FACTORS INFLUENCING THE ADOPTION OF ONLINE TAX FILING SYSTEMS IN NAIROBI, KENYA

GOR, KENNETH

The Strategic JOURNAL of Business & Change MANAGEMENT
ISSN: 2312-9492 www.strategicjournals.com

Vol. 2 (77), pp 906- 920, Oct 7, 2015, www.strategicjournals.com, ©strategic Journals

FACTORS INFLUENCING THE ADOPTION OF ONLINE TAX FILING SYSTEMS IN NAIROBI, KENYA

Gor, K., Jomo Kenyatta University of Agriculture and Technology (JKUAT), Kenya

Accepted: October 6, 2015

Abstract

Innovation has been touted as the primary management tool in competitive market to enhance the competitiveness, productivity and flexibility of firms. It has the potential of enhancing operational efficiency and effectiveness. The study sought to investigate factors influencing the adoption of online tax filing systems by the medium tax payers in Kenya. The specific objectives included; to determine the extent to which the innovation's perceived usefulness influence the adoption of online tax filing systems by the medium tax payers in Kenya; to assess how the innovation's perceived ease of use influences the adoption of online tax filing systems by the medium tax payers in Kenya; and to establish how social systems influence the adoption of online tax filing systems by the medium tax payers in Kenya. The study combined the innovation diffusion theory (IDT), technology acceptance model (TAM) and the reasoned theory of action (TRA) to present an extended innovation diffusion model. The study adopted a descriptive survey research design. The study population comprised all the registered medium tax payers in in the service industry in Kenya (474). A sample size of 142 (30%) was selected for this study. A standardized survey questionnaire was used to collect primary data from the respondents. Convenient sampling was used to collect information from the identified respondents based in Nairobi, Kenya. Regression analysis and correlations were conducted to determine the relationship between the dependent variable and the independent variables of the study. The study established that positive increase in the relative advantage; triability; complexity; compatibility; system support; observability; organizational support; and social networks positively influences the adoption of online tax filing system by the medium tax payers in Kenya. The study further established that these factors considered collectively, supportive social system (measured by observability; organizational support; and social networks) has the most significant influence followed by perceived ease of use (measured by complexity; compatibility; and system support) and finally the perceived usefulness (insignificant) of the innovation (measured by relative advantage; triability). Empirical results also provide a strong support for the integrative approach. The findings suggested a combined approach for evaluating innovation adoption by combining the innovation diffusion theory (IDT), technology acceptance model (TAM) and the reasoned theory of action (TRA) to present an extended innovation diffusion model for adoption of online tax filing systems which can help organization decision makers in planning, evaluating and executing the use of the system. The study recommends several theoretical frameworks to bring structure and rigor to the adoption of online tax filing systems.

Keyword Words: Adoption, Diffusion, Innovation, Technological Innovation

Introduction

In an increasingly globalized, competitive and turbulent business environment characterized with rapid technological revolution, organizations have increasingly invested considerable amount of time and resources towards innovation development and management to maintain competitiveness. Business firms as well as not for profit organizations are currently actively involved in the development and adoption of the latest innovations so as to restructure themselves to be ahead in this highly dynamic environment (Moghavvemi, Hakimian, & Feissal, 2012).

Adopting new innovations has the potential of enhancing operational efficiency and effectiveness and thus change the way businesses compete, create strategic opportunity and redraw competitive boundaries (Lee, Hsieh, & Hsu, 2011). In this respect, innovation is the new competitive weapon, crucial in developing a sustainable competitive advantage, and is also the primary management tool in competitive market to enhance the competitiveness of firms as well as productivity and flexibility (Moghavvemi et al., 2012).

Therefore, one of the most important duties of those responsible for organizational innovation is to maximize its adoption rate. Chigona (2008) posits that an innovation, no matter how well designed, would be perceived as useless if it is not adopted and that one of the steps toward maximizing an innovation's rate of adoption is to understand the factors that influence its adoption. Talukder (2012) further notes that despite an organization's decision to adopt an innovation, its actual usage depends on how the end users implement the usage of the innovation. Therefore, it is important to examine the adoption of innovations by the target groups, because if there is no acceptance among users, then the desired benefits associated with innovation cannot be realized. This argument was furthered by Kundu and Roy (2010) who indicated that the innovation process can only be considered a success when the innovation is accepted and integrated into the organization and the target adopters demonstrate commitment by continuing to use the product over a period of time.

Technological Innovation at Kenya Revenue Authority (KRA)

The Kenyan Government underscored the importance of innovation in its developed agenda by entrenching innovation in its long term objective, "Vision 2030". The Vision aims to establish a nation that harnesses science, technology and innovation to foster global competitiveness for wealth creation, national prosperity and a high quality of life for its people. The Kenyan government further went ahead to establish the electronic government platform for various government departments and agencies to revolutionize how the government renders services to the citizen and give it more opportunities to come up with innovative ways of service delivery.

In this line, Kenya revenue Authority (KRA), the body responsible for collecting revenue on behalf of the Government of Kenya in October 2013 launched a new online tax filing system to enhance tax collection and limit tax evasions so as to effectively execute its mandate. The mandate of KRA which was established by an Act of parliament 1995 is key to the country's economic development as taxes collected by

KRA funds over 70% of the Kenya National Budget and hence the need to increase revenue through continuous improvement on tax collection processes (Weru, Kamaara, & Weru, 2013). In Kenya, there are potential 11 million formal tax payers. Out of this number, only 2 million filed their taxes through the online system by June 30, 2015 (KRA, 2015). This indicates a very low (18%) uptake.

KRA divides taxpayers into three main categories for ease of tax Administration and efficient service delivery to taxpayers. That is, Large Tax Payers, Medium Taxpayers and Small Taxpayers. These categories are further re-classified into four main sectors; Agriculture & Manufacturing; Distributors; Finance and Construction; and Services (KRA, 2015).

The service sector which includes wholesale and retail trading, financials, government, transport, hospitality, tourism, education, health, communication, and personalized services, plays a critical role in the Kenyan economy has it contributes up to 60% of the GDP. The sector employs 25% of the total workforce of 16.6 million in Kenya (Council for International Development Cooperation, 2014).

With a robust and easily accessible online tax submission, the authority indicates that only a small number of KRA clients [18%] used the online tax submission platform in 2014/2015 financial year. This low adoption contradicts the promises of faster, cheaper and convenient means of filing taxes online. The study therefore sought to establish the factors influencing the adoption of the online tax filing system by the Kenyan medium tax payers.

Problem Statement

Literature on innovation has underscored the importance of innovation as a competitive weapon crucial in developing a sustainable competitive advantage. In fact innovation has been touted as the primary management tool in competitive market to enhance the competitiveness of firms as well as productivity and flexibility (Moghavvemi et al., 2012). This recognition has driven the desire to understand perceptions of the the end users as well as understand the factors that influence the adoption of innovations.

Several studies have explored the adoption of innovation through varied conceptual frameworks. Chigona (2008) used diffusion of innovations theory framework to explain communal computing facilities adoption among the urban poor Cape Town South Africa. Lee, Hsieh, and Hsu, (2011), explored the behavioral intentions to use the elearning system by combining the innovation diffusion theory (IDT) with the technology acceptance model (TAM). Buabeng-Andoh (2012) studied the factors influencing teacher's adoption and integration of information communication technology in teaching by looking at personal, institutional and technological factors. Talukder (2012) modelled the undestanding of factors affecting the adoption of technological innovation by individuals around the organizational factors; individual factors and the social factors. The current study contributes to the adotion of innovation literature by examining innovation adoption through a combined theoritical approach. The study combines the innovation diffusion theory (IDT), technology acceptance model (TAM) and the reasoned theory of action (TRA) to present an extended innovation adoption model.

On the context, several studies have been carried out at Kenya Revenue Authority to determine the factors that influence adoption of technological innovations. Obae (2009) studied the use of technological innovation at KRA to achieve turnaround strategy. This study was only based on the internal employees not the clients. Similaly, Kipsang and Rotich (2014) studied the adoption of electronic procurement system at Kenya Revenue Authority with focus on the employees.

Weru, et al. (2013) studied the the adoption of electronic tax register by the KRA clients. The study was only based on traders plying their trade along Luthuli Avenue in Nairobi and did not look at individual sectors. Overall, these studies did not identify the factors that influence the adoption of the online tax submission system by medium tax payers in the service industry in Kenya. This presented a knowledge gap.

The current study therefore sought to fill these gaps by evaluating the factors influencing the adoption of the online tax filing system by medium tax payers in the service industry in Kenya using a combined theoritical approach (IDT; TAM; TRA).

General Objective

The general objective of the study was to investigate the factors influencing the adoption of online tax filing systems by the medium tax payers in Kenya.

Specific Objective

The study aimed to fulfill the following specific objectives;

i. To determine the extent to which the innovation's perceived usefulness influence the adoption of online tax filing systems by the medium tax payers in Kenya.
ii. To assess how the innovation's perceived ease of use influences the adoption of online tax filing systems by the medium tax payers in Kenya.
iii. To establish how social systems influence the adoption of online tax filing systems by the medium tax payers in Kenya.

Rationale of the Study

The findings will provide Kenya Revenue Authority with useful information to make strategic decisions about innovation design and management. Policy makers and other stakeholders are expected to benefit from this study as an empirical source of information that will inform their management decisions towards improving innovation management. Scholars are also expected to benefit from the research for theory testing and development. The findings opens a front for combining theories in explain factors that influence innovation adoption.

Literature Review

Theoretical Review

This study was guided by three theories; Technology Acceptance Model; Theory of Reasoned Action and Innovation Diffusion Theory. These theories and other theories serve to direct the attention of innovators to those factors that are directly influencing the uptake of an innovation and guide them in understanding those factors so that the uptake can be influenced through those factors (Chigona, 2008).

Technology Acceptance Model

The technology acceptance model [TAM] states that technological innovation adoption is affected by the perceived usefulness and the perceived ease of use of the technology (Davis, 1989). The model has two fronts. One is the degree to which an individual believes that a particular system would enhance job performance within an organizational context. Secondly, the degree to which an individual believes that using a particular system would be free of effort. Thus, the model suggests that the innovation usage is indirectly affected by both perceived usefulness and perceived ease of use, which form the primary relevance for innovation adoption behaviors (Lee, Hsieh & Hsu, 2011).

Theory of Reasoned Action (TRA)

The theory of reasoned action presents a model for predicting the intention to perform a behavior based on an individual's attitudinal and normative beliefs (Southey, 2011). The theory holds that a person's attitude toward a behavior is determined by their salient beliefs about consequences of performing the behavior and an evaluation of the outcome of that behavior (Talukder, Harris, & Mapunda, 2008). Behavioral beliefs in this context define the subjective probability that performing the target behavior will result in consequences while evaluation refers to an implicit evaluative response to the consequence (Talukder et al., 2008). Hence, with respect to adoption of innovation, the adoption decision is influenced by attitudes toward the use of the innovation and perception of what other people who are important to an individual think about the adoption (Chigona, 2008).

Innovation Diffusion Theory (IDT)

Innovation Diffusion Theory was developed by Rogers (2003) who defined adoption as a decision of full use of an innovation as the best course of action available and rejection as a decision not to adopt an innovation. The theory defines diffusion as the process in which an innovation is communicated through certain channels over time among the members of a social system. The innovation diffusion theory argues that "potential users make decisions to adopt or reject an innovation based on beliefs that they form about the innovation (Lee, Hsieh, & Hsu, 2011). As expressed in this definition, innovation characteristics, communication channels, time, and social system are the four key components of the diffusion of innovations (Sahin, 2006).

These three theories are interrelated in one way or the other. The constructs employed in TAM (perceived usefulness and perceived ease of use) can be perceived as fundamental subset of innovation characteristics which are captured in the innovation diffusion theory. According to Lee et al. (2011), the relative advantage construct in innovation diffusion theory is similar to the notion of the perceived usefulness in TAM, and the complexity construct in innovation diffusion theory captures the perceived ease of use in the technology acceptance model. Moreover traibility communicates the relative advantage of the innovation, a factor directly linked to perceived usefulness.

Furthermore the theory of reasoned action [TRA] also forms a subset of innovation diffusion theory through the social system (e.g. individuals are more likely to perform an act if they perceive the existence of greater social pressure from salient referents to perform that act (Talukder et al., 2008)). Hence, the study combines the innovation diffusion

theory (IDT), the technology acceptance model (TAM), and the theory of reasoned action [TRA] to present an extended innovation diffusion model so as to give a more comprehensive approach for the study.

Conceptual Framework

This study proposed a conceptual frame work in which the dependent variable was the adoption of innovation and the independent variables the perceived usefulness (measured by relative advantage; and triability); perceived ease of use (measured by complexity and compatibility); and social systems (measured by organizational support, social networks and observability).

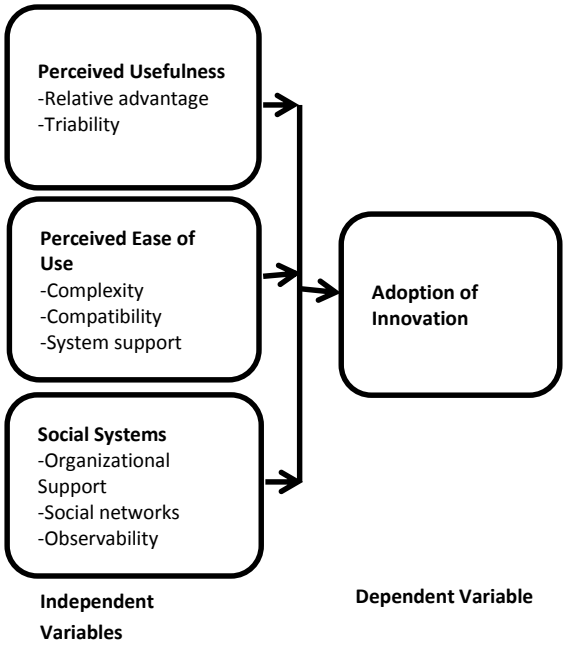

Figure1: Conceptual framework

Research Methodology

The study adopted a descriptive survey research design. Descriptive studies are usually the best methods for collecting information that will demonstrate relationships and describe the world as it exists (Maxwell, 1998). The choice of the design was appropriate because the aim of the study was to collect, analyze and interpret information from the respondents without manipulating the variables involved in the study.

The study population comprised all the 1,630 registered medium tax payers in the service sector in Kenya. The sampling frame which constitutes all the population elements that can be accessed at the time of study (Cooper & Schindler, 2008) was obtained from Kenya Revenue Authority's medium tax payers' office. The registered number of medium tax payers in Kenya as at June 2015 was 1,630 of which 352 were in Agriculture and manufacturing; 331 in Distribution; 328 in Finance and Constructions; 474 in Service sector; and 145 were High Net Worth Individuals (KRA, 2015).

A sample size of 142 of medium tax payers was selected for this study. This represented 30% of the medium tax payers in the service sector. For a population of up to 1,000, a sample size of 30% is considered sufficient (Blanche, Durrheim & Painter, 2008). A standardized survey instrument (questinnaire) was used to collect primary data from the respondents. Content validity of the instrument was assured by selecting the items for the constructs from previous research (Davis et al., 1989; Chigona, 2008; Talukder et al., 2008; Rogers, 2003; Rouibah & Abbas, 2010; Lee, Hsieh, & Hsu, 2011; Al-Jabri & Sohail, 2012; Talukder, 2012).

The procedure involved pilot test on 5 respondednts who were excluded from the main study to test validity and reliability of the instrument. The medium tax payers were identified from the sample frame provided by the KRA detailing names and location of the

institutions. Convenient sampling was used to collect information from the identified respondents based in Nairobi, Kenya btewwen the months of June and August 2015. Data collection involved drop and pick strategy. The questionnaires were dropped by a research assistant for filling by the finance managers in these organization and later duly filled questionnaires were picked after one week.

The data collected was then checked for completeness and coded before entering into SPSS for analysis. Regression analysis and correlations were conducted to determine the relationship between the dependent variable and the independent variables of the study. Statistical significance level was used to infer deductions. Findings were presented using tables.

The first objective of the study was to determine the extent to which the innovation's perceived usefulness influence the adoption of online tax filing systems by the medium tax payers in Kenya. The objective was addressed through the evaluation of end user's perception on the innovation's relative advantage and triability. From the model summary in Table (1), keeping other factors constant, 51.9% of the variation in innovation adoption could be explained by the end users perception on the innovation's usefulness. The regression model was significant at 95% level of confidence ($p<0.05$). Both the coefficients of the model, the constant and coefficient for relative advantage and triability were also positive and significant at 95% level of confidence ($p<0.05$).

Results

Perceived Usefulness

Table 1: Summary of Perceived Usefulness in Predicting Innovation Adoption

		(Constant)	Relative Advantage	Triability
Coefficients	R^2=.519	β =.949	β =.387	β =.373
Statistics	F(2, 100)=53.974	t=4.144	t=4.136	t=3.699
p-value	.000	.000	.000	.000

Perceived Ease of Use

The second study objective was to assess how perceived ease of use influences the adoption of online tax filing systems by the medium tax payers in Kenya. The objective was addressed through the evaluation of end user perception on the innovation's complexity, compatibility and system support. From the model summary in Table (2), keeping other factors constant, in overall, 60.3% of the variation in innovation adoption could be explained by the end users perception on the innovations ease of use. The regression model was significant at 95% level of confidence ($p<0.05$). Both the coefficients of the model, the constant and coefficient for complexity and compatibility were positive and significant at 95% level of confidence ($p<0.05$). On the contrary, the relationship between systems support and innovation adoption was positive but lacked statistical

significance at 95% level of confidence (p>0.05).

Table 2: Summary of Perceived Ease of Use in Predicting Innovation Diffusion

		(Constant)	Complexity	Compatibility	System Support
Coefficients	R^2=.603	β =1.173	β =.288	β =.307	β =.070
Statistics	F(3, 99)=50.104	t=7.095	t=2.492	t=3.805	t=.933
p-value	.000	.000	.014	.000	0.353

Social Systems

The third study objective was to establish how social systems influence the adoption of online tax filing systems by the medium tax payers in Kenya. The objective was addressed through the evaluation of end users' perception on the organizational support, social networks and the innovation's obervability. From the model summary in Table (3), 72.7% of the variation in innovation adoption could be explained by social systems. The regression model was significant at 95% level of confidence (p<0.05). Both the coefficients of the model, the constant and coefficient for social networks; observability and organizational support were positive and significant at 95% level of confidence (p<0.05).

Table 3: Summary of Social Systems in Predicting Innovation Diffusion

		(Constant)	Social networks	Observability	Organizational Support
Coefficients	R^2=.727	β =.475	β =.159	β =.261	β =.414
Statistics	F(3,99)=87.774	t=2.729	t=4.356	t=4.405	t=2.193
p-value	.000	.008	.000	.000	0.031

Multivariate Analysis

From the correlation matrix in Table (4), all independent variables were positively and significantly correlated to the dependent variable. Correlations among the independent variables were also positive and significant at 90% level of confidence.

Table 4: Correlation Matrix

		Triability	Complexity	Compatibility	Systems Support	Observability	Organizational Support	Social Networks
Relative Advantage	Pearson Correlation	.722**						
	Sig. (2-tailed)	.000						
	N	106						
Complexity	Pearson Correlation	.784**	1					
	Sig. (2-tailed)	.000						
	N	106	106					
Compatibility	Pearson Correlation	.718**	.790**	1				
	Sig. (2-tailed)	.000	.000					
	N	106	106	106				
System Support	Pearson Correlation	.707**	.734**	.612**	1			
	Sig. (2-tailed)	.000	.000	.000				
	N	106	106	106	106			
Observability	Pearson Correlation	.770**	.732**	.705**	.613**	1		
	Sig. (2-tailed)	.000	.000	.000	.000			
	N	105	105	105	105	105		
Organizational Support	Pearson Correlation	.713**	.706**	.703**	.634**	.709**	1	
	Sig. (2-tailed)	.000	.000	.000	.000	.000		
	N	105	105	105	105	105	105	
Social Networks	Pearson Correlation	.651**	.605**	.624**	.591**	.625**	.716**	1
	Sig. (2-tailed)	.000	.000	.000	.000	.000	.000	
	N	105	105	105	105	105	105	105
Adoption of Innovation	Pearson Correlation	.661**	.711**	.736**	.599**	.759**	.775**	.696**
	Sig. (2-tailed)	.000	.000	.000	.000	.000	.000	.000
	N	103	103	103	103	103	103	103

** (Shaded grey).Correlation is significant at the 0.01 level (2-tailed)

From the model summary in Table (5), 72.8% of the variations in the dependent variable (innovation adoption) is explained by the predictor variables ((Constant), perceived usefulness, perceived ease of use, social systems). The regression model fitted in the data is significant at 95% level of confidence

Table 5: Combined Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.853[a]	.728	.720	.460

One way analysis of variance results in Table (6) indicates that there is statistically significant relationship between the dependent and the predictor variables [F (3, 99) = 88.357, p <.05].

Table 6: One Way Analysis of Variance

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	55.998	3	18.666	88.357	.000[b]
	Residual	20.915	99	.211		
	Total	76.913	102			

From Table (7), when the predictor variables are combined to establish a combined model for predicting the adoption of innovation by independent variables (perceived usefulness; perceived ease of use; and social systems), all the coefficients of regression model were positive and significant at 5% level of significance except for perceived usefulness (0.292). Therefore, the multiple regression model becomes;

$$\mathbf{Y= 0.599 + 0.103X_1 + 0.204X_2 + 0.727X_3}$$

Table 7: Regression Model Coefficients

	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	.599	.162		3.691	.000
Perceived Usefulness	.103	.097	.116	1.058	.292
Perceived Ease of Use	.204	.085	.235	2.407	.018
Social Systems	.727	.111	.750	6.532	.000

Table (7) shows that in the combined model, if the independent variables (perceived usefulness; perceived ease of use of innovation; and social systems) are zero, the adoption of innovation will be rated as 0.599. Moreover, a unit increase in perceived usefulness leads to 0.103 increase in adoption of innovation (not significant); a unit increase in perceived ease of use of innovation leads to 0.204 increase in adoption of innovation; and a unit increase in favorable social systems leads to 0.727 increase in adoption of innovation. The findings reveal that considered collectively supportive social systems (β =0.727; p=0.000) is the most influential factor in the adoption of online tax filing system among the medium tax payers in Kenya. This was followed by perceived ease of use (β=0.204; p=0.018) and perceived usefulness (β=0.103; p=0.292).

Discussions

The findings are in line with previous literature on the adoption of innovation. Considered in isolation, relative advantage; triability; complexity; compatibility; system support; observability; organizational support; and social networks positively influences the adoption of online tax filing system by the medium tax payers in Kenya. This is in line with Lee et al. (2011) who demonstrated signifiacnt effects of innovation characteristics (compatibility, complexity, relative advantage and trialability) on percieved usefulness and perceived ease of use which in turn influenced the adoption of e-learning systems by business employees using the e-learning system in Taiwan.

However, it is advisable not to consider the attributes in isolation, but rather to see how they infuence each other (Chigona & Licker, 2008). The combined model established that positive increase in perceived usefulness (relative advantage and triability) (not significant); perceived ease of use (complexity, compatibility and system support); and Social systems (observability, organizational support and social networks) positively influences the

adoption of online tax filing system by the medium tax payers in Kenya.

A study by Mndzebele (2013) showed a positive relationship between the extent of Electronic Commerce adoption in Business to Business (B2B) within the South African hotel industry and innovation characteritics (compatibility and complexity). The study indicated that complexity had a greater influence. On the other side, relative advantage did not correlate with the extent of adoption of Electronic Commerce. This corroborates the current findings which indicated insignificant relationship between percieved usefulness (demostrated by relative advanatge and traibility) and the adoption of online tax filing system by the medium tax payers in Kenya.

A study by Al-Jabri and Sohail (2012) further indicated that relative advantage, compatibility, and observability have positive impact on innovation adoption whereas trialability and complexity have no significant effect on innovation adoption among the mobile banking users in Saudi Arabia. This further corroborates the current findings which indicate insignificant relationship between percieved usefulness (demostrated by relative advanatge and traibility) and the adoption of online tax filing system by the medium tax payers in Kenya.

Conclusions

The study established that positive increase in the relative advantage; triability; complexity; compatibility; system support; observability; organizational support; and social networks positively influences the adoption of online tax filing system by the medium tax payers in Kenya.

The study further established that these factors considered collectively, supportive social system (measured by observability; organizational support; and social networks) has the most significant influence followed by perceived ease of use (measured by complexity; compatibility; and system support) and finally the perceived usefulness (insignificant) of the innovation (measured by relative advantage; triability).

Empirical results also provide a strong support for the integrative approach. The findings suggested a combined approach for evaluating innovation adoption by combining the innovation diffusion theory (IDT), technology acceptance model (TAM) and the reasoned theory of action (TRA) to present an extended innovation diffusion model for adoption of online tax filing systems which can help organization decision makers in planning, evaluating and executing the use of the system.

Recommendations

Several theoretical frameworks are needed to bring structure and rigor to the understanding of the adoption of online tax filing systems in Kenya as this study presented an integrated approach of three theories (IDT; TAM; and TRA). Furthermore, it is advisable not to consider the attributes in isolation, but rather to integrate them to see how they infuence each other.

The findings suggest that KRA should offer innovative tax systems within a supportive social system. The system should have clear observable outputs and its adoption should be driven through the users' social interactions and organizational support. Hence, KRA should focus on understanding their clients behaviour and social networks to enhance adoption. In

addition the Authority should focus on promoting the innovation to the leadership and top decision makers in the target organizations with the aim of securing organizational support in the adoption of the innovation. Furthermore, the process of designing and redesigning the innovation should be holistic and not only focus on social systems (social networks; observability; organizational support) but should encampase the need for the innovation to be easy to use (less complex; compatibility to users past experiences, lifestyle, beliefs, and technologies; system support) and express percieved usefulness (relative advantage; triability).

The study used convenience sampling technique for data collection. Hence, the findings cannot be generalized. The online tax filing system is a new phenomenan in Kenya having been launched only 2 years ago (2013), further research is needed to identify additional factors that facilitate adoption of the innovation in the country. Broadening the scope of the study to include other tax payers (small and large tax payers) as well as additional variables would be welcome to improve the understanding of the actual innovation use and the predicting factors. Moreover this study did not consider the moderating variables such as the individual factors and the government policies.

References

Al-Jabri, I. M., & Sohail, M. S. (2012). Mobile Banking Adoption:Application of Diffusion of Innovation Theory. *Journal of Electronic Commerce Research, 13*(4), 379-391.

Blanche, M.T., Durrheim, K., & Painter, D. (Eds.) (2008). *Research in Practice: Applied Methods for the Social Sciences (2nd ed.).* Cape Town: UCT Press.

Buabeng-Andoh, C. (2012). Factors influencing teachers' adoption and integration of information and communication technology into teaching: A review of the literature. *International Journal of Education and Development using Information and Communication Technology, 81*, 136-155.

Chigona, W., & Licker, P. (2008). Using Diffusion of Innovations Framework to Explain Communal Computing Facilities Adoption Among the Urban Poor. *Information Technologies and International Development, 4*(3), 57–73.

Cooper, D. R., & Schindler, G. J. (2008). *Business Research Methods* (9th ed.). New York, NY: McGraw Hill.

Council for International Development Cooperation. (2014). *Kenya: Labour Market Profile.* Danish Trade Union.

Davis, F. (1989). Perceived usefulness, perceived ease of use, and user acceptance of information technology. *MIS Quarterly, 13*, 319–340.

Jianlin, W., & Qi, D. (2010). Moderating Effect of Personal Innovativeness in the Model for E-store Loyalty. *International Conference on E-Business and E-Government*, 2065-2068.

Kisang, J. K., & Rotich, G. (2014). Challenges facing the use of e-procurement applications in public organizations in Kenya: A case of Kenya Revenue Authority. *International Journal of Social Sciences and Entrepreneurship , 1* (12), 486-507.

Kundu, A., & Roy, D. D. (2010). A People – Centric approach in adoption of Innovation: A review and directions for future research. *Asian Journal of Management Research* , 49-58.

Lee, Y.-H., Hsieh, Y.-C., & Hsu, C.-N. (2011). Adding Innovation Diffusion Theory to the Technology Acceptance Model:Supporting Employees' Intentions to use E-Learning Systems. *Educational Technology & Society, 14*(4), 124–137.

Maxwell. J.A. (1998) .Designing a qualitative study. In L. Bickman & D.J. Rog (Eds.), *Handbook of Applied Social Science Research Methods.* Thousand Oaks, CA: Sage

Mndzebele, N. (2013). The Effects of Relative Advantage, Compatibility and Complexity in the Adoption of EC in the Hotel Industry. *International Journal of Computer and Communication Engineering, 2*(4), 473-476.

Moghavvemi, S., Hakimian, F., & Feissal, T. M. (2012). Competitive Advantages Through IT Innovation Adoption by SMES. *Social Technologies , 2* (1), 24-39.

Obae, E. P. (2009). *Study of the Turnaround Strategy Adopted by Kenya Revenue Authority. A Master of Business Administration Thesis, University of Nairobi.* Nairobi: School of Business, UoN.

Rogers, E. (2003). *Diffusion of innovations* (5th ed.). New York: Free Press.

Rouibah, K., & H. Abbas. (2010). Effect of Personal Innovativeness, Attachment Motivation and Social Norms on the Acceptance of Camera Mobile Phones: An Empirical Study in an Arab Country. *International Journal of Handheld Computing Research, 1*(4), 41-62.

Sahin, I. (2006). Detailed Review of Rogers' Diffusion of Innovation Theory and Educational Technology-Related Stufies Based on Rogers' Theory. *The Turkish Online Journal of Educational Technology , 5* (2), 14-23.

Southey, G. (2011). The Theories of Reasoned Action and Planned Behaviour Applied to Business Decisions: A Selective Annotated Bibliography . *Journal of New Business Ideas & Trends, 9*(1), 43-50.

Talukder, M. (2012). Factors affecting the adoption of technological innovation by individual employees: An Australian study. *Procedia - Social and Behavioral Sciences, 40*, 52 – 57.

Talukder, M., Harris, H., & Mapunda, G. (2008). Adoption of Innovations by Individuals within Organizations:An Australian Study. *Asia Pacific Management Review, 13*(2), 463-480.

Weru, J. M., Kamaara, M. W., & Weru, A. N. (2013). Impact of strategic change: Introduction of electronic tax register for enhancement of tax collection at Kenya Revenue Authority. *International Journal of Social Sciences and Enterpreneurship , 1* (5), 257-270.