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**INFLUENCE OF TAX MANAGEMENT STRATEGIES ON PERFORMANCE OF BODA BODA INDUSTRY IN BUNGOMA COUNTY-KENYA**

**Moses Wanyama Mutoro<sup>1\*</sup> & Dr. Peter Simotwo<sup>2</sup>**

<sup>1\*</sup>Scholar, Mount Kenya University, Kenya

<sup>2</sup>School of Business and Economics, Mount Kenya University, Kenya

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**ABSTRACT**

The public motorbike company in Kenya has swiftly become a source of income for many families and a handy way of transportation for passengers and office tasks, despite the fact that it is a relatively new phenomenon in the country. Kenya's economy is significantly impacted by the transportation sector. It is clear that the boda boda subsector has a great deal of potential and is a key contributor to the generation of large money for the nation. Within the context of Bungoma County, Kenya, the purpose of this research was to investigate the influence that tax management tactics have on the economic performance of the boda boda business. This study investigated the impact that corporate structure and tax credit leverage had on the overall performance of the sector. In this study, a descriptive research approach was adopted, and the target population consisted of 2327 individuals who engaged in the research. Using the Krejcie and Morgan table (1970), the researchers used a stratified random selection method to choose the participants for the study. The total number of participants was 331. Structured questionnaires were used in the research project for the purpose of data gathering. A descriptive statistical analysis was performed on the quantitative data, and the results were given in tables. According to the findings of the research, the performance of the boda boda sector is influenced by a number of different techniques that are associated with the management of taxes. These strategies include company structure and tax credit leveraging. For the purpose of improving the performance of the boda boda sector in Bungoma County, Kenya, it was advised that policy makers and the community should take into consideration a variety of tax management tactics. These strategies include company structure and tax credit leveraging.

**Keywords:** *Business Structuring, Tax Credit Leverage, Performance, Boda Boda Industry*

**INTRODUCTION**

Tax management is very important for every government in the world over as it enables the governments of the day to acquire assets which are debt free and which the government uses to grow its economy (Ngotho & Kerongo, 2014). More importantly, high revenue collection performance is significant to promote optimality in the service delivery and economic development at the counties. However, studies, other journal publications and documentaries available, have shown that most governments face serious challenges in their revenue collection performance (Balunywa, 2014), where governments are not able to collect sufficient funds to cover their budget expectations. For years, revenue collectors have not been channeling all the

amount of money they collect to the County Treasury .For instance, revenue collection staff may collude with the revenue payers to avoid paying the prescribed charges and instead bribe the collector to shield against paying the correct amount to the County government. The net influence could be a bigger loss, which shall deter county economic development, growth and improved service delivery (Mutakha, 2011; Mwangi, 2010).

The origin of boda boda industry was the manufacture and sell of low-cost motorcycle machinery from India and China. (Daily Monitor, 2015). China is one of the largest motorcycle producers in the world (Statista 2022). Tax revenue in China emanates from production and sale of motorcycle, which contributes enormously to the budget of China. By 1951, there was also wide level of motorcycle transportation of people and Cargo in difficult roads and low traffic mobility of cars. This industry in China has evolved from single model to more complex and sophisticated models. By 2014, there was over 8 million motorcycles registered in visited states of America. By 2002, China had about 34 million motorcycle, (Broughton, 2015). India had 23 million motorcycles in 1997 (Pendakur, 1997).

In 2021, China's motorcycle industry generated about 151.4 billion Yuan, an increase by 39.4 % from the previous year (136 billion Yuan). China has a strategic approach to tax management from motorcycle industry that witnesses the country maximize returns from the sector through sales and transport. These are no such gaps to compromise these returns.

The biggest global motorbike markets are China, Asia, India, Vietnam and Indonesia. During the 2008 global economic recession, motorbike market grew by 6.5%, the market has continued to enjoy, and experience increased market share over the years all over the world. This growth was mainly contributed by urban congestion and the ever-increasing fuel prices (Nkede, 2012). The restructuring of the World Bank in the 1980s and the global economic downturn have influenced economic growth in the developing world. This created the need for developing countries to restructure their public transport systems that included taxis and buses (Kumar, 2011). In Nigeria, there was inadequate transport services and great mobility problems (Oyesiku & Odufuwa, 2010). Because of these inadequacies, there was an emergence of motorcycle and tricycle to help curb the transport constraints. Today, motorcycles locally known as "Okada" form an integral part of the public transport system in Nigeria both in the rural and urban centers (Ogunsanya & Galtima, 2003).

In Africa, the motorcycle industry was introduced and spread in Uganda, Ghana, Nigeria, Cameroon roads in 1950s (Odera, 2015). It grew very fast due to increased demand for low public transport cost machinery from India and China. By the year 2013 there was an estimate of 300,000 boda boda operating in public transport sector in Uganda with an estimate of only 120,000 registered motorcycles (daily monitor 15<sup>th</sup> September 2015 Nation Media Group). This means, only 40% of all the operating boda boda in Uganda with an average of Ush. 10,000-20,000 per day or about Ush. 600,000 per month will pay tax. (Daily monitor 2015)

This industry is found dominating other parts of Africa, and other countries in the world, more so it is commonly used by ne passenger and popular in areas where moto vehicles cannot easily pass. It has considered appropriate by most passengers who feel in hurry travelling short distances. Like other transport modes, boda boda industry is expected to contribute to the National government through county governments to support the national budget. Kenya as a county has over 6,000,000 registered boda boda motorcycles out of 4.8 million motorcycles (Njoroge, 2018) with poor performance in tax payment of 12.25% of the target by 2020 (CFSP, 2019/2020).

Bungoma County is one of the counties in Kenya with the highest number of boda boda motorcycles. It has a very weak tax base. Bungoma County has ten sub-counties Tongaren, Webuye East, Webuye West, Kimilili, Bumula, Sirisia, Kabuchai, Kanduyi, Mt. Elgon and Bungoma North Sub Counties. The total number of registered boda boda motorcycles in Bungoma County is 600,000 (Njoroge, 2018).

With transition from county Council of Bungoma and municipal council of Bungoma municipalities authorities to County government of Bungoma under devolved governments, tax management of boda boda has not taken shape. Therefore low contribution by this boda boda industry to general performance of tax in Bungoma County.

In Kenya, boda boda (bicycles) began in 1950s as the riders crossed the border from Uganda to Kenya, mostly to dodge customers' officials. The riders will shout "border-to-border" to signify the long distance covered by their potential customers (JOCOM, 2022). Therefore, the name boda boda became popular in East Africa and commonly used by the people of Kenya today. Out of 4.8 million motorbikes in Kenya by end of 2017, an estimate of 600,000 motorcycle are commercial operating as boda boda (Njoroge, 2018). On average, most boda bodas take home Ksh. 1000 per day. This means the half from boda boda per day is about half a billion.

Wanjiru, (2016) observes that Boda boda riders in Kenya make more money than office employees. This according to her, the high income and less taxable revenue received in cash, working day and night have higher returns compared to most office employees of average cadre. According to Jitters (2021) on Tax Spook, tax revenue from boda boda depends on tax rates every after National budget. The data retrieved from KNBS when the cabinet secretary introduced 15% excise duty on motorcycles in 2021. When compared to previous year, economic survey 2020 shows boda boda and "tuk tuk" registration by 22, 172 units, defying economic times that hit Kenya from Covid-19 (Igadwa, 2021).

This shows that tax has direct impact on performance of boda boda in Kenya. In the year 2018, the Government of Kenya through National Crime Research Centre (NCRC) carried out a study on the boda boda motorcycle Transport and security challenges in Kenya on 24 selected counties Bungoma County being among them, reported that the exact number although according to NTSA, the registered boda boda was 1,393,390 by Feb 2018

They further reported that the effect of the government to Zero rate motorcycles up to 250cc in 2008 for the purpose of creating jobs and spur development led to significant decrease in the cost of the motorcycles causing influx and explosion of motorcycles in Kenya. This industry did not have regulation, monitoring and designation as public service vehicles (PSVs). This therefore had a direct impact on the tax management by boda boda industry in Bungoma.

In 2010, Kenyans promulgated a new Constitution. One of the pillars of the Constitution is devolution centered on 47 county governments. The constitution grants counties the freedom to generate revenue to implement their functions. Article 209 (3) of the Constitution empowers the county governments to impose two types of taxes and charges. The sources of county government revenue include revenue generated locally, revenue received from the national government, and revenue sourced externally. These local revenue sources are property rates and entertainment taxes. The county governments can also impose charges for any services they provide in accordance with the stipulated laws.

As part of the devolution process, county governments are mandated to provide the essential services to its citizens such as good education, health care and good roads. Each county receives a percentage of funds from the national government depending on some factors such as poverty level index. This amount received from the national government is not sufficient to provide these

services. To ensure sustainability, counties are expected to generate their own income. It is therefore very necessary to have a good and strong foundation of an automated revenue collection management system. The county governments contends with slow performance in own-source revenue because of the following: Weak revenue management leading to revenue leaks, under collection and poor revenue management; ineffective revenue monitoring and control systems; lack of updated revenue databases; lack of enumeration and classification of revenue source. Other reasons are: Slow pace to enact revenue legislation; low capacity support in revenue function; and slow progress towards automation and integration of revenue functions. Also, inadequate political goodwill from both arms of county government.

The commission is mandated under Article 216 (3) (b) of the Constitution to define and enhance revenues sources to both the national and county governments. Further Article 216 (c) mandates the commission to encourage fiscal responsibility. In furtherance of its mandate, the commission engaged with county governments in recommending ways of enhancing their local revenue through automation. In the FY 2013/14, the commission, the National Treasury and other stakeholders jointly developed county revenue automation guidelines to be strictly followed by counties while procuring revenue management systems. While some have followed these guidelines, others have not, leading to mixed outcomes.

According to Bungoma County Fiscal Strategy paper 2021, Tax performance of boda boda in the year 2020, was far away from the target. The expected revenue from boda boda sector was Ksh. 9,411,000 but the actual revenue collected was Ksh. 1,153,115. This represents only 12.25% of the target. There is a big gap in tax management in Bungoma County from boda boda industry.

#### **Statement of the problem**

There are a significant number of boda boda motorbikes in Kenya that are not controlled, monitored, or designated by the Public Safety Vehicles, as stated by the National Crime Research. In addition to being a formula for criminal activity, the administration of Bungoma County does not have a structured model of netting, which would allow all of the motorbikes in the county to be used as personal service vehicles (PSVs) in order to broaden the county's revenue base. The county will be ready by February 2021. It is estimated that the county administration of Bungoma will only be able to collect 12.25 percent of the objective from the boda boda business by February 2021.

The Bungoma County Fiscal Strategy document 2022 states that the revenue collection by December 2022 was lower by 4.41% compared to the fiscal year 2021/2022. This decrease in revenue collection may be linked to a number of factors, including the implementation of monthly stickers for personal service vehicles (PSVs) and the closure of bus park fees (from the transportation sector).

The boda boda business in Bungoma has implemented organized packing tax collection tactics in Bungoma town, while other towns in Bungoma County do not have such plans in place. The proportion of tax that has been collected is a long way from reaching its aim.

The most recent directive from the administration of the Bungoma County government urges the majority of boda bodas to pay tax by means of yearly stickers that cost Ksh. 500 and were brought into effect in 2011. However, you are still permitted to pay a daily tax of thirty Kenyan shillings and get a receipt even if you are unable to fulfill this criterion. Some people continue to avoid paying taxes by using illegal routes or by paying less than this amount without receiving a receipt. In addition to this, there are still a significant number of motorbikes that are operating as boda bodas and have permits issued by the TLB. It is very obvious that the administration of Bungoma County does not possess the enforcement techniques in the procedures for tax

collection. It is not possible to find monitoring and implementation solutions that make use of stickiness in Bungoma. The goal of this study is to develop tax management techniques that will address the gaps that now exist in tax management and expand the tax base in Bungoma County by at least 80 percent of the target amount.

### **Research Objectives**

- i. To assess the influence of business structuring on performance of boda boda industry in Bungoma County, Kenya.
- ii. To examine the influence of tax credit leverage on performance of boda boda industry in Bungoma County, Kenya.

## **LITERATURE REVIEW**

### **Theoretical Framework**

#### **Revenue Diversification Theory (RDT)**

According to the findings of a research that was carried out by Bernelot (2013), charitable organizations that have a revenue portfolio that is comprised of a diverse range of sources of income have a tendency to enjoy more monetary stability. An investigation on the revenue diversification method that results from the cash flow is presented in this paper. County governments have embraced Modern Portfolio Theory as a viable income strategy in order to increase their resources. According to Bernelot (2013), the revenue diversification hypothesis was developed to investigate the influence that having a more diverse and balanced income portfolio has on the financial stability of counties. This is accomplished by minimizing the volatility of revenue. In terms of money, the methods that are implemented in order to increase revenues have a positive influence. The implementation of revenue strategies that are directed toward the market and commercial enterprises may have a good impact on the performance of revenue collection.

#### **Resource Based View Theory (RBV)**

The resource-based perspective theory is a theoretical framework that is commonly used in the field of strategic management, as stated by Martinez-Costa et al. (2008). It indicates that the resources and skills that a company has, which may provide it an edge over its competitors, are the primary factors that define the success of a company. For a considerable amount of time, academics have established a connection between dynamic capabilities and Resource Based View (RBV). They have characterized RBV as an essential strategic and organizational technique that managers apply in order to adapt their resource bases and build novel methods for producing value (Helfat and Peteraf, 2003). According to Protogerou et al. (2008) and Ambrosini et al. (2009), dynamic capabilities serve as an essential connection between a company's resources and the ever-evolving business environment. This relationship enables the company to retain a sustainable competitive edge. The theory is very beneficial since it employs revenue collection performance metrics as indicators to assess the effectiveness of the county in accomplishing specified plans, objectives, and important success elements (Hass et al. 2005).

### **Empirical Review**

#### **Business Structuring on Performance of Boda Boda Industry**

According to the conclusions of a research study that was carried out by Masanga (2010), behavior was discovered to be a key predictor of the performance of the 'Boda Boda' Transport firm. This was shown by the investigation that was carried out. In order to establish the elements that have led to the success of the 'Boda Boda' Transport firms in Siaya County, the goal of this research was to determine those factors. It has been observed that people who possess the proper values have been able to achieve greater levels of success in comparison to those persons who



have engaged in activities that are not in accordance with the company's principles. Nevertheless, the researcher would always be looking at business trends by taking over the boda boda residence in Bungoma County, Kenya, and comparing the performance of the Boda Boda Transport business with that of the Boda Boda Transport business located in the same area as Siaya County in terms of entrepreneurial skills and operations in the Boda Boda Transport distribution business in relation to its performance. This would be done in order to determine which business trends are more prevalent. A decision like this would be made in order to ascertain which of the two businesses is more prosperous.

According to BSE (2003), Joseph Schumpeter used the word "artist" or "man of art" to characterize a businessperson while he was writing his book in the beginning of the 20th century. This happened during the time period in which the book was being written. In the 20th century, a number of academics have created numerous strategies, such as the promotion of success (McClelland, 1965) and the field of planning and development (Begley & Boyd, 1987; Rosendahl, Sloof, Van Praag, 2014). These strategies have made significant contributions to the area of planning and development. There have been a lot of researchers that have taken into consideration these tactics.

Bikze and Rivza (2014) state that throughout the course of the twenty years that have passed from the beginning of the commercial world, businessmen and entrepreneurs have emerged as a source of technical innovation. This is something that has occurred throughout the duration of the commercial world. According to Gibb (1993), where the Researcher finds that Boda Boda Transport business focus its approaches to entrepreneurship, the most important research objective in the boda boda industry is to develop skills and competencies and Entrepreneurial Skills was the focus in this case to improve the Performance and reduces poverty line in the lives of the riders and the families of boda boda riders

### **Tax Credit Leverage on Performance of Boda Boda Industry**

It is estimated that the People's Republic of China manufactured 15.43 million motorcycles in 2019, making it the nation that produced the most motorcycles of any country in the world (Chinamotor, 2020). 2019 was the year when the nation achieved the position of being the world's leading manufacturer of motorcycles. According to Watu (2022), boda bodas are an essential component in the expansion of Uganda's economy. According to Watu, this is due to the fact that they constitute a significant portion of the transportation business in the country. The boda boda business has made it possible for a substantial number of individuals in the African region who are working toward the goal of establishing a life that is sustainable to become company owners. In addition to this, it has served as a conduit through which a large number of other individuals have been provided with employment possibilities.

It has been suggested by Standard Bank (2013) that the boda boda industry might be the second biggest employer of Ugandans in terms of the number of employment opportunities available. It is because of the widespread popularity of the business that this is the case. According to Njoroge (2018), it has been projected that boda boda create over four million United States dollars each and every single day in Kenya. He started having second thoughts about himself as he was writing for MAAK. Suppose for a minute that the government of Kenya had 600 million Kenyan shillings. What would they do with that amount? Now, let's take a look at it from that point of view. On the other hand, this is the typical amount of money that is exchanged in the boda boda, which is the kind of transportation that is most often used by motorcyclists in the community. Boda boda is the term that has been given to this particular means of transportation. According to his findings, by the time the year 2017 comes to an end, there will be around

600,000 boda bodas registered, and each rider will earn an average of one hundred Kenyan Shillings per day; this is the average. This is the average. Taking into consideration the statistics presented here, it is possible to draw the conclusion that the boda boda sector creates an average of 0.5 billion Kenyan shillings worth of returns each and every single day.

The county of Bungoma, which is one of the counties in the nation with the highest number of boda bodas, is in need of more practical approaches. This is because the county has the highest number of boda bodas. On the other hand, there are no such ways accessible at the moment. This is because the county government needs to be able to collect sufficient taxes on the considerable amount of unregulated money that is created by the boda boda sub sector. This is the reason why this is the case.

### Conceptual Framework

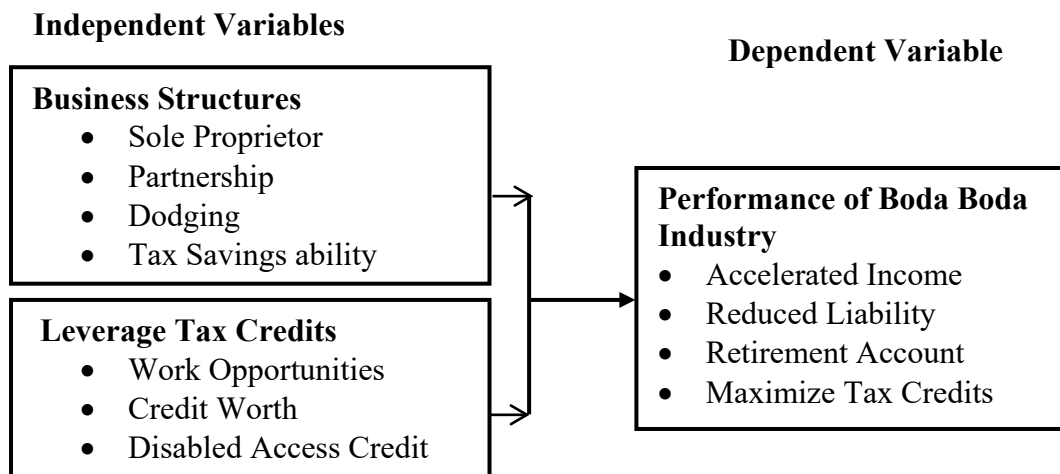


Figure 1: Conceptual Framework

Source: Researcher, (2023)

### METHODOLOGY

The research design used for this specific investigation was a descriptive survey research approach. This study was conducted in Bungoma County, which is one of the 47 counties that comprise the nation of Kenya. In order to acquire complete data that would provide insights into the problems and opportunities encountered by boda boda operators, the research targeted 2,327 boda boda operators whose operations were the focus of the investigation. The five sub-counties that make up Bungoma County served as the sample frame, while the numerous boda boda operators that were located inside these sub-counties served as the sampling units. Krejcie and Morgan's (1970) table, which offers criteria for picking sample sizes from a particular population, was used in the research project in order to ascertain the size of the sample. The data reveals that there is a comparable sample size of 331 for a population of 2,327 boda boda operators. A total of 331 boda boda drivers were chosen to participate in the research project. For the purpose of gathering information about tax management tactics and the influence such strategies have on the performance of the boda boda sector in Bungoma County, a questionnaire was sent to the operators of boda boda. Descriptive statistics were used in order to perform analysis, presentation, and interpretation of the quantitative data that was gathered.

### FINDINGS

#### Response Rate

Three hundred and thirty-one questionnaires were sent out to the responders so that they may fill them out. The total number of questionnaires that were returned and judged appropriate for

analysis was 252, which resulted in a response rate of 76.1%. The authors Mugenda and Mugenda (2003) state that a response rate of seventy percent or more is deemed to be satisfactory for the objectives of study. As a result, the response rate of 76.1% that was attained was regarded adequate and within acceptable limits for the purpose of carrying out comprehensive data analysis.

### **Business Structuring and Performance of Boda Boda Industry**

The study adopted descriptive and inferential statistical analysis. This helped to assess the influence of business structuring on performance of boda boda industry in Bungoma County, Kenya. For analysis, descriptive statistics (frequency, percentage, and mean distribution) for the level of agreement on a five-point Likert scale of the variable, business structuring was determined and summarized in Table 1.

**Table 1: Descriptive Statistics for Business Structuring and Performance of Boda Boda Industry**

<b>Statements</b>		<b>SD</b>	<b>D</b>	<b>U</b>	<b>A</b>	<b>SA</b>	<b>MEAN</b>
In sole proprietorship, businesses are closely monitored hence enhanced entrepreneurial skills in boda boda industry.	F	14	18	16	107	97	<b>4.01</b>
	%	<b>5.6</b>	<b>7.1</b>	<b>6.3</b>	<b>42.5</b>	<b>38.5</b>	
Partnerships among the boda boda operators improve their academic performance.	F	3	32	16	99	102	<b>4.05</b>
	%	<b>1.2</b>	<b>12.7</b>	<b>6.3</b>	<b>39.3</b>	<b>40.5</b>	
Evasion by boda boda operators to pay taxes has influence on tax management.	F	6	11	34	81	120	<b>4.18</b>
	%	<b>2.4</b>	<b>4.4</b>	<b>13.5</b>	<b>32.1</b>	<b>47.6</b>	
Tax Savings ability improves boda boda operators performance	F	31	4	16	98	103	<b>3.94</b>
	%	<b>12.3</b>	<b>1.6</b>	<b>6.3</b>	<b>38.9</b>	<b>40.9</b>	

**Source:** Researcher, (2023)

As can be seen in Table 1, 107 of the respondents (42.5% of the total) agreed with the statement that businesses in sole proprietorships are closely monitored, which results in enhanced entrepreneurial skills in the boda boda industry. 97 of the respondents (38.5%) strongly agreed with the statement, 18 of the respondents disagreed, 16 of the respondents were undecided, and 14 of the respondents strongly disagreed with the statement. Based on the findings of the research, it was determined that the respondents were in agreement (mean = 4.01) that sole proprietorships and firms are strictly supervised, which results in increased entrepreneurial abilities in the boda boda sector. This was supported by an interviewee who had the following to say;

Boda boda transport business focus its approaches to entrepreneurship, the most important objective in the boda boda industry is to develop skills and competencies and entrepreneurial skills to improve the performance and reduce poverty line in the lives of the riders and the families of boda boda riders- male participant, 45 years, Members of the boda boda operator.

This is consistent with the results of Masanga (2010), who identified the elements that contributed to the success of the 'Boda Boda' transport enterprises in Siaya County. The findings demonstrate that behavior was a significant predictor of the performance of the 'Boda Boda' Transport company. Better results have been achieved by those who have the proper values than by those who have the wrong actions toward the company. However, the researcher would always be looking at business trends by taking over the boda boda residence in Trans Nzoia



County, Kenya, and comparing the performance of the Boda Boda Transport business with that of the Boda Boda Transport business located in the same area as Siaya County in terms of entrepreneurial skills and operations in the Boda Boda Transport distribution business in relation to its performance.

It was often believed that the entrepreneurial skills of company owners and business leaders have been debated in the most recent decades; yet, this particular instance has been significant for boda boda riders for a considerable amount of time. For instance, in the year 1755, Richard Cantillon conducted an analysis of corporate leaders who were operating in a very unpredictable environment. As a result, it was essential for them to possess the capacity to trade risk management skills in order to ensure the continued profitability of the organization. In this highly competitive market, the researcher believes that this is a more advantageous choice for the Boda Boda Transport firm, specifically in the context of Trans Nzoia County, Kenya. Following the passage of many centuries, John Stuart Mill and Alfred Marshall focused their attention on a variety of practical difficulties and the significance of planning and controlling activities. According to BSE (2003), Joseph Schumpeter, who lived in the early 20th century, referred to a businessman as an artist or a guy of an artistic nature. Recently, a number of scholars from the 20th century have developed other tactics, such as the promotion of success (McClland, 1965) and the area of planning and development (Begley & Boyd, 2017; Rosendahl, Sloof, Van Praag, 2014).

In a similar vein, 102 (40.5%) of the respondents highly agreed with the assertion that partnerships among boda boda operators boost their academic performance, 99 (39.5%) agreed with the statement, 32 (12.7%) disagreed with the statement, 16 (6.3%) were unsure, and 3 (1.2%) severely disagreed with the statement. Based on the findings of the research, it was determined that the respondents were in agreement (mean = 4.05) that partnerships between boda boda operators increase the academic performance of the operators. The conclusions of Wanjiru (2016), who discovered that Boda boda riders in Kenya earn more money than office workers, are supported by this evidence. According to her, the high salary and lower taxable revenue obtained in cash, together with working day and night, have greater returns in comparison to the majority of office workers who are of ordinary cadre.

Regarding the question of whether or not the failure of boda boda operators to pay taxes has an impact on tax management, 120 (47.6%) of the respondents strongly agreed with the statement, 81 (32.1%) agreed, 34 (13.5%) were unsure, 11 (4.4%) disagreed, and 6 (2.4%) strongly disagreed with the statement. According to the results of the survey, the findings indicated that the respondents were in agreement (mean = 4.18), that the failure of boda boda operators to pay taxes has an impact on the administration of taxes. This was backed by a person who was interviewed, and according to what they had to say;

This backs up the results of Masanga (2010), who analyzed the 'Boda Boda' transportation companies in Siaya County and found that customer behavior was a key performance indicator for the company. In terms of the company, those who acted ethically fared better than those who acted dishonestly. The researcher will always be on the lookout for business trends, so they'll take over a boda boda in Trans Nzoia County, Kenya, and compare its performance to that of another boda boda in the same region as Siaya County, Kenya, in terms of entrepreneurial skills and distribution operations.

This issue has been significant for boda boda riders for a long time, even if the entrepreneurial skills of company owners and executives have been highlighted in recent decades. Take Richard

Cantillon's analysis from 1755 as an example. He found that company leaders needed risk management skills to keep their companies profitable in an unpredictable climate. Based on their analysis of the competitive landscape in Trans Nzoia County, Kenya, the researchers have determined that this is the best alternative for the Boda Boda Transport company. According to Balabkins (2002). Several practical concerns and the significance of action planning and management were emphasized by John Stuart Mill and Alfred Marshall, who wrote a century and a half later. A businessman, according to Joseph Schumpeter, who lived in the early 1900s, was a man of art and an artist (Bse, 2003). Prompting success (McClland, 1965), the area of development and planning (Begley & Boyd, 2017; Rosendahl, Sloof, Van Praag, 2014), and other approaches were recently proposed by scholars from the 20th century.

In a similar vein, 102 respondents (or 40.5% of the total) were in full agreement that boda boda operators' partnerships boost their academic achievement; 99 respondents (or 39.5% of the total) agreed; 32 respondents (12.7% of the total) opposed; 16 respondents (or 6.3% of the total) were unsure; and 3 respondents (or 1.2% of the total) were in full disagreement. Partnerships among boda boda operators increase academic achievement, according to the study's respondents (Mean=4.05). The results corroborate those of Wanjiru (2016), who found that boda boda riders in Kenya earn more than office workers. Working around the clock, she claims to have larger returns than the ordinary cadre office worker due to her high salary and low cash taxable revenue.

A total of 120 respondents (47.6%) were in agreement that tax avoidance by boda boda operators affects tax management; 81 respondents (32.1%), however, were unsure; 11 respondents (4.4%) were in disagreement; and 6 respondents (2.4%) were in extreme disagreement. Respondents seemed to agree (Mean=4.18) that tax avoidance by boda boda drivers affects revenue collection. The following statement from an interviewee lends credence to this.

**H<sub>01</sub>:** There is no significant association between business structuring and performance of boda boda industry in Bungoma County, Kenya.

**Table 2: Chi-Square Test of Association between Business Structuring and Performance of Boda Boda Industry**

<b>Chi-Square Tests</b>			
	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	534.463 <sup>a</sup>	132	.000
Likelihood Ratio	276.084	132	.000
Linear-by-Linear Association	93.807	1	.000
N of Valid Cases	252		

a. 152 cells (97.4%) have expected count less than 5. The minimum expected count is .01.

**Source:** Researcher, (2023)

Table 2 shows that the p value (p=0.000) for criteria used in the business structuring was less than 0.05. Therefore, the hypothesis, “there is no significant association between business structuring and performance of boda boda industry in Bungoma County, Kenya.” was rejected. This implies that there is statistically significant association between business structuring and performance of boda boda industry in Bungoma County, Kenya.

### **Tax Credit Leverage and Performance of Boda Boda Industry**

The statistical analysis used in the research included both descriptive and inferential methods. The performance of the boda boda sector in Bungoma County, Kenya, was analyzed with the use of this, which enabled to investigate the impact of tax credit leverage. Table 3 provides a summary of the descriptive data (frequency, percentage, and mean distribution) that were

investigated for the purpose of analysis. These statistics were used to determine the degree of agreement on a five-point Likert scale on the variable known as tax credit leverage.

**Table 31: Descriptive Statistics for Tax Credit Leverage and Performance of Boda Boda Industry**

Statements		SD	D	U	A	SA	MEAN
Electronic payment systems which include and not limited to M-pesa, credit cards, debit cards, have gained popularity among the boda boda industry.	F %	19 7.5	27 10.7	10 4.0	102 40.5	94 37.3	<b>3.89</b>
Electronic payment systems enable boda boda riders access their cash at the point of sale	F %	6 2.4	19 7.5	23 9.1	99 39.3	105 41.7	<b>4.10</b>
Electronic payment systems has created work opportunities to most boda boda riders.	F %	13 6.0	3 1.2	19 7.5	66 26.2	149 59.1	<b>4.34</b>
Tax credit leverage through Electronic payment systems has enabled the credit worth to boda boda industry.	F %	7 2.8	6 2.4	19 7.5	91 36.1	129 51.2	<b>4.31</b>

**Source:** Researcher, (2023)

According to the data shown in Table 3, 102 of the respondents, which accounts for forty-five percent of the total, agreed with the assertion that electronic payment methods, which include but are not limited to M-pesa, credit cards, and debit cards, have become more popular within the boda boda business. 94 (37.3%) of respondents strongly agreed with the statement, 27 (10.7%) disagreed with it, 19 (7.5%) definitely disagreed with it, and 10 (4.0%) were uncertain about it. The results of the survey indicated that the respondents were generally in agreement (Mean = 3.89), that electronic payment methods, which include but are not limited to M-pesa, credit cards, and debit cards, have become more popular within the boda boda business. This was backed by a person who was interviewed, and according to what they had to say;

Electronic payment systems which include and not limited to M-pesa, credit cards, debit cards, EFT, electronic fund transfer IFMIS etc. have gained popularity world over. These payment systems enable buyers and sellers access their cash at the point of sale and do not need to have physical money to execute business transactions....

Male Participant, 44 years, boda boda Chairman.

Barnes and Corbitt (2013) state that strategic partnerships include a variety of valid agreements between two or more parties inside a network partnership or a bilateral alliance. These parties have agreed to share resources such as cash, expertise, data, and other resources while working toward the same objectives. This is in agreement with what Barnes and Corbitt (2013) have said. According to Singh and Srivastava (2018), strategic alliances typically concentrate on two areas: the first is the enhancement of revenue by means of access to intellectual property, which includes things like technology, content, product brands, image, payment methods, and clients, such as entering into new population segments or geographic markets; the second is the sharing of costs and risks, which includes the reduction of costs through the use of print production, sharing networks, or new launches on risky platforms such as mobile and television respectively. The organization should assist the vision of both sides, have a comparable passion and excitement for what they do, and have a similar understanding of how they need to grow. Potential partners should seek for shared characteristics and a same goal. In spite of the fact that

every single person has their own unique set of strengths and weaknesses, the most successful businesses are able to function effectively due to the fact that their vision and characteristics, as well as their enthusiasm and excitement, are both shared. According to Pogodaeva and Baburina (2018), these may be of assistance to the association in terms of maintaining its focus on transactions due to the fact that the most successful organizations function most efficiently when the attributes of each individual group contribute to the association's overall success. There must be at least two companies that collaborate in order for there to be a key organization alliance. These companies must continue to operate legally independently after the union is formed, share benefits and administrative control over the execution of assigned tasks, and make commitments to move forward in at least one essential area, such as innovation or products. Based on these three requirements, it can be deduced that important organizational alliances are based on the dependence between autonomous financial units, the transmission of new advantages to the partners in the form of immovable resources, and the commitment of the partners to continue with their obligations to their association. According to Charles, Seth, and Darmoe (2017), the many sorts of crucial cooperation include the following: the provider relationship, the transitional client connection, the end client relationship, vital clients, key organizations together, joint ventures, and inner collaborating.

In addition, 105 (41.7% of the respondents) strongly agreed with the statement that electronic payment methods allow boda boda riders to access their cash at the point of sale, 99 (39.3%) agreed with the statement, 23 (9.1%) were unsure, 19 (7.5%) disagreed with the statement, and 6 (2.4%) strongly disagreed with the statement. In the course of the research, it was discovered that the participants were in agreement (mean = 4.10) that electronic payment methods make it possible for boda boda riders to access their cash at the point of sale.

Regarding the question of whether or not electronic payment methods have resulted in the creation of employment prospects for the majority of boda boda riders, 149 (59.1%) of the respondents highly agreed with the statement, 66 (26.2%) agreed, 19 (7.5%) were unsure, 13 (6.0%) strongly disagreed, and 3 of the respondents disagreed with the statement. According to the results of the survey, the majority of boda boda riders are in agreement (mean = 4.34), when it comes to the fact that electronic payment methods have generated employment chances for workers. In their study on mobile phone technology and the evident performance of small and medium-sized enterprises (SMEs), Onyango et al. (2014) came to the conclusion that there is an impact on the use and implementation of mobile phone technology to achieve competitive advantage. Porter (2011) advocates that the strategy that is implemented should be geared towards achieving full potential in terms of competition. This is in line with the findings of Onyango et al. (2014). In addition, a large number of academics are in agreement that there is a significant connection between the use of electronic payment systems and the acquisition of a competitive edge in order to foster corporate development and performance. Additionally, the majority of people think that the adoption of electronic payment systems will be contingent on the location of the company or the type of the requirement. According to the guidebook written by Namada (2018), the idea of organization learning has to be down-trotted to small and medium-sized enterprises (SMEs) in order for them to understand which electronic payment system is most suitable for their operations and how it can be used to obtain a competitive advantage.

There were 129 respondents who highly agreed with the assertion that tax credit leverage via electronic payment systems has permitted the credit worth to the boda boda business. 91 respondents (36.1%) agreed with the statement, 19 respondents (7.5%) were unsure, 7

respondents (2.8%) said they strongly disagreed with the statement, and 6 respondents (2.4%) said they disagreed with the statement. Based on the findings of the survey, it was determined that the respondents were in agreement (mean = 4.31), stating that the use of tax credit leverage via electronic payment systems has allowed the boda boda business to get credit value.

Following the completion of these descriptive statistics for goal four, a Chi-square test of association was carried out. In Bungoma County, Kenya, the Chi-square test was conducted at a significance threshold of  $p < 0.05$ . The results of this test indicate that there is a statistically significant correlation between tax credit leverage and the performance of the boda boda business. The statistical analysis is presented in Table 3. In order to do this, the theory found below was examined.

**H<sub>02</sub>:** There is no significant association between tax credit leverage and performance of boda boda industry in Bungoma County, Kenya.

**Table 3: Chi-Square Test of Association between Tax Credit Leverage and Performance of Boda Boda Industry**

	Chi-Square Tests		
	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	587.445 <sup>a</sup>	132	.000
Likelihood Ratio	316.518	132	.000
Linear-by-Linear Association	111.476	1	.000
N of Valid Cases	252		

a. 152 cells (97.4%) have expected count less than 5. The minimum expected count is .01.

**Source:** Researcher, (2023)

Table 3 shows that the p value ( $p=0.000$ ) for tax credit leverage was less than 0.05. Therefore, the hypothesis, “there is no significant association between Tax credit leverage and performance of boda boda industry in Bungoma County, Kenya.” was rejected. This implies that there is statistically significant association between tax credit leverage and performance of boda boda industry in Bungoma County, Kenya.

## CONCLUSION AND RECOMMENDATIONS

### Conclusion

From the findings, the study concludes that tax management strategies such as business structuring and tax credit leverage influence performance of boda boda industry. It is concluded that there is a statistically significant association between business structuring and performance of boda boda industry. Henceforward, when sole proprietorship, businesses are closely monitored, partnerships among the boda boda operators improves, and tax savings ability by boda boda operators is enhanced. All these would improve performance of boda boda industry.

Additionally, it is concluded that there is a statistically significant association between tax credit leverage and performance of boda boda industry. This is because when boda boda riders’ access their cash at the point of sale, electronic payment systems creates work opportunities to boda boda riders, and if electronic payment systems can enable the credit worth to boda boda industry hence performance of boda boda industry improves.

### Recommendation for Practice

Based on the study objectives and the results, the researchers herein recommend the following for enhanced performance of boda boda industry. There is need for Entrepreneurial Skills to be instilled in the minds of these industry players because boda boda performance has been strongly affected for lack of motorcyclists’ entrepreneur skills. The county government of Bungoma should strive to promote the local unemployed youth to engage in this boda boda business. The



county government also needs to look into the challenges facing the BBOs that would help improve their entrepreneurial skills, cash management skills as well as help in growth of the business as a whole and improve the Performance of this viable business.

The BBOs, on their part, also need to be more willing to learn these important skills through the financial institutions as well as through family and friends. This will help them expand their minds as well as expand their capabilities to think far beyond their economic position. It was recommended that stakeholders join hands to help improve their working conditions and their skills to reduce poverty levels in their lives hence boda boda business transport performance. Lastly, the policy makers and community should consider tax management strategies when working towards improving performance of boda boda industry.

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