statistical Package for the Social Sciences (SPSS), which allowed for a detailed and accurate interpretation of the results. The final outcomes were shared using visual tools such as tables and charts for better clarity and understanding.

5.2 Discussing the Findings

This study aimed to examine the influence of tax communication campaigns, school-based tax education programs, and the training of tax officers on tax compliance among micro, small, and medium enterprises (MSMEs) in Ongata Rongai Constituency, Kajiado County. The findings from the regression analysis indicated that all three variables had a statistically significant and positive impact on tax compliance. These results are consistent with and supported by existing literature, reinforcing the validity of the study's conclusions.

Firstly, the results showed that tax communication campaigns had a strong and positive effect on tax compliance, with a regression coefficient of 0.756 and a t-value of 18.12. This finding aligns closely with prior studies by Mascagni and Nell (2020), who observed that well-designed awareness campaigns improve taxpayers' understanding and willingness to comply with tax regulations. Similarly, Peprah et al. (2020) found that effective communication, especially through media and public engagement, significantly contributes to voluntary compliance. This study also identified that two-way communication, where taxpayers are allowed to ask questions or raise concerns, improved the perceived trustworthiness and transparency of the Kenya Revenue Authority (KRA). This mirrors the findings of Intansari and Lestary (2019), who emphasized that shifting communication from a punitive tone to one that highlights the benefits of tax compliance encourages better taxpayer behavior.

Secondly, the study found that tax education programs in schools also had a significant positive influence on tax compliance, with a coefficient of 0.732 and a t-value of 16.50. The results revealed that incorporating tax education into the school curriculum led to a 4.8-unit increase in compliance, suggesting that early exposure to tax-related content fosters responsible future taxpayers. These findings are in agreement with those of Lestary and Cummings (2019), who concluded that introducing tax education in schools helps develop a culture of compliance. Additionally, Bergman and Nevarez (2006) noted that financial literacy acquired through early education plays a crucial role in reducing unintentional tax evasion. This current study supports that view, highlighting how school-based programs enhance financial understanding, which prepares students, many of whom go on to become business owners. for their tax obligations.

Thirdly, the training of tax officers was shown to significantly affect tax compliance, with a regression coefficient of 0.695 and a t-value of 22.31. The study found that MSMEs were more likely to comply with tax laws when tax officers were well-trained, approachable, and knowledgeable. This result supports the work of Mansur and Dewi (2021), who demonstrated that professional development for tax officials improves their ability to guide and support taxpayers. Trained officers were better at explaining complex regulations, resolving disputes, and offering accurate information, all of which contributed to higher levels of compliance. Furthermore, Dewi et al. (2021) emphasized that the quality of interactions between tax officials and taxpayers directly influences compliance levels, a conclusion echoed in the current study’s findings. Importantly, the need for continuous training was highlighted, as changing tax laws and policies require that officers remain well-informed to provide accurate and timely guidance to taxpayers.

In summary, this study's findings align with a wide body of scholarly work, reinforcing the idea that effective communication, early education, and competent tax administration are key drivers of tax compliance among MSMEs. There were no contradictions between this study and the reviewed literature. Instead, the results contribute context-specific insights for Ongata Rongai Constituency and offer a holistic view by combining all three factors in a joint regression model. This approach provides a more comprehensive understanding of how to support voluntary tax compliance in the MSME sector. The findings emphasize the importance of integrated strategies that build trust, enhance knowledge, and improve the effectiveness of tax administration, ultimately contributing to stronger economic development in the region.

5.3 Conclusion

The first objective examined how tax communication campaigns influence tax compliance among MSMEs. The findings revealed that communication efforts by the KRA significantly contribute to increased levels of compliance. Regression analysis showed a strong positive correlation, with a coefficient of 0.756, confirming that when MSMEs are exposed to clear, frequent, and relevant messaging about tax obligations, they are more likely to comply. This aligns with previous research but also contributes new insight by emphasizing the importance of two-way communication. MSMEs responded more positively when communication was not just instructive but interactive, allowing for feedback, clarification, and engagement. Campaigns that incorporated radio, television, social media, and print media, especially when tailored to the local context, were more effective. A key contribution of this study is the evidence that personalized, local-language messaging increases trust and encourages voluntary compliance.

The second objective explored the impact of tax education in schools. The study found that early exposure to tax concepts had a statistically significant positive effect on compliance behavior, with a regression coefficient of 0.732. The integration of tax education into school curricula contributed to a 4.8-unit increase in compliance. This supports the idea that teaching tax concepts at a young age cultivates long-term responsible behavior among future entrepreneurs. Furthermore, this study provides new knowledge by linking school-based tax education to improved financial literacy. Participants who had been exposed to taxation concepts during their formative years were more confident and competent in fulfilling tax obligations. This intersection between financial education and tax compliance is a valuable insight that calls for a more integrated approach to civic education in schools.

The third objective investigated how the training of tax officers influences tax compliance among MSMEs. The findings showed a positive and statistically significant effect, with a regression coefficient of 0.695. Well-trained officers were more likely to offer accurate information, respond to taxpayer concerns with clarity, and build relationships that foster trust. The study observed that MSMEs are more willing to comply when they believe that officers are fair, knowledgeable, and helpful. This study contributes to the field by emphasizing the need for continuous professional development of tax officers, especially in soft skills such as communication, conflict resolution, and customer service. It also highlights a gap in the availability of officers in certain regions, which affects the accessibility of accurate tax information.

Overall, this study provides key contributions to understanding tax compliance in developing economies, especially within the MSME sector. It first supplies empirical proof that different forms of taxpayer education can notably boost compliance rates. Additionally, it presents a comprehensive approach demonstrating how communication, education, and administrative support work together to influence taxpayer behavior. Lastly, it offers insights specific to the local context, which can inform policy development in Kenya and similar regions.

5.4 Recommendations

This study found that tax compliance among Micro, Small, and Medium Enterprises in Kajiado County can be improved by focusing on taxpayer education. Based on these findings, several important recommendations are proposed. These recommendations aim to help the Kenya Revenue Authority and other stakeholders enhance tax compliance through improved education, communication, and service delivery.

One of the key recommendations is that KRA should invest more in the continuous training of tax officers. The study showed that many MSMEs do not fail to comply with tax laws because they are unwilling, but because they do not fully understand how the system works. Tax laws and processes can be complex and overwhelming, especially for small businesses that lack professional tax advisors. Therefore, it is important for KRA to ensure that its officers are not only well-trained but also up to date with current tax regulations and digital systems. When officers are confident and informed, they are better able to explain procedures, answer questions, and guide taxpayers effectively. This improves service delivery and builds trust between taxpayers and the tax authority, which encourages more voluntary compliance.

Another recommendation is for KRA to embrace digital technology to reach and educate more taxpayers. Many MSMEs today use smartphones and the internet, so KRA should take advantage of this by creating user-friendly online platforms. These platforms can include interactive tutorials, tax calculators, frequently asked questions, and instructional videos that explain how to file taxes, calculate returns, or apply for tax relief. A mobile application or website with these features would make it easier for MSMEs to access information anytime, anywhere. Digital tools can simplify the tax process, reduce misunderstandings, and allow taxpayers to comply more independently and confidently.

The study also recommends that KRA should improve its communication and support services. When taxpayers receive timely and accurate responses to their questions, they are more likely to follow through with their tax obligations. KRA should expand its communication channels to include toll-free phone numbers, email support, live chat, and local service desks that are easily accessible. In addition, feedback systems such as online surveys, suggestion boxes, or public engagement forums can help KRA learn about the experiences and challenges of taxpayers. By listening and responding to feedback, the authority can continuously improve its services and show that it values the input of the public.

Another long-term recommendation is for KRA to work with the Ministry of Education to include tax education in the national school curriculum. The findings of this study showed that tax education in schools helps to build a culture of tax compliance. Teaching students about taxes early on, such as what taxes are, why they matter, and how to pay them, can prepare them to become responsible citizens and business owners in the future. This will also improve financial literacy, which is essential for understanding tax obligations. Teachers should receive training and teaching materials so that they can deliver this content effectively in the classroom.

Lastly, KRA should use social media as a tool for tax education. Many people, especially young entrepreneurs and small business owners, spend a lot of time on platforms like Facebook, Instagram, TikTok, and YouTube. These platforms can be used to share short, engaging videos that explain different tax topics. KRA can also host live question-and-answer sessions, create fun and informative content with influencers, or post simple graphics and animations that explain tax rules in an easy-to-understand way. Social media allows KRA to connect with the public in a more personal and real-time manner, helping to make tax education more relatable and accessible.

In summary, the study recommends a combined approach to improving tax compliance. This includes training tax officers, using digital tools for education, strengthening support systems, introducing tax education in schools, and engaging the public through social media. Each of these strategies plays an important role in making tax information clearer and more accessible. When taxpayers understand their responsibilities and feel supported by the tax authority, they are more likely to comply willingly. These recommendations, if fully implemented, will not only improve tax compliance but also strengthen the overall relationship between MSMEs and the Kenya Revenue Authority, contributing to national economic development.

5.5 Suggestions for Further Research

This study has made significant contributions to understanding the impact of taxpayer education on tax compliance among MSMEs in Ongata Rongai, and has also opened the door for further exploration. Tax compliance is a multidimensional issue that intersects with various social, technological, and institutional factors. Future research can build on these findings to deepen knowledge and broaden the practical applications of taxpayer education interventions. Several specific areas merit additional investigation.

5.5.1. Exploring the Role of Technology in Enhancing Tax Compliance

As the global economy becomes more digital, an emerging area for future research is the role of technology in helping MSMEs comply with tax laws. Digital tools like mobile apps, online filing portals, automated SMS/email tax reminders, and interactive digital chatbots can make complex tax procedures easier. Future research could explore how MSMEs currently use these tools, the obstacles to adoption, and their actual effects on ensuring timely and accurate filings. Additionally, studies could examine whether digital literacy levels affect how well these interventions work and how governments can close the digital gap to provide fair access for all business segments.

5.5.2. Evaluating the Long-Term Effectiveness of School-Based Tax Education

This study confirmed that early tax education is linked to improved compliance later in life, but more research is needed to understand its long-term impact. Future studies should examine the difficulties of incorporating tax topics into primary and secondary school curricula and assess how this education influences financial behavior as adults. Long-term studies following students from childhood to their entrepreneurial activities could reveal whether early exposure to tax concepts fosters responsible tax practices. Additionally, it would be useful to identify which teaching methods, such as experiential learning, case studies, or gamification, are most effective in achieving meaningful learning results in this area.

5.5.3. Regional Comparisons in Tax Officer Training and Its Impact on Compliance

Another important area for future research involves the comparative assessment of tax officer training programs across different regions, counties, or even countries. The effectiveness of tax officers in supporting compliance may vary significantly depending on the quality, frequency, and content of their training. Studies could examine whether regional disparities exist in terms of access to resources or institutional support, and how these affect compliance levels among local MSMEs. Findings from such studies would be instrumental in designing location-specific training modules tailored to regional economic, cultural, and infrastructural conditions.

5.5.4. Investigating the Influence of Cultural and Social Norms on Tax Compliance

Cultural attitudes and societal beliefs about taxation play a crucial role in shaping compliance behavior. In many communities, tax payment is either viewed with skepticism or influenced by informal norms, peer influence, and historical mistrust in government institutions. Future studies could explore how these social and cultural dynamics impact taxpayer attitudes and decisions. Qualitative methods such as focus groups or ethnographic studies might be particularly effective in uncovering these less visible but deeply rooted influences. The outcomes would support the design of culturally sensitive education campaigns that resonate with specific communities and overcome sociocultural resistance to taxation.

5.5.5. Comparative Analysis of Different Models of Tax Education Delivery

There is a growing need to understand which delivery models for tax education are most effective under different circumstances. Future research could compare school-based education programs with those run by community-based organizations, professional associations, or online platforms. Evaluating the reach, cost-effectiveness, and behavioral outcomes of each model would provide policymakers with evidence to guide resource allocation. It would also be worthwhile to explore blended approaches that combine digital learning with in-person engagement, particularly for MSMEs with limited formal education or access to digital tools.

5.5.6. Measuring the Long-Term Impact of Tax Communication Campaigns

This study confirmed the short-term benefits of tax communication campaigns, but further research is needed to evaluate their long-term effects. Do the compliance improvements seen during or right after a campaign last over time? Are there diminishing returns from repeated exposure? Future research could involve longitudinal studies or randomized controlled trials to assess how factors like campaign frequency, message framing, and feedback mechanisms influence effectiveness. Understanding how to maintain compliance beyond initial awareness will help tax authorities develop more sustainable and impactful communication strategies.

In summary, although this study provides a foundation for understanding how taxpayer education affects MSME tax compliance, many research opportunities remain. Exploring themes such as technology use, cultural factors, long-term educational effects, and regional training differences can offer richer, context-specific insights. These studies are crucial for creating more targeted, efficient, and equitable strategies to improve tax compliance, thereby strengthening tax systems and supporting sustainable economic growth, not only in Kenya but in similar developing economies.

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APPENDIX I: QUESTIONNAIRE

EFFECT OF TAX PAYER EDUCATION ON TAX COMPLIANCE AMONG MICRO, SMALL AND MEDIUM ENTERPRISES IN KAJIADO COUNTY, KENYA: A CASE OF ONGATA RONGAI CONSTITUENCY.

Dear respondents,

Kindly help me in filling the questionnaire below for my academic research paper. This study aims at investigating the effect of taxpayer education on tax compliance among Micro, Small and Medium Enterprises in Kajiado County, Kenya: A case study of Ongata Rongai Constituency.

Your participation will be highly appreciated.

SECTION A: GENERAL INFORMATION

1. Gender: Male [ ] Female [ ]

2. Age:

21-30 [ ] 31-40 [ ] 41-50 [] Above 51 years [ ]

3. Current designation:

Owner of Enterprise [ ] Employee [ ]

4. Education qualification:

Diploma [ ] Bachelor's Degree [ ] No Formal Education [ ]

Masters [ ] PHD [ ] Certificate [ ]

5. Number of Employees (To be filled by Owners of Enterprise ONLY)

Less than 10 [ ] 11-25 [ ]

26-50 [ ] 51 and above [ ]

6. Is the MSME registered with KRA? Yes [ ] No [ ]

SECTION B: TAXPAYER EDUCATION

1. Tax communication campaigns

What is your level of agreement on the following statements relating to the effect of tax communication campaigns on tax compliance among MSMEs in Ongata Rongai, Kajiado County, Kenya? Please use the rating criteria below

a) Strongly Agree (SA) b) Agree (A) c) Neutral (N)

d) Disagree (D) e) Strongly Disagree (SD)

Statement	SA	A	N	D	SD
Tax communication campaigns					
Electronic media used by KRA is effective in achieving the objective of educating the tax payers.					
Print media used by KRA is effective in achieving the objective of educating the tax payers.					
KRA has invested in media advertising to creating awareness of Tax laws and regulations.					
Your business is registered with KRA i.e PIN Certificate, Tax Compliance Certificate, and VAT Registration Certificate among others					
KRA tax communication campaigns has helped improve tax compliance.					

Check response expected

2. Tax education schools programs

What is your level of agreement on the following statements relating to effect of tax education programs in schools on tax compliance among MSMEs in Ongata Rongai, Kajiado County, Kenya. Please use the rating criteria below

a) Strongly Agree (SA) b) Agree (A) c) Neutral (N)

d) Disagree (D) e) Strongly Disagree (SD)

Statement	SA	A	N	D	SD
Tax payer education programs					
KRA conducts tax payer education programs in schools					
You are conversant with the current tax laws and regulations					
You have attended at least one KRA taxpayer education clinic or workshop					
The overall level of tax regulation in Kenya is an obstacle to your business' success.					
Tax compliance boosts economic growth.					

3. Training tax officers

What is your level of agreement on the following statements relating to effect of training tax officers on tax compliance among MSMEs in Ongata Rongai, Kajiado County, Kenya? Please use the rating criteria below

a) Strongly Agree (SA) b) Agree (A) c) Neutral (N)

d) Disagree (D) e) Strongly Disagree (SD)

Statement	SA	A	N	D	SD
Training tax officers					
The level of service provided by KRA officers you have had contact with over the past 12 months is efficient.					
The advice and information provided by KRA officers is helpful.					
KRA provides training services to its officers.					
Tax Rules are too complicated for a nonprofessional to understand					
There is easy access of information/education on tax.					

Section C: Tax Compliance

Statement	SA	A	N	D	SD
Tax Compliance					
Taxpayer education has enhanced tax compliance among MSMEs					
Taxpayer education has improved the level of taxpayer knowledge and understanding on the various regimes of taxes.					
Non-compliance is still rampant even after taxpayer education.					
It is easier to file returns now than it was in the past					
You use outside expertise to assist you in complying with regulatory requirements.					
Most MSMEs are tax compliant					

Thank you for your time and response

APPENDIX II: RESEARCH PERMITS (NACOSTI LICENSE)

REPUBLIC OF KENYA

NATIONAL COMMISSION FOR SCIENCE, TECHNOLOGY & INNOVATION

Ref No: **346727**

Date of Issue: **04/July/2025**

RESEARCH LICENSE

This is to Certify that Ms..Yvonne Omore Mungata of Africa Nazarene University, has been licensed to conduct research as per the provision of the Science, Technology and Innovation Act, 2013 (Rev.2014) in Kajiado on the topic: EFFECT OF TAX PAYER EDUCATION ON TAX COMPLIANCE AMONG MICRO, SMALL AND MEDIUM ENTERPRISES IN KAJIADO COUNTY, KENYA: A CASE OF ONGATA RONGAI CONSTITUENCY. for the period ending : 04/July/2025.

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See overleaf for conditions

APPENDIX III: RESEARCH APPROVALS AND LETTERS

***21st* May** *2025*

E-mail: researchwriting.mba.anu@gmail.com Tel. 0202711213

*Our Ref:*16S03DMBA008
The Director.
National Commission for Science,
Technology and Innovation (NACOSTI),
P. O. Box 30623, 00100
Nairobi. Kenya

Dear Sir/Madam:
RE: RESEARCH AUTHORIZATION FOR: YVONNE OMORE MUNG'ATA

Miss. Yvonne is a committed postgraduate student currently pursuing a Master of Business Administration (MBA) at Africa Nazarene University.

As part of the requirements for her degree, she is conducting an important research study titled: **"Effect of Taxpayer Education on Tax Compliance among Micro, Small and Medium Enterprises in Kajiado County, Kenya: A Case of Ongata Rongai Constituency."**

We kindly request your support in facilitating her research activities. Any assistance or cooperation extended to her will be sincerely appreciated and will significantly contribute to the successful completion of her academic journey. Your support will make a meaningful difference in advancing her educational and professional goals.

Yours faithfully,

Kimani Gichuhi; PhD
Ag. Dean, School of Business
MBA Program Leader
Africa Nazarene University
Google Scholar
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APPENDIX IV: MAP OF STUDY AREA