

**EFFECT OF TAX KNOWLEDGE ON ALTERNATIVE DISPUTE RESOLUTION
MECHANISM AMONG THREE STAR HOTELS IN MOMBASA COUNTY, KENYA**

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**A THESIS SUBMITTED IN PARTIAL FULFILLMENT OF THE REQUIREMENT FOR
CONFERMENT OF DEGREE OF MASTER OF BUSINESS ADMINISTRATION FROM
KENYA METHODIST UNIVERSITY.**

SEPTEMBER, 2022

DECLARATION AND RECOMMENDATION

This thesis is my original work and has not been presented for a degree or any other award in any other University.

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DEDICATION

I dedicate this work to my family for the perseverance they endured during the period of my preparation of this thesis.

ACKNOWLEDGEMENT

I take this opportunity to thank the almighty God for enabling me to reach the extent I have reached so far. I would also like to thank my family and all the people with whom I interacted with in the course of my entire study and, specifically, in the course of the preparation of this proposal. Specifically, I would like to thank my supervisor, Mr. Chistopher Njoroge and Mr. Eric Mathuva for the guidance they accorded me in the course of carrying out this study. I also thank my colleagues and all the lecturers in my department for the knowledge they instilled in me, the university Librarians for their guidance and support in information retrieval and referencing, all the study respondents for participating in data collection, data analyst for the good work in analyzing the data.

Since I can't mention all by names may God the almighty bless you abundantly.

ABSTRACT

The adversarial judicial system's handling of tax disputes demonstrates how complicated and technical tax issues are, demonstrating how tax systems are typically prejudiced against taxpayers and how genuine investments are tarnished if tax benefits are involved. As a result, alternative dispute resolution mechanism (ADRM) are more pertinent because they allow for the release of sizable sums of tax revenue held in disputes while fostering better relationships between the parties involved. Several studies have been conducted addressing various issues in the ADRM but empirical evidence is scarce on the effect of tax knowledge on Alternative Dispute Resolution. The research aimed to determine the effect of tax knowledge on Alternative Dispute Resolution Mechanism among three-star Hotels in Mombasa County, Kenya. It was anchored on four theories, which include Conflict Resolution-Theory, Ability-to-pay tax Theory, The Benefit-Theory of-Taxation and The cost of-service theory. The study's three specific objectives were to establish the effect of provisional fiscal tax knowledge, provisional procedural tax knowledge and provisional legal tax knowledge on Alternative Dispute Resolution Mechanism among three star Hotels in Mombasa County, Kenya. A correlation research design was used where data was collected from the respondents by use of questionnaires from a sample of 16 respondent hotels, which included 2 members made up of the Director and accountant, 15 members of the KRA's tax resolution division staff, and 15 tax consultants working in Mombasa County. To assess the intensity and direction of the relationship between the variables and the magnitude of tax knowledge variables on alternative dispute resolution, correlation and multi-linear regression analysis were used respectively, while descriptive statistics were used to produce means and standard deviation from the collected data. Fiscal, procedural and legal tax knowledge have had a strong positive significant effect (Provisional fiscal tax knowledge $r=0.789$, $p=.000$; Provisional procedural tax knowledge $r=0.799$, $p=.000$ and Provisional legal tax knowledge $r=0.688$, $p=.000$.respectively) and Alternative Dispute Resolution among three star Hotels in Mombasa County, Kenya respectively. It is concluded that fiscal tax knowledge, procedural tax knowledge and legal tax knowledge had a strong positive and significant effect on Alternative Dispute Resolution among three- star Hotels in Mombasa County, Kenya. Based on these findings, it is recommended that three star-hotels in Kenya should strategically improve the stakeholder's knowledge along the three tax knowledge variables (Fiscal, procedural and legal) to achieve and maintain the 80% global ADR standard, and remain popular in meeting the needs of the stakeholders. Further, they should focus and put more emphasis on the procedural tax knowledge variable since it is the variable that scored the highest correlation as shown by $r=0.799$. It is further recommended that additional research be done on other factors, such as hospitality culture and technology complexity, among others, that may affect Alternative Dispute Resolution among three-star hotels in Mombasa County, Kenya, because 86.5% of the results in this study were explained by independent variables.

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ABBREVIATIONS AND ACRONYMS

ADRM:	Alternative Dispute Resolution Mechanism
USAID:	United States Agency for International Development
KRA:	Kenya Revenue Authority
COVID– 19	Coronavirus19
UK:	United Kingdom
NACOSTI:	National Council for Science, Technology and Innovation

CHAPTER ONE

INTRODUCTION

1.1 Background of the study

Alternative dispute-resolution mechanism (ADRM) tools for tax disputes are necessary for any effective tax system. When the tax authorities and the taxpayers hold opposing opinions regarding the taxpayer's responsibility, a disagreement may result. The discrepancies frequently result from both parties believing that the other party did not correctly apply the law. The Kenya Revenue Authority (KRA) has turned to alternative dispute resolution mechanism (ADRM) techniques as a result of the unfavorable effects of resolving a tax issue through a court process. A debate concerning a tax issue between a taxpayer and the Commissioner is voluntary, participative, and moderated and known as alternative dispute resolution mechanism (ADRM) (KRA). Applying ADR techniques to settle tax disputes has benefits like lower costs, quicker resolution, and improved relationships between the parties.

The settlement of tax disputes is one of the most significant responsibilities of tax authorities globally. Due to the increased quantity and complexity of tax collecting controversies as well as budgetary restrictions, this must be done (Tran-Nam & Walpole, 2016). As a result, many tax administrations continue to adhere to the OECD's (Organisation for Economic Cooperation and Development) recommendations for using an efficient and relational strategy to collecting taxes. In many jurisdictions, it is viewed as essential to uphold and sustain positive relationships between taxpayers and tax officials. One option to improve this connection is to use an alternative dispute resolution (ADR) system for tax issues.

In comparison to formal dispute resolution methods, ADR offers a quicker and less expensive alternative that is less subject to legal minutiae and convoluted procedures. The ADR procedure

has a high success rate since it consistently produces a favorable result. The formal judicial process, which is the main way of conflict resolution, is a formal process. ADR refers to the employment of alternative dispute resolution processes like mediation and arbitration. ADR enables proactive resolution of tax disputes between taxpayers and tax authorities. Alternative dispute resolution methods have considerably decreased the number of legal conflicts and boosted the efficiency of tax administration in jurisdictions where they have been implemented.

In Africa, it is considered crucial to uphold positive ties between taxpayers and tax officials. One option to improve this connection is to use an alternative dispute resolution (ADR) system for tax issues. In comparison to formal dispute resolution channels, ADR offers quicker and less expensive alternatives that are less susceptible to legal minutiae and convoluted processes. The formal judicial process, which is the main way of conflict resolution, is a formal process. The use of alternative dispute resolution methods, such as arbitration and mediation, is referred to as ADR (Twesige & Gasheja, 2019).

The Kenya Institute for Public Policy Research and Analysis (2013) states that KRA's role in the economy is to administer and enforce written laws or specific provisions of written laws relating to the assessment, collection, and reporting of all income under this legislation and to provide guidance on how to carry out administrative tasks or collect money in accordance with the letter and spirit of the law. According to the Kenya Revenue Authority (2013), the key objectives are to increase taxpayer services and education while reducing red tape, public procurement, and the promotion, training, and reprimanding of taxpayers and tax collectors. It also aims to eliminate tax evasion by streamlining and streamlining operations. Reduce taxes and improve regulatory compliance.

It has not been determined; nevertheless, if all taxpayers possess the necessary tax understanding to make use of the ADR methods. As revealed by other studies, one potential means by which parties can ensure the applicability of ADR is their understanding of taxes (Ramabodu et.al., 2017). Tax knowledge (fiscal tax knowledge, procedural tax knowledge, and legal tax knowledge), accordingly (Bornman & Ramutumbu, 2019), is the comprehension of the core tax policy notion that is applied in a country.

Many companies are increasingly resorting to Alternative Dispute Resolution (ADR) as a preferred method of resolving disputes resulting from contractual agreements or operations due to the frequently high and escalating expenses of civil litigation. Due to its emphasis on reaching fair and reasonable outcomes quickly, more cheaply than through litigation, and in a more cordial, less hostile setting, ADR has gained favor. Although the hotel industry has been slower than other sectors to adopt the idea, it is now time to do so to address the industry's growing litigation burden. The voluntary, involved, and monitored discussion of a tax dispute between a taxpayer and the Commissioner (KRA) is known as alternative dispute resolution (ADR). The requirements of the Arbitration Act prevent the mediator from imposing any decisions on how the tax dispute will be settled (Bierling, 2019). The voluntary, involved, and monitored discussion of a tax dispute between a taxpayer and the Commissioner (KRA) is known as alternative dispute resolution (ADR). Due to the Arbitration Act's provisions, the mediator in the dispute's resolution is not permitted to impose any decisions on how the tax dispute will be resolved, facilitated mediation rather than arbitration is the preferred mechanism (Chapter 49 Laws of Kenya). Instead, the parties are helped to resolve their disagreement.

ADR generally aims to improve the overall conflict by offering flexibility and quick or early dispute settlement without the need for complicated procedures, the resolution method, sluggish

decisions, or increasing litigation costs imposed by judicial and quasi-judicial systems. Currently, ADR is frequently preferred over litigation and is successfully used in many Tax Revenue Administrations around the world. Settle at least 80% of tax disputes should, according to international recommendations, through ADR.

1.1.1 Global perspective

In the United States, the ADR movement first emerged in the 1970s as a social movement to employ mediation to resolve community-wide civil rights disputes and as a legal effort to address increased litigation time and expense due to a jammed court system. Since then, the American Bar Association, academics, courts, and the US government have all contributed to the rapid growth of the legal ADR movement in the US. It has gone from an experimental stage to institutionalization (Ramabodu et al., 2017).

The recommended ADR method for resolving tax issues in the United Kingdom is mediation. This is due to how affordable, agreeable, and swift it is. The choice of mediation is made because it keeps a good working relationship, clarifies any technical issues, and reduces the areas of disagreement. The UK has its own set of procedural standards for resolving tax disputes, which are outlined in the dispute settlement rules issued by the tax authority HMRS.

1.1.2 Regional perspective

About 66 per cent of tax disputes in South Africa are thought to have been settled using ADR. Even though ADR is widely practiced and refined globally, (Chan, 2012), which founded the mediation procedure in 1976, was the first to introduce the ADR process to South Africa's built environment. Since the late 1980s, traditional varieties of ADR have developed as a result of a need for quicker and less expensive alternatives to litigation, each with its own unique characteristics (Chong & Zin, 2017). For resolving tax disputes, South Africa has built a

successful and effective process. Regularly, taxpayers and tax administrators employ mediation to settle disputes without resorting to the appeals procedure. The most frequent ADR procedures employed in South Africa's built environment include negotiation, conciliation, mediation, adjudication, and arbitration (Ramabodu et al., 2017).

1.1.3 Local perspective

Article 209 of the Kenyan Constitution regulates taxes and grants the national government the power to levy income taxes, value-added taxes, excise taxes, customs duties, other duties on imports and exports, as well as any other taxes that may be permitted by a law passed by the parliament or a county assembly. Alternative dispute resolution (ADR) in Kenya provides several avenues via which taxpayers can communicate with KRA without turning to the court. Tax disputes are brought on by statutory and administrative tax complications. A taxpayer's relationship with the government is shaped in part by taxes. From a social justice standpoint, equality in conflict resolution is crucial since it mandates that everyone be treated equally under the law. The ADR system's accomplishments in South Africa and Kenya speak for themselves. Any government should not disregard it but rather embrace it. Additionally, there are difficulties associated with it, like

Personal and corporate income taxes, value-added taxes on products and services, stamp duties, customs and excise fees, and agency revenues are all included in Kenya's taxation system. Registered taxpayers are responsible for tax collection and accounting through self-assessment returns and the withholding of tax from payments made to both residents and non-residents. Pay as you Earn (PAYE) is a system that requires employers to deduct and account for income tax from employee salaries and benefits. As stated by many Acts of Parliament, interest is a deterrent in addition to penalties for late tax payments and non-compliance. In order to assess compliance

levels and penalize individuals who violate different Acts whose execution it supervises, the Kenya Revenue Authority (KRA) regularly conducts compliance inspections, thorough audits, and investigations on registered taxpayers.

As it directly affects ADR, taxpayer awareness should be addressed as early as possible when developing the ADR regime by involving all relevant parties (Kanyi, 2019). The process of alternative dispute resolution (ADR), which differs from the customary objection and tax appeal procedures, is used to settle disputes.

ADR does not necessitate the payment of expensive legal expenses and court filing fees, in contrast to other conflict resolution methods like litigation. A taxpayer does not need to have an advocate present during discussions because the ADR mechanism used is a mediation-led procedure, and a taxpayer can speak for himself. ADR also maintains the bond between the taxpayer and the taxing authority. Since the nature of the ADR procedure and the fact that both parties benefit from the resolution, parties remain amicable and do not become enraged. As an illustration, consider the situation where a taxpayer is given a payment schedule that works with their cash flow after taxes are discovered to be payable following an ADR process. So it becomes sensitive to say that KRA has benefited from the ADR procedure since it was able to realize early revenue flow to support the Government Development Agenda (Chong & Zin, 2017).

Disgruntled taxpayers who receive tax assessments from the commissioner of tax through the mail can now seek a remedy through methods established under the legal framework governing tax disputes. Kenya studied and incorporated the ADR mechanism into their Tax Administration Law and its accompanying regulations as part of their effort to adopt the ADR system. The combination of this effort and educating the taxpayers will guarantee that they are aware of ADR

mechanisms as a possible option for filing a tax dispute. The number of applicants for ADR was 559 (Edward & Ambrose, 2022) in the year 2021/2022 compared to 493 who applied in the year 2020/2021, which is an increase of 13%. This confirms the growth in the number of taxpayers who are increasingly embracing ADR preferences to other dispute resolutions mechanism, which demonstrates that the tax knowledge level of taxpayers is progressing. Therefore, the extent of this tax knowledge is the reason for this study and forms the knowledge gap.

To provide a conceptual framework of tax knowledge that can be utilized to research and discuss tax knowledge as a factor affecting tax compliance, Bornman and Ramutumbu (2019) chose general, procedural, and legal tax knowledge as components of tax knowledge. Understanding the fundamental principles underpinning the country's chosen tax system constitutes general tax knowledge (Fauziati et al., 2017). A country's taxpayers' awareness of its tax policy determines how strictly they adhere to the tax system. Knowledge of taxes by taxpayers is essential to a voluntary compliance tax system, particularly for determining an acceptable tax burden (Al-Ttaffi et al., 2020).

The hotel business contributes 10.4% of the worldwide Gross Domestic Product (GDP) in 2021. Therefore, it is a crucial industry whose growth and effective service delivery must be promoted. The observance of the authority's stated rules and regulations is essential to the efficient operation of service delivery in hotels. However, occasionally there are internal or external factors that can interfere with this and cause conflicts.

The hotel industry routinely handles conflicts that can arise at any time during a fiscal year and that frequently have a major negative impact on one or both parties involved in the conflict and, as a result, on the provision of services. These disputes are not going away due to the expansion of online travel agents (OTAs) and all travel meta-search. The proliferation of disputes among

the various partners is encouraged by these newcomers to the tourism business. For a long time, understanding how disputes in the hotel industry are to be settled is crucial to ensure the least detrimental effect on the economy as a whole and service delivery.

To avoid going to court, the hotel business has preferred using alternative dispute resolution (ADR). All dispute resolution techniques except for the mitigation technique are covered by ADR (Al-Taffi et al., 2020).

1.2 Statement of the problem

In 2018, the hospitality sector contributed 10.4% to the global Gross Domestic Product (GDP). As a result, it is a vital sector to monitor because it finances a country's economy in terms of tax revenue contribution (Bierling, 2019). The Kenya Revenue Authority (KRA) is struggling to meet its revenue collection goals. In fiscal year 2017/2018, KRA raised Kshs. 1.17 trillion, compared to a target of Kshs. 1.4 trillion. In the 2018/2019 fiscal year, KRA raised Kshs. 1.58 trillion, bringing the total raised to Kshs. 1.605 trillion. Additionally, according to Edward & Ambrose 2022, KRA has Kshs. 1.607 trillion versus Kshs. 1.8 trillion. This is a clear indication that the income collection process has to be improved. The KRA is in charge of executing and administering tax laws in order to collect taxes. Previous studies have focused on ADR mechanisms and revenue collection. Research on alternative dispute resolution techniques was done by (Twesige & Gasheja, 2019), who found that while the process has helped settle existing tax disputes in the nation, it has not yet been generally adopted there. In his study (Mohammed & Muturi, 2018) looked into the variables that affect how well Kenyan county governments collect taxes. The results show that improving compliance is necessary to boost the effectiveness of revenue collection. A report on Kenya's rules governing alternative dispute settlement was also released (Mohammed & Muturi, 2018).

The number of applicants for ADR was 559 in the years 2021/2022 compared to 493 who applied in the year 2020/2021, an increase of 13%. This confirms the growth in the number of tax payers who are increasingly embracing ADR preference to other dispute resolutions mechanism. This shows that taxpayers' degree of tax awareness is rising. The purpose of this study and the knowledge gap is the amount of this tax knowledge. This context serves as the backdrop for the study, which aims to determine the impact of tax awareness on ADR among three-star hotels in Mombasa County, Kenya.

The three-star hotels are the ideal research subjects because they are unstable businesses that require special care. Every little tool at their disposal can make a huge difference when taking into account their nature. Due to this, a lot of Kenyan three-star hotels decide to remain in the unofficial sector because they believe the cost of compliance is too high, and the majority of those that pay only do so under pressure from the government.

1.3 Purpose of the study

The general objective of this study was to determine the effect of tax knowledge on Alternative Dispute Resolution among three star Hotels in Mombasa County, Kenya.

1.3.1 Specific objectives

The specific objectives of this study are:

- i. To establish the effect of provisional fiscal tax knowledge on alternative dispute resolution among three-star Hotels in Mombasa County, Kenya
- ii. To find out the effect of provisional procedural tax knowledge on alternative dispute resolution among three-star Hotels in Mombasa County, Kenya
- iii. To assess the effect of provisional legal tax knowledge on alternative dispute resolution among three-star Hotels in Mombasa County, Kenya

1.4 Research Questions

The research Questions of this study are:

- i. Does provisional fiscal tax knowledge affect alternative dispute resolution among three-star Hotels in Mombasa County, Kenya?
- ii. Does provisional procedural tax knowledge affect alternative dispute resolution among three-star Hotels in Mombasa County, Kenya?
- iii. Does legal provisional tax knowledge affect alternative dispute resolution among three-star Hotels in Mombasa County Kenya?

1.5 Significance of the Study

This study was significant to various players in several ways as described below:

i. Government

The study's conclusions and recommendations are helpful to the Kenyan government in illuminating how tax awareness affects ADR for lodging in Mombasa County, Kenya's three-star hotels. The government will consequently use the study's findings to create and carry out policy. The study will also highlight the advantages and disadvantages of tax knowledge as well as potential solutions to problems that could hinder fair and effective tax administration for all parties.

ii. Researchers and Scholars

The study is useful for students, academics, and researchers hoping to advance our understanding of technology and revenue collecting. By extrapolating from earlier studies, the study analysis on the topics of tax knowledge and alternative dispute settlement may be further illustrated in a thematic idea.

iii. Hotel as Taxpayers

How tax expertise affects small and medium-sized businesses (SMEs) in the instance of hotels in Mombasa County, the implementation of alternative dispute resolution, Kenya, will give a thorough summary of the empirical analysis of the study variables and present creative ideas that can be used to effectively streamline revenue administration and collection.

1.6 Limitation of the study

Some of the respondents were reluctant to divulge information about their company out of concern that management might victimize them. The study also anticipated excuses from respondents that they were too busy to participate in the study. Some respondents declined to receive physical questionnaires due to stringent constraints put in place during the COVID-19 pandemic, which could have an impact on the study sample size. Therefore, to mitigate this, the researcher resorted to an online approach to cover this gap.

1.6 Delimitation of the study

The researcher reassured them that the materials were to be treated privately, that it was only being requested for academic purposes, and that they will not be disclosed to outside parties. The researcher added more time to the work schedule to accommodate such responders to overcome this problem. Some respondents declined to receive physical questionnaires due to stringent constraints put in place during the COVID-19 pandemic, which could have an impact on the study sample size. Therefore, to mitigate this, the researcher resorted to an online approach to cover this gap.

1.7 Scope of the Study

Mombasa County served as the base of this investigation. This is because a sizable proportion of three-star hotels, like those in other regions, pay taxes in the coastal zone. Three goals were

examined in the study: the effects of fiscal tax knowledge on alternative dispute resolution among Mombasa three-star hotels, the effects of procedural tax knowledge on alternative dispute resolution among Mombasa three-star hotels, and the effects of legal tax knowledge on alternative dispute resolution among Mombasa three-star hotels.

By performing the study in the location, the researcher was able to blend thoughts from the three-star hotel struggling that are all present there. As a result of this combination of impacts, the location was appropriate.

1.8 Assumptions of the Study

The researcher assumed that the respondents would be willing and able to answer the questions, that they were aware of the impact of taxpayer knowledge on alternative dispute resolution in Kenya, and that they would not be restricted from discussing the subject of the study by their current employment agreements. The study was predicated on data generated by the respondents, as well as the presumption that they were willing and able to complete the questionnaires.

1.9 Operational Definition of terms

i. Alternative Dispute Resolution

Alternative Dispute Resolution (ADR) practice comprises of procedures and methods that encourage cooperative problem resolution to help disputing parties come to an understanding, ideally with consensus-seeking strategies. These procedures and methods frequently involve negotiation between parties as well as mediation and facilitation. They usually entail convening procedures, as well as procedures including participation from or input from the public or the community (Twesige & Gasheja, 2019), ADR is a general term for a way of resolving conflicts other than the standard objection and tax appeal processes.

ii. Tax knowledge

Tax knowledge is described by Borman and Rammutumbu (2019) as awareness and financial literacy about the comprehension of the fundamental tax policy concept applied inside a country. A conceptual framework for analyzing and discussing tax compliance as a factor influencing financial, procedural, and legal tax knowledge is also being developed as part of this project.

iii. Fiscal tax knowledge

In his sentiment (Twesige & Gasheja, 2019) possessing fiscal tax knowledge entails being aware of one's financial situation, including fiscal awareness and financial literacy, as well as the goals of governmental fiscal initiatives (including the justification for paying taxes and the morality component).

iv. Procedural tax knowledge

Understanding tax compliance procedures is what (Lisa, 2019) define as procedural tax knowledge. He goes on to say that knowing taxes considerably lowers the chance of making mistakes due to ignorance. Additionally, having a solid fundamental understanding helps one avoid challenges as well as missing deductions. The procedure entails communication with tax authorities and documentation.

v. Legal tax knowledge

In his comment in a study (Kessy & Temu, 2018) claims that, understanding regulations necessitate having a working knowledge of legal taxes. He laments the employment of a set of regulations by public or sanctioned authorities, such as the federal, state, and municipal governments. to administer tax operations in the field of law known as tax law or revenue law. Technical mastery of tax jargon is one of the criteria for legal tax expertise.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This chapter provides an overview of the theoretical and empirical literature pertinent to the subject under investigation as well as specifics on the literature already in existence.

2.2 Theoretical Review

Theories that anchored this study included conflict resolution theory, ability to pay tax theory and tax benefit theory.

2.3 Conflict Resolution Theory

Burton first presented the conflict resolution idea in 1962. Key proponents of the theory include (Kelman & Herbert, 1991). The study is informed on the applicability of this theory since it makes the premise that working well with others to solve problems is the best method to overcome conflict.

Additionally, it compares resolving disputes to a game of winners and losers in which conflicting parties compete. The norms that apply to cooperative behavior include respect, responsibility, Honesty, self-determination, and affectionate conduct with friends or other group members (Kelman & Herbert, 1991). Effective cooperative relationships, so the theory goes, make it simpler to handle unavoidable disagreements productively. The guidelines are intended to put differences into perspective by highlighting similarities and shared interests, focusing primarily on areas where there are disagreements, and refraining from insulting others. It is sage to make an effort to understand it and completely respect each other's thoughts by acknowledging its value, even when there is a difference of opinion. (O'Leary et al., 2011).

The theory also places a strong emphasis on controlling one's negative emotions so that they are not primarily focused on breaking social norms or outdoing other people, but rather on taking ownership of the negative consequences of one's own words and actions and making an effort to correct them on one's own. If not, one causes harm and is responsible for the negative effects of their acts and words (deliberate or inadvertent). When someone wrongs you, you should be ready to forgive them and work for reconciliation rather than holding onto your bitterness or wrath. Additionally, it is crucial to be open the other party to be proactive and successful in the cooperative problem-solving process by eliciting their ideas and to be sensitive to the legitimate demands of others, listening intently, sharing relevant information, and offering assistance when necessary (Powel & Hansenl, 2008). Being dishonest goes against the rules of cooperation, thus being up forward and honest is crucial. It is better to keep your suspicions, concerns, doubt, or sentiments of vulnerability to yourself because sharing them could damage your relationship. Finally, keep your moral character during the conflict by exhibiting concern, care, and love because the other party is a fellow member of your moral community.

According to (Powel & Hansenl, 2008) conflict resolution calls for the use of problem-solving techniques, the direct participation of the disputing parties in the creation of cooperative solutions, and assistance from outside parties with conflict resolution expertise. Additionally, he emphasized that there exist social and cultural divides. While structural conflict entails an imbalance of power between one or both parties in an organization, community, state, or territory that prohibits them from completing their obligations, cultural conflict involves the parties introducing major value differences into their relationship. The conflict resolution idea has drawn criticism from numerous people.

Conflict resolution can occasionally lead to one party winning out over the other, according to (Schellenberg, 1996). This suggests that one of the disputing parties is not happy with the resolution. The idea has also drawn criticism for elevating social instability above change. While some critics agree that cultures change constantly, they assert that much of the change is gradual or incremental rather than dramatic.

When discussing adoption in the context of ADR, (Abdinoor & Mbamba, 2017) explains that it refers to acceptance, the ability to accept a new method when it is presented, and the consumer's willingness to utilize the service. It is impossible to achieve development while there is conflict. Conflicts and disputes need to be resolved quickly and diplomatically if progress is to be made (Odhiambo, 2011). Existing formal and informal channels are used to accomplish this (ADR). ADR use has increased significantly over the past thirty years in several jurisdictions. USA, England, Canada, Australia, Wales, and New Zealand are the participating jurisdictions. As a result, throughout the same time span, civil trial rates have also decreased.

According to a finding by (Galanter, 2004), from 11.5% in 1962 to 1.8% in 2002, fewer conflicts in the jurisdictions under consideration were dismissed by a court. According to (Powel & Hansenl, 2008), the most disadvantaged members of society in terms of access to justice are the poor. This is a result of the high expense of hiring attorneys in court cases. ADR offers such organizations a break. ADR strategies were not developed to replace the established American judicial system. In situations where going to court is not the best choice, ADR solutions can be used. They can also be used in conjunction with litigation, though, if the parties desire to look at other possibilities while yet keeping the option of going through the regular court process at any time. The ADR's aims are a multi-party dispute's suitability, Procedure flexibility the parties to the dispute select and oversee the process, Less complicated, lower expenses, parties choose a

neutral third party with experience in the dispute's subject matter to lead negotiations, settlement likelihood and speed, practical answers crafted to meet the needs and interests of all parties, the longevity of agreements, respect for privacy, and both the maintenance of relationships and the maintenance of reputations

The conflict resolution theory is relevant since it emphasizes how crucial group problem-solving was to this study. Opposing parties in a tax dispute may decide to work together and find a resolution. Academics and professionals have extensively studied the characteristics of ADR techniques. Concerned with the practical issues, (Zhuhao, 2022) identified time, cost, relationship preservation, enforceability, level of party control, procedural flexibility, and confidentiality as factors that affected the choice of dispute resolution techniques (Liao & Cheung, 2002). According to (Liao & Cheung, 2002) concentrated on social and human issues like objectivity, agreement, and ongoing business connections.

Ten criteria have been identified by (Liao & Cheung, 2002). as the most prevalent elements influencing the effectiveness and choice of dispute resolution techniques. The initiating party believes that the other party owes costs for things like payment variations, the caliber of the job, and final payments, or owes compensation expenses for things like work delays, payments for time extensions, and liquidated damages. The parties to a dispute are not permitted to release any information or documents to the public unless both parties agree to do so, which is an implied and inherent characteristic of ADR processes. One of the most important goals for every organization is to maintain a relationship.

Trust, shared interests, and respect are the foundation of any healthy relationship, and both partners must put in work and commitment if they want it to last. Most people recognize the value of ADR in the current civil court system. What kinds of ADR processes should be

developed and what function conventional dispute-resolution mechanisms should serve are major topics of discussion at the moment. According to the KRA, the courts should play a more significant role than just serving as a traditional adversarial mechanism for judgment. Courts ought to (and do) allow for a variety of ways to settle civil disputes. The perceived advantages, perceived usability, awareness, and complexity of the ADR process, as well as the appropriateness and resource requirements for direct judicial intervention in ADR, are major topics at the moment. Whether parties should be compelled to use ADR is another contentious question surrounding its adoption (Jing & Jian, 2014). He perceived ease of use is the degree to which a person believes using a certain program will result in the accomplishment of given goals. The frequency of service users and the benefits that the individual derives from the service can be used to evaluate this. According to (Jing & Jian, 2014) perceived relative advantage (benefit) refers to how much an invention is thought to be superior to the concept it replaces. Litigation has always been the main method of resolving civil disputes. However, due to its perceived advantages over litigation in dispute resolution, ADR is growing in favor and acting as a substitute for it. The selection of these elements was made in light of the fact that ADR has just recently been introduced in Kenya as a method of resolving tax disputes, and that these elements may significantly contribute to the acceptance and growth of ADR use. Our approach, which served as the foundation for ADR, was important to our study because it fostered a climate in which disputing parties might find common ground and shared interests while still acting with respect, accountability, and honesty.

2.4 Ability -To-Pay Tax Theory

According to the ability-to-pay tax idea, a progressive tax system should be used to collect taxes according to each individual taxpayer's ability to pay. Adam Smith, who is regarded as the

founder of economics, first advanced this thesis in 1776. Solvency taxation theory is progressive taxation of taxes, according to (Louis-Philippe, 2002). The tax burden for both corporations and individuals is increased by this system, which is extremely positive. According to this theory, depending on their income, Taxes are paid at a higher rate by high-income businesses and individuals than by low-income investors and citizens.

Every nation must apply taxation theory to its citizens since each one must provide money to support the government (Docherty, 2020). This idea is substantially necessary for the public because it is the key to saving money in a country where different people have varying salaries. This fosters equality with diverse demographic strata, allowing citizens to pay taxes according to their income level in a way that is both pleasant and encouraging (Docherty, 2020). This strategy generates a lot of money for the government since wealthy individuals can pool their funds and make donations to improve the quality and efficiency of public services like roads, hospitals, and utilities. Without this theory, the government would be forced to set lower tariffs to reach everyone since it would be trapped with a fixed rate.

This concept was crucial since it determined taxability and imposes a higher tax burden on some high-income individuals, partnerships, businesses, trusts, and real estate. The fundamental tenet of the ability-to-pay philosophy in finance and accounting is that taxes should be calculated according to the financial capacity of the taxpayer. Taxes can and should be increased for those with higher incomes. The US does employ a progressive, ability-to-pay tax system for federal income taxes, but many claim that the system still encourages and supports economic inequality. According to annual income, the US tax system is currently divided into tiers, with a different tax rate being applied to each tier. The maximum amount that an individual in each tax bracket should be able to pay is used to determine the tax burden for each tax bracket. Although this

system is meant to protect people with low incomes, there are several shortcomings. In the 1980s, a person's income tax rate might go as high as 70%. In the decades that followed, this reduced to a maximum rate of 37% for high incomes. In the United States now, the top 1% owns more money than the bottom 90%. According to the ability-to-pay tax idea, people who make the greatest money have benefited the most from the system and therefore be required to make larger contributions to maintain it. In the 1980s, a person's income tax rate might go as high as 70%. In the decades that followed, this reduced to a maximum rate of 37% for high incomes. In the United States now, the top 1% owns more money than the bottom 90%. According to the ability-to-pay tax idea, people who make the greatest money have benefited the most from the system and therefore be required to make larger contributions to maintain it.

However, some argue that this strategy is unjust and only seeks to demoralize people who put in significant effort. On the other hand, some contend that because such a system penalizes those who make the most money, it discourages economic achievement. According to detractors, the ability-to-pay principle is a communist ideal that stifles initiative and creativity in a free market economy. The possibility of significantly higher taxes deters effort because, in the eyes of detractors, earning more money becomes undesirable if it involves paying more taxes. Many people would rather have a proportionate or flat tax system where everyone pays the same amount of taxes. Provisional tax procedure was anchored on this theory and is more procedural as It is extremely encouraging, increases the tax burden on firms and individuals, and makes the case that, depending on their income, high-income enterprises and people pay more in taxes than low-income investors and people.

2.5 The Benefit Theory of Taxation

Two economists from the Stockholm School, Knut Wicksell and Erik Lindahl, developed the benefit approach, in the beginning, to assess the effectiveness of taxes and evaluate fiscal policy. Theoretically, the state ought to tax people differently depending on the benefits they receive. A person must pay more state taxes the more they profit from state activities. For several reasons, this concept has been contested. First, the state would violate the guiding principles of taxation if it maintains a particular relationship between the services provided and implied (Ivan & Abraham, 1985). Taxes are essentially forced contributions made from public coffers to pay for governmental expenditures and basic services used by all citizens. Second, its residents cover the majority of the state's expenses. It is hard to determine how much tax a person should pay by estimating the benefits they receive each year. If this strategy is used, those who are most in need of government assistance will also be required to pay the highest taxes. To take more money from the poor through taxes is a violation of the concept of fairness. This view holds that those who pay Turn Over Tax (TOT) should gain (Ivan & Abraham, 1985).

A taxation technique known as the benefits received rule is based on the advantages that a taxpayer receives as a result of public spending. To put it another way, the more someone uses a public item or service, like a park, the more tax they must pay. However, due to the uncertainty in how such advantages are calculated, this approach is not always simple to apply (Safane, 2021).

The amount of tax paid by an individual or business depends on how much they benefit from a public good under a tax system known as the benefits received rule. According to this theory, a taxpayer would be compelled to pay more taxes the more they utilized a road, a school, the military, or any other public facility or service. The benefits received rule may be used where

there is a clear way to tax based on consumption. For instance, how much is received by the drivers who utilize a bridge or tunnel depends on the advantages that vehicles acquire from using them. Even under those conditions, the tax concept can be difficult to apply because it's likely that the initial funding for this infrastructure was not based on benefits obtained. After instance, since no one had yet received benefits and the structure hadn't yet been completed, the government couldn't impose taxes based on benefits received (Awitta, 2010).

Instead, governments usually rely on the ability-to-pay tenet. With this approach, taxes are calculated in line to an individual's ability to pay rather than the benefits they receive (although there may be some overlap). Under an ability-to-pay system, the wealthiest earners would pay higher taxes than the lowest earners. The military, police, and fire departments are examples of public services that may benefit these higher-income taxpayers more. For instance, if someone owned high-value property, they would gain more from the protection of those departments than someone who owned low-value property (or no property at all). However, rather than being based on these advantages, the tax burden is determined by the taxpayer's ability to pay.

A taxation idea states that an economic entity's tax burden should be directly equal to the value of the benefits it receives from consuming the public goods or services that the government provides. In other words, companies and customers should pay back the government the value of the goods and services they used from the public sector, just as if they had bought them. This implies, for instance, that individuals who use the roads more frequently should contribute more to the taxes needed to build and maintain them, while those who use them less frequently should contribute a smaller amount. Following the benefits-received theory of taxation, the majority of the taxes or income that the government collects is at the point of providing public goods or services. Examples include tolls on roads and bridges, park admission fees, and train prices.

When citizens feel that their taxes are being used for legitimate purposes, they are more likely to pay them a personal advantage, according to proponents of the benefits-received concept. To put it another way, the benefits-received concept reduces tax evasion. Since it prevents one individual from gaining benefits at the price of another, it is a fair kind of taxation (Awitta, 2010). Most objections to this theory centre on its application. Since services like defense, justice, and research benefit the country as a whole and are difficult to assign to individuals and businesses, it is challenging to evaluate the advantages of the public goods and services provided by the government. Second, even people who do not directly benefit from an item or service provided by the government may nevertheless do so indirectly. For instance, roads help businesses by bringing in clients and employees. Programs for income redistribution are incompatible with it. Imagine a scenario where the government demands that the homeless cover their expenses.

The impact of perceived benefits on the adoption of a technology, method, or mechanism has been the subject of numerous research. However, due to the fact that ADR adoption in tax management is still in its early phases of implementation, few research have focused on the effects of perceived benefits on the adoption of ADR mechanisms. The acceptance of the change or acceptability of processes, methods, and innovations, on the other hand, is greatly influenced by perceived advantages, according to other studies on change and adoption. In 2013, (Chemingui & lallouna, 2013) performed research on Tunisia's attitudes toward using mobile financial services as well as their motivations, intentions, and levels of trust. This study identified potential barriers to customer adoption of new technologies as well as potential motivators for consumers to intend to use mobile financial services. The findings indicated that various obstacles existed for using mobile banking services. Tradition was the main obstacle; customers

displayed some reluctance to alter their routines and actions by permitting engagement with service providers through mobile services and the offers made. Usage, worth, and risk of adopting mobile banking are further barriers. This showed that customers are motivated to use services that are in line with their needs and behaviors. Additionally, if they have the chance to try the product or service, the emotional satisfaction they experience while using it and how they interpret the word quality all have a positive influence on the level of confidence customers have in the service. (Alawadhi & Morris, 2014), studied the factors that influence public acceptance of new e-government service offerings.

Mumbai, India was the site of this study. The study's goal was to determine whether the ideas of perceived advantages and the provision of government services interfered with one another. These ideas were stressed in the study as being crucial for the delivery of government services to many residents. Questionnaires sent to people who had previously utilized the e-government system served as the data collection strategy. By sending respondents electronic links in the mail, these questionnaires were administered online. Only 433 of the 500 replies collected were valid questionnaires for the data analysis. The results showed that the delivery of government services is positively impacted by customer satisfaction with e-government services. Although the study highlighted the idea of perceived benefits in the context of governance, its primary focus was on how perceived benefits affected the effectiveness of the government and the delivery of e-government services. And (Laforet & Li, 2005) both backed perceived benefit as a factor that can affect acceptance and, ultimately, the adoption of novel farming products. Different data collection techniques were employed. In general, the two studies demonstrated that other factors, such as cost, were also important in determining whether and how new agricultural products were accepted and used. In its context, the study concentrated on agricultural items, whereas the

current study concentrated on the application of the ADR mechanism in tax administration. In his (Mwesigwa et al., 2011) conducted research to determine the correlation between Ugandan consumers' attitudes, trust, perceived risk, and use of internet banking

The research design adopted was cross-sectional, descriptive, and analytical. Customers of commercial banks filled out a self-structured questionnaire to provide the primary data. A regression analysis was done to find out how much customer attitudes, trust, and perceived risk affect the adoption of internet banking. The findings revealed a significant relationship between consumer perceptions, internet banking use, and consumer trust. This meant that commercial banks should place a greater emphasis on shifting consumer attitudes and that it should be educational when developing any new financial customer internet service. Customers are more likely to trust online transactions if they have a favorable opinion of internet banking. In the same vein, a taxpayer's view of the advantages that would result from adopting ADR would affect their choice of whether or not to do so.

The benefits-received principle's proponents contend when they feel the money they give to the government is genuinely being used for their gain, people are encouraged to pay taxes. The benefits-received theory will lessen tax avoidance in this way. This theory explains fiscal tax knowledge.

2.6 The cost of service theory

According to (Cooper, 1994) cost-of-service theory of taxation, taxes should be levied on people in proportion to the benefits they receive. The more benefits a person derives from state activities, the more he should contribute to the state, leading to the assumption that there is a "quid pro quo" in everyday life. The difficulties in calculating the number of government benefits, particularly hazy advantages like military protection, received by each resident and non-

resident taxpayer make it impossible to execute exactly. The "Cost of service" theory of taxes, which contends that taxpayers should be taxed in proportion to the cost of the services the government delivers, is the antithesis of the benefit theory (Cooper, 1994). According to the cost-benefit postulation, the tax that each person should pay must be proportional to the cost of the benefits they receive. In a democracy, the government should base its policies on the idea of fairness; otherwise, the populace would resist the government's unfair decisions. Justice and equity should be the cornerstones of the government's taxation policy. The way justice is accomplished is a very important component of the taxation system. Many views detailing how tax fairness might be attained have been put forth by various economists, including Fee for Service. The Theory of Taxation is a significant theory and is covered in the following ways: -

One criticism of the Cost of Service Theory or Taxation is that it is exceedingly It is challenging to estimate the full cost of government services; as a result, the distribution of the total.

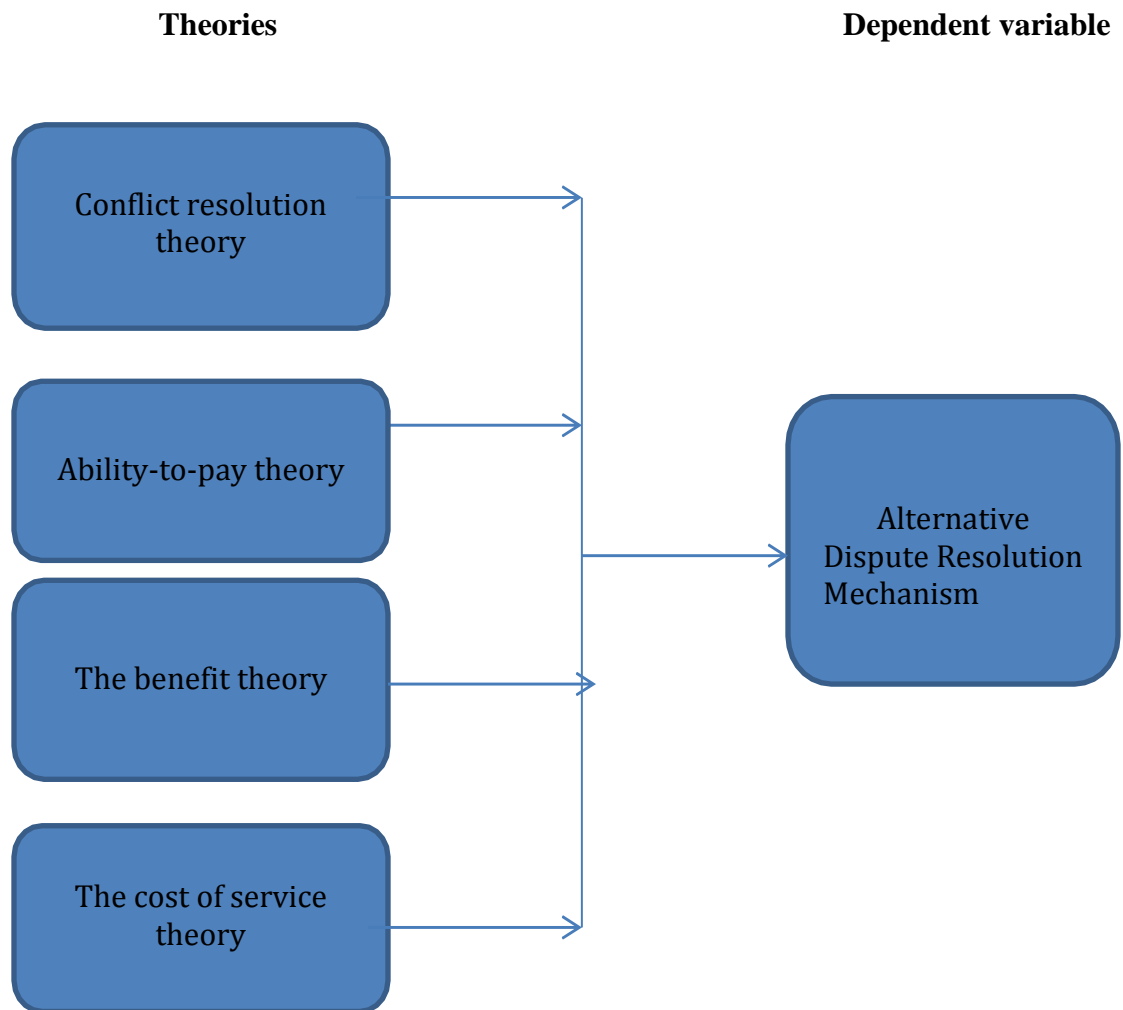
Solving the issue of cost among citizens is difficult. Second, if it is assumed that it is possible to establish the entire cost of services, the next challenge is determining how to split the cost of the services among individuals. Again, if the modern welfare state were to be based on this logic, the poorer people would be required to pay higher taxes because they receive greater benefits. As a result, it runs counter to the justice principle.

This theory was important to research since it connects to legal tax knowledge.

In a democracy, the government should base its policies on the principle of justice; otherwise, the populace will oppose the government's unjust actions.

Figure 2.1:

Theoretical framework



2.7 Empirical literature review

In this topic, the researcher analyzes earlier research on the dependent variable (alternative dispute resolution) among Kenya's Mombasa County's three-star hotels as well as the independent variables (fiscal tax knowledge, procedural tax knowledge, and legal tax knowledge).

2.8 Conceptual tax knowledge

According to (Oladipupo & Obazee, 2019), tax-knowledge refers to a taxpayer's awareness of or sensitivity-to tax law. Several elements affect it, including formal education. Positive and negative elements make up one's knowledge of an item. These two factors will both affect a person's mindset. Knowledge is defined as the knowledge that someone knows or recognizes (Oladipupo & Obazee, 2019). It is well-recognized that knowledge is a product of the educational process. This learning process is influenced by a variety of internal and external elements, including motivation and the information sources and socio-cultural contexts that are available, according. The taxpayer's knowledge demonstrates his or her awareness of how to apply the tax laws, particularly those on income tax.

2.9 Fiscal Tax knowledge

In his study (Oladipupo & Obazee, 2019), looked on the impact of penalties and taxpayer information on small- and medium-sized business tax compliance in Nigeria. They used a survey research methodology. The Ordinary Least Square Regression analysis approach was used to look at the survey data. The findings demonstrated a positive and significant influence of general tax knowledge on tax compliance. The study demonstrates that a greater possibility of tax

compliance results from having a better understanding of taxes. The purpose of this study is to ascertain how tax knowledge impacts ADR.

In his (Gichuru & Wahome, 2022) conducted a study to ascertain the effect of tax compliance expenses on hostel owners' compliance with the monthly rental income tax in Laikipia West Sub County. The study found that as tax compliance costs rise, taxpayers are less likely to abide by the law and are instead more likely to understate or fail to submit their monthly rental income. According to the research, KRA should broaden its activities for taxpayer education and awareness so that more landlords can learn how to file their returns without the use of tax agents, who make the process more expensive and raise the probability of noncompliance. The goal of this study is to evaluate how fiscal tax knowledge affects alternative dispute settlement.

In his (Zhang, et al., 2021) looked at how tax education affected New Zealand students' views toward tax evasion and tax avoidance. According to the survey findings, there is no statistically significant difference between student views toward tax avoidance and tax evasion in response to tax education. Tax responders accepted more over-declared deductions and smaller undeclared cash withdrawals than non-tax students, but they accepted less unreported cash salaries. This study aims to investigate how fiscal tax knowledge affects alternative dispute settlement. According to a study on tax knowledge by (Cuccia, 2018), education level significantly affects tax knowledge. They argued that those with higher education levels could understand the tax demand based on their studies, which were conducted in Sudan. Further evidence that education level affects tax understanding was provided by (Eze et al., 2019) study on tax literacy in Nigeria. The claim that tax knowledge grows with education level was contradicted by the (Cuccia, 2018), study. He contended that hotels understand taxes despite having low levels of education based on his research done in Taiwan. In a similar vein, (Bird, 2019) discovered that

SMEs were abiding by tax laws even though the education level of taxpayers had been grossly disregarded.

2.10 Procedural tax knowledge

The study by (Hamid et al., 2022) looked at SMEs in Malaysian perceptions of tax complexity, education, and knowledge among taxpayers. The respondents' perceptions of the survey's results on tax knowledge were used in particular to highlight the organization's advantages and disadvantages based on the relative importance and level of satisfaction with each evaluated variable. An online survey form was used to construct, validate, and deliver a structured questionnaire to owners of SMEs. The questionnaire was completed by 140 respondents in total, and their responses were accounted for in the data analysis. According to the findings, taxpayers believed that paying taxes was burdensome since it would lower their income. They also believed that enacting a new digital tax was not necessary at this time. Taxpayers also lacked sufficient knowledge of government services and tax administration. This study will look into the impact of procedural tax awareness on ADR by surveying three-star hotels in Mombasa County, Kenya. (Chukwudi, et al., 2018), researched the factors influencing tax compliance under self-assessment in the Delta North Senatorial zone. The mean, standard deviation, t-test, and one-way analysis of variance were all used in the data analysis, along with other descriptive and inferential statistics. The results of the experiment showed that social acceptance had the smallest impact on tax. compliance and that tax clearance certification is the main determinant. The intricacy of the filing process was the leading contributor to non-compliance among the reasons. Additionally, there is limited government aid for tax compliance concerning the self-assessment program.

As a result, the study suggests that the tax filing process be made more user-friendly, straightforward, and technical. This study's goal is to ascertain how procedural tax knowledge affects ADR, particularly concerning three-star hotels in Mombasa County, Kenya.

In his (Wahome, 2019) conducted a study to ascertain the impact of the iTAX system on small and medium firms' compliance with value-added tax in Eldoret municipality. In Eldoret Town, North Rift Region, 2670 Small and Medium Enterprise taxpayers were the target group for an explanatory research design. The study concluded that online tax filing, remittance, expenses of compliance, and registration had a big impact on tax compliance. The report advises small and medium businesses to maintain thorough all input tax and output tax records to make filling out VAT forms easier. This study's goal is to ascertain how procedural tax knowledge affects ADR, particularly concerning three-star hotels in Mombasa County, Kenya.

Rachmawan et al., (2020) did research to investigate how psychological influences on voluntary tax compliance affect Malang Raya-based MSME owners who are personal taxpayers. By using a convenience sampling technique, the researcher used samples of Malang Raya-based business owners who are personal taxes to investigate how psychological influences on voluntary tax compliance affect Malang Raya-based MSME owners who are personal taxpayers. The study findings indicated that procedural justice perception influences both voluntary tax compliance and trust in authorities, and that trust in authorities also acts as a mediator between the feeling of procedural justice and voluntary tax compliance. However, tax knowledge has not been shown to improve procedural justice perception in terms of trust in authorities or voluntary tax compliance. The outcome suggests that to promote tax compliance, the authority must ensure that the process is fair in the eyes of the taxpayers. The fair process will build trust in the institution and make it simpler for taxpayers to comply. Tax knowledge does not increase

effectiveness since taxpayers simply decide to comply with the straightforward and uncomplicated tax system procedures. Concerning three-star hotels in Kenya's Mombasa County, this study wants a procedural tax understanding of the alternative dispute resolution process.

In order to evaluate the layout and degree of complexity of the websites as well as the ease with which taxpayers may complete tax forms and inquire about their tax condition, Loo et al. (2018) did a study on South Korea and Turkey. Turkish users have no trouble using the tax filing system despite it having a complicated online structure. This was because the SMEs used accounting specialists to make up for their lack of experience.

2.11 Legal Tax knowledge

In his study (Kinyanjui, 2019) study to determine the effectiveness of the KRA's ADR process in settling tax disputes. The study concluded that there are no obstacles to using ADR to settle tax disputes. This is due to the Constitution's Article 159 (2), which emphasizes the need of using ADR to settle tax disputes. Additionally, section 28 of the Tax Appeal Tribunal Act (TATA) allows for the referral of cases to tribunals or out-of-court settlements. Section 55 of the Tax Procedures Act (TPA) offers another option for employing ADR to settle tax disputes. The best ADR method for resolving tax disputes is mediation. The Kenyan judicial system has made use of ADR more prominent because of the Constitution and tax regulations. To determine the effectiveness of the KRA's ADR process in settling tax disputes, the research team conducted a case study. The study concluded that there are no obstacles to using ADR to settle tax disputes. This study aims to determine the impact of legal tax knowledge on ADR, specifically at three-star hotels in Mombasa County Kenya.

To investigate and analyze the impact of Rwanda's tax dispute settlement procedure in connection to taxpayer compliance, (Mayanja et al., 2020) conducted a study. A sample of 170

people was chosen from a population of 297 people. Frequencies and percentages were used to present the results of data that was gathered through structured questionnaires and documentation. It has been proven that tax compliance and fairness in the resolution of tax disputes are significantly positively correlated. The Rwanda Revenue Authority's (RRA) appeal committee is made up entirely of its staff, which is viewed with suspicion by taxpayers, according to the results of primary data. It does not include external tax specialists. Additionally, respondents said it has a beneficial effect on tax compliance to settle tax issues through administrative rather than judicial channels. More than 80% of the responders agreed with this. To have a good impact on taxpayer compliance, it was determined that the Rwanda Revenue Authority needed to work and implement measures to settle tax disputes that arise independently as soon as feasible. The report further advises the Authority that before a tax audit case is resolved, the technical merits of the audit position should be assessed by an internal departmental panel review that is independent and has no prior involvement with the audit or casework. This study aims to examine how legal tax knowledge affects alternative dispute settlement.

According to a study by (Magalla & Augustine, 2021) titled *Tanzanian Tax Disputes and the Law of Alternative Dispute Resolution: Lessons from Australia* many disagreements are thought to be brought on by differences in taxpayers' beliefs or perspectives regarding the information provided, as well as by the different ways that taxpayers, assessors, and tax bureaucrats apply and interpret the law when conducting audits or assessments. These disputes are easily determined or addressed through ADR, which helps the courts by reducing the number of tax cases still up for decision and gives parties to a dispute the opportunity to settle the matter peacefully. The survey also revealed that both nations had ADR procedures. Only one nation, nevertheless, recorded the procedure to support the governments in several tax instances. This

demonstrates the significance of having the same or a comparable document in Tanzania that addresses Tanzanian tax administration situations to assist in better resolving some tax cases that are still pending and, as proved in Australia, improve their tax revenue collections. This study aims to ascertain the impact of legal tax knowledge on the use of ADR in three-star hotels in Mombasa County, Kenya. Businessmen are willing to fulfill their tax duties and advantages, according to (Mukhlis et al., 2018) provided that the taxes paid are fair. If the tax paid and the public services received are traded off equally, taxpayers are more likely to abide by the law.

Bornman and Ramutumbu (2019) split tax knowledge into three categories: general, procedural, and legal tax knowledge in order to establish a conceptual framework of tax knowledge that can be used to investigate and analyze tax knowledge as a factor affecting tax compliance. The tax modernization program for Kenya was initially initiated in 1986 with the purpose of, among other things, improving revenue collection, according to Kanyi's study (Kanyi, 2019) on the effect of tax reforms, tax dispute resolutions, and economic factors on tax collections in Kenya. The purpose of this study was to ascertain how tax revenues in Kenya were impacted by economic and tax reforms. Tax revenues were the dependent variable, and tax reforms (measured using a dummy variable) served as the independent variable. The corruption perception index was used to measure corruption mitigation in the regression model. The trend study revealed that Kenya's corruption score had been rising since 2000, despite rising tax receipts throughout the time period. The OLS model found that the independent variables were in charge of 91.6% of the variation in tax collections. While reforms had a negative and significant link with tax receipts, which had a positive and significant influence on tax receipts, while corruption had a positive but minor impact on tax revenues. The analysis comes to the conclusion that tax reforms have hurt Kenya's ability to collect taxes, although economic conditions (GDP) have had a positive

influence on revenues. Reforms to the tax code should therefore have the opposite effect, which makes logical. In order to establish whether some of the reforms they have adopted have enhanced revenue collection, the report encourages the Kenya Revenue Authority to reexamine the subject of reforms and modernization projects.

In their study, *Analysis of Kenya's Tax Revenue's Response to Changes in National Income from 1986 to 2009*, (Mburu, 2018) reported that the Kenyan government had maintained a budget deficit over time. Part of this has been linked to the tax system's inability to generate sufficient revenue to cover public expenditures. The inability of tax revenue to fund public expenditures has been largely attributed to its lack of reactivity to changes in national income.

2.12 Alternative dispute resolution (ADR)

Every taxable citizen is required to pay taxes, and everyone is responsible for paying their fair part of those taxes, according to the equality in taxation principle that is now ingrained in the Kenya Constitution of 2010. There may be tax disputes for several reasons, such as the issuing of additional assessments, the inclusion or exclusion of any amount, or any other Commissioner decision. A tax disagreement may also result from the incorrect application of the law, the circumstances of the case, or both. Either side may start Alternative Matter Resolution while a dispute is before a court or tribunal (ADR). ADR is entirely optional, and it may be started by either the taxpayer or the Commissioner. The Revenue Statutes set deadlines for ADR to decide whether to uphold the objection (Value Added Tax Act and East Africa Community Customs Management Act, the Tax Procedure Act and the Income Tax Act).

According to Mr Omar, the Kenya Revenue Authority's Commissioner for Strategy, Innovation, and Risk Management, the KRA has amassed over Sh6.6 billion in taxable revenues from disputes resolved through the ADR system in less than two years. Before June 17, 2015, when

the ADR framework was introduced, there was numerous tax issues involving more than Ksh.35 billion locked up. ADR has been used to settle about 140 tax issues that were pending before the Tax Tribunal. However, the nature of settling tax disputes has led to a significant backlog of tax cases, which, if left unresolved, undermines the Kenya Revenue Authority's ability to collect taxes. The Authority's decision to implement the ADR mechanism to expedite the resolution of tax disputes is to be applauded. However, it must be taken into account while paying careful attention to the principles of taxation equality and under the current laws and statutory measures available for the resolution of Tax disputes.

To improve the country's tax administration, this contribution will first outline the fundamental principles that should govern the establishment of an ADR mechanism and then make specific recommendations for the draft framework. In the past, tax issues have typically been resolved by litigation or, more often than not, through an out-of-court agreement reached after talks between the two sides. To resolve a disagreement (through arbitration) or to facilitate a bilateral agreement, a third party is brought in with both parties' consent (through mediation). The Kenya Revenue Authority's main reason for using ADR is to manage a large caseload of appeals that seriously jeopardize the efficient collection of taxes.

It is intended to limit the judiciary's role to that of a guardian of the agreements reached by parties and a source of resolutions in situations where agreement proves to be impractical, for example, due to differences in how regulations are interpreted or due to the adversarial attitude of the parties. The availability of amicable solutions results in a decrease/reduction in the number of cases that are brought before the courts. struggles in court for a long time with the tax authorities could significantly affect the taxpayer's business operations, sometimes even its cash. ADR can reduce service costs by expediting the legal process. More so, resolving a dispute

expeditiously results in less use of human resources and fewer costs as compared to taking a matter to court. This therefore benefits both the taxpayer and the tax authority.

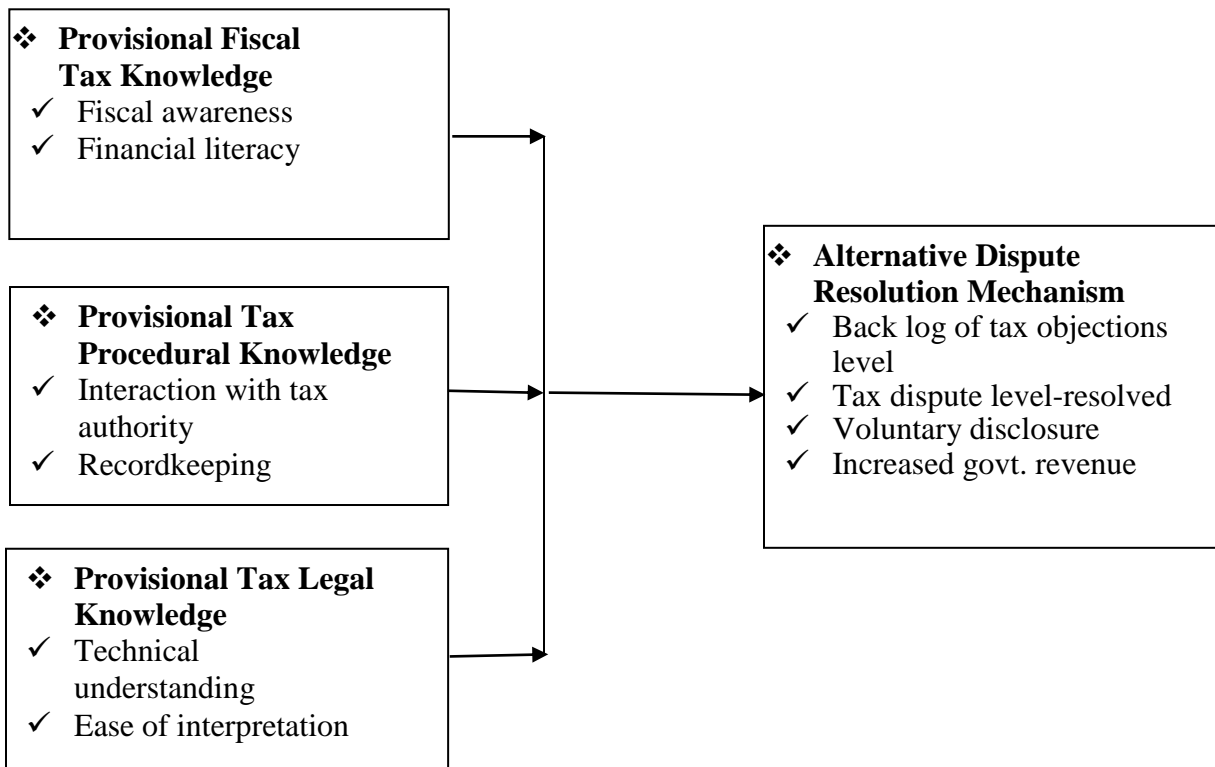
When an ADR mechanism is introduced, it expedites ADR procedures, eliminates time-consuming formalities, and also enables the application of various tax law interpretations to the backdrop of a case when the parties are still in the negotiating or mediation stage. This factor is especially important to taxpayers since they frequently have to engage ongoing professional assistance, which may be very expensive, to complete dispute-related requirements. This internal dispute resolution process is one that the KRA intends to use to settle tax issues. It gives ADR generally a constrained scope. While we recognize that this is the KRA's answer to handling tax issues internally before turning to statutory channels like the tribunal, the policy will only find limited acceptance if it is implemented in its current form. The KRA's objective to approach tax dispute settlement on an even playing field is not reflected in the draft framework. It gives ADR generally a constrained scope. While we recognize that this is the KRA's answer to handling tax issues internally before turning to statutory channels like the tribunal, the policy will only find limited acceptance if it is implemented in its current form. The KRA's objective to approach tax dispute settlement on an even playing field is not reflected in the draft framework.

2.13 Conceptual framework

The relationship between the dependent variable (tax knowledge) and the independent variable is demonstrated by this framework (alternative dispute resolution). Figure 2.1's conceptual framework depicts the variables and their related parameters under examination.

Figure 2. 2:

Conceptual framework



Independent variables

Dependent variable

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

The research-approach that was employed to complete the study is described in this chapter. This covered the population, sampling strategy, data gathering instruments and procedures, and research design. The goal of this study methodology was to make sure the researcher collected enough data for data analysis.

3.2 Research Design

This study employed a descriptive survey design. The decision to utilize a descriptive research survey approach was made since it allows for the description of characteristics as well as the testing of the association between variables. This methodology was suited for this study since it sought to determine how tax awareness affected ADR among three-star hotels in Mombasa County, Kenya. According to (Nassaji, 2017) descriptive survey research is a combination of methods for gathering data and getting answers to a series of questionnaires from certain respondents. Self-administered questionnaires have been determined to be a good fit for this research technique in this study. The descriptive research design, according to Nassaji (2017), describes the study variable's current situation, independent of the investigation. Instead of employing a method in a phenomenon, it tries to throw light on the existing difficulties by involving data gathering and analysis to enable or describe the issue in a significant way.

3.3 Target Population

The populations is the entire group of study participants (Benjamin, Stephanie, & Mugenda, 2014) defines population as the complete group of individuals, objects, items, cases, articles, or things that have a particular attribute or quality in common. The population-or universe under

study in this instance consisted of all three-star hotels, KRA employees working in ADR's tax resolution section, and tax consultants. The researcher examined all (8) three-star hotels in Mombasa County since it is practicable to sample all three-star hotels in Kenya that are involved in tax issues with the Kenya Revenue Authority. Therefore, information was gathered from a sample of 16 respondent hotels, which included 2 members made up of the Director and accountant, 15 members of the KRA's tax resolution division staff, and 15 tax consultants working in Mombasa County. Mombasa County was chosen because the KRA Long chamber, at the regional headquarters, is where many tax disputes are settled.

It was decided to sample 8 three-star hotel taxpayers who reside in Mombasa, 15 members of the staff from the tax resolution division of KRA, and 15 tax consultants who operate in Mombasa in order to ensure that a representative sample of respondents was surveyed in order for the results to be seen to more accurately reflect the population under study.

3.4 Sample and Sampling Technique

Using a sampling strategy, researchers select a collection of objects, people, behaviors, or sets that have certain traits. A preset model must be utilized in the sampling approach to pull samples from a target population in a way that supports the population's hypothesis when the analysis is statistically unimportant (Kei & Harland, 2017) to include all 16 respondent hotels—2 members made up of the owner and accountant, 15 members of the KRA's tax resolution division staff, and 15 tax consultants working in Mombasa County—a census sample technique was used. Every one of the eight hotels is as it is shown in Appendix II.

3.5 Research Instruments

A questionnaire is one of the tools used in the collection. A questionnaire is a tool used to gather data during a research study, according to Orodho. (2019). Mainstreaming co-values in Curriculum of East African Community Countries for Holistic and Sustainable Development: Challenges and Prospects. This

was presented as a Likert scale with a five-point rating as the baseline. A psychological measurement tool used to assess attitudes, values, and views it uses a Likert scale. Participants are given a questionnaire to complete and are asked to rate how much they agree or disagree with a series of statements. After its inventor Rensis Likert, who created it in the year 1,930, the Likert scale was given that name. Likert scales are the most popular kind of scale used in survey research. The Likert Scale has the benefit of being the most widely used technique of survey data gathering, making it simple to interpret.

When there are many participants in the study, questionnaires are especially helpful. They also have the benefit of being utilized without the researcher's presence and giving a consistent stimulus to a lot of people at once, which makes it reasonably simple for the researcher to collect data (Orodho, 2019). Conversely, interview schedules are the best tools for researching since they allow the researcher to get data without omissions or factual distortions (Orodho, 2019). However, conducting interviews is difficult and expensive when the study sample is big. Questionnaires were employed by the researcher to gather data for this investigation. Researchers can collect thorough data for their research and provide information that otherwise would not be available by using data collection questionnaires. The use of open-ended questions to generate qualitative data, reflecting a wider population, reaching a big number of respondents, permitting comparisons, producing structured analytical data, and guaranteeing confidentiality and anonymity are just a few other benefits of questionnaires (Orodho 2019).

The researcher used the "drop-and-pick later" method to distribute the questionnaires, which involved dropping them off to the respondents and picking them up a week later. The researcher also utilized an online approach where surveys were delivered via email to fill the gap left by COVID-19.

3.6 Piloting of Research Instruments

Piloting was carried out in Kwale County on the 10% of the target population, or forty-six (46) people, consisting of sixteen (16) business owners and accountants, fifteen (15) tax consultants, and fifteen (15) KRA employees in the division of ADR, to assess the suitability, validity and reliability of the research instruments for this study. This indicates that a total of 5 respondents 5 business owners, accountants, tax consultants, and KRA employees working in the ADR division were in favor of piloting. The feedback-giving pilot research participants were excluded from the final analysis.

3.7 Validity of the Instruments

Validity is the degree to which findings are drawn from the evaluation of the data collected to best capture the uniqueness being studied (Mutai, 2018). The content validity of an instrument's items should demonstrate that they are relevant and thorough concerning the measurement ideas for which they were designed. By examining the questionnaire's items with managers who are specialists in business administration, it was possible to determine the instrument's content validity. The questionnaire's structure, the questions' appropriateness in light of the objectives, and the scales of measurement were all examined. To ensure that the device was measuring what it needed to measure, this was done.

3.8 Reliability of the Instruments

How well a procedure will yield the same results if it is applied again in the same situation is what reliability is all about (Dewi, 2019). Reliability, according to (Sandin & Simolin, 2006) is the degree to which studies can be duplicated and the consistency of the study. However, high reliability does not always imply high validity because it is conceivable to utilize a method that would give a researcher the same results on different occasions without necessarily measuring

what it was intended to test. If a method is not dependable, it also lacks validity (Mutai, 2018). Perhaps the most widely utilized internal consistency indicator and the most appropriate dependability measure is the Cronbach Alpha Coefficient. Since there are no guidelines for internal consistency, a lot of people agree on the lowest possible coefficient of internal consistency of 0.70 (Sandin & Simolin, 2006). This study applied the same criteria.

3.9 Data Collection Procedure

The researcher asked his department for a letter of introduction, which he used to apply for a research permit from the National Council for Science Technology and Innovation (NACOSTI). For additional certification, the researcher went to the Mombasa County Commissioner's office before continuing to the appropriate departments. The researcher left copies of the research permission at each location and informed the divisional officers of his intention to carry out the study in their purview. He then went to the field to gather the required information.

3.10 Data Analysis

Data analysis was done using the SPSS version 25 statistical package for social sciences. Metrics from descriptive analysis, such as frequency, percentage, averages, and standard deviation, are used in data interpretation. Because descriptive statistics allow the researcher to meaningfully explain the distribution of scores or measurements using just a few indices, they were used in this study. Further they provide the basic features of data collected on the variable and provide the impetus for further analysis on the data. In Mombasa County, Kenya, three-star hotels were studied using regression analysis to see how tax knowledge affected ADR. The quality of fit of the model under consideration was measured using the R² analysis. The structure of the mathematical model defining the link between the dependent variable and independent variables was determined using multiple linear-regression analysis.

3.11 Regression model

Multiple regression analysis was used to find out the effect of tax knowledge on the Alternative Dispute Resolution among three-star hotels in Mombasa County, Kenya. The regression model as follows:

$$Y = \alpha + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \varepsilon$$

Where:

Y= is the dependent variable which was Alternative dispute resolution mechanism.

α =Constant term

β_1 , β_2 and β_3 , are the coefficients of the predictor variable and

X1=Provisional fiscal tax knowledge

X2= Provisional procedural tax knowledge

X3= Provisional legal tax knowledge

ε =Error term

3.12 Ethical Considerations

The responsibility on the part of the researcher to respect each participant as a person capable of making an educated decision about involvement in the research project is known as an ethical consideration. The participant's full disclosure of the study's nature, aim, risks, rewards, and alternatives was guaranteed by the researcher. There was always the option to inquire about the study or freely withdraw from it. During the research procedure, confidentiality or anonymity was a very relevant criterion.

CHAPTER FOUR

RESULTS AND DISCUSSIONS

4.1 Introduction

This study research presented chapter four at different result levels. Through data analysis and study findings presentation, this chapter highlights the research findings. Response rate is covered first in the chapter, followed by demographic descriptive statistics, and finally inferential statistics. The study's objective was to determine how tax knowledge affected alternative dispute resolution in Mombasa County, Kenya's three (3) star hotels. The findings are presented along with the data in the form of tables and figures are presented per the study objectives and research variables, indicating the link between the various factors.

4.2 General Information

On the side of general information study considered various demographic factors. Gender, age, and educational attainment of the respondents in three (3) star hotels in Mombasa County, Kenya, were among the general characteristics evaluated in the study. The results are displayed below.

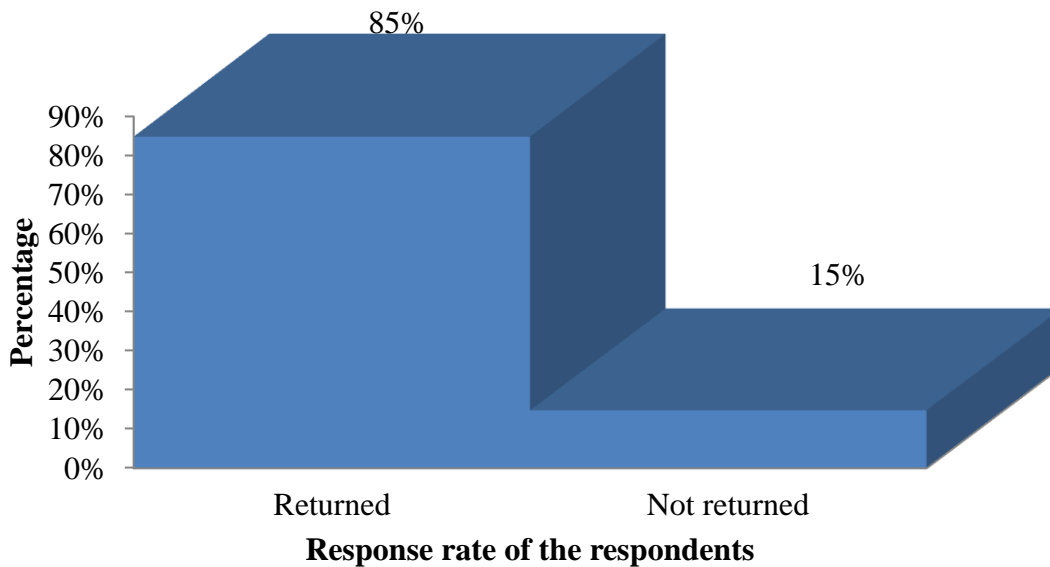
4.3 Response Rate of the Respondents

In survey research, the response rate is computed as the number of respondents divided by the total sample size. It is sometimes referred to as the completion rate or return rate. It is typically stated as a percentage. The number of people that replied to an offer is referred to using the phrase in direct marketing as well. A total of 46 questionnaires were used in this study research, of which 39 were completed and returned, as shown in Figure 4.1. The questionnaires were given to 16 business owners and accountants in equal numbers, 15 staff members from the KRA's tax alternative dispute resolution division, and 15 tax consultants working in Mombasa County. This

represented a response rate of 85%, which was higher than the recommended response rate of 60% by Mugenda and Mugenda (2014) for the descriptive studies reported in each part and is taken to be high enough to justify the generalization of findings.

Figure 4.1:

Response Rate of the Respondents



4.4 Pilot Testing for validity and reliability

A pilot test is a small-scale investigation used to test and refine procedures prior to conducting an actual experiment. For instance, verifying if the tool is functionally sound and requesting survey responses from participants to determine whether a query yields the desired information. The degree to which observable outcomes accurately reflect reality is referred to as validity. All participants could understand the simplified questionnaire because it was written in their language. To ascertain a questionnaire's internal validity, a researcher conducted a pilot test on 10% (5 respondents) of the target (46) in Kwale County. Of these, 3 were business owners and accountants, 1 was a tax consultant, and the other was an ADR employee at KRA. The

questionnaire was easy to fill out, and the respondents had no trouble understanding the questions, according to the results of the pilot test.

The instrument's capability to generate reliable and coherent readings is referred to as dependability. This study used Cronbach's coefficient alpha to assess the reliability (α). When developing a scale, coefficient alpha is frequently used with items that have multiple response alternatives (1=strongly disagree to 5=strongly agree). SPSS was used to do a reliability analysis to determine Cronbach's coefficient alpha (α), and the findings are displayed in table 4.1.

Table 4.1:

Pilot testing for validity and-reliability

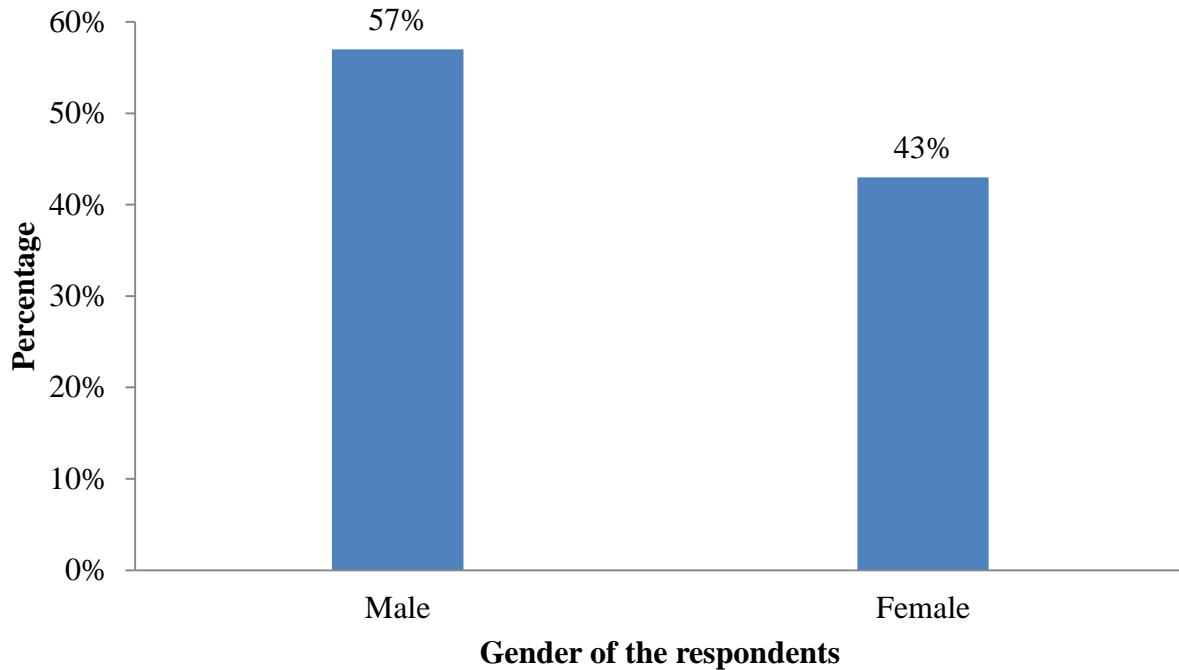
Variables	Cronbach's Alpha	Number of Items
Fiscal tax knowledge	0.812	4
Procedural tax knowledge	0.859	4
Legal tax knowledge	0.815	4
Alternative Dispute Resolution	0.845	6

4.5 Gender-of Respondents

The gender of the respondents was to be ascertained in this investigation. The conclusions, which are shown in Figure 4.2, showed that 57% of the respondents identified as male and 43% as female. This indicates that the proprietor, the accountant, members of the KRA's Tax Resolution division staff, and Mombasa County-based tax advisers are all responsible for their due portion of each sex. Additionally, it adheres to the gender balance principle of Kenya's 2010 Constitution. From the results, it can be concluded that gender balance has been carefully taken into account at the three (3) star hotels in Mombasa County, Kenya. There are an equal number of male and female respondents.

Figure 4.2:

Gender of the Respondents



4.6 Age of Respondents

The results are displayed in Table 4.3. The respondents were also asked to indicate their age range. According to the results, (2) 5.1 per cent of respondents said they were under 20 years old, (4) 10.3 per cent said they were between 21 and 30 years old, (12) 30.8 per cent said they were between 31 and 40 years old, (15) 38.5 per cent said they were between 41 and 50 years old, and (6) 15.4 per cent said they were over 50. This demonstrates that the majority of business owners, accountants, KRA personnel working in the tax resolution division, and tax consultants working in Mombasa County were between the ages of 31 and 50.

Table 4.2:

Age bracket of the respondents

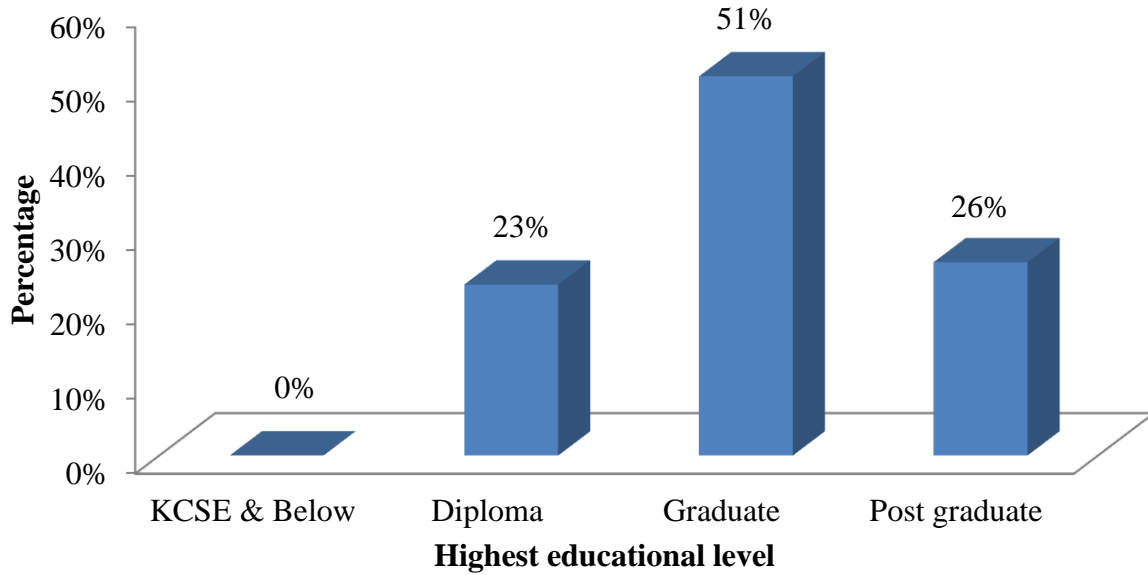
Age bracket	Frequency	Percent
Less than 20 Years	2.	5.1
Between 21 to 30 Years	4	10.3
Between 31to 40 Years	12	30.8
Between 41 to 50 Years	15	38.5
Over 50 Years	6	15.4
Total	39	100.0

4.7 Highest Education-Level

The highest level of education that the respondents had completed was requested of them. The outcomes are depicted in Figure 4.3. The-results showed that 23% of respondents said they had a diploma, 51% said they had an undergraduate degree, and 26% said they had a postgraduate degree. This suggests that the majority of business owners, accountants, KRA staff working in the tax resolution division, and tax consultants operating in Mombasa County had college degrees or higher.

Figure 4.3:

Highest Educational Level



4.8 Descriptive Analysis

4.8.1 Effect of fiscal tax knowledge on alternative dispute resolution

The study's first objective was to determine how fiscal tax knowledge affected alternative dispute resolution in Mombasa County, Kenya's three-star hotels. Respondents were asked to answer a series of questions and provide their comments regarding the impact of fiscal tax knowledge on the alternative dispute resolution process among three-star hotels in Mombasa County, Kenya. The Likert scale was further rearranged so that 1-2 represented disagree, 2.1-3 represented undecided, and 3.1-5 represented agree to aid in the analysis of these objective results. The findings in Table 4.3 demonstrate that knowledge of fiscal taxes has an impact on the use of ADR among three-star hotels in Mombasa County, Kenya. This was shown by the majority of respondents (33, or 85%) who agreed that understanding fiscal taxes has a big impact on resolving tax disputes. Thus, taxpayers' fiscal tax awareness is a driving force behind the

recent surge in the usage of ADR, and hotel management, together with other stakeholders, should support training in taxpayers' fiscal tax knowledge.

As shown by a mean of 4.6154 and a standard deviation of .59007, the respondents concurred and asserted that comprehension of fiscal tax regulations had a substantial impact on resolving tax disputes. Table 4.2 summarizes the analysis of the many facets of fiscal tax knowledge. The respondents' mean of 4.2308 and the standard deviation of .77668 shows that they were in agreement that hotel owners should seek to increase their grasp of fiscal taxation. Respondents also agreed that tax knowledge benefits both the government and taxpayers, with a mean of 4.2821 and a standard deviation of .79302. The respondents further verified that informed taxpayers are aware of other dispute resolution choices, with a mean of 4.2051 and the standard deviation of .76707. These outcomes are in line with the ones of Oladipupo and Obazee (2020), who employed a survey study methodology to investigate the impact of taxpayers' awareness of and exposure to fines for noncompliance with the law among Nigerian small/ medium-sized businesses. The Ordinary Least Square Regression analysis approach was used to look at the survey data. The findings demonstrated that tax compliance was positively and significantly impacted by general tax knowledge. The study shows that having a better understanding of taxes increases the likelihood of tax compliance.

Table 4. 3:*Effect of fiscal tax knowledge on alternative dispute resolution*

Statements	N	Disagree	Unsure	Agree	Mean	Std Dev.
Fiscal tax knowledge has significant impact on tax dispute resolution	39	2(5%)	4(10%)	33(85%)	4.6154	.59007
Hotel owners-should seek to advance their fiscal tax knowledge and awareness	39	3(8%)	9(23%)	27(69%)	4.2308	.77668
Fiscal tax knowledge benefits both government and taxpayers	39	1(3%)	6(15%)	32(82%)	4.2821	.79302
Educated taxpayers are aware of alternative dispute resolution opportunities	39	3(8%)	11(28%)	25(64%)	4.2051	.76707

4.8.2 Effect of procedural tax knowledge on alternative dispute resolution

The second goal of the study was to find out the effect of procedural tax knowledge on alternative dispute resolution among three star Hotels in Mombasa County, Kenya. The findings in Table 4.4 demonstrate that procedural tax knowledge has an impact on the use of ADR among three-star hotels in Mombasa County, Kenya. The majority of respondents, 35 (96 per cent), agreed, as shown in the results, that technological expertise influences tax compliance among hotels. This suggests that organizations must prioritize technology if they want to manage tax compliance effectively. The respondents agreed that tax complications include The survey's mean value of 4.0256 and standard deviation of .81069 demonstrate the prevalence of ambiguity, calculations, revisions, details, forms, and record-keeping. The respondents also agreed that tax complexity forces taxpayers to work with tax agents to settle their tax-related concerns, as indicated by a mean value of 4.0000 and a standard deviation of 1.07606 among them. As indicated by a mean value of 4.1538 and a standard value of 1.03970 in Table 4.3, respondents believe that technical skill influences tax compliance among hotels and that procedural tax

complexity contributes to an increase in tax non-compliance. Respondents also concurred that technological expertise influences hotels' tax compliance, as demonstrated by the survey's mean value of 4.0256 and standard deviation of 0.81069, which is equal to a mean of 4.3590. The respondents also agreed that tax complexity forces taxpayers to work with tax agents to settle their tax-related concerns, as indicated by a mean value of 4.0000 and a standard deviation of 1.07606 among them. As indicated by a mean value of 4.1538 and a standard value of 1.03970 in Table 4.3, respondents believe that technical skill influences tax compliance among hotels and that procedural tax complexity contributes to an increase in tax non-compliance. Respondents also concurred that technology expertise affects hotels' tax compliance, as shown by a mean of 4.3590 and a standard deviation of 0.81069.

The findings of the Hamid et al. (2022) study, which examined SMEs in Malaysia and the taxpayers' perceptions of tax knowledge, tax education, and tax complexity, are in line with these findings. Specifically, data from the tax awareness survey was utilized to highlight the organization's strengths and flaws based on the significance and degree of satisfaction with each examined variable, in accordance with the opinions of the respondents. An online survey form was used to create, validate, and deliver a structured questionnaire to owners of SMEs. The questionnaire was completed by 140 respondents in total, and their responses were accounted for in the data analysis. According to the findings, taxpayers view paying taxes as a burden because it lowers their take-home pay. They also believe that enacting a new digital tax is not now necessary. Taxpayers also lacked sufficient knowledge of government services and tax administration.

Table 4.4:***Effect of procedural tax knowledge on alternative dispute resolution***

Statements	N	Disagree	Unsure	Agree	Mean	Std Dev
Tax complexities include ambiguity, compute, redesign, details, forms and record-keeping	39	4(10%)	10(26%)	25(64%)	4.0256	.81069
Tax complexities pushes taxpayers to engage tax agents to deal with their tax matters	39	3(8%)	8(21%)	28(76%)	4.0000	1.07606
Procedural tax opaqueness leads to an increase in tax non-compliance	39	2(5%)	3(8%)	34(90%)	4.1538	1.03970
Technological knowledge influences tax payment among hotels	39	4(10%)	0(0%)	35(96%)	4.3590	.81069

4.8.3 Effect of legal tax knowledge on alternative dispute resolution

The third goal was to determine how legal tax knowledge affected three-star hotels in Mombasa County, Kenya's alternative dispute settlement process. The majority of respondents [36 (95%)] concurred, as shown by the frequencies in table 4.5, that it is challenging to file tax returns because it is difficult to understand the rules and the tax return forms, demonstrating the importance of following tax laws to the success of ADR. The majority of respondents said that understanding the instructions in the tax pack and that understanding the rules and tax return forms make it more difficult for taxpayers to file tax returns. The findings show medium values of 4.2071, 4.1539, with respective standard dispersion of 1.19603 and .93298. However, they all agreed that hotel owners feel tax evasion can hurt their business by severely hurting their reputation. A mode value of 4.3590 and a standard difference of .93153 supports this. Businessmen are eager to satisfy their tax obligations and perks as long as the taxes paid are fair, according to a mean value of 4.5126 and a standard deviation of .75644. This supports the claim

that businessmen are willing to do so. This is consistent with research conducted by Kinyanjui (2019) to determine the effectiveness of the ADR method used by KRA in settling tax disputes. According to the study's findings, there are no barriers to employing ADR to resolve tax issues. This is because Article 159 (2) of the Constitution emphasizes the need of using ADR to resolve tax issues. In addition, matters may be referred to tribunals or settled outside of court under section 28 of the Tax Appeal Tribunal Act (TATA). Section 55 of the Tax Procedures Act (TPA) offers another option for employing ADR to settle tax disputes.

Table 4.5:

Effect of legal tax knowledge on alternative dispute resolution

Statements	N	Disagree	Unsure	Agree	Mean	Std Dev.
Common problem faced by taxpayers is to understand the instructions in the Tax pack	39	0(0%)	6(15%)	33(85%)	4.2071	1.19603
Understanding the rules and the tax return forms hinders filing tax returns	39	2(5%)	1(3%)	36(95%)	4.1539	.93298
Hotel Owners think that tax fraud could hurt their company's reputation and so hurt sales.	39	3(8%)	7(18%)	29(74%)	4.3590	.93153
As long as the taxes paid are fair, businessmen are willing to meet their tax duties and receive their rewards.	39	4(10%)	2(5%)	33(85%)	4.5126	.75644

4.8.4 Effect of tax knowledge on alternative dispute resolution

The main goal of this study was to determine how tax knowledge affected alternative dispute resolution. As shown in table 4.5, the majority of respondents [35 (89 per cent)] agreed that ADR has helped to reduce the backlog of tax objections, demonstrating that using ADR can speed up the resolution of objection cases. Furthermore, according to the respondents, ADR has

significantly lowered the backlog of tax objections. A mode core of 4.4103 and a standard deviation of .84970 illustrates this. Additionally, the respondents said that a medium of 4.3590 and a standard deviations of 1.01274 serve as proofs that the number of tax disputes has greatly dropped as a result of ADR initiatives to a greater extent. It was mentioned with voluntary disclosure that Mombasa County hotels had been strongly persuaded to participate by ADR. The hotel's owner reportedly freely shares information about their tax condition, as seen by the response's mean score of 4.3333 and standard dispersion of 1.08418. According to a medium of 4.4459 and a standard deviation of .94018, the respondents were in accord about whether the ADR project has increased government income in Mombasa County. As shown by a mode of 4.4872 and a standard deviation of .94233, the respondents also agreed that the use of ADR has increased in the efficient and peaceful resolution of disputes. Last but not least, respondents said that ADR has greatly increased in popular acceptance, traction, and confidence. As seen in Table 4.6, this is represented by a mean value of 4.4128 and a standard deviation of 0.95230.

This conclusion is backed up by data from KRA, which claimed that "KRA has recovered approximately Sh6.6 billion in taxes collected from disputes concluded through the Alternative Dispute Resolution process in less than two years." Before the ADR framework was adopted on June 17, 2015, there were various tax problems involving more than Ksh.35 billion in locked up funds. ADR has been used to settle about 140 tax issues that were pending before the Tax Tribunal.

Table 4.6:

Effect of tax knowledge on alternative dispute resolution

Statements	N	Disagree	Unsure	Agree	Mean	Std Dev.
ADR has reduced the backlog of tax objections	39	3(8%)	1(3%)	35(89%)	4.4103	.84970
The number of tax disputes have gone down drastically due to ADR initiatives	39	2(5%)	3(8%)	34(87%)	4.3590	1.01274
ADR has encourage voluntary disclosure by hotels in Mombasa County	39	4(10%)	5(13%)	30(77%)	4.3333	1.08418
ADR initiative has increased government revenues in Mombasa County	39	4(10%)	3(8%)	32(82%)	4.4459	.94018
ADR has seen an increase inefficient and amicable settlement of disputes	39	1(3%)	10(26%)	31(71%)	4.4872	.94233
ADR has increasingly gained acceptance, traction and Public confidence	39	3(8%)	2(5%)	34(87%)	4.5128	.95230

4.9 Correlations Analysis

The study's objective was to conduct a correlation analysis. Both the correlation coefficient and the determination coefficient are applied in this situation. This was carried out in order to demonstrate the link between the independent and dependent variables. The relationship between the study variables and results is depicted in Table 4.6 of the study's data using Correlation coefficient for Karl Pearson (r). In accordance with the findings, the dependent variable and the independent factors (fiscal tax knowledge, procedural tax knowledge, and legal tax knowledge) (alternative dispute resolution) have a very significant positive connection. According to the analysis, the coefficient of correlation "r" for fiscal tax knowledge is equal to 0.789 (P0.05), procedural tax knowledge is equal to 0.799 (P0.05), and legal tax knowledge is equal to 0.688

(P0.05). This demonstrates that the dependent variable (ADR) and the independent variables (fiscal tax knowledge, procedural tax knowledge, and legal tax knowledge) have a highly significant positive association, with procedural tax knowledge having the lead. Therefore, it follows that the hotel owners must follow the legal tax laws.

Table 4.7:

Correlation

Variables		Alternative Dispute Resolution	Fiscal Tax Knowledge	Procedural Tax Knowledge	Legal Tax Knowledge
Alternative Dispute Resolution	Pearson Correlation	1	.789**	.799**	.688**
	Sig.(2-tailed)		.000	.000	.000
	NN	39	39	39	39
Fiscal Tax Knowledge	Pearson Correlation	.789**	1	.496**	.719**
	Sig.(2-tailed)	.000.		.001	.000
	NN	39	39	39	39
Procedural Tax Knowledge	Pearson Correlation	.799**	.496**	1	.388*
	Sig.(2-tailed)	.000.	.001		.015
	N	39	39	39	39
Legal Tax Knowledge	Pearson Correlation	.688**	.719**	.388*	1
	Sig.(2-tailed)	.000.	.000	.015	
	N	.39	39	39	39

4.10 Regression-analysis

The regression analysis was run to establish variation portion explained, the fitness of the model and the value addition the existing value by each variable applied.

4.11 Model summary

Table 4.8's summary of the regression model indicates that the R-square for the coefficient determination is 0.865. Accordingly, 86.5 percent of the relationship may be attributed to the three discovered variables, fiscal tax knowledge, procedural tax knowledge, and legal tax knowledge. The remaining 13.5 percent is made up of additional characteristics that were not considered in this research study.

Table 4.8:

Model Summary

Model	R.	R Square	Adjusted R Square	Std Error of The Estimate
1	.930 ^a	.865	.854	.33100

4.12 Analysis of Variance (ANOVA)

The relevancy of the regression model was determined by the study using ANOVA. When a model's p-value is 0.05 or below, its significance is deemed to be significant. In Kenya's Mombasa County's three-star hotels, the regression tool was statistically relevant in predicting the impact of tax knowledge on alternative dispute settlement, as shown by the p-value of 0.000 in Table 4.9. The research shows that the results are highly reliable, with a confidence level of 95%. The aggregate ANOVA findings show that the model was significant at $F=74.974$, indicating that knowledge of financial taxes, legal taxes, and procedural taxes significantly

affects alternative dispute resolution.

Table 4.9:

ANOVA

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression-	24.643	3	8.214	74.974	.000 ^b
	Residual-	3.835	35	.110		
	Total-	28.477	38			

4.13 Multiple Regression

In order to ascertain the link between the dependent variable and the three components examined in this study, the researcher additionally performed a multiple regression analysis, as indicated in Table 4.10 below. This advanced the process of figuring out how the variables related to one another. The estimation of the regression model equation in

Table 4.10 above was as follows:

Table 4. 10:

Coefficients

Models	Unstandardized Coefficients		Standardized Coefficients		
	B	Std. Error	Beta	t	Sig.
(Constant)	.119	.217		.549	.586
Fiscal tax knowledge	.407	.104	.370	3.900	.000
Procedural tax knowledge	.402	.054	.533	7.446	.000
Legal tax knowledge	.244	.102	.215	2.402	.022

$$Y=0.119+0.407X_1+0.402X_2+ 0.244X_3 + \epsilon$$

The equation was relevant because all the three aspects considered (Fiscal tax knowledge X_1 , Procedural tax knowledge X_2 and Legal tax knowledge X_3) were found to significantly affect Alternative Dispute Resolutions in all p-values were below 0.05. Where: X_1 =Fiscal levy knowledge, X_2 =Procedural levy knowledge, X_3 =Legal levy knowledge and Y =Alternative Dispute Resolution.

Hence, Alternative Dispute Resolution = $0.119 + 0.407$, Fiscal tax knowledge $+0.402$, Procedural tax knowledge $+0.244$ and Legal tax knowledge $+\epsilon$.

All of the investigated factors demonstrated a positive connection with the independent variables, according to the regression model's beta coefficients. With p-values less than 0.05, all factors investigated were statistically significant.

According to the results, a unit move of X_1 (fiscal tax knowledge) = 0.407 has resulted to a change of 0.407 in the performance of alternative dispute resolution; X_2 (procedural tax knowledge) = 0.402 will result in a change of 0.402 in the performance of alternative dispute resolution; and X_3 (legal tax knowledge) = 0.244 will result in a change of 0.244 in the performance of alternative dispute resolution. The performance of alternative dispute resolution is shown by the Y-intercept ($0 = 0.119$), which indicates that without the independent variables, which include; (Fiscal tax knowledge X_1 , Procedural tax knowledge X_2 and Legal tax knowledge X_3), Alternative Dispute Resolution performance will be 0.119.

According to the analysis in Table 4.10, Fiscal tax knowledge X_1 (= 0.407, p0.05), Procedural tax knowledge X_2 (= 0.402, p0.05), and Legal tax knowledge X_3 (= 0.244, p0.05) have the strongest relationships. Each of the three factors significantly indicated how well alternative dispute resolution would work.

4.14: Qualitative results

4.14.1: Participation

The aim of this survey was to find out if the respondents had participated in the KRA ADR forum. The majority of the respondents said that they had. This indicates that participants in the study who provided feedback took part and provided correct data that helped the researcher reach his conclusion.

4.14.2: Personal interaction

And on the question whether the ADR process allows for personal interaction between the tax authority and taxpayer, the respondents said yes. The researcher sought to find out from the respondents whether the client or agent were well informed of the ADR process and the respondents said yes and that ADR practitioners also exercised impartiality when handling the tax disputes.

4.14.3: Tax dispute period

According to data, the average age of direct tax disputes in the ADR forum in which you participated was about 23 months, and the average amount of time that had passed for all concluded ADR cases was 61 days. When asked to provide more details on the case outcome, the respondents stated that 58% of cases where ADR was used were successful, 34% remained unresolved, and 8% were partially settled. According to the statistics, the average length of a tax dispute has significantly decreased, and the majority of cases have been effectively settled. And in regards to the query of whether direct communication between the tax authorities and the taxpayer is permitted through the ADR process. The findings from over 80 customers indicated that there was an appreciation of personal interaction that that ADR process allowed and customers were well informed.

4.14.4: ADR Framework challenges

The answer to the question about some of the difficulties that the KRA ADR framework has in resolving tax disputes revealed that it lacks a supervision and reporting system. This study there suggests that KRA officials report to parliament on the amount of tax they have skipped and the amount of litigation costs they have saved. Additionally, it's important to prevent corruption from contaminating the ADR procedure. Regarding the challenge posed by Article 210 of the Constitution, legislation is required to grant the commissioner the authority to waive taxes during the ADR process; otherwise, the process will remain rigid. To increase confidence, the ADR framework should use an integrated strategy that involves participation from all parties. KRA currently controls and owns the ADR procedure. This implies that the only options left to the disputants are the rules established by KRA. The Kenya Revenue Authority and the parliament should be the organizations responsible for carrying out this advice.

CHAPTER FIVE

SUMMARY CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

These chapters provides an overview of the findings, the study's conclusion, and suggest next steps in light of its goals. The study's aim were to see the effects of procedural, legal, and fiscal tax knowledge on alternative dispute resolution among Mombasa County, Kenya's three-star hotels, as well as how each of these knowledge affected the three-star hotels' ability to resolve disputes in a timely manner.

5.2 Summary of the finding

The goal of this survey was to examine the influence of tax knowledge on ADR in Mombasa County, Kenya among three-star hotels. Out of forty six (46) sample sizes, 39 of them competently completed the questionnaires and returned bringing the response rate to 85%. The closed-ended questionnaires that were administered by the researcher were used to gather data. The survey had 21 questions and 16 respondents from the hotels, 15 KRA personnel working in their tax resolution section, and 15 tax consultants working in Mombasa County. The survey's two members were the hotel's owner and accountant. The outcomes of this study were presented as mean scores, standard deviations, correlation analyses, and regression analyses after the data were analyzed using SPSS version 25. The majority of business owners, accountants, KRA employees in the tax resolution division, and tax consultants in Mombasa County, according to survey data, were between the ages of 31 and 50. It was found that the dependent and independent variables were positively correlated.

5.3 Fiscal tax knowledge

The study's findings showed that three-star hotels in Mombasa County, Kenya's fiscal tax awareness affect alternative dispute settlement. With a mode of 4.2308 and a standard dispersion of .77668, the interviewees agreed that hotel owners should work to increase their understanding of fiscal taxes. Fiscal tax knowledge is crucial for improving alternative dispute resolution performance among three star hotels in Mombasa County, Kenya, as evidenced by the significant strong positive correlation between fiscal tax knowledge and alternative dispute resolution, as shown by a correlation “r” of 0.789 and regression coefficient of 0.407.

5.4 Procedural tax knowledge

The study's second goal was to determine how procedural tax knowledge affected alternative dispute settlement in Mombasa County, Kenya's three-star hotels. The fact that the standard deviation is 0.81069 and the mean value is 4.0256 suggests that the respondents agreed that tax complexity push taxpayers to work with tax consultants to handle their issues in tax. The correlation figure of 0.799, which indicates a significant strong positive correlation between procedural tax knowledge and alternative dispute resolution among three-star hotels in Mombasa County, Kenya, suggests that procedural tax knowledge is crucial when determining how procedural tax complexity affects the rise in tax non-compliance.

5.5 Legal tax knowledge

The study's third objective was to ascertain how three-star hotels in Mombasa County, Kenya's alternative dispute resolution process were impacted by legal tax knowledge. Businesspeople are willing to fulfill their tax duties and advantages as long as the taxes they have paid are fair, according to a medium value of 4.5126 and a standard dispersion of variation of .75644. This is in line with research done by Kinyanjui (2019) to evaluate the efficacy of the ADR process

utilized by KRA to resolve tax disputes. According to the study's findings, there are no barriers to employing ADR to resolve tax issues. This is because Article 159 (2) of the Constitution emphasizes the need of using ADR to resolve tax issues. In addition, matters may be referred to tribunals or settled outside of court under section 28 of the Tax Appeal Tribunal Act (TATA). Section 55 of the Tax Procedures Act (TPA) offers another option for employing ADR to settle tax disputes. The significant strong positive correlation between legal tax knowledge and alternative dispute resolution among three star hotels in Mombasa County, Kenya, as shown by a correlation "R" of 0.688, suggests that legal tax knowledge contributes to the perception that hotel tax avoidance, in the opinion of the owners, could harm their company's reputation.

5.6 Conclusion of the study

The study stated that all of the independent characteristics examined have a significant impact on alternative conflict resolution among three star hotels in Mombasa County, Kenya, as evidenced by the strong coefficient of correlation and a p-value less than 0.05. The evaluated factors' overall strength was indicated by the coefficient of determination. The total p-value of 0.000, or less than 0.05 (5%) is a sign that the variables under analysis are significant at the calculated 95% level of significance. This indicates that alternative dispute resolution among three-star hotels in Mombasa County, Kenya, is significantly influenced by the independent variables of inquiry, namely fiscal levy knowledge, procedural tax knowledge, and legal tax knowledge.

According to the study's findings, business people have a mean value of 4.5126 and a standard deviation of variance of 0.75644 shows that people are prepared to fulfil their tax obligations and benefits as long as the taxes they have paid are fair. This study, therefore, concludes legal tax knowledge influences alternative dispute resolutions in Mombasa County Kenya.

5.7 Recommendation

5.7.1 Fiscal tax knowledge

According to the survey, understanding fiscal taxes significantly affects how tax disagreements are resolved. Therefore, it is advised that hotel owners, KRA from the ADR division, and tax experts devise means of becoming more visible, intervening, and participating at all times in matters relating to tax disputes.

5.7.2 Procedural tax knowledge

According to the study, among the three criteria covered, fiscal tax knowledge performed the best. As a result, it plays a crucial role in directing the organization toward accomplishing its goals of using ADR to resolve tax disputes. As a result, this position needs to receive more attention.

The study also showed that procedural tax knowledge caused difficulties in the performance of alternative dispute resolution mechanisms among three star hotels in Mombasa County, Kenya, in addition to fiscal tax knowledge and legal tax knowledge. Therefore, it is advised that hotel operators develop policies and procedures that improve ADR performance on the advice of tax advisors.

5.7.3 Legal tax knowledge

The study's findings indicate that persons in business who have paid fair taxes—as evidenced by a mean value of 4.5126 and a standard deviation of variance of .75644—are willing to fulfill their tax duties and advantages. This is in line with research done by Kinyanjui (2019) to evaluate the efficacy of the ADR process utilized by KRA to resolve tax disputes. Because entrepreneurs who are stakeholders in this study are willing to satisfy their tax obligations and benefits as long as the taxes they have paid are fair, as proven, it is recommended that tax revenue be used for social

benefits in a transparent manner.

5.8 Areas for Future Study

The influence of-tax awareness on ADR among three-star hotels in Mombasa County, Kenya, was the main focus of this study. It is advised that additional research be done on other factors such as hospitality culture, technology complexity, and other factors that may have an impact on alternative dispute resolution among three star hotels in Mombasa County, Kenya because 86.5 per cent of the results in this study were explained by independent variables.

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APPENDICES

APPENDIX I: QUESTIONNAIRE

Instructions: The aim of this Questionnaire is to collect data on “establishing the effect of tax knowledge on the Alternative Dispute Resolution among three star hotels in Mombasa County, Kenya.”.

I humbly request you to respond to every statement.

QUESTIONNAIRES TO ALL PARTIES

SECTION A: DEMOGRAPHIC QUESTIONS

1. **What is your gender:** Male [] Female []
2. **What is your age bracket?**
Less than 20 [], 21-30 [], 31-40 [], 41-50 [] Over 50 []
3. **Highest Level of Education**
KCSE and below [], Diploma [], Undergraduate [], Postgraduate []

QUESTIONNAIRES TO TAX PAYERS

SECTION B: Fiscal tax knowledge

4. On a scale of 1-5 rate the extent of agreement of the effect of fiscal tax knowledge on Alternative Dispute Resolution among three star hotels in Mombasa County, Kenya.”

Where; **5-strongly agree, 4-agree, 3-unsure, 2-disagree, 1-strongly disagree.**

	General tax knowledge	1	2	3	4	5
i.	Fiscal tax knowledge has significant impact on tax dispute resolution					
ii.	Hotel owners should seek to advance their fiscal tax knowledge and awareness					
iii.	Fiscal tax knowledge benefits both government and taxpayers					
iv.	Educated taxpayers are aware of alternative dispute resolution opportunities					

SECTION C: Procedural tax knowledge

5. On a scale of 1-5 rate the extent of agreement of the “effect of procedural

tax knowledge on Alternative Dispute Resolution in Kenya.”

Where; **5-strongly agree, 4-agree, 3unsure, 2-disagree, 1-strongly disagree.**

	Procedural tax knowledge	1	2	3	4	5
i.	Tax complexities include ambiguity, calculations, changes, details, forms and record-keeping					
ii.	Tax complexities forces taxpayers to engage tax agents to deal with their tax matters					
iii.	Procedural tax complexity contributes to an increase in tax non-compliance					
iv.	Technological knowledge influences tax compliance among hotels					

SECTION D: Legal tax knowledge

6. On a scale of 1-5 rate the extent of agreement of “effect of legal tax knowledge on Alternative Dispute Resolution in Kenya.”

Where; **5-strongly agree, 4-agree, 3-unsure, 2-disagree, 1-strongly disagree.**

	Legal tax knowledge	1	2	3	4	5
I	Common problem faced by taxpayers is to understand the instructions In the Tax pack					
Ii	Understanding the rules and the tax return forms hinders filing tax returns					
Iii	Hotel owners believe tax evasion can cause harm to their business by Damaging reputation					
Iv	Businessmen are willing to fulfill their tax obligations and benefits as Long as there is justice of the taxes that have been paid					

SECTION E: Alternative dispute resolution

7. In a scale of 1-5 rate the extent of agreement of the “effect of the tax knowledge on Alternative Dispute Resolution in Kenya.”

Where; **5-strongly agree, 4-agree, 3unsure, 2-disagree, 1-strongly disagree.**

	Alternative dispute resolution	1	2	3	4	5
I	ADR has reduced the backlog of tax objections					
ii	The number of tax disputes have gone down drastically due to ADR initiatives					
iii	ADR has encourage voluntary disclosure by hotels in Mombasa County					
Iv	ADR initiative has increased government revenues in Mombasa County					
V	ADR has seen an increase in efficient and amicable settlement of disputes					
Vi	ADR has increasingly gained acceptance, traction and public confidence					

QUESTIONNAIRE TO TAX CONSULTANTS

1. Have you taken part in a KRA ADR forum?
2. Would you say that the ADR process allows for personal interaction between the tax authority and taxpayer?
3. Was the client or agent well informed of the ADR process?
4. Were ADR practitioners impartial when handling the tax disputes?
5. How long did the tax disputes take in the ADR forum you participated?
6. What was the outcome of the case?

QUESTIONNAIRE TO ADR KRA STAFF

1. Would you say that the ADR process allows for personal interaction between the tax authority and taxpayer?
2. What are some of the challenges ADR framework is experiencing in resolving tax disputes?
3. What recommendations would you make to overcome those challenges?

APPENDIX II: LIST OF THREE (3) STAR HOTELS IN KENYA

S/N	ESTABLISHMENT	COUNTY	RATING
1	Bahari Beach Hotel	Mombasa	***
2	Kenya Bay Beach Hotel	Mombasa	***
3	Royal Court Hotel	Mombasa	***
4	Isinya Resorts Limited	Mombasa	***
5	Pride Inn Mombasa	Mombasa	***
6	Azul Margarita Beach Resort	Mombasa	***
7	Jacy Joka Apartments	Mombasa	***
8	Bollywood Bites	Mombasa	***

Source: Kenya Hotels and Restaurant Association (KHRA,2021)



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30th June, 2022

Commission Secretary
National Commission for Science, Technology and Innovations,
P.O Box 30623-00100
NAIROBI

Dear Sir/Madam

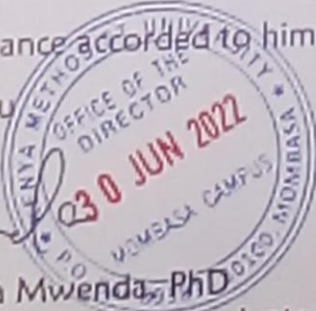
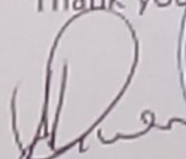
RE: JEFWA WANGU WILLIAM- (Reg. No: BUS-3-7402-3/2016)

This is to confirm that the above named is a bona fide student of Kenya Methodist University, in the School of Business and Economics, Department of Business Administration undertaking a Master's Degree In Business Administration. He is conducting research on: *Effects of Tax Knowledge on Alternative Dispute Resolution Among Three Star Hotels in Mombasa County, Kenya.*

We confirm that his research proposal has been presented and approved by the university. In this regard, we are requesting your office to issue a research license to enable him collect data.

Any assistance accorded to him will be appreciated.

Thank you



Dr. Kirigia Mwenda, PhD
For Coordinator, Postgraduate Studies
Paul.kirigia@kemu.ac.ke



REPUBLIC OF KENYA



NATIONAL COMMISSION FOR SCIENCE, TECHNOLOGY & INNOVATION

Ref No:748857

Issue: 19/July/2022

Date of

RESEARCH LICENSE



This is to Certify that Mr.. WILLIAM JEFWA WANGU of Kenya Methodist University, has been licensed to conduct research in Mombasa on the topic: EFFECT OF TAX KNOWLEDGE ON ALTERNATIVE DISPUTE RESOLUTION AMONG THREE-STAR HOTELS IN MOMBASA COUNTY, KENYA for the period ending : 19/July/2023.

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