

**EFFECT OF TOTAL QUALITY MANAGEMENT ON PERFORMANCE OF  
KENYA REVENUE AUTHORITY**

**BY**

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**DECLARATION**

This research project is my original work and has not been submitted for examination to any other university.

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This research project has been submitted for examination with my approval as the University of Nairobi Supervisor.

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## **DEDICATION**

I dedicate this management research project to my loving wife, Serah Nyanjugu, who encouraged me to pursue the program in spite of various challenges, and my children, Waweru and Wangui, Mwaura, Ng'endo and grandchildren Karungari and Gatonye for their eagerness which motivated me to pursue the program to completion.

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## **LIST OF ABBREVIATIONS AND ACRONYMS**

**CSRP:** Civil Service Reform Program

**ERS:** Economic Recovery Strategy

**GoK:** Government of Kenya

**HR:** Human Resource

**JIT:** Just-In-Time

**KRA:** Kenya Revenue Authority

**MTP:** Medium Term Plan

**RBM:** Results-Based Management

**TQM:** Total Quality Management



## ABSTRACT

The long term success of organizations in an ever-changing global economy is dependent on improvement of the efficiency in quality performance of such in order to increase customers' level of satisfaction. The growing globalization of businesses make them to consider creating a cohesive approach of sustaining success in modern global markets by integrating workers and implementing development programs that will promote productivity and business performance. In strategic planning the need to identify a corporate strategy that will ensure that an organization does not only meet its goals and objectives, but it is also able to respond to the environment within which it operates cannot be overemphasized. Total Quality Management impacts the creation of systems in an organization that help in learning, cooperation and facilitating the implementation of different management practices to ensure performance is enhanced. In an effort to improve efficiency, KRA has to embrace TQM principles which include effective implementation of management leadership, strategic planning, engaging training programs and ensuring knowledge and process management which will play an important role in the improvement of performance. The study aimed at establishing the effect of Total Quality Management on performance of Kenya Revenue Authority. The study was directed by Deming's theory of profound knowledge and Kanter Model of Change Management. A case study was used in study. Data was gathered using an interview guide which was administered to senior managers of Kenya Revenue Authority or their equivalent. The study used content analysis method to analyze the data which was collected. The study concluded that the reforms, modernization and changes in quality systems at KRA have been effective on streamlining revenue collection in Kenya. This has been boosted by reduced clearance times and increasing revenue collection. On operational efficiency the study concludes that Total Quality Management policies have brought positive paybacks due to effective KRA management. The study further concludes that staff training and development has enhanced employees' knowledge, skills and professional capacity. The study recommends that more training and education on modernization and reforms at KRA should be offered so as to promote professional capacity, knowledge and skills held by employees. The researcher faced difficulties in getting or accessing confidential business information from concerned employees due to fear of incrimination from management executives. To overcome these, the researcher had to assure the sampled respondents on the confidentiality of the information collected and no names divulged in the final report. To obtain a deeper understanding of the level of implementation of Total Quality Management policies and the hitches of implementing Total Quality Management policies, in-depth interviews should be conducted with other stakeholders of designated organizations who are directly affected by the implementation of the policies. This study was carried out in Kenya Revenue Authority which is a state corporation, future studies should be carried out in the financial sector of the private sector.

# CHAPTER ONE: INTRODUCTION

## 1.1 Background of the Study

The long term success of organizations in an ever-changing global economy is dependent on improvement of the efficiency in quality performance of such organizations in order to increase customers' level of satisfaction. The key concern of these organizations is their continued existence over time. The growing globalization of businesses forces them to create an integrated and planned approach to create and sustain success in international markets, by engaging employees and implementing development programs that will promote productivity and businesses' performance. Improvement need is highlighted together with the need to attain competitive advantage, to pay attention on business requirements, measure performance and learn from results. In strategic planning the need to identify a corporate strategy that will ensure that an organization does not only meet its goals and objectives, but it is also able to respond to the environment within which it operates cannot be overemphasized.

Hill (2012), identified total quality management (TQM) as the guiding management philosophy that promotes corporation's performance and position in global market. In view of that, it cannot be generalized about the degree to which the adoption of TQM along with associated business strategies in reality influence organizational performance, Katardjieva (2015). In the process of making strategic decision, choice of the most worthwhile alternatives is vital in ensuring that an organization commands a competitive advantage. It is obvious that the strategic planning and TQM should to be coordinated and to give mutual assistance.

In order to withstand the severe changes, businesses have been forced to adopt new philosophies including lean production, Just-In-Time (JIT) strategies, concurrent engineering, Total Quality Management (TQM), Business Process Re-engineering, and others. The purpose of adopting these philosophies has been as result of need to create an effective business environment.

According to Zadry and Yosuf (2006), a strategy that incorporates Total quality management (TQM) in an organization plays a key role in creating an environment in which a company continuously promotes its capability to produce high-quality out puts and give high quality services to clients. The strategic practices, and the processes are used in TQM in organizations to create and provide quality products and services. Currently, the concept of Total Quality Management (TQM) touches not only on the quality of the products and services by a given organization but also the operations undertaken in the entire organization. The concept has managed to instill the attitude of doing an excellent job from the initial stages of production. For effectiveness in the implementation of TQM, there is need to have an organizational culture that supports the operations and a conducive climate that is often non-existent.

The study was anchored on two management theories. These are Kanter model of change management and Deming's theory of the philosophical knowledge. Deming's theory of profound knowledge is a philosophy of management which is designed under the foundation of system theory. The theory is grounded on the view that each and every organization is established under a given system of interconnected people and processes which are the main components of a system. In a given organization, the success of the

human capital is highly based on ability to compose a delicate balance of all the organizational components (Zadry & Yosuf, 2006). On the other hand, Kanter model of change management focuses on managing the political context by providing information, resources and support for the change effort.

In Kenya, Total Quality Management is one major management aspect that impacts organizational performance significantly in both private and public sectors (Magutu, 2010). However, in the last few years, organizations in Kenya have faced major challenges because of unprecedented competition which has created the survival of the fittest environment. Kenya Revenue Authority (KRA) and other service providers have increasingly changed their attitude towards the adoption of TQM techniques and tools as a way to ensure survival and relevance in the Kenyan business environment. This study aimed at establishing how Total Quality Management influences the performance of Kenya Revenue Authority.

### **1.1.1 Total Quality Management**

According to Jung and Wang (2006) Total Quality Management is a strategy of management whose primary aim is to embed the awareness of quality in all the operations taken in a given organization. TQM is a philosophy of management that requires the change of organizational culture. According to Hakes (1991), it is a philosophy of management whose primary purpose is to strive in making the best utilization of opportunities and resources in a given constant environment. TQM entails all the efforts in the organization in establishing a permanent climate through which the organization can continuously improve its capabilities in ensuring there is the delivery of high-quality services and products to customers.

Jung and Wang (2006), pointed out that the support of management leadership and process of statistical control ensures participation and loyalty of employees. Likewise, Hakes (1991), focuses on planning and product design processes, quality control and involvement of customers and suppliers. Krüger (2001), postulates that the major sphere of interest is organizational factors such as cultural change, leadership for change, employee training and cost of quality. According to Hill (2012), organizations must be customer focused rather than producer focused. Drucker (1999), also lays emphasis on the use of statistical methods, continuous training of workforce and top management commitment to constant improvement in quality.

The correlation between total quality management (TQM) and strategy has existed in many organizations. The effect of TQM at the strategic level and organization operations are accordingly developed and installed in organizations leading to credible performance (Hill, 2012). These concerns are of interest to leaders in companies who want to move their TQM programs beyond incremental operative developments and to use TQM to influence, the strategy process and, organization operations. When preparing and implementing a total quality management system or quality management strategy, there is no one solution for every situation. Every organization is special and unique in terms of the management practices, culture, and the procedures used to produce and deliver its products and services. According to Timothy (2012) quality management strategy varies from one company to the other.

### **1.1.2 Organizational Performance**

The Organization performance is based on the actual results or outputs measured against the output which is intended based on objectives and goals. According to Richard (2009), the three explicit areas of organization outcome are product market performance,

financial performance, and shareholder return. Significant numbers of specialists are concerned with the performance of the organization including legal experts, strategic planners, finance managers, operations managers, and other organizational development enthusiasts. Organizational performance is a concept used to measure the output of a given process or procedure and modifying the results obtained from the procedure or process to increase the amount produced, boost efficiency and effectiveness of the organization. The organizational performance concept can also be applied to performance of an individual such as a racing team or a commercial enterprise or even a farm or livestock production.

The quantitative and qualitative performance indicators like profit, cost, and customer satisfaction are used in calculating the values of performance. It is important for organizations to understand some of their relevant indicators and their relationship with company goals and how the company fared in these indicators. Currently, a significant number of managers have recognized this and important steps are being established to help establish organization goals, indicators and ways they can be evaluated. According to Timothy (2012), such analysis is conducted informally and will be more impacted by the systematic approach. The first step in the process of improvement in this process is to make the explicit knowledge on the indicators of performance and their relationship. The performance of the organization in the current study is measured by quality of output to the customers, revenue growth, cost, customer satisfaction, service delivery, and timeliness of output to the customers.

### **1.1.3 Government of Kenya**

In Republic of Kenya (GoK) government is organized in two levels: the National Government and the devolved County Governments including 47 counties as set out in the new constitution adopted on 27<sup>th</sup> August, 2010 (The Constitution of Kenya, 2010). The National Government is constituted by the Executive the Legislature, and the Judiciary. The three arms of the National Government are independent and they have different roles which are well specified in the Constitution of Kenya (Nyamori, 2011). The Executive arm is by far one of the most crucial arms. Government Ministries which are headed by Cabinet Secretaries fall under the Executive arm of the National Government. The National Treasury is among such ministries. Attempts to introduce a well-organized government and stimulate a culture of high performance and provision quality services Kenyan public organization, begun as early as 1960s when the government introduced an institutional outline for reform in its Sessional Paper No. 10 (OPM/PSTD, 2010). Some decades later, between 1993-2002 the government reverted to a particular focus on public sector transformation and reform and introduced Civil Service Reform Program (CSRP) to promote public service productivity and efficiency (Hope (2012), Marwa and Zairi (2009), Republic of Kenya (2010a).

In 2003 after the formation of a new government, a socio-economic blueprint, titled Economic Recovery Strategy for Wealth and Employment Creation 2003-2007 (ERS 2003-2007) was announced. The ERS 2003-2007 also re-ignited the new government's public sector reform determinations which covered the years 2003-07 and was Kenya's third period of public sector transformation and reform. Concerned with the slow pace of implementing reform initiatives, the government made a Cabinet decision in September

2004 to officially prescribe results-based management (RBM) as its approach to changing the culture and modus operandi of the public sector (OPM/PSTD, 2010). Part of building blocks for institutionalizing and mainstreaming RBM included annual work plans, strategic planning, performance contracting, and service delivery charters (OPM/PSTD, 2010).

The government of Kenya introduced its Medium Term Plan 2008-2012, in 2008 (MTP 2008-2012). The MTP 2008-2012, and its 2013 update, were the first of the consecutive medium-term strategies used to introduce reform measures and to outline policies, programs and projects the government is dedicated to executing in support of the Kenya Vision 2030. The Kenya Vision 2030 is the country's development outline, covering the period 2008 to 2030. The Central Government imposes value-added tax, income tax, customs duties and other duties on import and excise tax and export goods. Kenya Revenue Authority which is a parastatal under the National Treasury, is delegated the responsibility of collecting these taxes.

The new constitution also contains numerous elements and principles that have both indirect and direct impacts on public sector performance transformation and reforms. For example, Article 47 in Part 2 of the Bill of Rights states, among other things, that "Every person has the right to administrative action that is expeditious, efficient, lawful, reasonable and procedurally fair" (The Constitution of Kenya, 2010). This calls for a critical review on the performance of all Government Owned Entities (GOEs) including parastatals to be market oriented by being more customer focused than before. The growing demand for high quality services have placed outstanding pressure on leaders



and their companies, portraying change as a endless episode in the life of organizations' management systems, KRA (2015). Total Quality Management (TQM) has thus become a management approach of an organisation centered on quality which is grounded on the participation of all its members and targeting at long term success.

#### **1.1.4 Kenya Revenue Authority**

Kenya Revenue Authority commonly known as KRA was created in 1995 through an Act of Parliament, in accordance with Chapter 469 of the Kenyan Laws. The institution is responsible for collection of revenue in place of the Government of Kenya, Gayah (2012). KRA also provides effective administration of tax and sustainable revenue collection among other responsibilities. The Kenya Revenue Authority management and board have since its establishment utilized huge amounts of resources in developing systems, strategies and procedures that ensure enhancement of effectiveness in the operations of the institution, Gayah (2012).

The decisions to implement policies at Kenya Revenue Authority (KRA) are made by a board of directors who come from both public and private sectors. In KRA, the Commissioner General is the Chief Executive who is appointed by the Cabinet Secretary to the National Treasury in consultation with the President (KRA, 2014). KRA is guided by written laws that legally constitute the institution. The laws include Value Added Tax Act (Cap.476), Customs and Excise Act (Cap.472), and Income Tax Act (Cap. 470).

Kenya Revenue Authority is implementing a reform program to re-engineer and implement simple, transparent and up-to-date procedures and processes based on the principle of self-assessment, supported by information communication technology, risk management and audit-based controls and as managed by competent staff. KRA's management and the Ministry of Finance requested donor support for this program, Oyugi (2005). This specific project was a building block towards the implementation of the integrated reform program to achieve high performance. This project is referred to by KRA as change management and communication and information technology support project. Kenya Revenue Authority being a Parastatal in Kenya needs to undertake various reforms to keep up with competition and the efficiency in service delivery to improve performance. According to its 6<sup>th</sup> corporate plan, Kenya Revenue Authority is dedicated to creating a committed professional team, taking on modern technologies and processes, and delivering customer dedicated services that augment compliance and ultimately high revenue collection. KRA has adopted strategies like Total Quality Management in an endeavour to frequently promote revenue collection and service delivery by meeting the requirements of ISO 9001:2008 Standard on Quality. KRA as a Parastatal is affected by the ongoing reforms in the public sector.

## **1.2 Research Problem**

Total Quality Management impacts the creation of systems in an organization that help in learning, cooperation and facilitating the implementation of different management practices to ensure performance is enhanced. This results in improved performance on products, processes and services and also the fulfillment of employees' motivation in the organization (Alkhafaji & Youssef 2008). Adebajo and Kehoe (2009), noted that the

implementation of Total Quality Management in organizations creates improved performance by engaging activities of management leadership, strategic planning, engaging training programs and ensuring knowledge and process management are implemented.

The Government of Kenya under the new constitution has adopted a strategy of management and legal responsibility to manage the finances and managerial power allocated by the constitution to embed quality in the performance of all Government related institutions. The ongoing reforms in the public sector demonstrate Government's commitment to improve on quality of efficiency and effectiveness of delivery of services (GOK, 2007). In Kenya Revenue Authority the tax compliance approach has changed from the traditional enforcement to focus more on customer facilitation (KRA, 2015). In an effort to improve efficiency, KRA has to embrace TQM principles which include effective implementation of management leadership, strategic planning, engaging training programs and ensuring knowledge and process management which will play a significant role in the improvement of performance, Okumus (2009). In Kenya Revenue Authority, Total Quality Management principles must be seen as a "package deal." For KRA to get all the benefits associated with TQM, the institution needs to implement all these principles.

Different studies have been conducted on the Total Quality Management concepts and organization performance both locally and internationally. Gharakhani, Rahmati, Farrokhi, and Farahmandian (2013), looked at TQM and performance of the organization in the United States. The study established that there is a strong association between the TQM and performance of the organization. Muia (2014), studied the effect of TQM

implementation in the performance of microfinance institutions in Kenya. The study found that outstanding performance level is not being recognized by the organization. Gaya (2012), studied the influence that Total Quality Management has on the human resource planning practices at Kenya Revenue Authority. The study found that human resource managers provide supervision of TQM implementation projects and provide training for the staff to be able to meet their targets.

The study has established gaps on theories, variables used and the methodology from the previous studies. In Kenya Revenue Authority the tax compliance approach has changed from the traditional enforcement to focus more on customer facilitation. It is imperative that KRA reflects on the strategies needed to enable it deliver on its mandate more effectively and efficiently. Deming's theory of profound knowledge and Kanter model of change management guided this study. The study therefore focused on the effect of Total Quality Management on the performance of Kenya Revenue Authority. What is the effect of Total Quality Management on the performance of Kenya Revenue Authority?

### **1.3 Research Objective**

To establish the effect of Total Quality Management on performance of Kenya Revenue Authority

### **1.4 Value of the Study**

The study will be significant to the government and other stakeholders. It will result to data and information valuable to the Kenya Revenue Authority management in helping in implementation of quality management in the nation. The top management of KRA will be able to clarify adoption of quality management in all levels and actions of the institution and to institute quality control measures to enhance ISO certification.

The study will also assist KRA in policy formulation and implementation towards client-focused services and product. The study will also help other Kenyan organizations to understand quality concept allowing the management to improve quality of their services. The research findings will extend acquaintance in the world of academics in the same area of study. It will be used as literature in the area of study. This will benefit other academics and academicians who will borrow thoughts from the research which will be used as a basis of further study.

## **CHAPTER TWO: LITERATURE REVIEW**

### **2.1 Introduction**

A significant number of literature has been done on performance of organizations and Total Quality Management. The drive of this chapter is to present a review of the literature which is related to the effect of TQM in the performance of a given organization as presented by different authors, researchers, and analysts. The section will also offer some of the theories that the research was underpinned on.

### **2.2 Theoretical Foundation**

This section examines the different theories that informed the study on the effect of Total Quality Management on organizational performance. There are two theories which guided this study. These are Deming's theory of profound knowledge and Kanter Model of Change Management.

#### **2.2.1 Deming's Theory of Profound Knowledge**

Deming's theory was developed by Deming (1993), and its insightful knowledge is based on a management philosophy and it is founded on systems theory. Deming's theory is grounded on the principle that institutions are established under systems made of interrelated processes and people hence making the system one component. Employees' success, according to the theory, is dependent on the capability of the management to develop a delicate balance for different components so that the entire system can be optimized, Martinez-Costa (2008). According to Deming (1993), the knowledge generally derived from outside the system and is only helpful if it is invited and received with a keenness to improve and learn.

Deming (1993) indicated that the journey from predominant management style to one of quality requires an effective understanding of the systems in the organization. A system is made of interconnected components. Quality can be defined as the optimization of components' performance to achieve the goals and objectives of the system. According to Martinez-Costa (2008), lack of clearly defined purpose is experienced in a significant number of organizations, mostly long range purposes. Short term thinking, bottom line thinking, and quarterly or annual performance evaluations force focus the attention on quick-fix solutions, (Carder & Ragan 2009).

The theory is relevant to the study because according to Deming (1993), an organization needs to be managed because it will not manage itself. This means that Kenya Revenue Authority must be managed. To do this, the leaders in Kenya Revenue Authority must seek to understand the organization they are attempting to manage. Without this understanding, KRA system cannot be well managed and poor performance can be recorded. Optimization of Kenya Revenue Authority may involve some different parts and not optimize the entire organization. Optimization of the system requires co-operation and proper coordination of the different parts which requires leadership.

### **2.2.2 Kanter Model of Change Management**

The model of change management by Kanter (1992), focuses on managing the political context by providing information, resources, and support for the change effort. The main aim is that, for the organizational change to be successful, it needs to be holistic and systematic, addressing individual, social and organizational factors. The model suggests a number of actions that should be taken during change management. They include building coalitions by seeking support from power sources and stakeholders, articulate a shared vision, mission and desired goal and results, define the structure and process that

will guide the change including clear reporting relationships, coordination between activities and teams plus accountability for outcomes, ensure communication to keep people informed, education and training to increase their capacities, institution policies and systems are reviewed in order to align the strategy with resource allocation.

The phases of planned change model developed by Bullock and Battern (1985), have four stages namely exploration, planning, action and implementation. In this process, exploration is one of the most important processes and it entails being aware of the fact that there is a need to enact changes, looking for assistance from outside and making sufficient contact with the consultant to ensure the responsibilities of each party are well addressed, Rainey (2009). During this process, the institution is expected to clearly establish whether the specific decision needs to be made and if they find the need to make the changes, they decide on the resources to be committed for the process, Rainey (2009). Planning phase is the stage where the organizations understand their problems, Rainey (2009). Action phase involves the implementation and evaluation of the changes to make adjustments where necessary.

The theory is relevant to the study because, for the achievement of good organizational performance in Kenya Revenue Authority change is inevitable. There are four key stages to be followed namely exploration, planning, action, and implementation. The exploration phase involves Kenya Revenue Authority understanding the main problems facing the organization. This will also involve making major changes on the information collection processes to establish the most effective problem diagnosis technique. The action phase will involve changing the evaluation and implementation of the results to make it possible to adjust where necessary hence achieving higher performance, Rainey (2009).



## **2.3 Total Quality Management**

Dean and Bowen (2009), argued on Total Quality Management through strategic management perspective by indicating that TQM is highly concerned with deployment or strategic implementation rather than intent or strategic choice. Another major implication made about the association between TQM and management leadership, training, supplier management and strategic planning was discussed by Gobeli and Brown (2010).

### **2.3.1 Management Leadership**

Leadership entails development of effective vision, delivery of the vision to other stakeholders and solving issues arising due to the identified vision. Drucker (2007), noted that leaders have the role to ensure they motivate and assist employees to be competitive through utilization of helpful leadership styles. Therefore, the managers use of effective leadership methods is to uphold standards of excellence in the professional development of the organization members. Yukl (2009), noted that effectiveness in leadership is based on leader's ability to manage, motivate, inspire, remunerate and perform duties using analytical skills. Ability to achieve all these plays a significant role in the organization's ability to increase employee motivation that positively influences the performance. The positive relationship between the performance of the leadership and management of a given organization according to Drucker (2007) can be measured through human resources, effectiveness in a given organization, and financial performance. Promoting creativity, innovation, and stimulating the subordinates is one of the ways leaders can improve organizational performance by improving their individual performance and challenging their own value system.

Richard and Clifford (2008), noted that for leaders to realize the anticipated performance in the organization, they need to enthusiastically engage the employees' personal value system, and offer ideological explanations that will offer a connection between the employees' and the organization's values hence creating an intrinsic motivation to undertake their different roles in the organization through the articulated mission and vision of the organization. Therefore, an increase in the organization performance will promote the performance expectations of the subordinates, and increase the readiness to transcend their individual self-interests with the main purpose being to create a collective entity Scott & Davis, (2007).

### **2.3.2 Strategic Planning**

Strategic planning is considered from the process or content viewpoint. In the strategic planning, content relates to the unique elements that differ from one institution to the other, Grants (2003). Strategic planning is one of the organizational management activities used to set priorities, focus organization energy and resources, strengthen different operations in the organization, ensure that employees and others are working to achieve common organizational goals, establish agreement around the outcomes intended by the organization, and assess and adjust the direction being taken by the organization in response to a changing environment Ansoff (2008). In an organization, strategic plan can be viewed as a road map or a long-term approach to the organizational objectives and goals. The main objective of the strategic plan is to align different organizational activities with the environment hence providing the continuity of an organization through effectiveness and efficiency, Drucker (2007).

The practice and concept of strategic planning has been used globally by both private and public organizations due to the perceived contribution of the fast track performance and organizational effectiveness. Arguably, for strategic management to be achieved strategic planning must be in place. Porter (1985), found that despite the opposition levelled against strategic planning used in 1970s and 1980s, it was still convenient and it only necessary to be improved and re-casted. Rudd, Greenley, Beatson, and Lings, (2008), on the other hand, stated that strategic planning has possible advantages and has inherent values that have translated into performance improvement in a given firm.

### **2.3.3 Training**

Effectiveness of training programs has significant impact on the group or individuals participating with regard to the three main elements of learning which include attitude, skills, and knowledge. These elements of training impact are identified by the organization as the backbone of a public service entity due to the contribution they make in the effectiveness and efficiency of the service delivery system, Helfat and Peteraf, (2010). To effectively meet today and future challenges in an organization, staff development and training play a significant role in learning actions such as training of the employees for their present tasks and development of their skills to meet future challenges. The process of sharing knowledge assists in improving the business horizon and services a given business offers to the customer, Stavrou, Brewster & Charalambous, (2004).

Training has different role of achieving the different agendas of an organization through the incorporation of the organizational interest and the workforce, Rudd, Greenley, Beatson and Lings (2008). In the current business world, training is one of the most important factors because of its ability to increase the employees' and the organizational efficiency and effectiveness. Various factors impact the employee performance. However, according to Chris (2010), training is the most effective factor. Training plays major functions in the enhancement of the employees' capabilities. This occurs where, in every organization, employees who have better job experience have better performance due to increase in both competencies and skills because of more on the work experience.

#### **2.3.4 Knowledge and Process Management**

According to Wagner (2008), process management is defined as a collection of actions of monitoring and planning in the performance of a business process. The process management can also be described as the application of skills, knowledge, tools, systems, and techniques to effectively define, measure, visualize, control, improve and report the processes with the main goal of these activities being to satisfy customer requirements profitably, Wagner (2008). Currently, knowledge management is being treated as the most strategic asset within an organization, and it is emphasizing on intangible resources and capabilities as a tool for competition, Kiessling & Harvey, (2006). Globally, there is continued recognition of knowledge management as one of the key drivers of new ideas and knowledge which has a significant impact on innovation process hence resulting in new innovative products, services, and solutions, Helfat and Peteraf (2010). Businesses operating in the modern business world, need to institutionalize mechanisms that will systematically manage both explicit knowledge and also tacit knowledge, hence resulting

in creation of new skill and making better creative of the existing knowledge with main goals being to encourage innovation, enhance decision-making and decrease unceasing reinvention of the wheel, replication of efforts, ineffective decision-making and loss of experience when staff leave or retire.

Effectiveness in the management of knowledge ensures staff has timely, consistent, reliable, necessary, and accurate information and data needed to effectively and efficiently do their job in a given organization. This is the only way organizations intending to implement TQM can achieve their goals. In process management, activities are emphasized more matched to results using a set of methodological and behavioral activities. These activities include preventive and proactive approaches to quality management where a reduction in variation and the improvement of the quality of the products is emphasized, Chris (2010). Experience and successful process management practices monitor data on quality to manage processes effectively. For example, using this approach, the rates of turnover in inventory and purchase is improved significantly. The approach makes it possible to figure out and correct errors effectively on a timely basis. Improvement of the approach entails monitoring the entire process and continuous control of data quality (Rudd, et al, 2008).

#### **2.4 TQM and Organizational Performance**

According to Oyugi (2005), measurement of performance is an essential element of all management activities. These activities involve management auditors by using the controls of budget and also the growth of indicators of financial performance such as return on investments (ROI). However, in different cases, claims have been made that conventional collection of financial accounting indicators are unsuitable for setting Total

Quality Management in organizations, Oyugi (2005). The researcher also indicated that one of the most important parts of getting high results from the TQM is making sure the concept has sustained improvement in the different sectors of the organization that control profitability by ensuring the direct quantitative measures are utilized to assess managers effectiveness in development and implementation of related TQM programs Oyugi (2005).

TQM offers business the most effective means of improving competitiveness in their markets. Sufficient evidence has been offered on the impact of TQM in the sustained improvement and increase in business profit, Rainey (2009). In every institution, the systems of performance management are the foundation of practices of human resource management. These practices are the basis for developing an effective system approach for management of a given organization. Theoretically, performance management system has the ability to link both employees and the organization by a process of goal setting, Yukl (2009). The system links related employee goal achievements to the various decisions by the human resource management using the performance measure process.

## **2.5 Empirical Studies and Research Gap**

A study was conducted by Wanyoike (2016), to examine the relationship between the performance of a given firm and Total Quality Management in Kenyan firms. The researcher used primary data obtained through self-administered questionnaire. The study adopted a cross sectional survey. The target population comprised of 60 pharmaceutical manufacturing and distribution firms in Kenya. The study results indicated that continuous improvement in the TQM has a significant impact on the performance of firms operating in the manufacturing sector.

Laboso (2014), carried out a study on the influence of TQM activities on effectiveness of project management in Moi Teaching and Referral Hospital in Uasin Gishu County. The study used cross sectional survey method. Data was collected using closed-ended questionnaires. The study targeted doctors, nurses, subordinate staff, suppliers and clients hence sample size was 150 respondents. The study established that exceptional performance level is not being appreciated by the institution, this organization emphasizes on current and future customer need. Management though said to have influence on business performance of the organization has not been given the required level of attention. Similarly, Gharakhani, Rahmati, Farrokhi, and Farahmandian (2013), looked at total organizational performance and how it is impacted by quality management in the United States. The study adopted descriptive survey design. Data was collected using questionnaires. The study used a sample of 218 respondents. The study found that there is a huge relationship between the two factors. The study also found evidence to show that effective implementation of the Total Quality Management plays significant role in the improvement of long-term profitability and stock returns.

Muia (2014), studied the impact TQM adoption has on the achievement of microfinance institutions in Kenya. The main instruments in data collection used were semi-structured questionnaires. The study used a sample of 28 senior level management, business development officers, senior business development officers, and office assistants. The study also determined that worker involvement though said to have significant impact on the business performance of the organization has not been needed maximum attention.

Gaya (2012), conducted a study aimed at assessing how the human resource (HR) planning practices at Kenya Revenue Authority can be influenced by TQM. The research used descriptive case study. Data was collected using an interview guide. Data collected was comprehensively checked for wholeness, consistency and accuracy and the data analysis was through content analysis. The study found that HR provides supervision of TQM implementation projects and provides training for the staff to be able to meet their targets. Human resource department also provides leadership which is one the core inputs of Total Quality Management. The study established gaps on theories, variables used and the methodology from the previous studies. The current study was guided by Deming's theory of profound knowledge and Kanter model of change management. The study further used the case study as the design and incorporated content analysis in the analysis. There were four independent variables; management leadership, strategic planning, training, knowledge and process management.



## **CHAPTER THREE: RESEARCH METHODOLOGY**

### **3.1 Introduction**

The primary role of this chapter is to provide the outline of research methodology the researcher used in this study. The chapter discusses the study design, data collection methods and concludes with data representation and data analysis methods used in the study.

### **3.2 Research Design**

This research was conducted with the help of a case study. A case study presents a detailed assessment of a personal, institution, or experience and the primary purpose was to determine some of the factors and relationships that resulted in the behavior under study. A case study is important for analyzing data in a systematic manner to arrive at convenient conclusions that informs recommendations, Cooper and Schindler (2006).

The method used in a given case study makes it possible for the study to closely examine the data in a given context. In this study, the case study method selected Kenya Revenue Authority staff in the management cadre across the ten departments for study. The respondents were identified from the senior management cadre at KRA headquarters at Times Tower, Nairobi. Ten members of staff, made of one from each department were identified as the subjects of study. Creswell and Clark (2007), explains that case studies, in their real meaning, investigate and explore up to date real-life experiences using in depth content analysis of the inadequate number of conditions or events and their relationship.

### **3.3 Data Collection**

Primary data was collected with the use interview guide which was administered to Kenya Revenue Authority senior managers or their equivalent. An interview guide was used because of the significant role it plays through the oral administration of questions in a face-to-face encounter hence enabling collection of accurate data.

This included in-depth discussion through individual meetings with the 10 senior managers. By use of questions, a respondent's response can give an insight to his interests, feelings, hidden motivation, background, and decisions and give as much knowledge as possible without holding back, Cooper and Schindler (2006).

### **3.4 Data Analysis**

The study used content analysis method to analyze the data which was collected. According to Mugenda and Mugenda (2003), the primary objective of content analysis is to ensure there is adequate assessment of the existing information on effect of quality management on organizational performance hence enable explanation of some of the factors that explain the specific phenomenon. Kothari (2004), indicated that the technique of content analysis uses a set of categorization in making inferences that are replicable and valid from the available data to their context. The study compared responses obtained from various respondents and analyzed the data based on the objectives of the study. Content analysis was the best way of evaluating the open-ended questions due to its flexibility and the ability to allow systematic, objective and also quantitative description of the content of communication (Cooper & Schindler, 2006).

Creswell and Clark (2007), defined qualitative data analysis as the process of organizing data, working with data, breaking it into units that are manageable, searching for patterns, discovering elements that are important and understanding what needs to be learnt and deciding what to tell others. When dealing with qualitative data, the researcher requires some creativity to counter the main challenge which is to ensure raw data is placed in logical and meaningful categories, and also to study them in a all-inclusive fashion and also ensure availability of ways of communicating the interpretation to other people.

## **CHAPTER FOUR: DATA ANALYSIS RESULTS AND DISCUSSION**

### **4.1 Introduction**

This chapter will provide data analysis and discussions. The study key objective was to find out the effect of Total Quality Management on performance of Kenya Revenue Authority. Primary data was gathered using an interview guide which was administered to senior managers of Kenya Revenue Authority. The data was thereafter scrutinized based on the objectives of the study and the findings are as provided as per the different classes highlighted below.

### **4.2 Respondents' Demographic Information**

The study aimed at establishing the demographic information of the respondents in terms of; years worked in the organization and the responsibilities undertaken.

#### **4.2.1 Years Worked in the Organization**

Results from the interview indicated that all of senior managers had worked for the Kenya Revenue Authority for more than 7 years. The respondents' long tenure at the Kenya Revenue Authority made it easier to retrieve information regarding Total Quality Management since they are reliable, dedicated and competent. These managers are also ambitious, hard-working and the length of time they have worked at the organization could have given them an opportunity to interact or participate in formulation or implementation of working policies.

Moreover, the results reveal that interviewees had worked for a considerable period of time and they were giving credible information. The interviewees indicated that they were mandated to develop plans by carrying out hazard analyses, preventive measures and recognizing critical control points in the management of Kenya Revenue Authority. The position held by managers required them to validate the efficiency of processes by finding out expected stipulations and quality attributes of services by recording evidence, determining performance and operational qualification.

#### **4.2.2 Description of Responsibilities**

Results from the interview indicate that the senior managers had diverse responsibility ranging from administrative functions to implementation of organizations policies. Managers indicated that they were charged with accomplishing quality assurance on human resource objectives by recruiting, training, counseling, assigning, selecting, scheduling, orienting, coaching, and disciplining employees. Another was responsible for communicating job expectations; appraising, monitoring, planning, and reviewing job contributions; reviewing and planning compensation actions by enforcing procedures and policies.

Results of the interview also indicate that managers were responsible for attaining quality assurance operational goals by contributing information and analysis to strategic plans and reviews. They were also charged with the duty of completing and preparing action plans for improving quality and customer-service standards. Interviewees indicated that identification and resolution of problems, conducting systems audits and determining system improvements was among the key responsibilities of his position. Interviewees

indicated that in the positions they served, they were expected to ensure quality assurance on financial objectives are met by preparing yearly budget, estimating cost requirements, analyzing variances and initiating corrective measures to mitigate cost variances.

Moreover, the results revealed that managers were mandated to develop plans by carrying out hazard analyses, preventive measures and identifying crucial control points in the management of Kenya Revenue Authority. The position held by managers required them to validate the efficiency of processes by finding out expected specifications and quality attributes of services by documenting evidence, determining performance and operational.

### **4.3 Effect of Total Quality Management on Performance of KRA**

#### **4.3.1 View on Total Quality Management**

The findings from the interview indicate managers viewed Total Quality Management as a wide-ranging philosophy of management that tries through continuous improvement of the quality of its people, services, processes, products, and environment to maximize the competitiveness of the organization. Managers also perceived Total Quality Management policies as a necessary tool for all their employees aimed at improving their proficiency in their tasks. They suggested that mechanism such as effective training in management and improvement in quality brings success for the organization. Employees' effective learning capability and knowledge has provided sustainability of quality leadership for the organization. Moreover, learning organizations adapt quickly to the changes and develop exceptional behavior, which differentiates them from other companies and enables them get better results.

The findings from the interview show that managers held the view that employee participation was key to the smooth implementation of Total Quality Management policies. They indicated that through participation employees see the importance of the quality disciplines, acquire new knowledge, and find a sense of achievement by solving quality problems. Interviewees indicated that Total Quality Management policies must be reinforced with a recognition and recompense system that emboldens and motivates employees to realize the desired performance. In addition, managers indicated that evaluation is a paramount instrument for effective Total Quality Management. They reasoned that a formal evaluation of Total Quality Management policies offers a starting point by providing an understanding of the size of the quality issue and the areas demanding attention. Such evaluation information should be conveyed to workers in order to encourage them to make things better.

In addition, Interviewees indicated that Total Quality Management is a vital tool in the modern competitive environment. They claimed that it is very imperative to adopt Total Quality Management philosophies not only for promoting profits but also for continued existence. They shared the belief that an upsurge in global competition and dynamic demands of customers has forced corporations to seek continuous development, a greater degree of tractability and improved quality. Under these exterior pressures, companies in various sectors consider Total Quality Management policies as one of the key factors to achieve competitiveness.

#### **4.3.2 Reasons for Implementation of TQM at KRA**

Results from the interviewees showed that managers indicated that Total Quality Management policies were adopted at the early 2000's. The implementation was motivated by the desire to develop effective ways in revenue collection. Total Quality Management policies were designed to initiate new instruments to enable the organization work more proficiently in the manner taxes are collected. KRA embarked in widespread implementation of various Total Quality Management policies in its operations which has since significantly enhanced revenue collection in all departments. The managers indicated that the attainment of the highest level of quality includes the application of Total Quality Management ideologies to all aspects of company, including customers and their assimilation with the key organizational processes.

The interviewees indicated that there was a dire need for the implementation of innovative quality management policies to improve its manpower planning, organization structures, increasing teamwork among staff and management, training, new methods to reward management and implementation of Total Quality Management. Managers contended that effective Total Quality Management promotes teamwork. They posited that when cooperating workers share required knowledge, work more compliantly, create shared trust among each other and advance the problem-solving procedure by swiftly giving out results and in the quality of service delivery, customer satisfaction improves.

Results from the interview indicated that the management staff at KRA recognized the need of recognizing and achieving current and emergent customer needs. They reasoned that organizations needed to adopt Total Quality Management principles to create an open association with clients to get information related to their needs and to obtain



feedback on how to achieve these desires in the best likely manner. The managers also indicated that the need for adoption for Total Quality Management was fueled by the effect of customer consumption which affects the failure or success of an organization, an organization should be capable of responding quickly to fluctuating consumer demands

#### **4.3.3 Implementation of TQM at KRA**

Results from the interview indicate that managers believed that communication of the Total Quality Management policies to employees is the first important step since they need to know how the changes are tied to organizational objectives and strategy. They explained that it is pertinent for all employees to appreciate KRA's vision, its mission and the proposed Total Quality Management policies will steer its decisions and priorities making process. The managers stated that after the mission, vision and values are adequately communicated the next natural step was to determine the perilous success factors which help a business focus on those things that aid it meet its goals and move a little closer to realizing its mission. The above performance based measures (process improvement, financial performance, market share, customer satisfaction, and product quality and employee satisfaction) provided a yardstick for measuring how well a company is achieving its goals.

The managers identified that next step in the implementation of Total Quality Management policies at KRA were to develop measures and metrics to rate the performance of critical success factors. These measures track and monitor any progress in the quality of performance measures since the implementation of Total Quality Management policies. The managers further said that at the implementation phase of

Total Quality Management policies, KRA was cognizant of the fact that the policies were targeted to affect broad customer groups which consisted of employees, taxpayers, suppliers and the government. Results from the interview indicate that to determine the efficacy of the broad customer groups, the managers indicated that satisfaction survey tools for the various groups were developed. The scores yielded in those surveys was the report card that determined the efficacy of Total Quality Management policies.

The results from the interviews showed that the managers were in concurrence that even after successfully implementing the Total Quality Management policies there are performance measures whose quality may still be lacking. In the event of such an occurrence the managers agreed that since success of Total Quality Management policies is fundamentally dependent on the adoption rate by employees, the organization needs to make it a priority to train and re-train employees to meet the desired quality standards.

The interviewees conceived that Total Quality Management policies have helped managers in a TQM system to view the business as a system which supports worker development, help in establishing multipoint communication among the employees, managers, and customers and encourage the use of information effectively and efficiently. In addition, TQM system has given a purpose to leaders to embolden worker participation in decision-making and empowering them. Since the assimilation of Total Quality Management policies the results show that managers have admitted that they have demonstrated more leadership than old-style management behaviors to increase employees' mindfulness of quality activities in TQM implementation and practices.

Results have further shown that Total Quality Management policies have led to right knowledge management which make sure that workers get timely consistent, reliable, and required information as they require to do their work efficiently and proficiently in the firm. Another impact of Total Quality Management policies as stated during the interview was the enhancement of process management practices which have emphasized actions, as opposed to results, through a set of behavioral and methodological activities. Process management practices include proactive and preventive approaches to quality management to diminish variations in the process and advance the quality of the services offered by KRA.

The results from the interview of the managers indicated that they had the view that Total Quality Management policies have enhanced employee development. Through effective training programs, employees have been enabled to understand the market and the structure of KRA. In addition, outstanding training has improved workers' loyalty to the company, inspiration, and job performance. The programs have enabled the employees to be trained on providing reliable and high quality results in services. Thus, customer satisfaction has increased and customer complaints have reduced considerably as a result of adoption of Total Quality Management policies.

The results have also shown that Total Quality Management policies have helped the organization to formulate strategic plans. Strategic quality planning has attuned the vision, mission, and values of the KRA to be quality oriented in delivering its services. The interviewed senior managers agree that effective strategic quality planning efforts have incorporated employees input in developing the mission, vision, strategies, and objectives. This has facilitated the support and acceptance of strategic quality strategies by the employees.

#### **4.3.4 Managerial Leadership**

The managers interviewed posited that managerial leadership mainly in the public sector is the support of influence to rule implementation and productivity, tawdriness and incompetence, double standards, lack of indiscipline and seriousness. The interviews revealed that managerial leadership is responsible for giving proper organizational structure and influencing the flow of organizational operations.

Further, most managers posited that effective managerial leadership in the organization tends to increase their employees' and the entire organization's efficiency, effectiveness, flexibility, and productivity which in turn enhances an organization's performance. The study revealed that managerial leadership in KRA is responsible for the organization's performance, leaders must take into consideration the many elements involved in leading organizations through a smooth channel to eventually attain high performance.

#### **4.3.5 Strategic Planning Approach**

The findings from the interview revealed that the senior managers formulated strategic approach using systematic criteria and rigorous investigation to articulate, implement and document organizational expectations. A strategic approach has enabled the organization to envision the future and develop the necessary procedures and operations to influence and achieve that future. Further the managers indicated that strategic approach has influenced the ability of the organization to create or manipulate a situation to create a more favorable environment that guarantees better organizational performance. In addition, the managers have revealed that a strategic approach has created a conducive environment for efficiency improvement.

The findings have also revealed that the approach has also influenced the planning mechanism for discovering the best future for the organization and the best path to reach that purpose. The managers have acknowledged the role of strategic approach to clarify the organization's plans and ensure that key frontrunners are all on the same script. The strategic planning procedure itself is more significant than the strategic plan document.

#### **4.3.6 Training**

The results from the interview revealed that training has the discrete role in the attainment of an organizational objective by integrating the interests of workforce and organization. The managers further posited that training is the most essential factor in the organization because training upsurges the efficiency and the effectiveness of both organization and employees. During the interview managers suggested that training is pertinent for enhancing the competences of employees.

Employees get more on the job experience and perform better because there is improvement in both skills and competencies as a result of the training received. The senior managers acknowledged that worker performance is an essential factor and the building block which increases the organizational performance. Although employee performance can be contingent on many factors like knowledge, job gratification, and management, there is a substantial correlation between performance and training.

#### **4.3.7 Process Management**

The results indicate that the process management is anxious of making sure the demarcated process is still effective and operative by minimizing the activities of the persons performing the procedure and that the end result is still what is anticipated.

Creating an efficient process includes the removal of non-value-adding processes. They further indicated that process management is a unceasing effort that acknowledges that the work done in a company is completed through a sequence of processes and mandates the organization's supervisors with guaranteeing that these processes are noticeably defined, competitive and healthy. It is an all-inclusive approach, the objective of which is to increase the efficiency, effectiveness, control, and flexibility of a given company.

During the interview the managers revealed that the environment in which KRA is operating is constantly changing, it has become increasingly important that they manage processes to adapt to new conditions quickly. Process management has been lauded for helping make processes more agile through a framework that requires rigorous documentation of the steps in a process. Further, they advanced a suggestion that the rigor of the process management helps provide a clear comprehension of each step in the workflow. In addition, detailed knowledge can allow organizations to appreciate the impact that process management may have on the organizational performance. An organization that understands the impact of modifying its processes will have an improvement on the organization's efficiency.

#### **4.3.8 Organizational Culture**

Results from the interview indicate that the managers acknowledge that the key to outstanding performance is a strong organizational culture. The senior managers held that because to variations in organizational culture, similar approaches do not always yield similar results for two firms in the same sector and in the same locality. Interviewees contended that strong and positive culture may make an ordinary worker perform and accomplish their duties, whereas a weak and negative culture has the potential to demoralize an exceptional employee to flounder at work and end up with a failure.

Consequently, organizational culture has direct and an energetic role in performance management.

Further the results reveal that the senior managers acquiring an understanding of organizational culture contribute to the appreciation of performance of the organization. Interviewees contend that without considering the impact of organizational culture, organizational procedures like performance management may be counterproductive because the two are codependent and alteration in one will impact the other. The research found that organizational culture help organizations to have a system of beliefs and norms that support the organization's capacity to receive, understand and interpret signals from its environment into internal changes in behavior that upsurge its chances for growth and survival.

Senior managers interviewed approve that the success of KRA has showed a direct relationship between strong organization culture and performance. Furthermore, the organizational culture has had a vital and measurable impact on the ability of KRA to implement its strategy. They further argued organization culture of an organization cannot be overlooked when handling with concepts like customer relationship management, risk management, change management or leadership. KRA has been encouraging workers to be more accountable and are given more autonomy to act. In addition, the organization has also encouraged teamwork since there is an understanding that robust culture is one in which the workers work together efficiently, share the same core values, and take choices to meet the company's primary objectives and goals.

#### **4.3.9 Environment**

Data gathered from the interview revealed that the environment in which firms operate is dynamic, multifaceted, and has a extensive impact on the performance of the organization. The study further found that the environment that KRA operates in tends to influence the viewpoint and goal of the organization by placing constraints on them. Unethical behavior also affects performance. All these environmental settings provide multiple frameworks that influence how the firm operates and their performances. The managers revealed during the interview that organizations success and survival is dependent on the appropriate adaptation to a multifaceted and ever changing environment. They further posited that it is relevant for senior management of organization to identify threats and opportunities in the internal and external environment. The managers argue that KRA focuses on potential and existing strengths and weakness to exploit the strengths and mitigate the risks.

Interviewees posited that lack of conducive environment creates difficulties among workers, managers and clients in the organization, allows hindrance and negative uncompromising behavior which can influence the image and performance of the organization. These behaviors are showed as increased absenteeism, apathy and execution of fraudulent activities by KRA officials and customers because they are pessimistic, disgruntled and counter-productive. In effect, employees indulge in actions and practices that negate the accomplishment of organizational objectives.



#### **4.3.10 Teamwork**

Teamwork in the organization was regarded by the senior managers interviewed as the backbone of every organization and a major resource of the organization. The managers indicated that organizations invest huge amounts of money on developing teams which can better the performance of employees and eventually increase the performance of the company. Performance was regarded as a major multidimensional concept intended to achieve outcomes and has a robust link to strategic objectives of an organization.

Results further revealed that innovative actions such as teamwork lead employees to work more proficiently since they are capable of resolving problems as soon as they arise, thus decreasing disruptions to the production process. Moreover, the implementation of teamwork was found to simplify the organizational structure and reduce the need for co-ordination.

#### **4.3.11 Employee Involvement**

The managers interviewed indicated that employee involvement encourages participation and empowers employees to use their input in attaining higher organizational and individual performance. In addition, they revealed that employee involvement encourages the participation of employees in problem solving and decision making. This increases independence in work procedures.

Workers are more inspired, more dedicated, more creative and more contented with their work resulting in better organization performance. Further, the interview revealed that managers shared the view that KRA's high levels of employee engagement has made the organization excel in productivity, customer loyalty/satisfaction, operational efficiency, low employee turnover and cost reduction. Employee engagement plays a critical role in an organization's performance.

#### **4.3.12 Integrated System**

The results reveal that the managers were in concurrence with the positive impact that integrated systems of management have had on the organizational performance of KRA. The senior managers interviewed revealed that KRA integrated system had all components of the organization integrated into one coherent system that enables the achievement of its mission. Managers maintained that KRA integrated system is used when making decisions and it has helped mitigate conflict and ineffective use of resources hence improving the organizational performance.

The results further revealed that the realized organization success at KRA is due to actions taken by sharing methodologies, tools, and methodical management of divergent areas, which comply with the diverse standards or model governing the organization. The interviewees further indicated that although the organisation has different systems as they have variable information desires, they all struggle for competitive advantage through constant improvement; re-evaluation of the efficiency and competence of the entire system.

#### **4.3.13 Manager's Decision-Making**

The managers revealed that managers' decision making is a key role of management. People always relate leadership in politics and business with making good decisions. Emphasis is put on the head of a group to lead in decision making. It was further suggested by the senior managers that they have been operative in their organizational decision making by pulling rather than pushing, motivating their staffs rather than ordering them and allowing individuals to use their own initiatives and experiences rather than by denying them an opportunity to use their efforts or restraining their experiences and actions in the organization. This has been an important factor that has improved the organization performance.

In addition, the results reveal that as process of choosing from the many unlike alternatives, KRA leaders consider, scrutinize, and weigh the best of all diverse alternatives from which disadvantages and advantages are known. This specific process helps them to make good decisions and improve the successful operation of their activities and enhanced there organizational performance.

#### **4.3.14 Effect of TQM on Performance of KRA**

Results from the interview indicated that the performance of KRA is determined by the quality of output. The respondents indicated that by adoption of TQM, the quality of output per individual has increased. The eminence of work carried to for the customer and not the face time is taken into account by the managers. The respondents also indicated that productivity is boosted via discipline while competence comes from skill and knowledge development, efficient delegation, role clarity, and discarding with micromanaging.

The respondents further indicated that total quality management has enhanced service delivery at Kenya Revenue Authority. The attainment of the plan targets is dependent on highly motivated employees, showing high levels of satisfaction. Kenya Revenue Authority managers put in place strict measures to ensure that the employees 'live' the KRA core values. KRA training programmes are conducted regularly to meet the necessities of a extraordinary performance organization, raise worker satisfaction rate, promoting the framework for management of outstanding performance persons, put in place an innovation promotion framework, improve knowledge management and augment integrity thereby improving the overall performance.

The respondents further indicated that customer satisfaction has improved due to the implementation of total quality management. Customer satisfaction reduces the customer churn rate in KRA. By gauging and tracing consumer satisfaction KRA can put novel processes in place to upsurge the overall quality of the customer service. Consumer satisfaction is firmly related to revenue increase. What often gets overlooked is how customer gratification negatively effects the business.

The adoption of information technology as a TQM tool played an important role in supporting of Kenya Revenue Authority's business branches in their persistent hunt of operational superiority. The following creativities were implemented to attain the Authority's goals: adoption of enhanced business systems to promote accountability and integrity; adoption of a full electronic customer service to improve service delivery; exploitation of technological development like mobile platforms and cloud computing to promote service delivery, develop and grow information technology guided by emerging expertise. The interview indicated that there has been tremendous improvement in revenue collection, revenue streams increase, tax base widened and operational costs reduction.

The adoption of TQM philosophy by KRA culminated in the award of ISO 9001:2008 certification system standard in 2011. This is an internationally recognized set of benchmark standard for customer focused quality management principles.

## **4.4 Discussion of the Findings**

This section provides the comparison of the study findings to the theory and to the literature reviewed.

### **4.4.1 Comparison to the Theory**

Deming's theory is grounded on the principle that institutions are established under systems made of interrelated processes and people hence making the system one component. Employees' success, according to the theory, is dependent on the capability of the management to develop a delicate balance for different components so that the entire system can be optimized (Martinez-Costa, 2008). In KRA, the interview revealed that management is worried with making sure the distinct process is still efficient and effective by minimizing the activities of the individuals performing the process and that the end result is still what is desired. Creating an efficient process involves the elimination of non-value-adding processes. The managers revealed that managers' decision making is a key role of headship. Persons always relate leadership in politics and business with making outstanding decisions. Emphasis is put on the head of a group to lead in decision making. It was further suggested by the senior managers that they have been effective in their organizational decision making by pulling rather than pushing, inspiring their subordinates rather than ordering them and enabling individuals to apply their own experiences and initiatives rather than by repudiating them an opportunity to use their efforts or compelling their actions and experiences in the organization.

On the Kanter model of change management, the theory looks at political context by providing information, resources, and support for the change effort. In KRA, the interview revealed that the political environment in which business organizations operate

is complex, dynamic and has a far reaching effect on the performance of the organization (Rainey 2009). The study further found that the environment that KRA operates in tends to shape the viewpoint and goal of the organization by placing constraints on them. Unethical behavior also affects performance. The managers revealed during the interview that organizations survival and success is dependent on the appropriate adaptation to a multifaceted and ever changing environment.

#### **4.4.2 Comparison to Other Studies**

The study found that training that has been due to Total Quality Management policies implemented has led to improvement in quality. This brings success to the organization. Learning institutions adapt quickly to the changes and create unique behavior, which differentiates them from other organization and allows them to get better results. The findings identified that employee participation was key to the smooth implementation of Total Quality Management policies since participation of employees enhances discipline, acquisition of new knowledge and obtaining a need of achievement by resolving quality problems. The findings are in line with Dean and Bowen (2009), who argued on Total Quality Management through strategic management perspective by indicating that TQM is highly concerned with deployment or strategic implementation rather than intent or strategic choice.

The study established that the implementation of Total Quality Management policies is motivated by the desire to develop effective ways in revenue collection. This has initiated new instruments to help the organization work more efficiently in tax collection. The study further found that the attainment of the highest level of quality includes the application of Total Quality Management principles to all facets of a firm, including

clients and their assimilation in key organizational processes. The study identified that the adoption of Total Quality Management principles was geared to create an open relationship with clients. TQM assists to obtain information on customers' needs and to get feedback on how to achieve these needs in the best way possible. These results are in concurrence with Sadikoglu and Olcay, (2014) that different Total Quality Management principles meaningfully influence different performance result although there are primary hindrances that the companies face where there is lack of workers commitment, involvement, and awareness as well as lack of necessary resources and inappropriate company structure.

The study found that Total Quality Management principles have helped the organization to formulate strategic approach using rigorous investigation and systematic criteria to articulate, document and implement organizational expectations. A strategic approach has enabled the organization to anticipate the future and adopt the necessary processes and operations to effect and realize that future. The study also determined that the policies have influenced the ability of the organization to manipulate or create a situation or environment that guarantees better organizational performance. The findings are in concurrence with those of Drucker,(2007), who posited that strategic planning is one of the organizational management activities used to set priorities, focus organization energy and resources, strengthen different operations in the organization, ensure that employees and others are working to achieve common organizational goals, establish agreement around the outcomes intended by the organization, and assess and adjust the direction being taken by the organization in response to a changing environment.

The study determined that Total Quality Management principles have played an important role of management and that people always relate leadership in companies with making good decisions with emphasis being on the head of a group. In addition, the study established Total Quality Management principles have created a procedure of choosing from the many diverse alternatives; leader consider, analyze and assess the best of all diverse alternatives from which disadvantages and advantages are known. The findings are in line with those of Irawanto (2015), who established that worker participation in the improvement of performance metrics has advantageous effect on the metrics' quality, and showed that the succeeding effect on occupation performance is contingent to how these metrics are applied.

The study determined that Total Quality Management principles have prompted the organization to integrate systems when making decisions. This has helped to mitigate conflict and ineffective use of resources hence bettering the organizational performance. The findings of the study further identified that the realized success at KRA is due to actions taken for sharing methodologies, tools, and systematic management of various areas, which observe the different principles or model governing the organization. These results are aligned with those of Helfat and Peteraf, (2010), who postulated that effectiveness of training programs has significant impact on the group or individuals participating with regard to the three main elements of learning which include attitude, skills, and knowledge. These elements of training are identified by the organization as the backbone of a public service entity due to the contribution they make in the effectiveness and efficiency of the service delivery system



The study revealed that managerial leadership mainly in the public sector has a significant effect to productivity and rule enforcement, and mitigate double standards, shoddiness and inefficiency, indiscipline and lack of seriousness. Leadership increases the employee's effectiveness, efficiency, productivity, flexibility, which in turn enhance the organization performance. These findings are in line with those of Yukl (2009), who noted that effectiveness in leadership is based on leader's ability to manage, motivate, inspire, remunerate and perform duties using analytical skills. Ability to achieve all these plays a significant role in the organization's ability to increase employee motivation that positively influences the organizational performance.

## **CHAPTER FIVE: SUMMARY, CONCLUSIONS AND RECOMMENDATIONS**

### **5.1 Introduction**

This section of research gives a summary on the findings of the research, the conclusions of the study and the recommendations on effect of Total Quality Management on performance of Kenya Revenue Authority.

### **5.2 Summary of the Findings**

The study identified that the implementation of Total Quality Management policies had developed mechanisms such as effective training in management which has led to an improvement in quality that has brought significant success for the organization. These policies were found to have enhanced employees' effective learning and knowledge capability which has provided sustainable quality management at KRA. The study also found that Total Quality Management system is a vital tool in the modern competitive environment not only for making profits but also for survival of the organization. In addition, it was found that extensive implementation of various Total Quality Management policies in its operations has significantly enhanced revenue collection in all KRA departments.

The study also established that KRA had a critical need for the implementation of innovative quality management policies to improve its manpower planning, organization structures, evolving teamwork among staff and management, training, new tactics to reward management and implementation of Total Quality Management. The study found that KRA had prioritized the necessity to communicate to and sensitize all employees to

appreciate KRA's vision, its mission and the proposed Total Quality Management policies will steer its priorities and decision making process. The study also found that the implementation of Total Quality Management policies helped managers in a TQM system to view the organization as a system which supports workers development, help in establishing a multichannel communication among the workers, managers, and clients and encourage the use of information effectively and efficiently.

The study found that KRA adopted Total Quality Management policies to help mitigate against management challenges and improve its organizational performance. The study established that among the management challenges experienced by the organization were difficulties in taxation of the informal sector and poor awareness of tax laws among many of the stakeholders. In addition, the study found that that tax regimes are not adapted to the limited compliance capacities of small and micro businesses as the organization has imposed proportionally higher compliance costs which impact both the overall filing and payment rates.

The study also found that since the implementation of Total Quality Management policies several steps have been taken by the organization to tackle several management challenges in tax administration and operations of the organization. The study found that the organization had provided a legal framework to facilitate creation of a public data base and trained its personnel. This has enhanced their skills in meeting the mandate of the organization. The study also found that the organization has invested in the development of an effective, honest, knowledgeable, and trusted administrators who are a crucial part of administration of the organization. The study further found that evolving business practices across the globe demanded an efficient, comprehensive, accurate and interactive quality oriented system to deal with administration of the whole organization within the country, and, in a rapidly increasing number of cases, across borders as well.

### **5.3 Conclusions**

The objective of this study was to find out the effect of Total Quality Management on performance of Kenya Revenue Authority. Here are the main conclusions.

The study concluded that the reforms, modernization and changes in quality systems introduced by KRA have been brought about effective revenue collection schemes. This has been boosted by enhanced clearance times and amplified revenue collection and expansion of revenue base. The reforms, modernization and changes in quality systems have also delivered a greater confidence on information technology. On operational efficiency the study concludes that Total Quality Management policies have brought results directed management in KRA and it has also amplified revenue collection hence it should be incorporated in all departments so as to have high productivity.

The study further concludes that staff training and development has enhanced employees' knowledge, skills and professional capacity. In addition, the study concludes that the staff training and development has not fully improved their level of awareness on various technical issues. The study also concludes that the existing tax assessment does not fuel voluntary compliance among tax payers and that the penalties given by KRA on tax evasion are inadequate; therefore taxpayer sensitization and education is needed to enhance voluntary compliance.

Another conclusion reached by the study is that compliance level affected by opinion on how the revenue would be distributed by the government. The study concluded that taxpayers' education has been effective by enhancing the public level of understanding of numerous tax regimes used by KRA and also it has encouraged tax compliance among non-corporate persons. It also concluded that the achievements derived from

implementation of Total Quality Management policies has managed to achieve a significant percentage of training of staff on customer relations skills. It has also managed to train another significant portion of staff on strong workforce on organizational culture, training of the staff and enlightening them on the vision, mission and core values of the organization.

#### **5.4 Recommendations**

The government should offer managers of KRA more training education modernization and reforms to improve on the skills, knowledge and proficient capacity of the employees. This will improve service delivery in terms of increased clearances and increased revenue.

The stakeholders should review the penalties applied by KRA on errant tax payers since the current penalties applied are inadequate. This would also reduce the tax evasion which is still rampant. Taxpayers' education should also be improved since it has been operative promoting understanding of various tax regimes among the members of the public. Taxpayer education also will improve on tax compliance.

The learners should embrace and conduct more research on Total Quality Management and organizational performance to ensure more information on organizational performance and Total Quality Management Kenya Revenue Authority is available in the academic journals of research in Kenya.

### **5.5 Limitations of the Study**

The researcher faced difficulties in getting or accessing confidential business information from concerned employees due to fear of incrimination from management executives. To overcome these, the researcher had to assure the sampled respondents on the confidentiality of the information collected and no names divulged in the final report.

The researcher faced a challenge of accessing sufficient studies done in the developing world with suitable information that fit the Kenyan case. The challenge will be addressed through consultation and research on relevant stakeholders in KRA.

### **5.6 Suggestions for Further Studies**

This study used interview guide as the main tool of collecting data, a future study should be carried out using other techniques of primary and secondary data collection. The aim of using other data collection techniques is to establish if the results yielded in the study will be the same and shield our conclusions from any intrinsic biases present in the technique of data collection used. The other tools of data collection include the use of questionnaires, focus groups or internet sources.

To obtain a deeper understanding of the level of adoption of Total Quality Management policies and the complications of executing Total Quality Management policies, in-depth interviews should be conducted with other stakeholders of the identified organizations who are directly affected by the implementation of the policies. This study was carried out in Kenya Revenue Authority which is a state corporation, future studies should be carried out in the financial sector of the private sector.

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**APPENDICES**

**APPENDIX I: INTRODUCTION LETTER**



**UNIVERSITY OF NAIROBI  
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Telegrams: "Varsity", Nairobi  
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P.O. Box 30197  
Nairobi, Kenya

DATE.....24/9/2017

**TO WHOM IT MAY CONCERN**

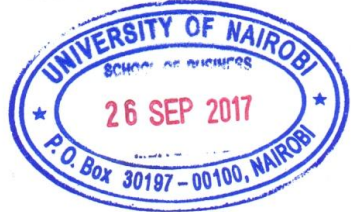
The bearer of this letter ..... Nelson Njuguna Mwangi  
Registration No..... DG1/84077/2015

is a bona fide continuing student in the Master of Business Administration (MBA) degree program in this University.

He/she is required to submit as part of his/her coursework assessment a research project report on a management problem. We would like the students to do their projects on real problems affecting firms in Kenya. We would, therefore, appreciate your assistance to enable him/her collect data in your organization.

The results of the report will be used solely for academic purposes and a copy of the same will be availed to the interviewed organizations on request.

Thank you.



**PATRICK NYABUTO**  
**SENIOR ADMINISTRATIVE ASSISTANT**  
**SCHOOL OF BUSINESS**

## **APPENDIX: INTERVIEW SCHEDULE**

1. How long have you worked in Kenya Revenue Authority?
2. Give us a brief description of your responsibilities in Kenya Revenue Authority?
3. Could you please explain how you view Total Quality Management?
4. When and why did Kenya Revenue Authority choose to implement Total Quality Management?
5. How was Total Quality Management implemented?
6. What has been the effect of Total Quality Management on Kenya Revenue Authority? Explain?
7. What influence does organizational culture have on performance of Kenya Revenue Authority? Explain?
8. What influence does managerial leadership have on performance of Kenya Revenue Authority? Explain?
9. What is the influence of environment on performance of Kenya Revenue Authority? Explain?
10. Does training influence performance of Kenya Revenue Authority? Explain?
11. How does teamwork influence performance of Kenya Revenue Authority? Explain?
12. What is the influence of process management on performance of Kenya Revenue Authority? Explain?
13. Does knowledge application have influence on performance of Kenya Revenue Authority? Explain?
14. How does total employee involvement influence performance of Kenya Revenue Authority? Explain?

15. What is the influence of integrated system on performance of Kenya Revenue Authority? Explain?
16. Does manager's decision-making have effect on performance of Kenya Revenue Authority? Explain?
17. What is the influence of strategic approach on performance of Kenya Revenue Authority? Explain?
18. Is customer-focus used as a quality management tool in Kenya Revenue Authority? Explain?
19. What are the challenges facing the management of Kenya Revenue Authority?
20. How do you tackle the challenges facing the adoption of Total Quality Management in Kenya Revenue Authority? Explain?