RESPONSE STRATEGIES BY THE KENYA REVENUE AUTHORITY TO CHALLENGES OF TAX ADMINISTRATION IN THE EAST AFRICAN COMMUNITY COMMON MARKET

BY

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DECLARATION

This research project report is my original work and has not been submitted for a degree in any other university.

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

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DEDICATION

To my mum Mercy Rita for the moral support she accorded me during the course of the entire MBA Programme and especially during the project period. may God bless you mum.

To my dad Muthami Mwikya who always kept on encouraging me to work harder, I am humbled to have you dad.

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ABSTRACT

The implementation of the East African Community Common Market came with a number of requirements that required member states of the Common Market to enact legislations that would see that the provisions of the protocol were assimilated in to their domestic laws. The result of this was a review of domestic laws with a view to cause necessary amendments to ensure that they were consistent with the East African Community. One of the amendments was to harmonize tax policies in order to facilitate the movement of goods, services and capital and to promote investment within the Community. Definitely, the amendments affected the member states' revenue authorities; Kenya being one of them; hence the Kenya Revenue Authority had to make adjustments to its tax administration for the harmonization to be achieved. This study sought to determine the response strategies by the Kenya Revenue Authority to challenges of tax administration in the East African Community Common Market. The objectives were to determine the challenges facing Kenya Revenue Authority in Tax administration in the East African Community Common Market and the response strategies adopted by the Kenya Revenue Authority to deal with challenges of tax administration in the East African Community Common Market. The study adopted a case study research design by targeting the staff of Kenya Revenue Authority as the respondents. The study interviewed five heads of department from each of the Departments of the Kenya Revenue Authority. The findings were analyzed qualitatively through content analysis to come up with conclusions and recommendations. It was found out that the Kenya Revenue Authority faced a number of challenges in tax administration in the East African Community Common Market especially with the harmonization of the tax administration systems. The response strategies adopted to deal with the challenges included examining the environment and gathering information that could be used to predict or respond to changes related to East African Community Common Market, monitoring, implementation and customizing its strategy in line with the implementation and creation of new systems and policies to help in the implementations process. The study recommends development of a strategic plan that includes East African Community Common Market implementation steps in it and a further study on harmonization of revenue systems in East African Community by looking at the success factors and barriers to the harmonization process.

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CHAPTER ONE

INTRODUCTION

1.1 Background of the Study

The study of response strategies is increasingly important in today's dynamic business environment. Rapid technological change, easier entry by foreign competitors, and the accelerating breakdown of traditional industry boundaries subject organizations to new, unpredictable competitive forces (Hofer and Schendel, 1978). Contemporary firms, operating in dynamic market contexts, often deal with these contingencies by implementing strategies that permit quick reconfiguration and redeployment of assets to deal with environmental change. The performance of organizations depends on the fit between the organizations and their external environments. The appearances of novel opportunities and threats in the external environments, in other words, the change of external environments, require firms to adapt to the external environments by changing their strategy in response to the environmental changes (Pearce and Robinson, 2004).

The implementation of the East African Community Common Market (EACCM) which commenced with the approval of the Common Market Protocol affecting the East African countries came with a number of requirements. These requirements stated that member states of the Common Market should enact legislations that will see that the provisions of the protocol are assimilated in to their domestic laws. The result of this was a review of domestic laws with a view to cause necessary amendments to ensure that they were consistent with the East African Community (Sakwa, 2010). One of the amendments was to harmonize tax policies in order to facilitate the movement of goods, services and capital and to promote investment within the Community. Definitely, the amendments affected the member states' revenue authorities; Kenya being one of them; hence the Kenya Revenue Authority (KRA) had to make adjustments to its tax administration for the harmonization to be achieved.

1.1.1 Response Strategies

Strategies give an organization a basis on how to act within a market structure to remain competitive, to maximize opportunities and to tactfully counter threats (Mintzberg. 1988). The operating environment involves factors in the immediate competitive situation that provide many of the challenges a particular firm faces in attempting to attract or acquire needed resources or in striving to profitably market its goods and services (Pearce and Robinson, 2004). Among the most prominent of these factors are; a firms competitive position, customer profile, reputation among suppliers and creditors and accessible labor market.

Given the challenges faced by organizations, response strategies are needed in place to provide remedies. These challenges can be minimized by using a combination of strategies (Hofer and Schendel. 1978). Organizations come up with operational planning strategy as strategic response to the challenges they encounter in their daily activities. Appropriate systems are placed to control and improve customer service (OECD, 2001). Credible strategies are needed to see that customers are protected and the public is educated.

Organizations come up with methods of adapting their strategies in response to the changing dynamics of business. These strategies enable them to navigate through the dynamic environment. They include professional workforce with adequate resourcing, good collaboration with other jurisdictions through treaties and exchange of information agreements, legislative solutions that place responsibility on senior executives and boards, sound framework to manage business risks and comply with trade obligations in addition to a well resourced in-house business capability (OECD, 2009).

In addition to strategic responses laid down, operational responses should also be incorporated in the daily activities that mitigate the effects of the challenges that organizations face. In the business environment, operational responses that have been adopted by the organizations are: developing web sites for easy access of information concerning business administration, interactive telephone answering systems for many standard inquiries, receiving and responding to customer service enquiries by e-mail and even working hand in hand with other organizations on a daily basis to ensure synchronization of activities (Kitilya, 2011).

1.1.2 East African Community Common Market

Globalized world has accelerated formation of regional integration by joining different economies, markets and even political cooperation. The main driver for increased regional integration in African sub-continent as argued by (Sakwa, 2010) is the need to increase regional cooperation by creating unified economic blocks between countries that led to the eventual creation of an African Economic Community (AEC), which in turn spurred economic growth and development through economies of scale. It is through this that East African Community (EAC) was established.

1st July, 2010. marked the commencement and the operationalization of the East African Community Common Market following completion of the ratification of the Common Market Protocol (Mugoh. 2011). To operationalize the Common Market Protocol, Partner States are required to enact relevant legislation to bring provisions of the Protocol into domestic laws. undertake a review of domestic laws with a view to cause necessary amendments to ensure the same are consistent with the East African Community Treaty and Common Market Protocol. The East African Community Common Market has six member states; Kenya, Tanzania, Uganda, Rwanda, Burundi and Southern Sudan. Revenue authorities of the member states operate under the rules of the East African Community Treaty and Common Market Protocol.

Revenue authorities face challenges in their bid to have an effective tax administration that come from tax evaders: those who ought to pay taxes but cannot do so because of their prerogative. while according to Kitillya (2011) raising revenue to GDP ratio and over reliance on international trade taxes also pose challenges. Implementing tax policies in an increasingly globalized world is becoming more challenging for tax administrators given the need to harmonize the tax regimes.

1.1.3 The Kenya Revenue Authority

The Kenya Revenue Authority (KRA) was established by an Act of Parliament. Cap 469, on July 1st. 1995 for the purpose of enhancing the mobilization of Government revenue, while providing effective tax administration and sustainability in revenue collection. 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 (KRA, 2004).

Empirically speaking, no one likes paying taxes according to an article by (Kanjama ,2010), but effective tax administration provides funds for public services and enables economic growth (Cheeseman and Griffiths. 2005). The Kenya Revenue authority has come up with strategies to increase compliance by making things simpler and reducing cost of compliance to taxpayers. Revenue collection is very important as it constitutes government income through the taxation of people thereby necessitating an effective tax administration.

The main objective of the establishment of Kenya Revenue Authority, therefore, was to streamline the public revenue-generation function by bringing the relevant agencies under the umbrella of the central finance agency, the Ministry of Finance. This restructuring was expected to provide an effective administration for the enhanced mobilization of Government revenue in a sustainable manner.

Implementing tax policies in an increasingly globalized world is becoming more challenging day by day for the Kenya Revenue Authority. A majority of tax administration challenges, as mentioned by (Kitilya, 2011) fall in the following categories; low gross national product such that the product is not sufficient for consumption leave alone generating development funds through taxation. Poverty and inequality, large population with unemployment and underemployment, occupational pattern unsuitable for taxation like agriculture, abundance of exemptions for political reasons, exemption on agricultural income, predominance of cash transactions with no trails, huge black economies, extremely narrow tax base and heavy burden on the corporate sector, predominance of regressive indirect taxes and finally rampant tax evasion. Kenya Revenue Authority has experienced all these tax administration challenges in its effort to collect revenue on behalf of the Treasury.

1.2 Research Problem

Response strategies are what an organization does to adjust to a challenge or an opportunity. Organizations operate in environments that are dynamic and have influence on their operations to a significant level, posing threats to their structures and operations (Binh, 2008). Response strategies are very important in addressing changes and challenges in any organization. A timely and correct response strategy can save the organization a lot of disaster. Response strategies have played a key role in dealing with challenges facing organizations today, for instance changes in the external environment in terms of economic factors, political factors, technological factors, social and legal factors. It is of paramount importance to study response strategies adopted by organizations in dealing with these challenges.

The implementation of the East African Community Common Market is considered by many people as being beneficial to Kenya; however it has posed major tax administration challenges to Kenya Revenue Authority. Challenges of tax compliance, corruption, high tax targets from the Treasury, tax exemptions have seen Kenya Revenue Authority change its tax administration strategies to fit in the new environment. Kenya Revenue Authority has dealt tactfully with these challenges through various response strategies for instance electronic tracking of cargo on transit, electronic filing of tax returns, which has led to revenue collection souring higher and higher year in, year out. It is very important to study the response strategies that have made Kenya Revenue Authority overcome these challenges to become a leading revenue authority not only in Africa but also the envy of many countries in the entire world. (Kagira, 2001) argues that the implementation of the community will lead to increased business activities within the community hence leading to more financial empowerment to people within the member states.

Studies have been done on the concept of response strategies by various organizations to challenges in their respective industries. Muchiru (2010) did a study on the responses of liquified petroleum gas (LPG) brand owners to changes in the operating environment in Kenya, while Mwatua (2010) studied response strategies by the Kenya Power and Lighting Company to challenges of enterprise resource planning system. No study has been done on response strategies by the Kenya Revenue Authority to tax administration challenges in the East African Community Common Market. James et al (2006) who researched on 'The benefits of a more strategic approach to tax administration and the role of performance indicators', did not address response strategies to tax administration challenges by the Kenya Revenue Authority and Brondolo (2009) who addressed 'Collecting Taxes During an Economic Crisis: Challenges and Policy Options that addressed the strategies for tax compliance and tax administration challenges. As seen above, no study has addressed the challenges that come with adoption of common markets and the response strategies to them for Kenya Revenue Authority; therefore this study seeks to fill in this gap. Therefore the study seeks to answer the questions. what are the challenges facing Kenya Revenue Authority in tax administration in the East African Community Common Market? and what are the response strategies adopted by Kenya Revenue Authority to deal with challenges of tax administration in the East African Community Common Market?

1.3 Objectives of the Study

The objectives of the study were to;

i Determine the challenges facing Kenya Revenue Authority in Tax administration in the East African Community Common Market.

ii Determine the response strategies adopted by Kenya Revenue Authority to deal with challenges of tax administration in the East African Community Common Market.

1.4 Value of the Study

The East African Community Common Market field of study is not yet exhaustive as the protocol establishing it was signed recently, therefore this research paper adds to the existing literature materials that will be used for further research into the field. This study gave insight to response strategies useful in dealing with tax administration challenges and therefore added to the existing body of knowledge on tax administration.

The study was of paramount importance to Kenya Revenue Authority by giving them insight on how to cope with the challenges that they faced as a result of the implementation of the East African Community Common Market. The government also benefited through increased tax collections based on the removal or mitigation of the challenges facing Kenya Revenue Authority. With government involved, the legislature arm of the government moved to institute policies to see that the Kenya Revenue Authority was operating for the benefit of all. Tax authorities who are partakers of the same common market also found the study useful in improving their tax administration to adapt and operate in the East African Community Common Market competitive business environment.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This chapter deals will the literatures that looked into tax administration especially the challenges of tax administration for common markets and response strategies to them. The chapter addresses the concept of strategy, response strategies, organization – environment interface and regional integration.The review is done according to the objectives of the study which is to identify the challenges and the response strategies to them.

2.2 Organization – Environment Interface

No organization exists in a static environment (Mittenthal, 2002). Social, political and economic trends continually impact the demand for its offerings and services. Even as advances in technology present new opportunities, they also generate new expectations. Environmental analysis is essential for successful firms due to environmental instability and increased rate of change (Balabanis and Katsikea, 2003). Organizations therefore need to examine the environment and gather information that can be used to predict or respond to environmental changes. Organizations' operations quite a number of time, are influenced by external environment (Mittenthal, 2002) that exert forces beyond their control leaving them with the only option of responding in appropriate ways to avoid threats and exploit opportunities (Blythe, 1998). External environment affect organizations both at firm-level and market-level. Factors that directly affect companies are called firm-level or task environment, while the external and wider environmental factors beyond the immediate environment that nevertheless determine company operations are called market-level or macro-environment.

Firm-level environment consists of five elements, which are customer characteristics, market characteristics, marketing intermediaries, competitive intensity and product life cycle stage. On the other hand, market-level environment factors include: economic environment, socio-cultural environment, regulatory environment and technological environment which can further be narrowed to per capita income, Gross Domestic Product, economic cycle, inflation rate, value system, attitudes, customs and tradition, business law and regulations, government policies and information technology. According to (Zou and Cavusgil, 1996), companies should monitor the external environment changes and customize their strategy accordingly in order to ensure that performance objectives are being achieved as well as coping and adapting in to the new systems.

2.3 Regional Integration

Regional integration is defined as an association of states based upon location in a given geographical area, for the safeguarding or promotion of the participants, an association whose terms are fixed by a treaty or other arrangements. Lombaerde and Langenhove (2007) define regional integration as a worldwide phenomenon of territorial systems that increase the interactions between their components and create new forms of organization, co-existing with traditional forms of state-led organizations at the national level. Regional integration is a worldwide phenomenon of territorial systems that increase the interactions between their components and create new forms of organization, co-existing with traditional forms of state-led organizations at the national level (Lombaerde and Langenhove, 2007).

Regional integration is one of the most adopted developments by the Africans as evidenced by the formation of regional integration institutions in both pre and post independence (Kagira, 2001). The common objective of regional integration institutions is integration of markets and economies to tap the numerous benefits associated with improved cooperation.

The regional integration initiatives are normally for certain benefits. Among the benefits offered by the integrations are functions that are very important to quite a number of the states that are involved in the regional integration development. The functions that should be fulfilled by the initiative as given by (Lombaerde and Langenhove, 2007) are the strengthening of trade integration in the region, the creation of an appropriate enabling environment for private sector development, the development of infrastructure programmes in support of economic growth and regional integration, the development of strong public sector institutions and good governance, the reduction of social exclusion and the development of an inclusive civil society, contribution to peace and security in the region ,the building of environmental programmes at the regional level, the strengthening of the region's interaction with other regions of the world.

The first step in creating a large regional market share for trade and investments is by integrating the neighboring economies in order to spur to greater efficiency, productivity gain and competitiveness, not just by lowering border barriers, but by reducing other costs and risks of trade and investment. Bilateral and sub-regional trading arrangements are advocated as development tools as they encourage a shift towards greater market openness. The main desire for economies integration is to open and tap the opportunities in the outside world with most of the integrated members working towards the success of integration with a growing range of partners and towards a generally freer and open global environment for trade and investment. Integration is not an end in itself, but a process to support economic growth strategies. greater social equality and democratizations.

Regional integration arrangements are a part and parcel of the present global economic order and this trend is now an acknowledged future of the international scene. It has achieved a new meaning and new significance. Regional integration arrangements are mainly the outcome of necessity felt by nation-states to integrate their economies in order to achieve rapid economic development, decrease conflict, and build mutual trusts between the integrated units.

Entry into a regional integration scheme can have both static effects resulting from resource allocation in response to changing relative prices and dynamic effects from a change in efficiency, ability to exploit economies of scale, and in level of investment and growth. The regional integration leads to regional trade integration which comes with implications (FAO, 2004). Trade development has been a major preoccupation within this framework.

The consequences and implications of trade integration are numerous and to mention a few, the domestic price falls to the regional price, domestic production falls, domestic consumption increases and total imports increase. The reduction in tariffs leads to additional trade. or trade creation. The effect of the tariff reduction on economic welfare can be decomposed into three effects: the gain to consumers from lower domestic prices, the loss of profits to producers and the loss of tariff revenue to the government (FAO, 2004). The difficulty comes in when a country (the home country) eliminates trade barriers with its regional partners but maintains them on trade with third countries.

Regional integration projects comprising two or more countries exhibit a significant amount of inter-regional interdependence which increases over time (Fink and Krapohl. 2010). This interdependence trickles down up to the organizational level such that almost most of the institutions in the different countries have to respond to the changes arising from these integrations.

2.4 The Concept of Strategy

Johnson and Scholes (2006) define strategy as the direction and scope of an organization in the long-term, which achieves advantage for the organization through its configuration of resources within a challenging environment, to meet the needs of markets and to fulfill stakeholder expectations. Strategy is perspective, position, plan, and pattern that bridge between policy and tactics. Strategy and tactics together straddle the gap between ends and means. Strategy is a general framework that provides guidance for actions to be taken and, at the same time, is shaped by the actions taken, meaning, the necessary precondition for formulating strategy is a clear and widespread understanding of the ends to be obtained. Without these ends in view, action is purely tactical and can quickly degenerate into nothing more than failure.

Developing strategies to proactively and successfully navigate through the turbulence created by environmental change is inevitable (Valente, 2009). Strategic plan is laying down the actions and steps in realizing the strategies set together with organization's goals. The main and important part in achieving these goals is in the implementation or execution of the set strategic plans.

Some strategic plans fail due to a number of factors and challenges that include incorrect definition of strategy, the plans lacking detailed implementation steps with tasks, schedules and responsibilities, goals not stated in clear and quantifiable terms, and finally, not involving the input of key managers in planning. Leadership is very important to the strategy management system and is both necessary and sufficient for successful strategy execution. Good leadership is shaped by accurate and humble adherence to the vision and mission of an organization (Cooper and Denney, 2009).

Mintzberg argues that strategy emerges over time as intentions collide with and accommodate a changing reality. Thus, one might start with a perspective and conclude that it calls for a certain position, which is to be achieved by way of a carefully crafted plan, with the eventual outcome and strategy reflected in a pattern evident in decisions and actions over time.

2.5 Response Strategies

The business environment today is completely different from that of previous years and will be different in the years to come (Ernst and Young, 2009). Adapting to these shifts requires new ways of operations. Strategic change means changing the organizational Vision, Mission, Objectives and of course the adopted strategy 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 could be effected by the states of firms and their external environments.

In their adaptive response to the changing environment, that has been proved to be inevitable (Minttenhal, 2002), organisations adopt strategies that propel them to higher levels of development. Among these strategies is process of improving and adopting information communication technology and creating awareness for their potential even though the access to technologies remain extremely uneven, evidenced by large information communication technology related growth to be a developed economies preserve (ECA, 2007). Response strategies give timeframes when each response method works best and depends so much on the type environment that needs the response. When methods are used within the timeframes set, they are more effective and less damaging (American Petroleum Institute, 2001).

Studies have shown that organisational responses play a role in restoring the organisation and maintaining the brand equity they had before, even though there is normally confusion on the best type of response strategy to adopt (Dutta and Pullig, 2011). This is because most projects are implemented in very turbulent environments which exert pressure on organizations (Aaltonen and Sivonen, 2009).

Institutions face external pressures since they do not exist as isolated entities (Minttenhal, 2002). The pressure can be as a result of demands presented by the stakeholder. These demands can influence how activities are conducted in the institution. Companies involved in the execution of projects may enact different strategic responses as a result of the stakeholder pressures. The different response strategies as identified by (Aaltonen and Sivonen, 2009) are adaptation strategy, compromising strategy, avoidance strategy, dismissal strategy, and influence strategy. These response strategies are based on the degree to which market and non market strategies intersect in the strategy formulation and strategy implementation processes.

Early studies done on stakeholder influence on institutions propose strategies to manage the stakeholders (Clarkson, 1995: Wartick and Cochran, 1985). These strategies are proaction, accommodation, defense and reaction. In proaction strategy, anticipatory actions are adopted to address stakeholders concerns; accommodation is more less the same as proaction but is more passive in nature. For defense strategy, the organization address only the minimum of stakeholders concerns with regard to legal aspects while reaction strategy is where an institution fights against stakeholders demands ignoring them completely.

Cummings and Doh (2000) identify five other response strategies to institutional external pressures. These are acquiescence, compromise, avoid, defy and manipulate. Acquiescence can also be seen as habit, imitation, and compliance. Compromise strategy includes balancing, pacifying and bargaining with external pressure while avoidance is where the organization excludes the necessity of conformity and hide themselves from the pressures or escape the institutional rules and expectations. Defiance is a form of resistance to institutional processes by dismissing, challenging or attacking. Manipulation on the other hand is an opportunistic and purposeful attempt to cooperate, influence or control the pressures.

All in all, firms operate in environments that are dynamic and have influence on their operations to a significant level posing threats to their structures and operations (Binh, 2008). Differences in the specific changes implemented and in the timing of adoption reflect differences in firm-level characteristics and the variations in the institutional pressures that each firm is exposed to.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This chapter addresses how the study was conducted. It gives in detail the research design that was adopted by the study. It describes how data was collected. the tools used to collect data, the procedure of collection and the analysis method to used.

3.2 Research Design

A case study design was used for this study. The study focused on the Kenya Revenue Authority yet there were other revenue authorities within the East African Community that had been affected by the implementation of the East African Community Common Market.

A case study research design was the most appropriate for this study since it involved an in-depth study about a limited number of subjects as compared to a survey (Jackson. 2009). The research design adopted for this study exhaustively answered the research questions by giving explanations and predictions in a systematic manner. This research design was preferred as it permitted gathering of data from the respondents in natural settings. Similar studies had been carried out using this research design and the results were satisfactory (Mwatua, 2010 and Mwangi, 2010).

3.3 Data collection

The study used primary qualitative data, which was collected through interviews. An interview guide was used to collect data, since it was the most appropriate method for collecting information for a case study (Boyce and Neale, 2006).

The researcher interviewed the head of department from each of the five departments of the Kenya Revenue Authority which comprised of Customs Services Department, Domestic Taxes Department – Large Taxpayers Office, Domestic Taxes Department – Domestic Revenue, Road Transport Department and Support Services Department. Departmental heads had been preferred because they have much knowledge of the activities in their departments and could therefore provide reliable information for the study.

3.4 Data Analysis

The information gathered during the interview was analyzed using content analysis method. Content analysis is a method of analyzing written, verbal or visual communication messages and is a systematic and objective means of describing phenomena (Elo and Kynga, 2008). It is a summarizing, analysis of messages that relies on the scientific method (including attention to objectivity, inter subjectivity, a priori design, reliability, validity, generalizability, replicability and hypothesis testing) and is not limited to the types of variables that maybe measured or the context in which the messages are created or presented (Klaus, 2004).

The analysis involved preparation of data, definition of the unit of analysis, development of categories and coding scheme, coding of all the text, assessing of the coding consistency and drawing conclusions from the coded data. After analyzing the data, conclusions were drawn and recommendations for the study made.

CHAPTER FOUR

FINDINGS AND DISCUSSIONS

4.1 Introduction

This chapter gives the details of the analysis done after the collection of data. The purpose of the study was to establish the response strategies by the Kenya Revenue Authority to challenges of tax administration in the East African Community Common Market. The study sought to determine the challenges facing the Kenya Revenue Authority in Tax administration in the East African Community Common Market and the response strategies adopted by the Kenya Revenue Authority to deal with challenges of tax administration in the East African Community Common Market.

4.2 Background Information

Data was collected from five staff of the Kenya Revenue Authority. These staff members were the heads of departments in the Kenya Revenue Authority. The departments comprised of Customs Services Department, Domestic Taxes Department – Large Taxpayers Office, Domestic Taxes Department – Domestic Revenue, Road Transport Department and Support Services Department. Their response was sufficient enough for doing analysis and coming up with the conclusions for the study.

Those who were interviewed had worked with the Kenya Revenue Authority for considerably long time to understand the dynamics created by the established common market. The persons interviewed had worked with the Kenya Revenue

Authority for more than three years, which meant that they had experienced the changes that came with the launch of East African Community Common Market two years ago. This indicated that they were knowledgeable enough to give valid and reliable information concerning tax administration after the establishment of the market. The study also wanted to know if the respondents understood what the East African Community Common Market entailed. From their responses, all of them had the concept of the East African Community Common Market. This shows that the responses given during the interviews were from informed sources.

4.3 The Challenges of Tax Administration in the East African Community Common Market

The first objective of the study was to find out the challenges facing the Kenya Revenue Authority in Tax administration in the East African Community Common Market. In so doing, the researcher asked the respondents questions and recorded their answers which were then analyzed as discussed below.

The researcher asked the interviewees to tell some of the challenges the Kenya Revenue Authority was facing because of the implementation of East African Community Common Market. They identified harmonisation of the tax systems in the five countries that form the East African Community. The harmonisation came with the challenges of sharing market for trade and investment which meant integration of regional economies that could be very difficult as pointed out in the literature review. The challenges of change of strategy and market dynamism, pressure from stakeholders and increased workload, tariffs reduction and elimination of trade barriers and adaptation of new systems and policies were identified.

4.3.1 Change of Strategy and Market Dynamism Challenges

The researcher wanted to find out if the implementation of East African Community Common Market had exerted pressure beyond the Kenya Revenue Authority control. A majority of the interviewees denied that the Kenya Revenue Authority was under pressure due to the implementation of the market. There were those who agreed that there was pressure, but not beyond the control of the Kenya Revenue Authority. For those who felt like there was no pressure, the main argument was that the implementation was still new and the East African Community Common Market being a recent intervention. more was still yet to come. Some said that there was no pressure because the implementation was still going on. Institutions' operations are normally influenced by a number of external forces (Mittenthal, 2002). This is consistent with Blythe (1998) argument that institutions face pressures that are sometime beyond their control leaving them with an option of responding appropriately, therefore the Kenya Revenue Authority being an institution, cannot avoid the influence of external pressures. just as the interviewees said and all they can do is come up with measures that help them overcome the external pressure.

On whether the Kenya Revenue Authority strategic plans lacked detailed East African Community Common Market implementation steps, some interviewees felt that the Kenya Revenue Authority had a strategic plan that included the implementation of East African Community Common Market even though a small percentage, while some agreed that the Kenya Revenue Authority strategic plan lacked East African Community Common Market details. Those who agreed that the Kenya Revenue Authority strategic plan lacked East African Community Common Market details mentioned that there were plans to include East African Community Common Market implementation steps into the Kenya Revenue Authority strategic plan. One person responded that there were plans, though refining was necessary, indicating that there might be efforts to include East African Community Common Market details in the Kenya Revenue Authority strategic plan though not very effective.

About the comprehensiveness of the strategic plan, the interviewees noted that the level of comprehensiveness may not be up to 100% mark. This meant that the strategic plan included aspects of East African Community Common Market but not complete enough to help the Kenya Revenue Authority transition into the common market. Johnson and Scholes (2006) define strategy as "the direction and scope of an organization over the long-term. This means that, for the Kenya Revenue Authority to implement East African Community Common Market, a strategic plan that is in line with the common market provisions is a necessity. Strategy is perspective, position, plan, and pattern that bridge between policy and tactics, and with this in place, the Kenya Revenue Authority can lay down the actions and steps in realizing the strategies set together with East African Community Common Market goals. The main and important part in achieving these goals is in the implementation or execution of the set strategic plans.

The researcher also asked if it was true that the Kenya Revenue Authority operated in a dynamic market, dealing with unforeseen processes that needed quick reconfiguration and redeployment of assets to deal with environmental change. To this, all the interviewees agreed. However, some tending almost to half their number did not give a strong nod leaving it at the "somehow" level. The truth is that no organization exists in a static environment (Mittenthal. 2002). Social. political and economic trends continually impact the demand for its offerings and services. Even as advances in technology present new opportunities. they also generate new expectations. Environmental analysis is essential for successful firms due to environmental instability and increased rate of change (Balabanis and Katsikea. 2003). Organizations, the Kenya Revenue Authority included, therefore need to examine the environment and gather information that can be used to predict or respond to environmental changes.

4.3.2 Pressure from Stakeholders and Increased Workload

On whether stakeholders pressurised the Kenya Revenue Authority with their demands, the researcher established that there were indeed times when the Kenya Revenue Authority faced pressure from the stakeholders' demands that influenced how activities were conducted in the institution. Only one interviewee denied while another confirmed stakeholder influence though not directly. Institutions face external pressures since they do not exist as isolated entities (Minttenhal, 2002). The pressure can be as a result of demands presented by the stakeholder. These demands can influence how activities are conducted in the institution. Companies involved in the execution of projects may enact different strategic responses as a result of the stakeholder pressures. This gives credence to Aaltonen and Sivonen (2009) who advanced that, the different response strategies are: adaptation strategy, compromising strategy, avoidance strategy, dismissal strategy, and influence strategy, therefore Kenya Revenue Authority also faced pressure as identified by the respondents and had already came up with adaptation strategies to respond to them.

The effect of East African Community Common Market on the Kenya Revenue Authority employee workload elicited varied response. To the enquiry whether the reduction in tariffs led to additional trade, or it is trade creation that increased the Kenya Revenue Authority workload, a majority of the interviewees were of the opinion that the workload has increased to some extent even though the figures are yet to confirm it. From the literature review, This response supports FAO (2004) who argued that the reduction in tariffs leads to additional trade, or trade creation which can have three effects according ; these are the gain to consumers from lower domestic prices, the loss of profits to producers and the loss of tariff revenue to the government. Again, the implications of trade integration are numerous and to mention a few, the domestic price falls to the regional price, domestic production falls, domestic consumption increases and total imports increase. With the increase in imports, the Kenya Revenue Authority officers have to work around the clock to ensure compliance and cooperation.

On whether development of a strategy to guide East African Community Common Market implementation process was complex, a majority of the interviewees noted that developing a strategy for implementing East African Community Common Market into the Kenya Revenue Authority tax administration system was not complex but rather , quite demanding because of its broadness and the need to be comprehensive. Actually there were those who said that it was comprehensive, broad, demanding but not complex. This response is contrary to Boisot and Child (1999) who advanced that developing a strategy to guide the process of change is complex. Complex adaptive systems generally choose responses to the complexity that confronts them and so developing a single representation of the variety in the environment and developing an adaptive response. Developing strategies to proactively and successfully navigate through the turbulence created by environmental change is inevitable no matter how complex the strategy may seem to be (Lawler and Worley, 2006).

4.3.3 Tariffs Reduction and Elimination of Trade Barriers

The reduction in tariffs though was found to have no major effect on the amount of revenue collected. This is because when the interviewees were asked about revenue loss, a number of them were somehow sceptic that the reduction in cross border tariffs has led to loss of revenue to the government. They said that even though there were revenue loses, there are many other factors that contribute to revenue loss and not necessarily reduction in cross border tariffs. It was argued that Kenyans are engaged in a number of businesses with wider markets that serve to bring in foreign exchange and so compensate for revenues of cross border trade within the East African Community Common Market member states. This shows confidence that the full implementation of East African Community Common Market will not have a significant effect on the amount of revenue collected.

The researcher asked if the Kenya Revenue Authority faced difficulty in dealing with eliminating trade barriers within regional partners and the answers given were yes and no in equal measure. There were those who asserted that there were difficulties in dealing with trade barrier elimination while there were those who said that barriers were not difficult to eliminate but rather a challenge that needed to be addressed. This is in support to FAO (2004) who advanced that: the elimination of trade barriers has remained a challenge to a number of countries who are involved in trade agreements. This is due to the consequences and implications that come with the integration of market. The implications can range from domestic price falls to the regional price, domestic production falls, domestic consumption increases and total imports increase. Difficulty comes in eliminating trade barriers within regional partners when a country (the home country) eliminates trade barriers with its regional partners but maintains them on trade with third countries which are not part of the trade agreement of which Kenya is involved.

4.3.4 Adaptation of New Systems and Policies

Whether the changes resulting from East African Community Common Market implementation had compelled the Kenya Revenue Authority to adapt to new systems and policies, the interviewees argued that change was inevitable as part of the implementation process. In fact one of them said that the adoption was simply a necessary adjustment for the Kenya Revenue Authority. These changes were seen more in planning and effective administration as observed by some respondents as part of re-adjustment and re-alignment. This response is consistent with Fink and Krapohl (2010) who argued that regional integrations influence changes that affect institutions that operate within it. These changes trickle down up to the organizational level such that almost most of the institutions in the different countries have to respond to the changes arising from the trade integrations. The Kenya Revenue

Authority being an institution within the East African Community region. adopt systems and policies that will help it to cope and survive the changes.

Whether the new systems and policies brought in by the implementation were uncomfortable compared to normal institution's operations is yet to be known because as per the time of the research. most interviewees thought that the systems and policies were manageable and that they covered a wider scope of administration. Bachrach (2012) advanced that those who might be affected by the changes should be given opportunity to express their opinions concerning the whole change process. The organization need to adopt a flexible approach to each step of implementing change to help the employees transition into the new system to avoid destabilizing the workforce.

4.4 Response Strategies Adopted by Kenya Revenue Authority

The response strategies adopted by the Kenya Revenue Authority to deal with the challenges brought in by the implementation of East African Community Common Market were determined by the study, recorded and analysed. The researcher found out that the Kenya Revenue Authority had responded to challenges of tax administration in the East African Community Common Market by analysing the environment and gathering information about the common market. sensitizing the leadership and entire staff on implementation strategies and changes that came along with the signing of the common market protocol and adoption of new systems and policies. The responses were discussed under three main categories namely; strategic responses, tactical responses and operational responses.

4.4.1 Strategic Responses

The first question to the interviewees was meant to find out if the Kenya Revenue Authority examined the environment and gathered information that could be used to predict or respond to changes related to East African Community Common Market. The answer from all the interviewees was yes, meaning that the Kenya Revenue Authority has put measures that examine and gather information concerning the implementation of East African Community Common Market so that it can operate within the confides of what is provided for in the East African Community Common Market protocol. Even so, it was noted that the speed at which this happens is slower than recommended. This is in line with Balabanis and Katsikea (2003) who advanced that; since changes in the environment influence institutions to adapt new ways of operation, analysis is essential for successful institutions due to environmental instability and increased rate of change. Organizations therefore need to examine the environment and gather information that can be used to predict or respond to environmental changes.

On whether monitoring tools were needed to check the implementation status, the interviewees were asked whether the Kenya Revenue Authority monitored the East African Community Common Market implementation and customized its strategy in line with the implementation. The reply to this question was also a unanimous yes. This was an indication that there were monitoring tools in place that checked the implementation of the East African Community Common Market and allowed for changes in the strategic plan to accommodate East African Community Common Market. The research also established that the monitoring by the Kenya Revenue

Authority ensured that performance objectives were achieved while coping and adapting into East African Community Common Market system. This also got a unanimous vote from all of the interviewees.

4.4.2 Tactical Responses

About leadership of the Kenya Revenue Authority, the study aimed at establishing if the leadership adhered to the vision and mission of the institution. A good number agreed while there were those who felt like the leadership was not doing enough in following the vision and mission of the institution. Leadership is very important to the strategy management system and is both necessary and sufficient for successful strategy execution. Good leadership is shaped by accurate and humble adherence to the vision and mission of an organization (Cooper, 2009). For this, the Kenya Revenue Authority leadership has no option but to adhere to the vision, mission and strategic plan.

The researcher found out that the Kenya Revenue Authority absorbed complexity by creating processes or ad hoc structures that facilitated information exchange and allowed the generation of multiple interpretations of information. This was arrived at through the collective agreement of those who were interviewed. Cooper (2009) identified some of the reasons why strategic plans fail. These are plans lacking detailed implementation steps with tasks, schedules and responsibilities, goals not stated in clear and quantifiable terms, and not involving the input of key managers in planning. Systems adopted also influence the implementation process which should confront the complexity of implementation and so developing a single representation of the variety in the environment and developing an adaptive response. This can be done by creating processes or ad hoc structures that facilitate information exchange and allow the generation of multiple interpretations of information (Lawler and Worley, 2006).

4.4.3 Operational Responses

Another response strategy that was highly supported by the interviewees was that the Kenya Revenue Authority has widely adopted information communication and technology in most of its operations and creating more awareness on the system. By creating the awareness, the Kenya Revenue Authority is ensuring that all its employees are adapting to the new system and also know the benefits of using information communication and technology in most of its operation. One of the systems that were mentioned was the Integrated Tax Management Information System. This is consistent with Minttenhal (2002) who advanced that, in their adaptive response to the changing environment that has been proved to be inevitable; organisations adopt strategies that propel them to higher level of development. Among these strategies is process of improving and adopting information communication and technology and creating awareness for their potential even though the access to technologies remain extremely uneven evidenced by large information communication technology related growth to be a developed economics preserve (ECA, 2007).

Policy making does not lag behind in developmental change. Changes need to be addressed as they manifest both at international and domestic level. The Kenya

Revenue Authority has come up with policy frameworks to address the changes in East African Community Common Market as they manifest. Most of the interviewees confirmed this even though there were those who were not sure about the policy frameworks while some responded that the implementation is an ongoing process. Response strategies also give timeframes when each response method works best and depends so much on the type of environment that needs the response. When methods are used within the timeframes set, they are more effective and less damaging (American Petroleum Institute, 2001). Despite this, the response strategy that was not clear with almost all the respondents was with the timing of the methods adopted in the implementation of East African Community Common Market. The study sought to know if the response strategies adopted by the Kenya Revenue Authority were given timeframes when the methods work best. Majority of the interviewees were not sure about this; an indication that there were no time frames instituted or if they were there, they were not clear to employees.

The study also established that the Kenya Revenue Authority did not give its employees a clear outline of the intended changes caused by East African Community Common Market implementation. This is because, a majority of those interviewed indicated that the information was given either partially mainly directed to those in the concerned departments especially in the Customs Services. This differs with Bacharach (2012) argument; that giving a clear outline of the change makes employees aware of the intended changes, thus how their positions will be affected and what their role requires. This brings commitment to the process, an aspect that is very important to implementation process. On the issue of commitment, all the interviewees agreed that the Kenya Revenue Authority ensures that it is committed to the change process in the implementation of East African Community Common Market. Generally, Customs Services department is the most targeted in implementing the strategies. Bachrach (2012) argues that commitment to the change process is as important as responsibility. Implementation of change cannot occur if members of the organization are not committed to the process and every one held accountable for their actions in the process.

CHAPTER FIVE

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

This chapter gives a summary of the research findings. In addition to that, it gives the conclusions of the study and recommendations made after doing the analysis. The study was aimed at establishing the challenges facing the Kenya Revenue Authority in Tax administration in the East African Community Common Market and the response strategies adopted by the Kenya Revenue Authority to deal with challenges of tax administration in the East African Community Common Market.

5.2 Summary of Findings

The study adopted a case study research design. A research design gives a description of how the researcher intends to answer the research questions of the study. The study gathered data by interviewing five heads of department from the Kenya Revenue Authority. The main instrument for collecting data was an interview guide that allowed the respondents to give their answers on various issues addressed by the study. The data collected was then analysed qualitatively through content analysis for conclusion and recommendations.

The study established that the Kenya Revenue Authority faced challenges in its tax administration as a result of the implementation of East African Community Common Market. In as much as there were challenges, the study found out that the implementation of East African Community Common Market did not exert pressure beyond the Kenya Revenue Authority's control. A majority of the respondents denied that the Kenya Revenue Authority was under pressure due to the implementation of the market. There were those who agreed that there was pressure, but not beyond the control of the Kenya Revenue Authority. For those who felt like there was no pressure, the main argument was that the implementation is still new, that is, the East African Community Common Market is a recent intervention therefore more is yet to come, some said that there was no pressure because the implementation is still going on.

Concerning strategic plan, the Kenya Revenue Authority strategic plans lack detailed East African Community Common Market implementation steps to include in its daily operations and it operates in a dynamic market dealing with unforeseen processes that need quick reconfiguration and redeployment of assets to deal with environmental change. All the respondents confirmed this to be true. About developing a strategy to guide East African Community Common Market implementation process, a majority of the respondents noted that developing a strategy for implementing East African Community Common Market into the Kenya Revenue Authority tax administration system was not complex but rather quite demanding because of its broadness and the need to be comprehensive. Another eminent challenge was that stakeholders pressurised the Kenya Revenue Authority with their demands that influenced how activities were conducted in the institution. One respondent disagreed with this while there was another who confirmed stakeholder influence though not directly.

The effect of East African Community Common Market on the Kenya Revenue Authority employee workload is that reduction in tariffs leads to additional trade, or trade creation that increases the Kenya Revenue Authority workload. Another discovery was that reduction in cross border tariffs do not necessarily lead to loss of revenue to the government. They said that even though there were revenue loses, there are many other factors that contribute to revenue loss and not necessarily reduction in cross border tariffs. But on trade barrier elimination, the respondents were divided in equal measure on the difficulty of eliminating trade barriers. There were those who had the conviction that eliminating trade barriers is an uphill task for the Kenya Revenue Authority while there were those who believed otherwise. The changes resulting from East African Community Common Market implementation also compel the Kenya Revenue Authority to adapt new systems and policies. The good news is that the new systems and policies were found to comfortable to the staff as most respondents thought that the systems and policies were manageable and the only challenge they have is the wider scope of administration.

The response strategies adopted by the Kenya Revenue Authority to deal with the challenges brought in by the implementation of East African Community Common Market include examination of the environment and gathering of information that can be used to predict or respond to changes related to East African Community Common Market. The answer from all the respondents was yes, meaning that the Kenya Revenue Authority has put measures that examine and gather information concerning the implementation of East African Community Common Market. The Kenya Revenue Authority also monitors the East African Community Common Market implementation and customizes its strategy in line with the implementation. The monitoring by the Kenya Revenue Authority ensures that performance objectives are being achieved while coping and adapting into East African Community Common Market system. This also got a unanimous affirmation from all of the respondents that were interviewed.

When it came to the leadership of the Kenya Revenue Authority, the study found out that the leadership was not committed to the vision and mission of the institution. The researcher also found out that the Kenya Revenue Authority absorb complexity by creating processes or ad hoc structures that facilitate information exchange and allow the generation of multiple interpretations of information by widely adopting ICT in most of its operations and creating more awareness on the system. One of the systems that were mentioned was the Integrated Management Information System. The Kenya Revenue Authority has also come up with policy frameworks to address the changes in East African Community Common Market as they manifest. Most of the respondents confirmed this even though there were those who were not sure about the policy frameworks. Some noted that the implementation is an ongoing process and so the changes will come along the way.

A section of the response strategies that was not clear with almost all the respondents was with the timing of the methods adopted in the implementation of East African Community Common Market. The study sought to know if the response strategies adopted by the Kenya Revenue Authority are given timeframes when the methods work best. Majority of the respondents were not sure about this, an indication that there were no timeframes instituted or if they are there, they are not clear to employees. The study also established that the Kenya Revenue Authority does not give its employees a clear outline of the intended changes caused by East African Community Common Market implementation. On the issue of commitment, all the respondents agreed that the Kenya Revenue Authority ensures that it is committed to the change process in the implementation of East African Community Common Market by engaging its employees in the implementation process. Generally, customs department is the most targeted the Kenya Revenue Authority department in implementing the strategies that come with the changes triggered by East African Community Common Market.

5.3 Conclusion

From the analysis of the information gathered. the study concludes that the Kenya Revenue Authority faces a number of challenges in its tax administration with East African Community Common Market. Some of these challenges include harmonization of the tax administration systems, implementation pressure that sometimes results from stakeholder demands and need to fit in the common market block and lack of a strategic plan that have the details of East African Community Common Market implementation plan to help them transition. The stakeholders' demands influence the operations of the Kenya Revenue Authority as it tries to implement East African Community Common Market. The East African Community Common Market has also affected the workload of the Kenya Revenue Authority through the increase of trade that increases the amount of work done. The changes resulting from East African Community Common Market implementation have compelled the Kenya Revenue Authority to adapt to new systems and policies that the staffs have found to be easy to adopt and work with.

With the challenges identified above, the Kenya Revenue Authority has adopted strategies to cope with the situation. This is by examining the environment and gathering information that can be used to predict or respond to changes related to East African Community Common Market, monitoring its implementation and customizing its strategy in line with the implementation to ensure that performance objectives are being achieved while coping and adapting into East African Community Common Market system. The creation of new systems and policies helps in the implementations process and there is a wide adoption of ICT in most of the operations. The leadership is not well coordinated as they do not adhere to the vision and mission of the Kenya Revenue Authority, do not put timeframes to their processes and do not give clear outline of the intended changes caused by East African Community Common Market implementation. Even so, there is some commitment level to the implementation process. In general the response strategies adopted by the Kenya Revenue Authority help it cope with the challenges and changes in tax administration that come with the implementation of East African Community Common Market.

5.4 Limitations of the Study

Care must be taken to generalize the results of this study as there were some limitations. The use of content analysis involved the summarizing, analysis of messages that relied on the scientific method (including attention to objectivity, inter subjectivity, a priori design, reliability, validity, generalizability, replicability and hypothesis testing) and was not limited to the types of variables that maybe measured or the context in which the messages were created or presented according to Klaus, (2004).

Some questions elicited various responses leaving the researcher at cross roads on what conclusions to draw so as to answer the research questions. Even though the respondents were knowledgeable on the establishment of the East African Community Common Market they had varied opinions about it, the challenges facing the Kenya revenue Authority and the response strategies to these challenges. Some of the respondents were too busy thus probing for more information was not done exhaustively.

5.5 Suggestions for Further Research

The current research focused on the challenges facing the Kenya Revenue Authority in tax administration in the East African Community Common Market and the response strategies adopted by the Kenya Revenue Authority to deal with these challenges. This study focussed on the revenue authority of only one member of the east African community, therefore a study involving all the members of the East African Community; Kenya, Uganda, Tanzania, Rwanda and Burundi is of paramount importance.

The study should address the tax administration challenges facing the revenue authorities of the five members of the East African Community Common Market and response strategies to these challenges. This will give more information for comparability and drawing up of conclusions.

5.6 Recommendations for Policy and Practice

Due to the finding that the Kenya Revenue Authority strategic plan do not include the details of East African Community Common Market implementation steps, the Kenya Revenue Authority should develop a strategic plan that includes East African Community Common Market implementation steps in it so that the strategic plan and East African Community Common Market implementation can be executed simultaneously. The strategic plan should also ensure that the leadership adheres to the vision and mission of the institution as it adapt in to the East African Community Common Market.

The Kenya Revenue Authority should ensure that the instituted policy frameworks for the Kenya Revenue Authority transition in to East African Community Common Market is made available and known to all the staff members. This will restore confidence about the policies and also give them direction. The policies should give the employees a clear outline of the intended changes caused by East African Community Common Market implementation and what their roles are in the implementation.

The launch of East African Community Common Market has seen a number of revenue authorities for example the Kenya Revenue Authority face challenges in their tax administration. One of the main challenges is harmonization of revenue systems across the member states. It is therefore necessary to identify ways of harmonizing tax systems across East African Community. This study therefore recommends a further study on harmonization of revenue systems in East African Community by looking at the success factors and barriers to the harmonization process.

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APPENDIX: Interview Guide

Which department are you based in?

For how long have you worked with the Kenya Revenue Authority?

Do you understand the concept of East African Community Common Market?

Can you tell the challenges that KRA is facing because of the implementation of East African Community Common Market (EACCM)?

Challenges

Can you say that the implementation of EACCM has exerted pressure that is beyond KRA control?

How has KRA respondent to pressure exerted by implementation of EACCM?

Does KRA strategic plans lack detailed EACCM implementation steps to include in its operations?

What has KRA done to overcome the lack of detailed EACCM implementation steps in its operations?

KRA operate in a dynamic market dealing with unforeseen processes that need quick reconfiguration and redeployment of assets to deal with environmental change.

What has KRA done to overcome the challenge of environmental changes?

Is developing a strategy to guide the process of implementation change complex?

How has KRA dealt with the challenge of complexity of developing a strategy to guide the process of implementation of EACCM?

Are there times when KRA face pressure from the stakeholders' demands that influence how activities are conducted in the institution?

How has KRA dealt with pressures from stakeholders' demands?

Is it that the reduction in tariffs leads to additional trade, or trade creation that increases the KRA workload?

How has KRA responded to increased workload?

Do you agree that the reduction in cross border tariffs has led to loss of revenue to the government?

What has KRA done to overcome this challenge?

Does KRA face difficulty in dealing with eliminated trade barriers within regional partners when at the same time maintaining them with third countries?

If your answer to (19) is yes, how then has KRA responded to this challenge?

Has the changes resulting from EACCM implementation compelled KRA to adapt to new systems and policies?

Response Strategies

What can you say about the response strategies stated below as far as KRA is concerned with the implementation of EACCM?

KRA examine the environment and gather information that can be used to predict or respond to changes related to EACCM

KRA monitor the EACCM implementation and customize their strategy in line with the implementation.

The monitoring by KRA ensures that performance objectives are being achieved while coping and adapting in to EACCM system.

The leadership of KRA strategy management system adheres to the vision and mission of the institution.

KRA absorb complexity by creating processes or ad hoc structures that facilitate information exchange and allow the generation of multiple interpretations of information.

KRA have widely adopted ICT in most of its operations and creating more awareness on the system.

KRA come up with policy frameworks to address the changes in EACCM as they manifest.

The response strategies adopted by KRA are given timeframes when the methods work best.

The KRA give its employees a clear outline of the intended changes caused by EACCM implementation

The outline helps the employees know how their positions will be affected and what their role requires.

KRA also ensures that it is committed to the change process in the implementation of EACCM.

Is there a comment you would like to make concerning KRA's response strategies to challenges of tax administration in EACCM?