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Effect of Revenue Enhancement Measures on Financial Performance of County Governments in Kenya

County Governments run independently from the National Government. They receive allocations from the commission of revenue allocation and are required to generate their own revenue locally. Despite the expansive measures of enhancing revenue, county governments in Kenya have been performing dismally with regard to the local revenue generation according to the controller of budget reports. This led most of the county governments to develop and implement various revenue enhancement measures in the quest to generate more revenue. It is however not clear which measures work well towards increasing the revenue collected. The main purpose of this study was to find out the effect of revenue enhancement measures on the financial performance of county governments in Kenya. Revenue enhancement measures considered in this study include;- revenue systems automation, revenue reforms, revenue amnesty, staff competence, strategic partnerships and internal controls. Nassiuma (2000) formula was used to come up with a sample size of 17 county governments. The statistical techniques used include; descriptive statistics, diagnostic tests, ANOVA and a regression analysis. The study found out that not all the revenue enhancement measures have a positive statistically significant effect on the financial performance of county governments and thus policy makers need to carefully evaluate every revenue enhancement measure before implementing it in order to reap the benefit.

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