STRATEGY IMPLEMENTATION AND PERFORMANCE OF CUSTOMS AND BORDER CONTROL DEPARTMENT OF KENYA REVENUE AUTHORITY

BY

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DECEMBER, 2017.
DECLARATION
This research project is my original work and has not been presented for a degree in any other university

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This proposal has been submitted for examination with my approval as the university supervisor

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DEDICATION

I dedicate this project to my parents, Mr. & Mrs. Mwai. To Mr. Joseph Mwai for his love of books and for instilling a culture of academics in us, his children. To Mrs. Irene Mwai for the tender care and moral support she provided me with during this period of study.
ACKNOWLEDGEMENT

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# TABLE OF CONTENTS

DECLARATION........................................................................................................................................... ii

ACKNOWLEDGEMENT............................................................................................................................... iv

LIST OF FIGURES...................................................................................................................................... viii

ABBREVIATIONS AND ACRONYMS........................................................................................................ ix

ABSTRACT................................................................................................................................................ x

CHAPTER ONE: INTRODUCTION............................................................................................................... 1

1.1 Background of the Study ..................................................................................................................... 1

1.1.1 Strategy Implementation.................................................................................................................. 2

1.1.2 Organizational Performance .......................................................................................................... 3

1.1.3 Kenya Revenue Authority............................................................................................................... 4

1.1.4 Customs and Border Control Department of KRA ......................................................................... 5

1.2 Research Problem ............................................................................................................................. 6

1.3 Objective of the study ......................................................................................................................... 8

1.4 Value of the Study ............................................................................................................................. 8

CHAPTER TWO: LITERATURE REVIEW.................................................................................................. 10

2.1 Introduction....................................................................................................................................... 10

2.2 Theoretical Foundation...................................................................................................................... 10

2.2.1 Porters Generic Business Model..................................................................................................... 10

2.2.2 Mckinsey 7s Framework ............................................................................................................... 11

2.2.3 Stakeholder’s Theory of Strategic Management ............................................................................. 12

2.3 Strategy Implementation in Organizations ......................................................................................... 13

2.4 Strategy Implementation and Performance......................................................................................... 13
CHAPTER THREE: RESEARCH METHODOLOGY .................................................. 16

3.1 Introduction ........................................................................................................ 16

3.2 Research Design ................................................................................................ 16

3.3 Data Collection .................................................................................................. 17

3.4 Data analysis ...................................................................................................... 17

CHAPTER FOUR: DATA ANALYSIS, INTERPRETATION AND PRESENTATION ......................................................................................................................... 19

4.1 Introduction ........................................................................................................ 19

4.2 Demographic Information .................................................................................. 19

4.3 Influence of Strategy Implementation on Performance of C&BC Department of KRA .............................................................................................................. 20

4.4 Discussion .......................................................................................................... 24

4.4.1 Comparison to theory .................................................................................. 25

4.4.2 Comparison with other Studies .................................................................. 26

CHAPTER FIVE: SUMMARY, CONCLUSIONS AND RECOMMENDATIONS ................................................................................................................................. 27

5.1 Introduction ........................................................................................................ 27

5.2 Summary of Findings ....................................................................................... 27

5.3 Conclusion ......................................................................................................... 28

5.4 Recommendation ............................................................................................. 28

5.5 Limitations of the Study .................................................................................. 29

5.6 Suggestions for Further Study ......................................................................... 29
REFERENCES................................................................................................................................. 30

APPENDICES........................................................................................................................................ 36

APPENDIX I: INTERVIEW GUIDE ........................................................................................................ 36

APPENDIX II: LETTER OF REQUEST FOR INTERVIEW ................................................................. 38

APPENDIX IV: MONTHLY C&BC REVENUE PERFORMANCE ...................................................... 39

APPENDIX IV: LETTER OF APPROVAL FOR DATA COLLECTION ................................. 40
LIST OF FIGURES

Figure 4.1: Duration of Work at Top Management ......................................................... 20
<table>
<thead>
<tr>
<th>Abbreviation</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>C&amp;BC</td>
<td>Customs and Border Control</td>
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<td>ETR</td>
<td>Electronic Tax Register</td>
</tr>
<tr>
<td>ICT</td>
<td>Information Communication Technology</td>
</tr>
<tr>
<td>ITMS</td>
<td>Integrated Tax Management System</td>
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<tr>
<td>KNBS</td>
<td>Kenya National Bureau of Statistics</td>
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<tr>
<td>KRA</td>
<td>Kenya Revenue Authority</td>
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<tr>
<td>SWOT</td>
<td>Strength Weaknesses Opportunities and Threats</td>
</tr>
<tr>
<td>RECTS</td>
<td>Regional Electronic Cargo Tracking System</td>
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<td>ACMS</td>
<td>Automated Customs Management System</td>
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<tr>
<td>COSIS</td>
<td>Customs Oil Stock Information Systems</td>
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<tr>
<td>MMS</td>
<td>Manifest Management System</td>
</tr>
</tbody>
</table>
ABSTRACT

Successful strategy implementation requires a lot of attention from both the top management and the rest of the employees. Organizational performance is largely dependent on strategic measures chosen and the implementation process. The success or failure of any strategy depends on how well the implementation process was managed. Many organizations are faced not with the challenge of formulation but that of implementation. C&BC department has strategic measures as outline in the KRA sixth corporate plan some of which are underway. It is for this reason there is need to investigate strategy implementation and performance at the department. Project teams responsible for implementation of strategies have a responsibility to ensure that the process is adequately monitored and evaluated to completion and the. The topic of study was strategy implementation and performance of C&BC department of KRA and the objective was to establish the relationship between strategy implementation and performance at the Customs and Border Control Department of KRA. This is a case study of Customs department of KRA. The study targeted seven (7) respondents who included the Commissioner of Customs and all the six Deputy Commissioners in charge of the different customs regions as outlined in the organization chart. Primary data was collected through the use of an interview guide. Content analysis was used to analyze the data collected. The study found out that successful strategy implementation requires a combination of administrative factors which include; communication, ICT and automation, organization structure and culture, the right leadership, employee and stakeholder involvement among many others. These factors directly influence strategy implementation. The key findings of this study revealed that the above factors have led to increased revenue collection and compliance to customs requirements and laws. The above factors are a measure of organizational performance. The study recommends the need to provide coordination on how strategy is implemented in the various business units of C&BC and that KRA should employ a world class state of technology in line with its automation plan. The limitation is that the results of the analysis cannot be generalized or inferred to other departments within KRA or other organizations. Recommendations for further study were that the research should be replicated in similar parastatals in order to find out the influence of strategy implementation on performance. It was also suggested that there is need to investigate how specific projects such as RECTS, ACMS and cargo scanners have influenced performance of the department.
CHAPTER ONE

INTRODUCTION

1.1 Background of the Study

All organizations operate within an environment. Environmental analysis is critical in understanding the conditions within which organizations exist. It is important for organizations to align their strategies with the prevailing environmental conditions. A significant change in external environment would call for a shift in strategy. Environmental scanning exposes conditions that can either be facilitating or hindering the organization towards excellence performance. Further, such a strategic environmental analysis provides an appreciation of the capabilities of an organization and the external factors that affect it. Therefore the analysis results in the identification of opportunities, which provide a good indication of the likelihood of success or failure. Strategy implementation involves converting action plans into measurable and observable outputs. Organizational performance on the other hand is a measure of the level of success of the implementation process.

Mckinseys 7s model Identifies seven processes of strategy implementation. The processes include: structure, strategy, systems, skills, style, staff and shared values (Peters and Waterman, 1982). Similarly the stakeholder theory asserts that firms are responsible and accountable to all stakeholders. Porter’s generic business model is of the view that the structure of an industry is shaped by five main forces. These forces are: buyers bargaining power, powers posed by suppliers, threats posed by substitutes, threats of new entrants as well as rivalry brought in by substitute products.

The Customs and Border Control (C&BC) is a department of KRA responsible for administration of customs tax, enforcement and regulation of cross border trade and control of movement of goods and services in and out of the country. The department has in the recent past instituted a number of stringent measures in line with its strategic objectives all in an attempt to improve performance. Most of the achievements made so far such as electronic cargo tracking have been attributed to advancements in the use of technology by the department.
Strategy implementation is a major challenge to many organizations, however, for the long surviving organizations, being able to turn strategies as well as plans to actions and procedures which are necessary to ensure outstanding performance is very possible. There are serious challenges that organizations face making it difficult for them to achieve their goals. Poor translation of concepts into action plans especially among the large firms is usually the greatest impediment to the attainment of strategic objectives. It is important that firms understand the set strategies for their businesses, as well as the steps necessary to achieve them. Most organizations however, fail to effectively translate strategies into achievable action plans that will enable successful implementation and evaluation of strategies. There is need to bring different managerial aspects together in order to achieve successful strategy implementation. All new strategies, requires a combination of various aspects. This is because the chances for failure of new projects are high, (Rufus, 2011).

Strategists have a responsibility to come up with strategies that are achievable and attainable. They must therefore learn how to convert ideas into reality in order to excel.

1.1.1 Strategy Implementation

A strategy is can be explained as an action plan whose sole intention is to facilitate the achievement of a specific objective through the most efficient way possible. Karami (2005) defines implementation of strategy to be ways how organizations come up with, how they utilize, as well as how they amalgamate the structure, systems of control and culture of the organization to take after strategies which lead to attaining an advantage over competitors thus ensuring better performance.

On the other hand, implementation of strategy is explained to be a process whereby strategies as well as plans are converted into actions with the intention of achieving the set strategic goals (John, 2005). According to Kaplan (2005) to be able to succeed in implementing strategy, it is imperative that all players within and without the organization come together and cooperate. Pearce and Robinson (2007) describe five critical variables that are usually considered for the successful implementation of strategy. These are: tasks, people, structures, technologies, and reward systems.
Johnson, Scholes and Whittington (2005) also define strategy implementation to be a process which ensures that in practice, strategies are being put to work. Various activities are involved which entails organizational structuring with an end goal of achieving performance that is satisfactory and also the use of organizational resources which include people, finance, information and technology to support the firms strategy and change so as to enable achievement of success. Whereas enabling success is important, it is crucial as well to be aware of the available resources and the extent to which the new strategies are built on.

To effectively manage change, it is imperative to understand organizational context and how it influences change approaches, the persons in charge of overseeing the change and their roles, the different change management styles which managers can adopt as well as the various organizational levels where change can be effected. Executing strategies require identification gaps that exist in skills as well as finding ways on how to develop or acquire them so as to exploit opportunities and make the organization successful (Daft, 2005). In order to execute strategies successfully, an organization need to invest in staff that have undergone formal training and are competent, as well as take them through informal coaching (Paterman, 2008).

Successful strategy implementation calls for effective design and management in order for these factors to be integrated. To operationalize strategy, an organization needs to figure out their objectives that are short term, introduce functional tactics that are specific to their strategy, as well as communicate clearly on people empowering policies that touch on the organization and also put together rewards that would be effective (Pearce and Robinson, 2007). To be able to convert long term plans into measurable yearly targets, it is necessary to have short term objectives. Functional tactics on the other hand converts and breaks down business strategy into activities that people can complete daily. Action plans as well as short range objectives makes this achievable, while giving specific guidelines on the activities that require action. They also provide clear delineations regarding impending activities, thus translating the firm’s vision into action (Pearce and Robinson, 2007).

### 1.1.2 Organizational Performance

Organizational performance is described as the measure of overall productivity of the organization. It is measured against some set of standards or compared with similar
firms within the same industry. Performance is an outcome of concerted effort by the management to achieve organizations goals. The primary indicator of good performance is profitability. When assessing an organization’s performance, a judgement is made about whether that performance is acceptable based on a set of standards.

Certain organizations perform better than others because of efforts and resources directed towards achievement of organizations goals. Resources play a vital role in determining organizations performance. It is important to increase resource complements whenever performance seems to be going down. The level of success of an organizations strategy can best be established through performance evaluation. Performance evaluation is a process by which managers and employees work together to review the organizations strategic objectives and overall goals against a set of standards. Performance evaluation is the continuous process of setting objectives and assessing progress to ensure that the organization is meeting its strategic objectives and overall goals.

Performance is a measure of the level of success of an organization and can be determined through financial indicators, tax enforcement and Key Performance Indicators (KPIs) that have been set for the different business units within the department. Financial information can be obtained from financial reports of the organization.

Performance at the Customs and Border Control (C&BC) department can ideally be established based on key factors such as: Changes in revenue collection, reduction in dumping of counterfeit and substandard products, and efficiency in collection of taxes and enforcement of customs policies. Strategy at KRA can be broadly grouped into four categories. This study shall seek to understand the contribution of each of these categories to the growth and development of Customs and Border Control Department of KRA.

1.1.3 Kenya Revenue Authority
The Kenya Revenue Authority (KRA) is a government parastatal responsible for tax collection and administration in Kenya. KRA was formed on 1st July 1995 as a Kenya
government agency responsible for tax collection, (KRA Act Cap 469). Its main role is to administer and collect domestic taxes and custom duties.

As a government parastatal, KRA is headed by a commissioner general (CG) whose main role is oversight, strategic direction and general management of the tax body. The CG reports directly to the treasury cabinet secretary. Every three years, KRA comes up with a corporate plan which is aligned to Kenya’s Vision 2030. This is aimed at streamlining strategic management and implementation. Evaluation of performance is usually done against these corporate plans.

Since its inception, KRA’s revenue continues to increase which is as a result of various revenue administration reforms from Electronic Tax Register (ETR) in the year 2005, Integrated Tax Management System (ITMS) in the year 2007 and now iTax system which was launched in October 2011.

Available evidence suggests that there are some research gaps regarding the performance and strategy implementation. The Customs and Border Control Department of KRA has had several initiatives to improve revenue performance through strategic management including the introduction of RECTS, ACMS, COSIS, SIMBA system, and MMS. All these initiatives are meant to improve performance by KRA. Practice has shown that the old systems of customs administration resulted in huge tax revenue loss due to corruption and the propensity for the taxpayer to pay less than the due tax. The ICT strategy integrates several systems and processes for easy administration of customs and duties.

1.1.4 Customs and Border Control Department of KRA

The Customs and Border Control (C&BC) Department of the Kenya Revenue Authority stands out as the largest as compared to the other four revenue collecting departments in the areas of human resource, collection of revenue as well as in terms of operational network countrywide. The department was established in 1978 through an Act of parliament and previously referred to as Customs and Excise Department. Its primary function includes facilitating of legitimate trade. As part from its fiscal responsibilities its function includes collecting and accounting for both import duty as well as VAT collected on imports. The department also collect other taxes on an agency basis including: Road Transit Toll, Directorate of Civil Aviation Fees, Import
Declaration Fee (IDF), Petroleum Development Levy, Sugar Levy, Road Maintenance Levy, Air Passenger Service Charge, Fees on Motor Vehicle permits, KAA Concession Fees.

It is responsible as well for the societal protection against illegal entry and also exit of goods that are prohibited as well as cross border trade facilitation. The head of the department is the commissioner of customs services and he is deputized by six deputies each in charge of a specific region.

There are four main strategic areas shaping the future of most Kenya firms and in particular the Customs and Border Control Department of KRA. They include: ICT strategy, Human Resource strategy, innovation Strategy and Revue Collection Strategy

The ICT strategy in KRA involves the use of electronic cargo tracking devices, Online Clearance by Agents, RECTS, ACMS, COSIS, SIMBA system, and MMS: The human resource strategy involved frequent staff reshuffles, Deployment of Cargo monitoring staff in strategic locations to prevent fraud, and cost optimization during recruitment: Innovation strategy involves the establishment of single customs territory, and the introduction of new processes and operations. Revenue collection strategy involves scanning and Verification of imports among others.

Border control activities mainly take place at strategic entry and exit points. Kenyan coast lies strategically on the entry point to east and central Africa. It is also a resting point for goods destined for West and Southern Africa. This makes gives the Customs and Border Control Department of KRA and advantage over its east Africans rivals.

To determine the kind of strategy to be put in place, the advantage of location is critical.

1.2 Research Problem

To be able to covert strategy to output, coordination of operations, people and also plans of action is required, (Paterman 2008). Studies have shown that most government agencies despite having well-articulated strategies have failed to properly implement those strategies. (Allio, 2009), conducted an economic survey of government agencies in Ohio state of US and found out that over the period of the last
three years, of the total number of firms under study, 57 percent experienced difficulties in strategic initiatives execution thus were unsuccessful. A similar study conducted in China in the year 2006 and the findings indicated that 83 percent of the total Chinese Corporations under survey failed to smoothly execute their strategy. According to the document, the remaining 17 percent indicated the presence of a consistent process of strategy execution, (White Paper of Strategy Implementation of Chinese Corporations, 2006).

Qi (2010) proposed seven factors required for successful strategy implementation. The factors put forward are elaborate systems of feedback, adequate resource complements, Strategic leadership and direction skills, motivation, coordination and communication, structure and culture of the organization. According to Brenes, et al., (2007) to successfully execute business strategies, there are five key dimensions. These include the process of strategy formulation, the systematic execution of the strategy, the implementation process, control of the whole process and finally the follow-up process.

According to Welch and Welch (2005), government agencies fail to properly implement strategy due to breakdown between strategy and operations. Operations and implementation are therefore conjoined and must work together in order to achieve success. Many managers traditionally focused on formulating good strategies rather than preparing a good team to carry out the implementation. During the global economic recession of 2008, most companies found themselves in this awkward situation. Sooner rather than later, they were limping or missing margins very closely each financial quarter yet they never examined ways on how to generate growth opportunities that were better by modifying their strategy. Many managers have since learnt from their own mistakes the importance of strengthening operations in order to achieve successful strategy implementation.

Studies have shown numerous challenges that government bodies have been faced with during implementation of strategy. Gitonga, (2013) conducted survey covering the County Government of Nakuru and found out that successful implementation could only be attained through proper planning and monitoring of progress. Also noted is the improper resource utilization which may possibly lead to challenges during implementation of strategy.
A research conducted by Abdilmalik (2014) about strategy formulation at KRA concluded that strategy implementation has an important role when it comes to success of KRA. However this research was conducted on KRA as a whole and may not have paid attention to fine details, hence the need to narrow down to the Customs and Border Control Department of KRA.

Evidently, local studies have been conducted on formulation of strategy and not much on implementation of strategy. Those that have been done on strategy implementation were mainly focusing on the private sector. Most studies have shown that there is great importance in regards to execution of strategy regardless of the organization whether private or public. Most of these studies have been done on strategy formulation as compared to implementation. It can therefore be deduced that implementation of strategy is constantly evolving to become an important success factor that seek to gain competitive advantage in these modern times.

Strategy implementation is a key aspect of organizational performance. There is need to establish a clear link between the desired level of performance and the implementation process. This can only be achieved through a well articulated set of operational procedures aimed at achieving tangible output in both the short and long term. The sole aim of this study then is to provide literature and findings that will narrow the gap found in previous studies. How does strategy implementation contribute to organizational performance at the Customs and Border Control Department of KRA?

1.3 Objective of the study
The objective of this study is to determine the influence of strategy implementation on performance of the Customs and Border Control Department of KRA.

1.4 Value of the Study
This research will be of importance to KRA because it will provide the best as well as alternative ways forward as far as formulation and implementation of strategy is concerned. Recommendations and conclusions resulting from this research will help C&BC understand the importance of strategy in achieving growth.
It will be of immense importance to the government and policy makers in chanting the best strategies to be implemented. It will assist the government to create favorable policies and contusive environment to encourage innovation at different levels.

The findings of the research will likewise contribute to the existing body of Knowledge and more specifically performance of the Customs and Border Control Department of KRA. The study findings will also add to the existing Strategic Management theories. This will be a reference point for scholars, academicians and future researchers.
CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction
This chapter reviews theoretical frameworks as well as the empirical researches which have been carried out in this field. It shall discuss several theories and constructs that have been propounded in an attempt to explain implementation and performance at the Customs and Border Control Department of KRA, in sections. Section 3.2 Theoretical foundation; Section 3.3 strategy implementation in organization; Section 3.4 Presents strategy implementation and performance; finally Section 3.5 Presents empirical studies and research gaps.

2.2 Theoretical Foundation
This theoretical basis of this study will include Porters competitive strategies, Mckinsey’s 7s Framework and Stakeholders Theory of Strategic Management.

2.2.1 Porters Generic Business Model
Porter (1998) states that in a business unit within a larger industry, competitive strategies main purpose entails locating a position where the firm can be able to defend itself against the five forces of competitive advantage. These include the power possessed by buyers, powers posed by suppliers, threats posed by substitutes, threats of new entrants as well as rivalry brought in by substitute products.

The structure of the industry is defined by these five forces and therefore a firm determines its competitive strategy form analyzing this structure. The four generic competitive strategies unveiled by porter provide a viable source of strategy basis in the business environment for a long term basis. They include cost leadership strategy, differentiation strategy, cost focus strategy as well as differentiation focus strategy.

The generic strategies suggested by Porter (1980) can possibly yield a competitive advantage while ensuring the firm maintains long-term profitability. While using Differentiation as a key business strategy, efforts are focused on providing products and services that are a unique. This ensures customer loyalty since no other firm
offers the same product that the firm is offering. Tailoring products and services for a specific customer is what product differentiation entails as a strategy. The strategy attracts a specific segment of customers who are sophisticated as well as knowledgeable and have an interest in unique and also quality products and at the same time are willing to incur high costs to acquire the products or services.

Porter (1998) noted that for any firm to implement their strategic plans, six issues need to be carefully considered. These include picking the best people in the industry capable to drive the important initiatives, ensuring top executive are committed, engagement in all levels of the organization, ensuring clear communication of a tangible strategy, cascading accountabilities, as well as ability of monitoring and also tracking progress. These six factors have to be satisfied so as to align them with the organization’s strategic objectives.

2.2.2 Mckinsey 7s Framework

McKinsey 7S model is one of the models competitive organizations in the dynamic business environments apply during strategy operationalization and institutionalization. It was first developed by two well known business consultants: Robert H Waterman and Tom Peters. According to McKinsey theory, effective strategy implementation should be aligned with the seven (S) within the organizational context. These seven variables include structure, strategy, systems, skills, style, staff and shared values (Peters and Waterman, 1982).

According to this theory, the seven variables are a very important component of the organizations resources hence there is need efficiently make use of them. The resources are assets which determine the capabilities of the organization. Essentially these assets create capabilities that the organization derives its competitive strength from.

Helfat & Peteraf (2003), defines assets as a stocks of accessible factors that are owned and controlled by the organization, which are transformed into goods and services. Capabilities, on the other hand, means an organizations ability to acquire and employ efficient use of resources, usually combining the resources and utilizing the firm's procedures to bring about the desired outcome. Hence, the presence of capability necessitates the utilization of organizational resources, and the possibility of realizing
profits arises. Capabilities are the main source of strength for any competitive organization in any industry (Zingier, 2002).

Effective institutionalization of strategy is also based on the systems and routine processes and procedures followed within the organization. Employee skills and capabilities are aspects that determine how plans are transformed into action. The way in which key managers behave in achieving organizational goals is considered to be a driving force to effective strategy implementation. According to Peters and Waterman (1982) the shared values and norms of employees also promote a culture among workers that is driven by team work towards common goals of the organizational thus strategy implementation

**2.2.3 Stakeholder’s Theory of Strategic Management**

According to Stakeholder theory firms should take into considerations the concerns of individuals and groups that can be impacted or impact the activities of the firm (Gibson 2000) while formulating strategies and implementing action plans.

Firms are responsible and accountable to all stakeholders for their activities, rather than just shareholders and it is for this reason that they are expected to address the concerns of the stakeholder. This theory appreciates the presence of a simple and complex relationship between firms and their stakeholders (Gray, Owen & Adams 1996) and, emphasizes the importance of management of these relationships (Friedman & Miles 2002). Therefore, stakeholder theory plays an important role in understanding the influences of stakeholders on the firms’ actions and how the firms respond to these influences.

A stakeholder is any person who can who can influence or be influenced by the achievement of the firm's goals (Freeman 1984). According to this definition a stakeholder has the ability to both advantage and disadvantage the firm (Gibson 2000). Consequently a stakeholder’s main concerns should be recognized and put into consideration to ensure their survival and successful goal accomplishment. The stakeholders’ interests must be protected by the organization.

Firms can have a variety of stakeholders with varied concerns and it is not possible for the firms to solve the problems of all their stakeholders. Therefore identification of stakeholders which can impact or are impacted by an organization’s actions becomes
important. If stakeholder identification is not carried out, the effectiveness of stakeholder involvement is put in doubt. (Belal 2002).

2.3 Strategy Implementation in Organizations

According to Arthur et al, (2008), strategy implementation can be referred to as the process in which the planned strategies are translated into carefully implemented action. Pearce and Robinson (2011) observed that to ensure success, the strategy must be translated into guidelines for the daily activities of the firm’s members. The strategy and the firm must also become one such that the strategy is reflected in the way the firm organizes its activities and in the firm’s values, beliefs and culture.

Studies have revealed that strategic management bears direct influence on performance of any organization. The modern business environment is highly dynamic and requires visionary leadership rather than management. According to Botha (2010), there exists a major distinction when it comes to leadership and management.

Operationalization of strategies is critical for effective implementation process by modern competitive firms operating in the turbulent business environment (Allio, 2005). Continuous monitoring of strategic activities of the organization enable an organization to evaluate its performance and avoid obstacles that influence the strategy implementation process (Pearce and Robinson, 1997).

Executing plans may be difficult and may also require a lot of time. Research has shown that it is much simple to create good plan than it is to actualize them (Charles & Gareth, 2007). Instituting effective measures and executing strategy in order to bring progress into the organization requires good management skill. Successful execution of strategy hugely relies on team work organizing, motivating, culture-building and developing a great link between strategy and how the firm operates. Profitability and organizational success is not just brought about by a new strategy but by a combination of factors. (KIPPRA, 2013).

2.4 Strategy Implementation and Performance

Poor leadership, by the executives, has been pointed out as the biggest of the many limitations that hinder effective implementation of strategy (Hrebinia, 2005). It is
therefore the responsibility of management come up with ways on how best these dimensions can be managed so as to succeed in implementing their strategies. In order to achieve success, there is need for top management to understand the importance a sound business strategy and invest significant resources and effort in the development of strategic plans. Most strategic plans fail not because they are not good enough but because of poor implementation.

Previous studies have indicated that the aspect of implementation of strategy influences performance of firms. A study conducted by Awino (2011), where he analyzed specific strategy variables that had influence on performance of large manufacturing organizations. Evidence is available that model on strategy competency provides an environment where core competencies, strategy and strategy implementation process, core capabilities can be linked effectively within the value chain to enhance corporate performance. Converting a strategy into output usually requires the coordination of activities, and people as well as the plans of action, Paterman (2008).

According to Pearce and Robinson, (2007), strategic Management, stands out as one of the important determinants that contribute to implementing strategy effectively.

### 2.5 Empirical Studies and Research Gaps

At the global scene studies conducted have indicated that many organizations have adopted strategies, but those who achieve their strategies are much fewer. A study by Bigler (2011) indicated that a large percentage, precisely 90 percent, of strategies formulated by firms operating in USA as well as Europe, are not implemented on a timely manner nor do they achieve results that were intended. Freedman (2013) also alluded that though the formulation of strategy appears glamorous. In the same manner a research by Charan and Colvin, put forward that 7 of 10 CEOs that fall short of meeting expectations is due to unfavorable execution and not as a result of bad strategy.

According to a research by the Board of Management Today (2009) it was established that during strategy implementation, the strategy loses 37 percent of its value especially by unqualified staff. In his study, Daft (2005) observed that the greatest problem facing strategists during implementation these days includes a world that is
changing therefore needing a breed of leaders who are ready and willing change and adopt new ideas that put special concentration on social skills, professionalism, embracing teamwork as well as putting integrity at the fore front. Studies have shown that productive and more innovative employees are those who are well motivated. (Viedge et al., 2003).

A research carried out on South African organizations, looking at the perceived importance of implementation of strategy, unearthed that implementation of strategy superseded the process of strategy formulation therefore giving the conclusion that to be able to implement a strategy turns out to be more important. (Fourie, 2009). Another research carried out by Cobbold and Lawrie, (2011), where they studied a total of 200 companies, indicated that in 80 percent of these companies, directors alluded to having strategies that were fit for their organizations, and 14 percent believed that their firms were implementing their strategies in a correct manner. According to the report, despite the fact that 97 percent of directors agreed to have a 'strategic vision', those reported to having achieved notable success were only 33. Zagotta and Robinson (2012), further points out that a CEO to succeed in achieving great results, it was important they are familiar with the fact that proper execution is what gets you the success.
CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction
This chapter describes methods of study which were employed in conducting the study; it also contains the research design, research target population, sampling, test of reliability and validity, data collection steps and procedures as well as data analysis tools and techniques. Section 3.2 presents the research design; Section 3.3 presents data collection techniques; finally Section 3.4 Presents data analysis.

3.2 Research Design
A research design is a plan and structure of inquiry that is formulated to obtain a solution to a problem through providing answers to research questions (Cooper and Schindler 2001). Mugenda & Mugenda (2003) also gave a closely related definition that a research design is a framework specifying the methods and procedures for collecting and analyzing the needed information. It is, therefore, a set of guidelines on data collection, measurement, and analysis. It also shows the context and scope of the study. Research design alludes to ways in which collection of data and its analysis are planned so as to be able to achieve the research objectives and answer research questions through empirical evidence (Cooper and Schindler, 2006).

This is a case study of the Customs and Border Control Department of KRA. The description of a case study by Kothari (1990) presents it as a type of qualitative analysis which involves carefully completing an observation of a social unit. Moreover he describes a social unit to be either a person, a family or an institution. The researcher decided on carrying out a case study due to its ability to contribute to the knowledge possessed by an individual, group, and organizational as well as social and political phenomena.

A Case study has been a common research strategy in business as well as community planning (Ghaurin & Gronhaug, 2002). The desire by the researcher to comprehend the complicated social phenomena has motivated the need to do a case study. A case
study allows the researcher to uphold as well as retain the whole and also the meaningful features of the events in real life (Mugenda, 2003).

### 3.3 Data Collection

Both primary and secondary data were will be gathered and used in this study. An interview guide was employed to gather the primary data. As per Cooper and Schindler (2010), interviews reduce bias since the researchers’ is able to read emotions and obtain fast hand information and is easy to administer. Because of the few respondents involved, the researcher personally conducted the interview. The guide was divided into three sections. Section A contained demographics, section B on strategy implementation measures and section C performance of Customs and Border Control Department of KRA.

Secondary data was obtained from source KRA documents, journals and other relevant materials such as corporate plans. Secondary data is more reliable since it provides detailed information and is usually authentic, (Kantis et al, 2002). Performance was measured using the percentage (%) increase in the amount of revenue collected by the Customs and Border Control Department of KRA since 2012. More focus was put on data on the variables using the parameters identified in the study.

A total of seven (7) respondents were interviewed. In this case, the interviewees were the commissioner of customs and all the six deputy commissioners in charge of a specific region as outlined in the organization chart.

### 3.4 Data analysis

Since the study uses qualitative data, analysis techniques for qualitative data will be used. Content analysis was will be used to analyze the data. Nachmias and Nachmias (1996) defined content analysis as any technique used to make inferences through systematic and objective identification of specified characteristics of messages.

Kothari (2004) also explain content analysis as the analysis of the contents of documentary and verbal material and describes it as a qualitative analysis concerning the general import of message of the existing documents and measure pervasiveness.
Before starting analyzing the content, the material will be assessed to check the quality so as to make sure accurate presentation of the. Major issues in the questionnaires will then be listed and summarized. This will enable structuring data in ways that can be easily analyzed and interpreted. The aim of the analysis will be to derive meaning from the data collected in light of the relationship being investigated.
CHAPTER FOUR

DATA ANALYSIS, INTERPRETATION AND PRESENTATION

4.1 Introduction

This chapter presents data analysis, presentation and findings of the study as set out in the research objective and methodology. The objective of the study was to determine the influence of strategy implementation on performance of C&BC department of KRA. Section 4.1 presents the demographics of the respondent; section 4.2 presents statistical and graphical analysis on implementation; and finally section 4.3 presents analysis of performance. The study targeted a total of seven interviewees comprising senior managers at the organization. The seven included: commissioner of customs and all the six deputy commissioners of customs in charge of: Nairobi customs region, Southern Region, Rift Valley region, Eastern region, Northern region and Western regions. All the respondents availed themselves for an interview with the researcher thus giving a response rate of 100%.

4.2 Demographic Information

The study collected some demographic information about the interviewees so as to determine their suitability in providing the information sought by the study. The interviewees were further required to indicate the period they had served in the organization so as to determine how well they understood the operations of the organization in terms of strategy implementation on performance. From the responses, the study established that the interviewees had worked with the organization for a long period ranging from 6 to 12 years. These findings show that they had worked in the organization long enough to understand the factors affecting strategy implementation and influence of strategy implementation on performance. Therefore the information provided was highly reliable.
4.3 Influence of Strategy Implementation on Performance of C&BC Department of KRA

This section presents analysis and findings of how strategy implementation affects performance at C&BC Department of KRA. The interviewees were asked various questions relating to influence of strategy implementation on performance at C&BC Department of KRA. The findings of the study are as shown in subsequent sections. According to the respondents interviewed, the key factors to consider when implementing a strategy include; communication, leadership, organizational structure and culture, ICT infrastructure, employee and stakeholder involvement.

There was unanimous proposition by the interviewees that organizational culture has a strong influence on strategy implementation. Match between strategy and culture was crucial for successful implementation of strategy. The study revealed that the organizational culture supports the implementation of strategies. The respondents were of the opinion that optimism and discipline have been inculcated and passed down from the top management to other employees. This culture of optimism has been used over the years as a strategic measure to achieving optimum performance at the department. Organizational culture affects strategy implementation on how managers make decisions, leadership style and the dominant values and beliefs.

The respondents indicated that they get feedback from junior employees regarding issues arising during implementation. This is communicated through frequent
reporting, memos seeking clarifications. Feedback was also gotten through the departmental meetings, workshops and seminars and matters arising from correspondences to head of department. It was revealed that the reaction of employees can give a guideline and also serves as a feedback mechanism. Communication needed to be encouraged in the organization as a strategic management tool. Organizational communication plays an important role in knowledge dissemination and learning during the process of strategy implementation. It emerged that there is an open office policy at C& BC to encourage open communication across the department.

ICT dictates most of the operations in C&BC Department of KRA. The ICT section plays a key role in the realization of the objectives of the departments. The interviewees pointed to it as being the facilitator to their objectives. It opens up the department to the fast moving world of customs automation. The study found that Customs and Border Control Department of KRA has an ICT strategy that aims to improve performance and evaluation of strategies. It was discovered that C&BC is working towards automation of all its process to reduce or completely eliminate manual processes. All this is aimed at improving efficiency and reduction of operational costs. The respondents eluded to the fact that a number of systems had already been rolled out in the department. They mentioned systems like; RECTS, SIMBA system, ACMS, KENTRADE and COSIS.

The respondents also cited increased use of social media publicities and applications e.g. Facebook, Twitter, LinkedIn to get feedback and information on their various programmes. This has led to cost reduction and time management due to savings in paper and time for performing various processes. It was further pointed out that the department has a twitter handle and a facebook page called “Story za Ushuru” all of which are exclusively dedicated to giving information and receiving feedback from the public.

The respondents were asked to mention who they consider to be stakeholders to C&BC department of KRA. They all seemed to concur that the people they interact with daily in their operations are taxpayers, clearing agents, shipping lines, transporting companies, privileged bodies and other government. The respondents stated that stakeholder involvement was key to successful strategy implementation.
They also pointed out that major stakeholders should be involved from strategy formulation so that they feel part of the team during implementation. This they said would reduce resistance during implementation. The respondents were keen to point out that KRA has an annual taxpayers week aimed at increasing stakeholder involvement and public participation.

The management of C&BC Department of KRA was in the forefront in providing leadership to enable strategy implementation. The interviewees indicated that top management provided the needed guidance and direction toward achieving the targeted results of the departments. The management showed an active team spirit in the strategy implementation process. Appointments to key positions were deemed to be on merit and operations are as per the statutory requirement.

The interviewees argued that intermediate management take the lead in strategy implementation through personally presiding over the strategy implementation process and allocating adequate resources for the process. In addition, the interviewees stated that as commissioners they themselves takes the lead in strategy implementation through selecting a team to help with implementation of the strategic plan as well as reviewing progress of the strategy implementation process. The respondents outlined that they themselves own the strategy, research on it and sell the idea to intermediate employees who in turn communicate the strategy to other lower level staff. They also mentioned that they are the ones who give regular feedback to their superior.

The interviewees were asked to describe how the current organizational structure supports or hinders the implementation of strategies. It was confirmed that the organizational structure helps in formulation, design and implementation of policies and programs and regulates the communication from the bottom to the top and also helps in decision making. They said that the department has a centralized structure that requires consultation and authorization during decision making thereby leading to no errors or mistakes in decision making.

The organizational structure of C&BC Department of KRA was observed as appropriate with regard to strategy implementation. The interviewees indicated that the current structure was based on clear functional operations which make it appropriate and supportive to strategy implementation. Organizational structure
guarantees accountability since the roles and responsibilities are assigned to the specific titles.

The interviewees were asked to indicate whether involvement of employee affect strategy implementation. They indicated that involvement of all employees was key in determining the commitment and understanding of the strategy implementation by employees. In addition, they stated that participation and involvement of employees helps them to acquire both technical and interpersonal skills for strategy implementation and affects staff commitment, understanding, training, efficiency and effectiveness.

The interviewees cited several ways through which employees are empowered to implement chosen strategies. Some of the ways through which employees are empowered were; breaking down the strategy into activities and work plans for ease of implementation; provision of employees with necessary resources to execute the chosen strategies; training of employees based on needs assessment conducted by human resource department, rewards and differentiation based on performance and job descriptions.

The interviewees were asked to comment on the general revenue performance in the department. They attested to the fact that changes in revenue collected have been positively increasing for the past thirteen (13) years. This was supported with secondary data obtained from customs statistics department (Appendix III). The responses revealed that how a strategy is implemented is a critical factor in improving the performance of the department. Desired revenue performance was cited by the respondents as entailing an increase in revenue collected. From the secondary data obtained, there has been an average growth estimated at 11.6% over the last thirteen (13) years (Appendix III).

The interviewees were asked how strategy implementation influenced customs enforcement in the department. The interviewees indicated that there is an increase in the number of taxpayers and clearing agents who voluntarily comply with customs and tax laws. They further stated that both importers and exporters are seemingly motivated by developments at the departments such as automation. The interviewees were asked to indicate how strategy implementation has affected the compliance level among importers and exporters. They indicated that there was improved cargo
monitoring and surveillance and communication to exporters and importers on the importance of compliance to custom requirements. They also added that there was rise in level of compliance, reduced smuggling of goods, reduced dumping of diverted goods meant for transit and lower levels of substandard and counterfeit goods finding themselves in the market.

4.4 Discussion

The study found out that adequate leadership is needed for effective implementation of strategy as this will ensure all organizational effort is united and directed towards achievement of organizational goals. This finding concurs with that of Beer and Eisenstat (2000) who identified leadership as a key ingredient in strategy implementation and for any strategy to be effectively implemented, top management must emphasize the various interfaces within the organization.

The study also revealed that the match between strategy and culture was crucial for successful implementation of strategy in the organization which is in line with the finding of Rajasekar (2014). Rajasekar (2014) categorized factors affecting strategy implementation as leadership style, information availability and accuracy, organizational structure, organizational culture, human resources and technology.

The study further found out that communication within an organization plays a key role in facilitating flow of information from top management, through the senior management to those at operational level for efficient performance of C&BC department. It promotes knowledge dissemination and learning during the process of strategy implementation which is consistent with the finding of Peng and Littleljoh (2001) who established that communication enables the utilization of different components of resources in an organization for efficient performance. They argue that communication within an organization facilitates transfer of knowledge for efficient performance and learning during the process of strategy implementation.

The study established that the level of participation and involvement of employees and stakeholders affect strategy implementation by determining the commitment and understanding of the strategy implementation which is in agreement with the finding of Chimanzi and Morgan (2005). They argued that involvement of staff in strategy implementation smoothenes the process by eliminating bottlenecks of resistance.
The study found out that strategy implementation was a critical factor in improving the performance at C&BC Department of KRA. It was clearly brought out the three has been improvements in trade facilitation, protection of the country’s borders against illegal entry and exit of prohibited goods and people, efficiency in capturing trade statistics and collection of Customs duties. It has also led to better compliance with customs laws and procedures. This finding concurs with that of Njagi and Kombo (2014) who revealed that there is a moderately strong relationship between strategy implementation and organizational performance.

4.4.1 Comparison to theory

There are three theories that were used in this research project: Porter’s generic business strategies, McKinsey 7S model and the stakeholder theory.

Porter (1998) noted that for any firm to implement their strategic plans, six issues need to be carefully considered. These include picking the best people in the industry capable to drive the important initiatives, ensuring top executive are committed, engagement in all levels of the organization, ensuring clear communication of a tangible strategy, cascading accountabilities, as well as ability of monitoring and also tracking progress. These six factors have to be satisfied so as to align them with the organization’s strategic objectives. The findings of this study concur with Porters generic strategies in that it revealed that for successful implementation of strategy, there is need to have effective communication, a supportive organization culture and structure, the right mix of ICT and innovation and involvement of all employees.

According to McKinsey theory, effective strategy implementation should be aligned with the seven (S) within the organizational context. These seven variables include structure, strategy, systems, skills, style, staff and shared values (Peters and Waterman, 1982). Similarly McKinsey theory is in line with the findings of this study in the sense that systems, structure, staff and culture are necessary for successful implementation of strategy as revealed in this study. The findings of this study are in line with McKinsey theory in that the structure and culture of C&BC needs to be supportive in order for the department to successfully implement its strategies which will in turn reflect on its performance.
The stakeholder theory appreciates the presence of a simple and complex relationship between firms and their stakeholders and, emphasizes the importance of management of these relationships. Therefore, stakeholder theory plays an important role in understanding the influences of stakeholders on the firms’ actions and how the firms respond to these influences. The findings of this study support the stakeholder theory in the sense that C&BC needs to involve all stakeholders from the onset so as to avoid resistance. The involvement of stakeholders has been established as a key aspect of successful strategy implementation.

4.4.2 Comparison with other Studies

A study by Muinde (2015) revealed that the commitment by top management, effective allocation of funds to strategy implementation process, engagement of new programs and systems, good organizational structure and good leadership led to setting of smart objectives as well as coming up with excellent performance contracting tools.

Abdimlik (2014) established that the organization use a blend of strategy implementation practices. These practices include the approaches KRA has employed in building the strategic direction as defined in the strategic horizons, the implementation strategy. The results indicated that strategy implementation requires a variety of practices in order to successfully translate organization plans into action.

The study found that KRA provided training as a positive action to minimize managers’ and employees’ resistance to change as a result of the strategy implementation. In order to adapt to the changes, KRA offers training and development workshops to its managers and employees. Training employees on strategy implementation ensure that they have and maintain the skills necessary to be world-class performers. This is in line with the findings of this study in that to avoid resistance, employee and stakeholder involvement is essential during implementation.

Abdimalik (2014) further revealed that, KRA has made great efforts to change its organizational structure so as to enhance the competitiveness of the organization and continuous adaptation of the organization to various environmental turbulence levels. This study similarly suggests that there is need to align the structure and culture during implementation.
CHAPTER FIVE

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction
This chapter presents summary, conclusions and recommendations of the study. The objectives of the study were to establish the influence of strategy implementation on performance of customs and border control department of KRA.

5.2 Summary of Findings
The study revealed several factors affecting strategy implementation at Customs and Border Control Department of KRA. These include the organizational structure, organizational culture, leadership style, communication, employee involvement and Information Communication Technology infrastructure. These factors either support or hinder the implementation of strategies in the customs department. As stated favorable organizational culture on how managers make decisions, leadership style of managers and the dominant values and beliefs enhances the success of strategy implementation.

Adequate leadership is needed for effective implementation of strategy as this will ensure all organizational effort is united and directed towards achievement of organizational goals. Organizational structure should be compatible with the chosen strategy as it is through structure that organizations are positioned so as to execute their strategy. ICT section was regarded as one offering support and plays a key role in the realization of the objectives of the departments. The level of participation and involvement of employees affect strategy implementation as it was key in determining the commitment and understanding of the strategy implementation by employees.

The study also established that strategy implementation was a critical factor in improving the performance at Customs and Border Control Department of KRA through employee performance, employee retention and attraction, greater enforcement and increased compliance to customs laws and regulations. The study also found out that there was reduction in smuggling and dumping of substandard and counterfeit goods thus enabling the customs department to record increased revenue.
5.3 Conclusion

Strategy implementation is no doubt the most difficult part of strategic management process and many strategies fail at the implementation stage. The study concludes that for an organization to successfully implement its strategy, it must ensure the existence and alignment of all strategy supportive aspects of the organization. There must be a fit between strategy and structure, between strategy and culture, between strategy and communication, between strategy and the ICT infrastructure, between strategy and leadership and between strategy and both stakeholder and employee involvement.

The study concludes that strategy implementation was a critical factor in improving the performance of the organization and it does so through employee performance, employee retention and attraction, greater enforcement, reduced smuggling and dumping of substandard and counterfeit goods and increased compliance to customs laws.

5.4 Recommendation

The study recommends that management should work toward effective communication to ensure that strategic issues are communicated at the right time to achieve the strategic goals. Culture and strategy should be compatible to achieve high performance and there is need to point out key functions and tasks necessary for successful strategy execution. There is need to provide coordination among various KRA units, departmental activities into organization units and determine the degree of authority to give to each unit.

This study recommends that the government should come up with stringent policy framework to guide implementation of strategy at the parastatal. Technology plays a big role in ensuring that the department achieves its objectives. The study therefore recommends that the C&BC Department of KRA should employ a world class state of technology. This is in terms of equipment, infrastructure and skills.

The study recommends that performance management needs to be further embedded and rolled out across the entire authority (KRA). All employees need to be involved in the future direction and decisions of the organization. Their daily performance and activities should be measured along the specific milestones and core values identified by the 6th Corporate plan.
5.5 Limitations of the Study

The study having adopted a case study design makes it difficult to generalize the findings. This is because a case study allows for in-depth study of a given unit and in this context strategy implementation at Customs and Border Control Department of KRA. The results of the analysis cannot be inferred to other departments within KRA or other organizations.

The research was a case study involving an in-depth study provided by content analysis. Subjectivity of the researcher in the way he/she understands information given and the generalization of the findings may not be favorable since no set rules are followed in collection of the information.

5.6 Suggestions for Further Study

The study investigated influence of strategy implementation on performance of C&BC department of KRA. Further research should be undertaken in similar parastatals to find out influence of strategy implementation on performance. The researcher suggests that a study whose respondents include middle and lower staff would provide greater insights on the influence of strategy implementation on performance. This would focus on their involvement, role of management and the performance. Their contribution to the success of the strategy implementation process is vital thus the need to find out their take on the whole process.

There is need to investigate how specific projects at C&BC have influenced performance of the C&BC department. Some of these projects include RECTS, ACMS, scanners etc. These projects are key milestones in the achievement of overall KRA goals and not just the C&BC department, hence the need to carry out a quantitative study on the influence of each of the projects as a variable.

This study further suggests the need to investigate the influence of organization culture on the performance of the C&BC department of KRA. Culture plays a major role in shaping the strategic direction of any organization. This calls for an investigation into the cultural practices and behaviour at the department.
REFERENCES


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Viedge et al., 2003 Sustainable Competitive Advantage: Combining Institutional and Resource-Based Views, Strategic Management Journal, 18 (9), pp. 697-713


APPENDICES

APPENDIX I: INTERVIEW GUIDE

SECTION A: DEMOGRAPHIC INFORMATION

1. The position you occupy at the Customs and Border Control Department?
2. Period for which you have held the position?
3. Name of your Section/Division/Unit within the Customs and Border Control Department?

SECTION B: STRATEGY IMPLEMENTATION MEASURES

1. What are the strategies being used by your department in order to effectively perform its roles?
2. What is your understanding of Strategy Implementation?
3. What are the measures put up by management to ensure successful strategy execution in Customs and Border Control Department?
4. How does senior management take the lead in ensuring the above factors are optimally met?
5. There is a complex relationship between firms and their stakeholders. Shareholders play an important role in daily operations of a firm thus their concerns should be recognized to ensure survival and successful goal accomplishment.
   a) Who are the stakeholders that the department interacts with?
   b) How do you consider that their concerns are best met?
6. What factors would you attribute to successful strategy implementation in the department? (SWOT analysis)
7. What are the hindrances to successful strategy implementation in the department? (SWOT Analysis)
8. What measures have been put in place to ensure that there is continuous monitoring of strategy implementation?
SECTION C: PERFORMANCE

1. What is the mandate of Customs and Border Control department of KRA?

2. How would you describe the general performance of the Customs and Border Control Department?

3. How has strategy implementation contributed to performance of Customs and Border Control Department?

4. Has your department developed a set of Key Performance Indicators (KPIs) or some other form of accountability to track the success of strategic initiatives?  
   YES  NO
   a. If yes mention at least 3
   b. How does the department determine the KPIs to be used at the operations level?

THANK YOU FOR YOUR PARTICIPATION!
APPENDIX II: LETTER OF REQUEST FOR INTERVIEW

My name is Caroline Mwai, a Master of Business Administration (MBA) student at the University of Nairobi. As part of the requirement for the award of the degree, I am expected to undertake a research study on “Strategy Implementation and Performance of Customs and Border Control Department of KRA”. I am therefore seeking your assistance to answer the questions I have in form of an interview. Kindly answer all the questions truthfully and to the best of your knowledge. The research result will be used for academic purposes only and will be treated with confidentiality. The information obtained will be purely for the purpose of this research and the identity of the respondents will be treated with strict confidence. Thank you for your cooperation and assistance.
# APPENDIX IV: MONTHLY C&BC REVENUE PERFORMANCE

**FROM 2003/04 TO AUGUST 2017 IN KSH BILLIONS**

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<td>193,864</td>
<td>222,970</td>
<td>244,435</td>
<td>258,888</td>
<td>331,787</td>
<td>354,939</td>
<td>384,316</td>
<td>443,590</td>
<td>37,696</td>
</tr>
</tbody>
</table>

| Growth over FY | 13% | -10% | 28% | 9% | 14% | 8% | 15% | 10% | 6% | 28% | 7% | 8% | 15% |
APPENDIX IV: LETTER OF APPROVAL FOR DATA COLLECTION

UNIVERSITY OF NAIROBI
SCHOOL OF BUSINESS

DATE: 10/10/2017

TO WHOM IT MAY CONCERN

The bearer of this letter, Caroline K. Mwayi, Registration No. D61 70996 2014, 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 M. Niyabuto
Senior Administrative Assistant
School of Business

10 OCT 2017