CHALLENGES OF IMPLEMENTING STRATEGIC CHANGE AT THE KENYA REVENUE AUTHORITY

BY

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A RESEARCH PROJECT SUBMITTED IN PARTIAL FULFILMENT OF THE REQUIREMENTS FOR THE AWARD OF THE DEGREE OF MASTER OF BUSINESS ADMINISTRATION, SCHOOL OF BUSINESS

UNIVERSITY OF NAIROBI

SEPTEMBER 2011

DECLARATION

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

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Supervisor's Declaration

This research project has been submitted for examination with our approval as the university supervisors.

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DEDICATION

I dedicate this project to my loving mum for her unending inspiration and moral support.

In loving memory of David Kaberere

ACKNOWLEDGEMENT

I acknowledge and thank the Almighty God; He who began a good work in me is faithful to bring into completion – Phil 1:6

I acknowledge my employer KRA for allowing me to carry out the research in the organization and all the support I received from the respondents. Without their support, I would not have reached this far

I am greatly indebted to my supervisor Mr. Kagwe for his guidance throughout this research work. In addition, the invaluable support I received from my fellow MBA classmates cannot go unmentioned.

The encouragements I received from my sister and friend Liz, really meant a lot.

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LIST OF ABBREVIATIONS AND ACRONYMS

ADKAR	-	Awareness, Desire, Knowledge, Ability and Reinforcement
CEO	-	Chief Executive Officer
CRS	-	Cash Receipting System
CSD	-	Customs Service Department
DID	-	Department of International Development
DIT	-	Domestic Income Tax
I & ED	-	Investigation and Enforcement Department
IMF	-	International Monetary Fund
ITMS	-	Integrated Tax Management System
KRA	-	Kenya Revenue Authority
LTO	-	Large Taxpayers Office
MMS	-	Manifest Management System
MTO	-	Medium Taxpayer Office
NSE	-	Nairobi Stock Exchange
RADDEX	-	Revenue Authorities Data Exchange
RTD	-	Road & Transport Department
VDBS	-	Valuation Data Base System
VMS	-	Vehicle Management System

ABSTRACT

The purpose of this study was to establish the challenges faced in implementing strategic change in Kenya Revenue Authority (KRA). The research design adopted was a case study which involved an in depth analysis of the challenges faced in implementing strategic change in Kenya Revenue Authority. The data for this study was collected from personal interviews where the mode of selection of those to be interviewed was judgemental as it was based on individuals who were involved in the change program as initiators and implementers of the changes and who included the heads of various departments in the organization. Since the primary data to be collected was qualitative, content analysis was used to analyse it. Findings in this study revealed that the main challenges faced by KRA in implementing strategic change broadly fall under the following categories: unsupportive repacking of existing projects to new strategy, complexity in leadership and resistance to change. The study revealed that, KRA has made great efforts to change its organizational structure so as to enhance the competitiveness of the organisation and continuous adaptation of the organisation to various environmental changes. Consequently, existing projects were repacked so as to support the new strategy. However, some of the repacked projects failed to match the aspirations in the new strategic plan and instead increased the costs of operations thus becoming a major challenge. For KRA to continue implementing its strategies effectively, it is recommended that the organization looks at its failures and challenges and then address them. Although it has attempted to address some of the challenges it faces while implementing strategies, more needs to be done. The organization should always strive to be proactive while addressing challenges to

implementing strategic change other than waiting for some challenges to arise and then put efforts address the same.

CHAPTER ONE: INTRODUCTION

1.1 Background of the study

Change management is the use of systematic methods to ensure that an organisation change can be guided in the planned direction, conducted in a cost effective manner and completed within the targeted time frame and with the desired reports (Davis and Holland, 2002). Organisational change can occur at three levels which require different change strategies and techniques (Goodstein and Burke, 1991). These levels involve changing individuals who work in the organisation, changing various organisational structures and systems, and directly changing the organisational climate.

According to Todd (1999), change management is a structured and systematic approach to achieving a sustained change in human behaviour within an organisation. Change management is a structured and strategic approach to initiate and manage the change process in the organization structure and culture as well as the individuals/teams behaviour and attitude towards the change transition in the field of the business processes, technology implementation or any other policies of an enterprise. In almost every case of change management the basic goal has been the same; to make fundamental change in how business is conducted in order to help cope with a new and more dynamic environment (Kotter, 1995).

1.1.1 Concept and significance of strategic change

Strategic change means changing the organisation's vision, mission, objectives and the adopted strategies to achieve those objectives. Strategic change is defined as changes in the content of a firm's strategy as defined by its scope, resource deployments, competitive advantages and synergy (Hofer and Schendel, 1978). Strategic Change can also be defined as a difference in the form, quality or state overtime in the organisation's alignment with its external environment (Rajagopalan and Spreitzer, 1997).

In a fast paced global economy, change cannot be an occasional episode in the life of a corporation. Companies with rigid structures will be swept away. Corporate cultures that can adopt will survive and thrive. At the beginning of twenty first century, change is everywhere. The reality of yesterday proves wrong today, and nobody really knows what will be the truth tomorrow (Maalu, 2005).

Academicians and practitioners are in agreement that change is a constant feature of the organisation life (Burnes, 2004; Causon, 2004; Staniforth, 1996), and change is all about learning (Beer, Eisenstat and Spector, 1990). Few now doubt the importance of an organisation's ability to identify where it needs to be in the future. If organisations operated in a vacuum, the levers of change would be minimal, yet the pressures on organisations to change are many and the levers numerous within the environment they operate in. Organisations operate in environments which can be relatively stable or turbulent (Ansoff and McDonnell, 1990).

Many organisations have in recent times faced turbulent and changing external conditions that are translated into complex, chaotic, multifaceted, fluid, interlinked stream of initiatives affecting work and organisation design, resource allocation and system and procedures in a continuous attempt to improve performance (Huczynski and Buchanan, 2001). According to Burnes (2000), the magnitude, speed, unpredictability and impact of change in the external environment are greater than ever before. Local markets are becoming global markets; protected markets are being opened up to fierce competition and as a result, organisations both public and private, large and small, have suddenly felt the pressure to improve on their product and services and the efficiency and effectiveness with which they are offered to meet world standards and customer's expectations.

Strategic change arises out of the need for the organisation to exploit existing or emerging opportunities and deal with the threats in the market. It is crucial that organisations seek to create a competitive advantage and wherever possible innovate to improve their competitive positions. This implies the readiness to change within an organisation and the ability to implement the proposed change. Managing strategic change is about managing the unfolding non-linear dynamic processes during strategy implementation. It involves change or alignment and re-alignment of policy, systems, styles, values, staff and skills of an organisation to realize a strategy. Management of strategic change is therefore how to create conditions that make proactive change a natural way of life (Ansoff and McDonnell, 1990; Thompson and Strickland, 2003).

1.1.2 Implementing change

Once changes have been instituted, they must be implemented successfully. Strategic change nonetheless, is rarely the result of a linear process of decision making in which strategic formulation is followed sequentially by strategy implementation. Implementation can therefore be defined as a "cascade process of ever more detailed decisions which occur in the context of primary strategic aims" (Clark 1995, P.65). Literature may project change as being sequential, bounded, defined, controlled and a discreet process with guidelines for success, but this is unrealistic. No matter how much thought has gone into the change effort, there will be unforeseen external, uncontrollable and powerful forces that will have a profound impact on the success of the change effort (Jick, 2007).

Resistance to change is among the challenges experienced in change implementation. Change evokes stress which in turn evokes resistance based on the threat to the security of an individual. Some of the factors that stimulate resistance to change include habits, complacency, loss of personal relationships or rewards, insecurity and fear of disorganization (Scott, 2003).

Implementation is concerned with putting the formulated strategic changes into action, accomplishing administrative tasks and allocating the necessary resources. It is an internal operation driven activity involving organizing, budgeting, motivating, culture building, supervising and leading the strategy work as intended. Strategic changes should be implemented systematically and good implementation is critical for strategic and organizational success. This is accomplished by understanding the extent of strategic change and is implied by the new strategy and variables that can facilitate change (Burnes, 2004).

Major change efforts have to be vision driven and led from the top. Leading change has to begin with diagnosing the situation and then deciding which way to handle it. Six leadership roles dominate the strategy implementer's action agenda. These include staying on top of what is happening, promoting a culture in which the organization is energised to accomplish its strategy and perform at a high level, and also keeping the organization responsive to changing conditions. Among these also is building consensus in the institution, enforcing ethics, and pushing for corrective action where necessary (Thompson and Strickland, 1989).

1.1.3 The Kenya Revenue Authority

The Kenya Revenue Authority (KRA) was established by an Act of Parliament, Chapter 469 of the laws of Kenya, which became effective on 1st July 1995. The Authority is charged with the responsibility of collecting revenue on behalf of the Government of Kenya. A Board of Directors, consisting of both public and private sector experts, makes policy decisions to be implemented by KRA Management

The Board and Management of KRA have since its inception spent time and resources setting up systems, procedures and the adoption of new strategies aimed at enhancing the operational efficiency of the Authority's processes. The authority is charged with the responsibilities of assessment, collection, administration and enforcement of laws relating to revenue.

Since the inception of KRA, revenue collection has continued to grow while professionalism in revenue administration has been enhanced. However, a number of processes remain manual and KRA is yet to operate as a fully integrated organisation. This has inhibited the full achievement of the results that come along with the establishment of an agency like KRA, specifically the lack of integration or lack of joint initiatives has impeded the creation of common practices culture across KRA.

It is in this regard that the KRA Board of Directors recognized the need to undertake a comprehensive tax administration reform and modernization programme whose primary objective was to modernize and integrate the functions across KRA in order to promote efficiency and effectiveness as articulated in KRA's second corporate plan(2003/04-2005/06).

The KRA board of Directors and management therefore embarked on a comprehensive Revenue Administration Implementation of strategic change whose primary objective was to modernize and integrate the operations of KRA in line with international best practice and vision of being 'the leading revenue authority in the world.' This Reform and Modernisation programme is consistence with the government objectives as spelt out in the 'Economic Recovery Strategy for wealth creation' 2003-2007.These objectives included improving competitiveness and efficiency of local business environment, alleviating poverty, securing sources of revenue, enhancing the stability of the taxation system, improving transparency in the public sector and reducing cost of compliance.

The Third plan (2006/07-2008/09) period was to develop a dedicated professional team embracing modern processes and technology to deliver customer focused services that enhance compliance and revenue collection. The theme was translated into four strategic goals which formed the basis of interventions. These were; developing a dedicated and professional team, re-engineering business processes and modernising technology, improving and expanding taxpayer services and Enhancing revenue collection and strengthening enforcement.

During this period, IT initiatives included the modernisation of the Customs Service Department (CSD) SIMBA system 2005 and its rollout to the stations, introducing additional CSD systems including the COSIS and the Valuation data base, acquisition of cargo X-ray scanners to assist in verification and detection, the development and implementation of the Domestic Taxes (DTD), Integrated Tax Management System (ITMS) and modernising the Road Transport Department's (RTD) Vehicle Management System (VMS) to allow it to communicate seamlessly with the SIMBA

2005 system. Business processes were improved by implementing the RADDEX which allows for sharing of customs information with Kenya's regional partners, including self assessment declarations in customs management and initiating implementation of the one stop border post as part of the East African Trade and Transport initiative.

In the year 2007, KRA attained the ISO 9001:2000 Certification which the chairman of the Board regarded as indeed a major milestone in the Authority's commitment to becoming the leading revenue authority in the world. He further said that he noted with satisfaction that the management's quest for quality has earned the Authority the SGS Certification Mark and UKAS Quality Management Mark. KRA now stands out as one of the benchmarks for the rest of the Revenue Authorities in the world.

During the same period, KRA set to review the salaries and benefits of its employees in a bid to enable the organisation compensate its employees competitively compared to other similar organisations in both private and public sector. The objectives was to ensure the staff are motivated and ensure retention of competent and highly trained workforce and improve staff skill and productivity.

In the year 2010, as part of the Reforms and Modernisation programmes, KRA set up a Medium sized Taxpayers Office which was mandated to cater for taxpayers with turnovers between Ksh 350Milion and 750million. This was implementation of customer focus strategy in the Third corporate plan with the objective being minimisation of customer compliance cost and enhancing customer service.

In March, 2011 KRA was awarded the ISO 9001:2008 certification system standard for the scope 'assessment and collection of revenue for the administration and enforcement of laws relating to revenue and for connected purposes.' The ISO

9001:2008 standard is the latest and publicly available and internationally recognised set of benchmark standard for customer focused quality management principles. It is based on eight principles that involve all people in the organisation and is what helps the institution to continuously exceed customer expectations.

1.2 Research problem

In the past decade, there has been an acceleration of the magnitude and pace of change across the globe (Mbogo, 2003). These changes, be it political, economical, social and technological have not spared Kenya. Organisations, both private and public have responded to these changes in a number of ways including strategy formulation to ensure they fit in the turbulent environment. Many of these organisational changes have involved sharp transitions, and sometimes chaos as inevitable by-products of the process which has caused uncertainty, stress and anxiety among the organisation members. Duck (1993), suggests that organisations that introduce change need to gain the hearts and minds of their members if the change is to be successful.

Studies on change management have been carried out both on private and public organisations in Kenya. These studies include a survey of strategic change management practices companies quoted in NSE (Gekonge,1999), a survey of strategic change management practices within non-governmental organisations in Kenya (Adieri 2000), and a study of strategic change management processes in commercial banks in Kenya (Mbogo,2003). Further study by Odundo (2007) found out that change management practices adopted in KRA's Reform and Modernisation programme were in line with popularly accepted practices in implementing strategic change while a study by Zakayo (2008) which was to establish the effects of Reforms and Modernisation programme on the staff morale concludes that the Reform programmes have actually led to an increase in staff morale.

This research paper sought to find out whether the accepted change management processes were adopted during the implementation process and whether factors such as organisation structure, culture, leadership, resistance and communication of change were a challenge to the implementation process?

1.3 Research Objectives

The objectives of the study were:

i) To establish the change practices adopted in implementing strategic change at KRA

ii) To establish the challenges faced in implementing strategic change at KRA.

iii) To give suggestions on possible ways of handling challenges faced in implementing strategic change at KRA

1.4 Value of the study

The study will be of significance to the State Corporations specifically top management and all the staff of KRA on how to implement future strategic changes.

The study will help other managers in other organisations understand the challenges facing implementation of strategic change and how different organisations can achieve a competitive edge.

The study can also be of significance to government agencies and other stakeholders whose interest lies on improved service delivery for economic development and creating investor confidence.

The findings will also benefit future researchers by adding to the body of knowledge as well as fill the existing gaps in terms of literature in this work and part of scholarly work for private and public universities.

CHAPTER TWO: LITERATURE REVIEW

2.1 Introduction

This chapter summarises the information gathered from other researchers who have carried out their research in the same field of study. The specific areas covered are, the concept of change management, strategic change management, change processes and challenges faced in strategic change management.

2.1.1 The concept of change management

In recent researches about organizational change, there has been broad consensus that increasing environmental instability and uncertainty are forcing companies to change continuously (Brown and Eissenhardt, 1997). Organisations tend to change primarily because of external pressure rather than an internal desire or need to change. However, change itself is a risky and often haphazard and improvised process reaching unsatisfactory results in many companies, sometimes even leaving them worse off than before.

According to Robin and Coulter (2002), if there was no change and the environment was relatively static, the process of strategic management would appear to fairy simple and the managers' job relatively easy. Planning would be simplified because tomorrow's operations would not differ from today's operations. The issue of effective organisation design would also be solved since the environment would be free from uncertainty and there would be no need to adapt to new changes.

Institutional/organizational change is hard to conceptualize for public sector organizations and harder to apply. Codification of empirical knowledge to guide the operational manager becomes a huge advantage to this process. Organisational leaders tasked with implementing strategic change are engaged in 'a great venture of exploration, risk, discovery, and change, without any comprehensive maps for guidance' (Senge, 1999). A mapping of change management process steps, and ensuring it is consulted on, widely disseminated and agreed to, is key to its relevance and effectiveness.

Change management exercises are highly unpredictable in terms of what they achieve. Experts agree that most change projects fail. Pascale (1999) suggests this is the case for 80% of change programmes. Management experts' opinions converge on several causes that can derail change efforts. What we do know is that change management shifts roles and capacities of different actors, which in turn shifts the existing bases of power. Building in risk assessments and accounting for such initial instability, while managing its boundaries through managing peoples' expectations and concerns, is a necessary part of organisational change strategy.

Fopps and Sciessl (1999) propose a transitional model of change that focuses on the stages that individual managers go through during periods of major change and the typical behaviours associated with these stages. These stages are disintegration, euphoria, crisis, development and redefinition. The relevance of their transitional model to management development is that different types of development activities are relevant for the different stages that managers may be at. For example, in the development stage, activities should focus on creating situations where experiential development and reflective practice can be used to build both confidence and performance.

2.1.2 Strategic change

Strategic change is the movement of a company from its present state towards some desired future state to increase its competitive advantage (Hill and Jones, 2000). According to Huczynski and Buchanan (2003), strategic change describes organisational redesign and refocusing that is major , radical,' frame breaking' or 'mould breaking' or 'paradigmatic' in its nature and implications.

Strategic change can be defined as changes in the content of the organisations strategy as defined by its scope, resource deployments, competitive advantages, and synergy (Hofer and Schendel, 1978). Strategic change is the difference in form, quality, or state overtime in organization's alignment with its external environment (Rajagopalan and Spreitzer, 1977).

For strategic intent to become reality, it is necessary to change the way in which individuals within an organisation behave. This requires more than restructuring and new systems.

Ansoff and McDonnel (1990) defined strategic change as a shift in product and services mix produced by the organization and/or the markets to which it is offered. This definition of strategy is further enriched by Porter when he came out with the ideas on competitive advantage. Selection of an attractive product market position is a strategy in which presently there is no competition and for the future an entry barrier can be created in a sought after strategic position. Therefore strategic change occurs in different contexts and is based on the environment. The key objective of strategic change therefore is to enhance the competitiveness of the organisation and continuous adaptation of the organisation to various environmental turbulence levels.

There are three issues that managers leading change need to address: Major change requires a shift in the underlying culture of the organisation and therefore the attitudes and behaviours of the employees. Many change initiatives stumble because they fail to deliver this shift by addressing the cultural and political reality of organisations. This occurs because there is a misunderstanding about the nature of culture in organisations; how difficult it is to change culture; the wide range of interventions that are required if a cultural shift is to be achieved.

If change implementation efforts are to be successful, they need to be designed to fit the organisational context, that is, they need to be context sensitive. All too often, because of the complex nature of change, organisations attempt to pull down off the shelf solutions or recipes which they have seen work in other contexts, but which are inappropriate to their context of operation. Change is about changing people, not organisations. Organisations change when the managers and employees change their way of doing business. It needs to be recognised that employees are an intrinsic part of the change process.

2.2 Change management practices

There exist two forms of change which include planned and emergent change. Planned approach to organisational change is consciously embarked upon and well planned by an organisation as opposed to some type of change that might come about by accident, impulse or that may be forced by an organisation. Emergent change is continous, open ended and unpredictable process of aligning and re-aligning the organisation to its changing environment. It recognizes the need for organisation to align their internal processes to the external conditions (Burnes, 2004).

Various models of change have been suggested that are concerned with approaches to planning and implementing institutional changes required for achieving or shaping strategic objectives. Among the models is the action research, which was first coined by Lewin (1946). It refers to programmes and interventions designed to solve a problem or improve a condition. It is based on a proposition that an effective approach to solving a problem must involve a rational, systematic analysis of the issue in question. Action research process entails the perception of a problem by a key individual, consultation with experts, systematic data gathering about a system, taking action by altering selected variables within the system, evaluating results and taking necessary action (Burnes, 2004).

The Lewin three-step model states that permanent change in behaviour involves three steps which include Unfreezing previous behaviour, Changing to alternatives and Refreezing the new patterns. In unfreezing previous behaviour, the old way of doing things is dismantled and done away with then the new alternatives are introduced where people perceive the need for change in the second step and they try out new ideas, and at the third level there is reinforcement of the new behaviours both formally and informally in the organisation. Change occurs when people perceive need for change to try out new ideas which may gradual or drastic.

The Bullock and Battern (1985) four-phase model has an exploration phase where organizations have to explore and decide whether it wants to make specific changes in operations and if so, commit resources to planning the changes. The planning phase then follows which entails understanding the organization's problem and collecting information that helps in setting goals. Action phase is where arrangements for implementing strategic change take place and finally the integration phase where new behaviors are reinforced.

Kotter eight-step model describes eight steps which he argues they are a process but not a checklist and for any organization to successfully undergo change, must go through all the eight stages. These include establishing a sense of urgency, forming powerful guiding coalition, creating a vision, and communicating the vision. There is need then to empower others to act on the vision, creating short term wins by rewarding employees, producing still more change and institutionalizing new approaches whereby they become new routines.

Kanter, Jick and Stein (1992), give what they call the Ten Commandments to executing change successfully. The ten commandments are; analyzing the organisation and need for change, creating a shared vision and common direction; separating from the past; creating a sense of urgency, supporting a strong leader role, lining up political support, crafting an implementation plan, developing an enabling structure, communicating and involving people, being honest and reinforcing and institutionalizing change as their prescriptions for successful change.

According to Burnes (2004), there are various change models concerned with emergent approaches to change that view transformation as a process that unfolds through the interplay of multiple variables within an organization. Change is not characterized as routine series of decision-making activities and events, nor is it a series of linear events within a given period, but rather a continous process.

According to the processual model of change, temporal aspects of change are used as a means of breaking down the complex process of organizational change into manageable portions. These include the conception of the need for change, the process of organization transition, and operation of new work practices and procedures (Burnes, 2004).

Logical incrementalism model argues that strategic change is best viewed as 'muddling through with purpose', using a continous, evolving and consensus building approach. According to this model of change, managers consciously and proactively move forward but incrementally. They respond to pressure in their local internal and external environments progressively, such that overtime, their organizations become transformed (Burnes, 2004)

2.3 Challenges facing strategic change processes

According to Burnes (2003), perhaps the two greatest challenges facing organisations today are leadership and change in management: recruiting, retaining and most importantly developing managers and successfully managing organisational change. What faces those charged with bringing about changes in organisations is a much more of a mess than a difficulty. There is no evidence to suggest that the universal prescriptive model of change management is inadequate to describe the diversity of approaches actually used by organisations (Collins, 2005).

When strategy fails to achieve expected results it is often because the strategy execution was flawed. The failure to execute is a major concern of the executives because it limits organisational growth, adaptability and competitiveness. Executives are not judged by the brilliance of their strategy, but by their ability to implement it. Without coherent, aligned implementation even the most superior strategy is useless (Pryor, *et al*, 2007).

2.3.1 Organisational structure

Lippitti (2007) argues that in the rush to act on strategy, too little attention is paid to finding the best implementation initiatives. Shortcuts such as repacking existing projects which appear to support new strategy, cannot work because while strategy plans can be copied, execution cannot be duplicated. Execution must address the intangibles of cross functional integration, reward systems and cultures as well as tangibles captured in most planning documents. For many firms, false starts, delays and confusion characterize implementation, thus leading to failure in implementation.

According to Pearce and Robinson (2003), an organisation structure is the division of tasks for the efficiency and clarity of purpose, and coordination between interdependent parts of the organisations to ensure organisation effectiveness. Structure balances the need for specialization with need for integration. It provides a formal means of decentralizing and centralizing consistent with the organisational control needs of the strategy. Organisational structure is thus a major priority in implementing a carefully formulated strategy. If activities, responsibilities and interrelationships are not organised in a manner that is consistent with the strategy chosen, the structure is left to evolve on its own. If the structure and the strategy are not coordinated, this may result in inefficiencies, misdirection and fragmented efforts.

Implementing a new strategy often required new resources and skills for new activities. You cannot afford a mismatch between your strategy and structure, since a mismatch can lead to poor strategy implementation. Just as your organization's strategy needs to change with changing external environment, so must your structure change for proper strategic change implementation. The organisation structure has to support the strategies. Structuring the organisation involves decisions about how to coordinate activities, relationships and communication among the internal stakeholders. The organisation can be structured by focusing on functionality, products, markets, projects or cooperation.

2.3.2 The concept of leadership

Leadership is about more than leadership behaviour and leadership style, or telling people what to do. Increasing complexity and the role of knowledge work means that people now plan their own work – and make their own decisions. Effective leadership involves a lot of management – managing the people processes in the organisation so that people can align themselves to the strategy.

Without a strong leadership in a professional firm, constructive change is not possible (Boomer, 2007). Strategy is formulated at the top of the firm, but executed from bottom up. Thus, alignment of the people is required in order to execute strategy. Majority of the firms fail because they fail to focus resources to priorities and in majority of cases, employees have not been communicated to about the strategy.

Pearce and Robinson (2003) argue that, while structure provide overall framework for strategy implementation, it is not in itself sufficient to ensure successful execution. Within the organisation structure, individuals, groups and units are mechanisms of organisational action which is a major determinant of successful implementation. In this context, two basic factors encourage or discourage effective action leadership and culture. The two leadership issues of fundamental importance here are the roles of the chief Executive Officer (CEO) and the assignment of key managers.

The CEO is the catalyst in strategic management. He or She is the most closely identified with and ultimately accountable for a strategy's success. In most firms, CEOs spend 80% of their time in developing and guiding strategy. The nature of the CEO role is both symbolic and substantive in strategy implementation. First, the CEO is a symbol of the new strategy, his or her actions and perceived level of commitment to a chosen strategy, particularly if the strategy represents a major change, exerts significant influence on the intensity of subordinate managers commitment to the implementation process (Pearce and Robinson, 2003).

The firms' mission, strategy and key long term goals are strongly influenced by the personal goals and values of its CEOs. He represents an important source for clarification guidance and adjustment during the process. It is argued that successful strategy implementation is directly linked to the unique characteristics, orientation and actions of the CEO (Pearce and Robinson, 2003).

The attitudes and behaviours of the people in any organisation are driven by six dimensions of people processes: customer proposition, strategy commitment, processes and structure, behaviour of leaders, performance metrics and culture. Leaders lead and manage strategy implementation by aligning people using these levers. Organisational leaders tasked with implementing strategic change are engaged in 'a great venture of exploration, risk, discovery, and change, without any comprehensive maps for guidance' (Senge, 1999).

2.3.3 Organisational culture

Pearce and Robinson (2003), stated that, culture is a set of important assumptions (often unstated) that members of an organisation share in common. These shared assumptions (beliefs and values) among members of an organization set a pattern for activities, opinions and actions within a firm. The important assumptions are sufficiently central to the life of an organisation so as to have a major impact on it.

Culture is a strength that can also be a weakness. It is strength because it eases and economizes communication, facilitates organisational decision making and control, and may generate higher levels of cooperation and commitment in the organization. This results in efficiency; the stronger the culture, the greater the efficiency. However culture becomes a weakness when important shared believes and values interfere with the needs of the business, its strategy and the employees. To the extent that the content of the company's culture leads the people to think and act in inappropriate ways, culture's efficiency will not help achieve effective results. A culture can prevent a company from meeting competitive threats or adapting to changing economic and social environments that a new strategy is designed to overcome. According to Johnson and Scholes (2002), social processes can also create rigidities if an organisation needs to change their strategy. Resistance to change may be legitimized by the cultural norms.

Managing the strategy-culture therefore requires sensitivity to the interaction between the changes necessary to implement strategy and compatibility or fit between those changes and the organisational culture (Pearce and Robinson, 2003).

Organizations need to develop capacity for change, by allocation and development of change and operational capabilities that sustain long term performance (Meyer and Stensaker, 2006).They argue that making change happen without destroying well-functioning aspects in an organisation and harming subsequent changes requires both capabilities to change in the short and long-term, and capabilities to maintain the daily operations. Johnson and Scholes (2002), stated that resources management and development must support an organisation's strategies.

2.3.4 Resistance to change

Industrial progress finds its one of the greatest handicaps in the frequent resistance of both management and workers to change of any sort (Mc Nurry, 1973). Hultman (1979) writes that unfortunately, when the word resistance is mentioned, we tend to ascribe negative connotations to it. This is a misconception. There are many times when resistance is the most effective response available. Leigh (1988) also writes that resistance is a perfectly legitimate response of a worker and Zaltman and Duncan (1977) cite Rubin saying that resistance should be used constructively.

Resistance to change is a multifaceted phenomenon which introduces delays, additional costs and instabilities into the process of change. Resistance may be systematic or behavioural. Systematic may be in the form of passive incompetence where the organisation lacks the capacity to handle the change. Behavioural resistance comprises individuals such as employees and managers in departments or groups that include coalitions and power centres. Individuals resist because of self interest, misunderstanding, lack of trust, different assessments and low tolerance for change (Meyer and Botha, 2000).

As our understanding of resistance has become increasingly clear, it's also become apparent that people do not resist change *per se,* rather they resist the uncertainties and potential outcomes that change can cause. Resistance to change is not the fundamental problem to be solved; rather, any resistance is usually a symptom of more basic problems underlying the particular problem. Resistance can therefore serve as a warning signal directing the timing of technological changes (Judson, 1966).Resistance is what keeps us from attaching ourselves to every boneheaded idea that comes along (Maurer,1996). In combination, these aspects of resistance make a persuasive case for re-evaluating the classical understanding of resistance. Equally they call into the question the assumption that a change effort that is met with little resistance should be automatically deemed a good change. Resistance in the form rivalry between at least two parties injects energy into the process and sparks debate where opinions differ. It prompts the search of variety of alternatives and evaluates these with greater rigour. It also means that the implementation process would be considered carefully, thereby improving the adoption of these changes by the general public.

CHAPTER THREE: RESEARCH METHODOLOGY

3.1 Research design

The research design adopted in this study was a case study which involved an in depth analysis of the challenges faced in implementing strategic change in Kenya Revenue Authority. A case study is a comprehensive study of a social unit; a person, a group, an institution, a district or a community.

3.2 Data collection

The data for the research project was collected from primary sources. This being a case study seeking to study implementation of strategic change in KRA, the most appropriate instrument for this purpose was an interview guide (see appendix I). The mode of selection of those to be interviewed was judgemental as it was based on individuals who were involved in the change program as initiators and implementers of the changes. These included; Heads of Departments (i.e Deputy Commissioners and Senior Assistant Commissioners), Team Leaders, Research Officers and a representative of the junior staff. Personal interviews were conducted.

3.3 Data analysis

Since the primary data to be collected was qualitative, content analysis was used to analyse it. This is a systematic qualitative description of the composition of objects or materials of study. It involves observation and detailed description of objects, items or things that comprise the study. This approach has been used previously in similar research papers like the one by Odundo (2007). The qualitative method can be used to uncover and understand what lies behind a phenomenon under study.

CHAPTER FOUR: DATA ANALYSIS, RESULTS AND DISCUSSIONS

4.1 Introduction

This chapter presents data findings, interpretation and discussion. The aim of the study was to establish the strategic changes adopted by Kenya Revenue Authority together with the challenges faced in implementing the strategic changes and possible ways of curbing these challenges. Findings in this study would indicate the real situation of strategic change implementation in the Kenya Revenue Authority which will reflect the nature of the situation in large organizations/companies particularly in Kenya. The chapter is organized into three sections where the first section addresses the change practises in KRA; the second presents the challenges to strategy implementation and the last indicates the ways of curbing these challenges.

4.2 Respondents

The interviewees for this study included Heads of Departments (Deputy Commissioners and Senior Assistant Commissioners), Team Leaders, Research Officers and a representative of the junior staff. Personal interviews were conducted among 10 interviewees, who were in a position to answer the research questions by the virtue of their experience in their respective departments. The study revealed that all the interviewees had at least three years in their respective current management positions and that they were involved in the planning and implementation process either as initiators, team leaders or in the actual implementation.

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4.2 Respondents

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4.3 Practices of strategic change at KRA

This researcher observed that over the last 10 - 15 years, there have been major revenue administration reforms within countries of all stages of economic development (e.g., Australia, Canada, Chile, Hungary, Jordan, South Africa Sweden United states of America). Kenya therefore was not alone in implementing these changes. The reforms which Kenya adopted were driven with the desire to improve compliance with tax, customs and trade laws; improves revenue flows; provide improved services to tax payers and traders and reduce their compliance burden; improve staff skills and productivity; improve the effectiveness of protection responsibilities as well as reducing the overall cost of revenue administration

While the authority has implemented a great number of measures to achieve these goals, there have been some generally recurring themes in the nature of the reforms undertaken.

The ADKAR model for individual change management which was developed by Prosci with input from more than 1000 organizations from 59 countries describes five required building blocks for change to be realized successfully on an individual level. The building blocks of the Model include awareness of why the change is needed; desire to support and participate in the change; knowledge of how to change; ability to implement new skills and behaviors as well as reinforcement to sustain the change.

Applying this model the results from interviews demonstrated that while introducing reforms, KRA, to an extent applied this model and this is explained by the great success the reforms have achieved especially since 2003. However, some gaps which arose from the implementation of these reforms can be explained by the failure to follow the model. KRA had targeted revenue administration that would be characterized by a function – based structure with a strong headquarters, fully automated business processes, risk based compliance programs, and skilled and professional staff acting with fairness, honesty and transparency. The revenue administration would maximize the collection of taxes according to the law, at the lowest acceptable cost (administrative cost) and to the taxpayer (compliance cost) and that KRA would be adequately resourced, effectively managed, and independent from political processes. The interviews disclosed that, these reform strategies were embodied in KRA's Second Corporate Plan (2003/04 – 2005/06) which are based on the strategic themes of enhanced revenue collection through enhanced quality services to stakeholders, modernization of internal processes, and revitalization of the work force.

Interview confessed that, managing the change associated with the reform strategy has been a difficult task. During the transitional period, however, the researcher observed that, operations continued smoothly, services to taxpayers and traders must not decline and revenue was protected. This demonstrates that the strategic change management was aware of the existing principles of change management. This leaves the task of looking at whether they adhered to the basic tenets of the different models in change management.

Interviewees were also required to explain if they forced change on people, and whether in such cases problems normally arose. This was to determine whether implementation of strategic change in KRA is realistic, achievable and measurable. These aspects are especially relevant to managing personal change. Before starting organizational change, the management should this basic question: What do we want to achieve with this change, why, and how will we know that the change has been achieved? Who is affected by this change, and how will they react to it? How much of this change can we achieve ourselves. and what parts of the change do we need help with? These aspects also relate strongly to the management of personal as well as organizational change.

To address this aspect on change management the respondents were asked whether KRA used change agents in carrying out its implementation of strategic change. The interviewees answer was affirmative. They all said that donor agencies like DID and International monetary Fund IMF worked closely with KRA in developing the project memorandum and log frame where these agencies reduced the goal, purpose and outputs to ones they considered more realistic.

The employees do not have a responsibility to implement strategic change - the employees' responsibility is no other than to do their best, which is different for every person and depends on a wide variety of factors (health, maturity, stability, experience, personality, motivation, etc). Responsibility for implementing strategic change is with management and executives of the organization - they must manage the change in a way that employees can cope with it. The manager has a responsibility to facilitate and enable change, and all that is implied within that statement, especially to understand the situation from an objective standpoint and then to help people understand reasons, aims, and ways of responding positively according to employees' own situations and capabilities. Increasingly the manager's role is to interpret, communicate and enable - not to instruct and impose, which nobody really responds to well.

This aspect was addressed by the interviewees by asking them the following questions. First the interviewees were asked whether the change was communicated to staff in the lower positions of the organization before it was executed. And secondly, the interviewees were asked whether it was necessary to use coercion to bring about change.

The response of the interviewees on these two aspects of communication and coercion were both positive and negative. Most of the respondent said that members of staff were informed about strategic changes through their departments but some interviewees said that there was no communication to the staff. Again on the aspect of coercion the interviewees remained divided where some said that coercion was inevitable for the staff to implement strategic change while others felt that there was no need to coerce the staff.

John Kotter's books 'Leading Change' (1995) and the follow-up 'The Heart of Change' (2002) describe a model for understanding and implementing strategic change. Each stage acknowledges a key principle identified by Kotter relating to people's response and approach to change, in which people see, feel and then change. This research also applied Kotters principles to ascertain whether KRA success of the reforms were as a result of application of the principles

Kotters eight principles can be summarized increase urgency - inspire people to move, make objectives real and relevant; build the guiding team - get the right people in place with the right emotional commitment, and the right mix of skills and levels; get the vision right - get the team to establish a simple vision and strategy, focus on emotional and creative aspects necessary to drive service and efficiency as well as communicate for buy-in - Involve as many people as possible, communicate the essentials, simply, and to appeal and respond to people's needs. De-clutter communications - make technology work for you rather than against. Others are empower action - Remove obstacles, enable constructive feedback and lots of support from leaders - reward and recognize progress and achievements; create short-term wins - set aims that are easy to achieve - in bite-size chunks. Manageable numbers of initiatives. Finish current stages before starting new ones; don't let up - Foster and encourage determination and persistence - ongoing change - encourage ongoing progress reporting - highlight achieved and future milestones as well as making change stick - Reinforce the value of successful change via recruitment, promotion, and new change leaders. Weave change into culture.

Going with each of these eight principles the research deduced that, KRA first made objectives real and relevant by making top management meetings to give strategic direction and get ownership. The organization also held Focused Group Discussion sessions with KRA employees in the regions and head office. These were aimed at getting ideas relating to the Authority such as training, welfare and career progression, ways to improve processes and involvement of all staff in developing the plan. Over and above, there are monthly meetings to review the implementation status of the reform projects by the steering committee

The interviewees said that through the application of these measures, the introduction of Simba 2005 System has drastically reduced clearance time for goods was realized as a result of implementation of strategic changes. In addition, real-time revenue reporting has been enhanced by the computerization of all programs, departments have become more efficient & empowered, through strategic use of technology & modern practices and the strategic change has brought efficient & effective provision of services to the public & taxpayers. Automation of services has eliminated inefficient, tedious, costly and error-prone data capture operations, the strategic change has brought an effective tax administration through enhanced control, monitoring of taxpayer activities & enhanced taxpayers compliance as well as eelevation of LTO to a fully fledged department.

Other mentioned achievements were the modernization of Motor Vehicles Registration Processes with the introduction of Security Printed logbook, Cash Receipting System for Road Transport Department (RTD) has been Implemented as well as the Modernisation of business operations, Merger of income tax and VAT, KRA Shifted from tax based to functional structure with the creation of DTD, CSD, I&E. This also doubles up as a measure to transform KRA into a one stop tax shop. Moreover, an intelligence unit was established in Investigation & Enforcement Department to enhance KRA's capacity to generate and disseminate intelligence and stakeholders' partnership and engagement programmes were increased to enhance professionalism. Over and above, performance contracting and performance appraisal system was implemented based on the Balanced Score Card management tool.

4.4 Challenges faced by KRA in implementing strategic change

While implementing new strategies in any organization, strategy implementation challenges are inevitable. Implementation challenges tend to originate from various sources, some internal to the organization while others are from the external environment. The various challenges identified are as discussed below.

4.4.1 Unsupportive repacking of existing projects to new strategy

The study revealed that, KRA has made great efforts to change its organizational structure so as to enhance the competitiveness of the organisation and continuous adaptation of the organisation to various environmental turbulence levels. As a result, existing projects were repacked with a view to support the new strategy. While some of the repacked projects proved to be a major success in implementation of the strategic plan, some failed to match the aspirations in the new strategic plan and instead increased the costs of operations. This matches the argument by Lippitti (2007), that in the rush to act on strategy, too little attention is paid to finding the best implementation initiatives. Some shortcuts such as repacking existing projects may appear to support new strategy but in essence they fail to work simply because while strategy plans can be copied, execution cannot be duplicated. Execution goes further to address the intangibles of cross functional integration, reward systems and cultures as well as tangibles captured in most planning documents. Implementing a new strategy often requires new resources and skills for new activities. Should there be a mismatch between the organizations strategy and structure; strategy implementation will always be poor.

The interviewees were asked whether KRA shared some time to anticipate the changes it was to undergo and most of the interviewees said yes and thus the basic principle of thoughtful planning was considered in strategic implementation. The project managers said that KRA has its own project document (the Second Corporate Plan) outlining its goals, purpose and objectives, which is attached from a larger strategic plan with several components. KRA considers these particular project components to be its priorities for donor support and has strong ownership of this project. One shortcoming which was observed from the introduction of these reforms was the poor involvement of the staff and some stakeholders. At the initial stage of the implementation of the reforms there was a lot of resistance from the taxpayers. Examples are the introduction of the Simba system which is computer system of clearing goods on line from the traditional manual clearing. Despite the efficiency and many advantages this system had due to poor involvement of all stakeholders and staff this change faced resistance.

4.4.2 Complexity in leadership

Effective leadership involves a lot of management – managing the people processes in the organisation so that people can align themselves to the strategy. At the same time, without a strong leadership in a professional firm, constructive change is not possible (Boomer, 2007). The quality of leadership at KRA is given priority in the various aspects of the organization and its operations. The senior personnel devote a lot of their time co-ordinating the various activities in the organization through supervision and giving directives to the subordinate managers and staff. This is in attempt to ensure compliance to the laid procedures in the strategic plan. The senior most person should be the catalyst in strategic management. He or She is the most closely identified with and ultimately accountable for a strategy's success. In most firms, the CEOs for example, spend 80% of their time in developing and guiding strategy since the nature of his/her role is both symbolic and substantive in strategy implementation. First, the CEO is a symbol of the new strategy, his or her actions and perceived level of commitment to a chosen strategy, particularly if the strategy represents a major change, exerts significant influence on the intensity of subordinate managers commitment to the implementation process (Pearce and Robinson, 2003).

The attitudes and behaviours of the people in any organisation are driven by six dimensions of people processes: customer proposition, strategy commitment, processes and structure, behaviour of leaders, performance metrics and culture. Leaders lead and manage strategy implementation by aligning people using these levers. Organisational leaders tasked with implementing strategic change are engaged in 'a great venture of exploration, risk, discovery, and change, without any comprehensive maps for guidance' (Senge, 1999).

4.4.3 Resistance to change

There has been a misconception that resistance is associated with negativity (Hultman, 1979). The fact is that, at many times resistance is the most effective response available. Resistance may be systematic or behavioural. Systematic may be in the form of passive incompetence where the organisation lacks the capacity to handle the change. Behavioural resistance comprises individuals such as employees and managers in departments or groups that include coalitions and power centres. Individuals resist because of self interest, misunderstanding, lack of trust, different assessments and low tolerance for change (Meyer and Botha, 2000).At KRA, there has not been much resistance to change since the staff embraces the changes proposed by the leaders. However, with the coming into force of the new constitution, there has been a controversy in interpreting the provisions on taxes. This to some extent has caused some sort of resistance due to the dilution of the organizations' policy.

Resistance to change being a multifaceted phenomenon introduces delays, additional costs and instabilities into the process of change. Even so, people do not resist change per se, rather they resist the uncertainties and potential outcomes that change can cause. Resistance to change is not the fundamental problem to be solved; rather, any resistance is usually a symptom of more basic problems underlying the particular problem. Resistance can therefore serve as a warning signal directing the timing of technological changes (Judson, 1966). Resistance in the form rivalry between at least two parties injects energy into the process and sparks debate where opinions differ. It prompts the search for variety of alternatives and evaluates these with greater rigour.

4.4.4 Double registration of licences

There are requirement by the KRA that vehicles should be cleared through the organization for purposes of excise duties and number plates. At the same time, the Ministry of Transport has rules that govern transport industry. This joint control prevents effective implementation of strategic plans

In order to address the challenge of unsupportive repacking of existing projects, the organisation structure should be changed so as to match how the organization's strategy is affected by the changing external environment, to ensure proper strategic change implementation. The organisation structure has to support the strategies. Structuring the organisation involves decisions about how to coordinate activities, relationships and communication among the internal stakeholders. The organisation can be structured by focusing on functionality, products, markets, projects or cooperation. The structure and the strategy must be coordinated to avoid inefficiencies, misdirection and fragmented efforts.

4.5 Mitigating challenges faced in implementing strategic change at KRA

To curb resistance to implementation of strategic change, interviewees indicated that, education and communication within KRA should be enhanced. They expressed they opinions that, if people understand the needs for change and what is involved they are more likely to co-operate. This is identified with the computerization aspect of implementation of strategic changes introduced in KRA. Participation and involvement to encourage people to feel ownership of the change should also be considered. This is a deficiency encountered in the strategic changes undertaken by KRA there was poor involvement of staff and other stakeholders. At the same time, there should be facilitation and support where listening to the real concerns of people affected; negotiation and agreement; manipulation through buying off leaders of resistance as well as explicit and implicit coercion - threats where necessary but this is a high risk strategy.

As expressed by Maurer (1996), resistance is what keeps us from attaching ourselves to every boneheaded idea that comes along. In order to counter the challenge posed by resistance, aspects of resistance should be re-evaluated to get the classical understanding of resistance. This should be followed by a search for variety of alternatives and then these evaluated carefully. This will enhance careful consideration of the implementation process, thereby improving the adoption of the changes even by the general public.

The study also identified aspect which increased resistance in KRA implementation of strategic changes and if addressed the aspect of resistance can be reduced. These included failing to explain why change is needed to all the concerned parties that staff, taxpayers and the stakeholders, not consulting widely with all the involved parties, keeping people in the dark especially staff who are supposed to implement the introduced programmes and the taxpayers who are affected in paying the required revenue or to change the mode of payment as well as creating excess work pressure. Sometimes these changes are advantageous but due to lack of proper sensitization they are resisted due to lack of information

High quality leadership is very crucial in the strategic change implementation process. Just like Pearce and Robinson (2003) argued, while structure provide overall framework for strategy implementation, it is not in itself sufficient to ensure successful execution. Within the organisation structure, individuals, groups and units are mechanisms of organisational action which is a major determinant of successful implementation. In this context, two basic factors encourage or discourage effective action leadership and culture. The two leadership issues of fundamental importance are the roles of the chief Executive Officer (CEO) or the senior most person in matters of execution and the assignment of key managers.

4.6 Discussions

Literature states that organisations face different challenges while implementing strategic change. Some of these challenges include; organisation structure which if it is not consistence with the strategy may result to inefficiencies, misdirection and fragmented efforts, complexity in leadership which is a major determinant of successful implementation, organisational culture and resistance to change which if not dealt with may cause an organisation failure in implementation. When strategy fails to achieve expected results it is often because the strategy execution was flawed. Findings in this study show that KRA also faced the same challenges common to other organisations in implementation of the strategic change. Implementing strategies successfully requires matching the planned and the realizing strategies, which together aim at reaching the organization vision.

CHAPTER FIVE: SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

This chapter presents the summary of findings, conclusions, recommendations and suggestions for further study.

5.2 Summary of the Findings

The strategic change practices adopted by KRA identified in this study include: Commitment of top management, wide involvement of the employees' capabilities in strategy implementation, adoption of a more improved communication program and harnessing of its organizational structure

Findings in this study revealed that the main challenges faced by KRA in implementing strategic change broadly fall under the following categories: unsupportive repacking of existing projects to new strategy, complexity in leadership and resistance to change. The study revealed that, KRA has made great efforts to change its organizational structure so as to enhance the competitiveness of the organisation and continuous adaptation of the organisation to various environmental changes. Consequently, existing projects were repacked so as to support the new strategy. However, some of the repacked projects failed to match the aspirations in the new strategic plan and instead increased the costs of operations thus becoming a major challenge.

The study established that quality of leadership at KRA is given priority in the various aspects of the organization and its operations. The senior personnel in the organization devote most of their time co-ordinating the various activities in the organization through supervision and giving directives to the subordinate managers and staff, in attempt to ensure compliance to the laid procedures in the strategic plan. This reflects the extent to which the senior personnel are pressured by time in an attempt to ensure that the changes are fully implemented.

The study revealed that at KRA, there has not been much resistance to change since the staff agrees to the changes proposed by the leaders. However, with the coming into force of the new constitution, there has been a controversy in interpreting the provisions on taxes. This to some extent has caused some sort of resistance due to the dilution of the organizations' policy. Resistance to change being a multifaceted phenomenon introduces delays, additional costs and instabilities into the process of change.

Furthermore the study addressed suggestions on how to solve the challenges faced by KRA. Organisations should address unsupportive repacking of existing projects challenge by changing the structure so as to match ways on how the organization's strategy is affected by the changing external environment. In addition, the organization structure should provide the overall framework for strategy implementation since leadership itself is not sufficient to ensure successful. Within any organisation structure, individuals, groups and units are mechanisms of organisational action which is a major determinant of successful implementation. The study also suggested that aspects of resistance should be re-evaluated to get the classical understanding. This should be followed by finding variety of alternatives and then evaluated carefully. This will enhance careful consideration of the implementation process, in that way improving the adoption of the changes.

5.3 Conclusions

With the accelerating dynamics of competition, the key to competitiveness no longer lies in employing strategies, which have been successful in the past or in emulating strategies of successful competitors, rather it results from developing and implementing strategies that will differentiate the organization from its competitors in the eyes of the customers. Strategy implementation is a component of strategic management. Strategic management by itself is a process of decisions and actions that result in the formulation and implementation of long term designed plans to achieve organizational objectives. Major change efforts have to be vision driven and led from the top. Leading change has to begin with diagnosing the situation and then deciding which way to handle it. Implementing strategies successfully is vital for any organization public or private. Without implementation, even the most superior strategy is useless. Although the notion of strategy implementation might seem quite straightforward, the fact is that the strategy is formulated and then it is implemented.

KRA has embraced change management practices to streamline its operation. First, the organization made objectives real and relevant by making top management meetings to give strategic direction and get ownership. The organization also held Focused Group Discussion sessions with KRA employees in the regions and head office. It has in addition made great efforts to change its organizational structure so as to enhance the competitiveness of the organisation and continuous adaptation of the organisation to various environmental changes.

KRA has its own project document (the Second Corporate Plan) outlining its goals, purpose and objectives, which is attached from a larger strategic plan with several components. Donor agencies like DID and International monetary Fund IMF worked closely with KRA in developing the project memorandum and log frame where these agencies reduced the goal, purpose and outputs to ones they considered more realistic. Other change management practices include the modernization of Motor Vehicles Registration Processes with the introduction of Security Printed logbook, Cash Receipting System for Road Transport Department (RTD) has been Implemented as well as the Modernisation of business operations, Merger of income tax and VAT, KRA Shifted from tax based to functional structure with the creation of DTD, CSD, I&E. This also doubles up as a measure to transform KRA into a one stop tax shop. Moreover, an intelligence unit was established in Investigation & Enforcement Department to enhance KRA's capacity to generate and disseminate intelligence and stakeholders' partnership and engagement programmes were increased to enhance professionalism.

Nevertheless, many organizations seem to have challenges in their attempt to implement their strategies. Most of these challenges fall under the following categories: unsupportive repacking of existing projects to new strategy, complexity in leadership and resistance to change. Implementing strategies successfully requires matching the planned and the realizing strategies, which together aim at reaching the organizational vision.

5.4 Recommendations

For an organization to successfully improve the overall probability that the strategy is implemented as intended the researcher recommends that, organizations should ensure that employees affected by the strategy are the core aspect in strategy implementation focusing on the outcome and also ensure that the necessary resources are available during strategy implementation. Moreover, companies should assess the customer-employees needs to ensure that it complies with strategy implementation and ensure that strategy implementation is facilitated by teamwork.

5.4.1 Recommendations to KRA

For KRA to continue implementing its strategies effectively, it is recommended that the organization looks at its failures and challenges and then address them. Although it has attempted to address some of the challenges it faces while implementing strategies, more needs to be done. The organization should always strive to be proactive while addressing challenges to strategy implementation other than waiting for some challenges to arise and then put efforts address the same.

On resistance to change, KRA should align the company's culture with the current strategy. Successful changes have to be led by top management. What organizations leaders say and do plants the seeds of cultural change. Only top management has the power and organizational influence to bring about major change in a company's culture.

In addition, companies should ensure that the necessary resources are available during strategy implementation which impacts positively on service delivery. Furthermore, they should also realize that, effective service delivery is possible if there is proper strategy implementation since this act as a guide in policy formulation.

In undertaking implementation of strategic change, KRA's management should consider that change management, communication and automation as essential components that will determine program success. It believes that priorities are to ensure that from the onset and throughout the reform period, comprehensive change management and communication initiatives are undertaken and that there is technical capacity to design a credible implementation strategy. This will facilitate the necessary buy-in from management and staff, and the wider public and ensure strategic changes are implemented on a common platform.

While reforming itself, KRA has to consider regional issues such as the development of the East African Community, and the move towards the East African Federation. Consideration will be given to what the other East African countries are undertaking in reform of their revenue bodies.

KRA has very clear corporate plans from which this project derives, reflecting its own choice of the most urgent priorities. KRA thus fully owns the need for change and will therefore drive the process. KRA will lead on ensuring quality services are provided by the consultants, and that it obtains value for money. The relevant KRA departments should be involved to facilitate sustainability and adopt improvements of the process, and lessons learned during the process should be documented. Project reviews should be coordinated by the programme coordination team in collaboration with the respective consultants and other stakeholders.

5.4.2 Recommendations for Policy and Practice

The study also identified that for any change to be achieved its intended goals managers should have following information;

Identify and assess the acceptability by key stakeholders. This is an area where the interviewees identified to be lacking and therefore while KRA started implementing its strategic changes several legal issues were experienced with resistance on some of the staff and the stakeholders thus the assessment of key stakeholders and understanding on what they really have to say about the changes an organization wishes to introduce becomes paramount for a certain change to achieve its desired goals.

Win the support of key individuals – the top management introduced and clearly explained the needs for change in the structures of the organization this enhanced smooth implementation of some initiatives and programs and these key individuals played a major role in ensuring the success of the projects

Identify the obstacles – this is an area which remained challenging to the implementation of the changes introduced by KRA key among these challenges which were not foreseen are the legal and compliance challenges. KRA is still facing legal challenges in some changes it introduced as well as compliance by the taxpayers for example implementation of Electronic Tax Register (ETR). This has increased the cost of implementing these changes thus negating the intended aspect of reusing cost of operations.

5.4.3 Recommendations for Further Research

The study recommends that further research could be done on the impact of change management on various stakeholders namely: taxpayers, staff and the government. Since change is inevitable the employees are a major asset toward the success of any reform process. Further research could also be carried out to determine why employees resist change in public corporations. This will contribute to successful strategic change management in Kenyan state corporations, parastatals and more specifically KRA.

5.5 Limitation of the Study

Limitation of the study included difficulties in accessing the respondents due to their busy schedule and getting information which they felt was confidential. The responses were based on the judgements of the interviewees and this could be subjective. In addition to this, change management is a wide area thus not all aspects of change could be considered.

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APPENDICES

Appendix I: Interview Guide

Part 1 General Information

1. Name of Employee
2. Job Title
3. Department
4. Are you aware of the changes the organisation has been undertaking in the Strategic changes and modernisation programme? Yes/No.
5. If yes, what changes are you aware of?
6. What is your view on the change management practices in public corporations in Kenya?
7. What about KRA in particular?
8. In your view, do you think they are impacting positively or negatively? Explain.
9. Were you part of the change management implementing team at KRA? What was your role?
10. What were the main factors that necessitated strategic change at KRA?
11. What objectives was the strategic change meant to achieve?
12. Do you think the changes were timely and appropriate?

Part 2: The Implementation Process

1. Did the organisation take time to anticipate the changes it was to undergo?

a) If yes, how?

b) If no, was it reactive?

2. Did KRA use change agents in carrying out its Strategic changes and Modernisation Programmes? Yes/No

   a)If yes, which change agents and how?

3. Were the changes implemented in a systematic way? Explain.

4. Did KRA consider aligning the changes to the organisations structure, culture, vision and

   goals?

5. In your opinion, did KRA consider the acceptability of the change and possible resistance

   to change?

6. What did KRA do to ensure acceptability among the various stakeholders and minimise

   possible resistance?

7. Were there necessary preparation of the change through; trainings, mobilisation of

   resources, consultations, change agents? Mention Other.

8. Were you involved in the collaboration, participation or the mobilisation of the Strategic changes

   and modernisation change programmes?

9. Did KRA ensure commitment to the change process and what measures were taken to

ensure commitment?

10. How was change communicated to the staff, government, taxpayers and other stakeholders?

    a) Was it communicated before or during implementation?
    b) What means were used: seminars, meetings, memos, internet, any other...specify

11. Was coercion used to bring about changes? If yes, was it necessary?

12. Was there resistance to change?

    a) If yes, what form did it take (tick where applicable in the box below) and how was it addressed?

Apathy	
Stress	
Suspicion	
Other(specify)	

13. What other challenges were experienced during the implementation process? Explain.

Part 3; Impacts of the strategic Change

To what extent has each of the following been realised as a result of KRA's Strategic changes and Modernisation Programme.

Use a 5-point scale where; 5- very great extent, 4-great extent, 3-moderate extent, 2-little extent, 1- not at all.

Developing a dedicated and professional team	5	4	3	2	1
i)Dedicated to be employee of choice					
ii) Staff empowerment					
iii) Institutionalizing professionalism					

Re-engineering Business Process	5	4	3	2	1
i) Modernising technology					
ii) Operational excellence					
iii) Maintaining a single view of taxpayer.					

Improving and expanding tax payer services	5	4	3	2	1
i)dedicated to minimise taxpayers implicit and explicit compliance costs					
ii) Focusing on client based administration procedures.					

Enhancing Revenue collection	5	4	3	2	1
i)Improved compliance					
ii)Strengthening enforcement					
iii)Least cost in revenue collection					
iv) Coverage and increased tax base					
v)Increased total revenue collected					