STRATEGIC MANAGEMENT PROCESSES AT KENYA REVENUE AUTHORITY (KRA)

BY
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DECLARATION

This Research Project is my original work and has not been presented for a degree in any other University.

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This Research Project has been submitted for examination with my approval as a University Supervisor.

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DEDICATION

I dedicate this work to my daughter Sasha Wangari and son Trayson Karagua for their love, support and patience throughout this project. It is my prayer that you attain greater excellence in your respective academic fields because the sky is the limit for you. God bless you.
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ABBREVIATIONS

GDP: Gross Domestic Products
GNP: Gross National Products
GOK: Government of Kenya
ICT: Information and Communication Technology
ITMS: Integrated Tax Management System
KRA: Kenya Revenue Authority
KRATI: Kenya Revenue Authority Training Institute
LTO: Large Taxpayers Office
NIMES: National Integrated Monitoring and Evaluation System
PIN: Personal Identification Number
TOT: Turnover Tax
VAT: Value Added Tax
VMS: Vehicle Management System
WCO: World customs Organization
ABSTRACT

Strategic management process is ways for organizations to build strategies that help them respond quickly to new challenges in the environment. Organizations do not operate in a vacuum. They interact with various environmental elements hence a need to formulate, implement and monitor and evaluate the strategies. This study focused on the strategic management processes at KRA. The objectives of the study were to determine the strategic management processes at KRA and the challenges in the strategic management. The target population was the commissioners in different department of KRA.

The study was carried out within KRA offices in Mombasa and Nairobi in interviews with the target population. From the data collected, the researcher was able to carry out a SWOT analysis of the Authority. It was revealed that the Authority regularly adopts 5 year interval strategic plans. The top management, with the information gathered by the field managers and supervisors formulate strategies. Some of the strategies that have ever been formulated are in relation of recruitment ,training and developing the staff together with appropriate packages ,Automation of the Authority ,Compliance issues and revenue collection targets. Strategies are implemented by the field managers in assistance with the supervisors. The Authority has monitoring and evaluation framework to counter check the implementation. It also outsources the professional research firms to get the feedbacks. Human resource department regularly undertakes performance appraisals.

Strategy formulation stage is normally challenged by synchronization of the thoughts of top management to be focused and lack of time. Strategy implementation is challenged by resistant at the lower levels where strategies are implemented. Evaluations and monitoring is normally challenged by lack of appropriate appraisal tools hence inaccurate data. The Authority tries to counter these challenges by creating awareness to all the member of staff.
CHAPTER ONE: INTRODUCTION

1.1 Background of the Study

New approaches to management of government bodies are imperative as the environment is becoming more complex and dynamic. Market dynamics have created challenges for public organizations, with the emergence of the global economy, advances in technology, increased societal demands, and the need to provide more social services with fewer resources. As well, a widespread desire for increased organizational scrutiny has increased the pressure for change, given more accessible globalized information systems and heightened media attention critical of government inefficiencies in service delivery. Response mechanisms have emerged within the private market to meet these recent challenges but government organizations have been slower to respond. This is understandable, given fiscal constraints and the bureaucratic process axiomatic to governments. However, a new approach, which incorporates modern strategic management tools, is necessary for the public sector to achieve improved performance and overall service quality (Jonson, 2003).

While current public policy models have certainly started to reflect a shift away from traditional thinking about organizational design and public management, a systematic process for creating and sustaining improved performance that reflects changes in the environment is clearly absent. Evidence does exist to suggest change is affecting the public sector, and this change is manifest in the metamorphosing structures and processes of many public organizations. It is within this context that this case study is presented.

The guiding principles in any strategic management process, whether in the public or private sector, are about understanding what changes are needed, how to implement and manage these changes, and how to create a roadmap for sustaining improvements that lead to better performance. The difficulty in strategic management is the challenge of laying a foundation for success in the future while meeting today’s challenges. The primary tools available to
organizations for understanding, implementing, delivering and managing services change (Hughe, 2003).

1.1.1 Strategic Management Process

According to Lana (2008) the strategic management process is ways for organizations to build strategies that help them respond quickly to new challenges. This dynamic process helps organizations find new and more efficient ways to do business. The four key elements of the strategic management process are situation analysis, strategy formulation, strategy implementation, and strategy evaluation.

Pierce and Robinson (2009) argues that by addressing each element of the strategic management process in the order listed, an organization can evaluate and re-evaluate situations as they develop, always checking to be sure it has positioned itself optimally in the business environment. Situational analysis is the first and most vital part of business process management. Situation analysis involves looking over the organization’s external and internal environments and the context in which it fits in those environments. It begins with observing the company’s internal environment, investigating how employees interact with each other at all levels. It is helpful to hold discussions, interviews and surveys to get a clearer picture of the current environment. To analyze the external environment, managers must look at the interactions between customers, suppliers, creditors, and competitors. Situational analysis also requires managers to consider which the corporation needs are not being met. The types of challenges businesses face are numerous and varied. They can involve processes like financial planning, staffing, employee performance, customer retention, sales projections and many others.

After a situational analysis is completed, it is time to formulate a strategy. This involves determining the organization’s strengths to decide which strategies can be implemented. Strategies can be operational, competitive or corporate, depending on which part of the organization will implement them. Operational strategies involve day-to-day operations, forming the processes and procedures by which the organization does business. Competitive strategies
involve finding ways to compete with a particular industry or business. Corporate strategies are long-term plans that govern the overall direction the company plans to take.

**Strategy implementation** is the third step in the strategic management process. It involves putting the formulated strategy into place. Management processes will focus on methods and procedures designed to execute their strategies and the order in which strategies should be implemented.

The final step in the strategic management process involves observing the results of an implemented strategy. In this strategy evaluation, the process comes full circle. This analysis is essentially the same as situational analysis, looking at the internal and external environments and the company’s context within them to determine if a plan should be reformulated (Pierce 2009).

1.1.2 Kenya Revenue Authority

KRA was established on 1st July 1995 through an Act of Parliament as a central body for the administration and enforcement of all the laws relating to revenue under the general supervision of the Minister for Finance. Specifically, KRA was established to: Improve co-operation and information sharing among revenue departments, eliminate bureaucratic controls and introduce efficient and effective systems and procedures and introduce better working conditions, better remuneration and enhance integrity.

Its mission is to promote compliance with Kenya’s tax, trade and border legislation and regulation. It administers the Customs and Excise Act, Value Added Tax (VAT) Act, Income Tax Act and the Traffic Act. It was expected to generate revenue through more efficient tax administration and the installation of customs procedures to eliminate, over time, corruption and waste, thereby expanding trade. In the years since its inception, the KRA, through a series of corporate strategic plans, has laid out and followed a focused course for reform and modernization (Njoroge, 1993).

The revenue for a country is more complex than simple taxes, so the Kenya Revenue Authority works in six departments. They are customs services, domestic taxes, road transport, support services, large taxpayers’ office and an investigation department. Each department is run and
managed by an official Commissioner, and covers a different aspect of national revenue. Customs Services is the largest department of the Kenya Revenue Authority, with the most staffing and levels of revenue collection. Collecting and managing income from import duties and value added taxes (VAT) on imports is what makes up most of their responsibility. Other areas that fall under the department of Customs Services are sugar levies, petroleum development levies, road transit tolls and air passenger service charges. This department also oversees the regulation of illegal or prohibited goods across the Kenyan border (Njoroge, 1993).

There are two sections of domestic taxes department, income taxes and value added taxes (VAT). Like in North America, the most common way of collecting income tax is to have it withheld by the employer for each pay cycle, and then remitted to the KRA. The VAT was introduced in 1990, replacing the previous system of sales taxes. The original sales tax was only applied to goods at the manufacturing level, so the VAT was implemented instead to increase government revenues through the taxation of goods at the consumer level (Osoro, 1993).

The Road Transport department is involved with all the various licensing and registration requirements for drivers and vehicles. This includes all fees, levies, taxes and duties necessary when importing vehicles into the country. Support Services is an internal department which manages all the day-to-day work for the KRA. Duties include things such as human resources, legal services, corporate planning and public relations.

The Large Tax payers Office (LTO) was established as a fully-fledged department in the year 2006 with the sole purpose of administering Domestic Tax matters affecting large taxpayers. The LTO aims to improve services to Kenya’s largest taxpayers by means of focused customer care informed through better interaction and consultation. In doing so the LTO will coordinate closely with its counterpart, the Domestic Revenue department, on all policy matters affecting the administration of Domestic Taxes. The LTO’s mandate covers the administration of Income Tax, VAT, Domestic Excise and Agency Taxes and Levies in respect of all Companies with annual turnover in excess of Kshs.750 million plus their Subsidiaries and Associates, Banks and Insurance companies irrespective of turnover threshold, Manufacturers of Wines and Spirits irrespective of turnover threshold, State Corporations with annual turnover/budget in excess of
Kshs. 750 million, Head Office operations of Central Government Ministries and Departments, Local Authorities with City status and Individuals of High Net Worth. The investigations and enforcement department covers matters of fraud regarding revenue, thus it covers investigations on cases by other departments within KRA. The department compounds its own cases in the various regions.

Kenya Revenue Authority (KRA) is currently implementing an ambitious reform and modernization programme, incorporating various initiatives to enhance revenue collection, enhance the efficiency and effectiveness of internal business processes, promote better relationships with stakeholders and develop a professionally competent and motivated staff.

Many studies on have been carried out regarding liberalization, reforms, differenting policies and fiscal policies but none of them have been keen on the strategic management practices applied by the management of KRA. The management of the Authority has changed overtime. This study will examine the strategic management processes applied by KRA.

1.2 Statement of the Problem

The idea of establishing revenue authorities (RAs) for tax and customs administration has been part of a growing trend for more than twenty years towards increased autonomy in the public sector. The basic principle is that such autonomy can lead to better performance by removing impediments to effective and efficient management while maintaining appropriate accountability and transparency. One of the external factors that serve as a threat to the revenue authorities is the hostility that comes with the changing environmental factors. These factors include politics, economy, technology, social and cultural factors (Johnson, 2003).

Kenya Revenue Authority has been initiating and implementing corporate strategic plan covering four years each since year 2000 with the objective of transforming KRA into a modern, fully integrated and client-focused organization. The organization has adopted strategic management processes although, due to environmental changes mentioned above, these processes might be facing a lot of challenges. There is no systematic documentation of these processes and challenges and it has not received attention of scholars and it would be important to determine
what specific strategic management processes adopted by KRA and challenges the organization is facing.

The challenge of lack of knowledge of strategic management processes towards a tax system is serious on the grounds that it may have played part in the Ksh. 3.4 billion short fall in 2005/2006 (Daily Nation, June 5th, 2009) even after aggressive marketing by KRA in the print and electronic media.
The extent of the application of strategic management processes at KRA is not well understood and studies in this area have not been carried in Kenya. Therefore in the light of the above knowledge gap, the study seeks to ask which strategic management processes are adopted by KRA? What are the challenges of strategic management at KRA?

1.3 Objectives of the Study

The following two objectives are addressed in this study

i. To determine the strategic management processes adopted by KRA

ii. To establish the challenges of strategic management at KRA

1.4 Importance of the Study

It is anticipated that the findings of the study will be useful to KRA, other government bodies, private corporations and to the academicians. KRA commissioners, theirs deputies and managers at different levels will be able to gauge the extent they have applied strategic management processes, use the results of this study to enhance their efforts management of the authority. KRA employees who implement the strategic management processes at operational levels will appreciate the role of the processes hence enhancing team work. Other government bodies such as state corporations will learn the effectiveness of strategic management processes and adopt them in order to enhance efficiency and effectiveness. Policy formulators in the Ministries of the government will find this study of significance. The findings of this research will provide useful starting point in formulating national policy framework and strategic management processes that are lacking in most of the ministries.
It is an objective of private corporations to make profit. The gains in a business are enhanced by increased turnover at minimal cost. The finding of this study will give insight to the proprietors in private sector in regards to appropriate strategic management processes that they can apply to have a competitive advantage. Other scholars and researchers who might have an interest in developing the findings further or taking other related field of strategic management processes in public institutions will use the finding of this study as a source of reference in future.

1.5 Scope of the Study

The study is a case study of strategic management processes at KRA. It emphasis on the activities at each stage of the process and the challenges associated with it. It also provides various ways through which KRA encounters the challenges.
CHAPTER TWO: LITERATURE REVIEW

2.1 Nature of Strategic Management

In the marketing concept, there are many approaches that can be used in order to make a company more competitive and successful. One of these approaches includes the notion of strategic management. Strategic management can be defined as the art and science of formulating, implementing and evaluating cross-functional decisions that enables any organization to attain its objectives. As this definition entails, strategic management gives emphasis on integrating management, marketing, finance, production/operations, research and development and computer information systems to achieve organizational success. The term strategic management is also used synonymously with strategic planning (Wheelen & Hunger, 1999).

According to Mintzberg (1999) strategic management is a particular course of action that is meant to achieve a corporate goal. It is really significant in defining and setting up the organization's mission, goals and procedures. Generally, the owners and the founders of the company take the first step in creating a strategic management process. This process is responsible for carrying out several functions such as providing direction and guidance to the employees, setting up measurable goals and a time span to achieve them, and designating duties to all corporate personnel. Marketing and sales projections are the most important elements in a conventional strategic plan which also includes the steps to assess the accomplishments of every department.

Strategic management is guiding an organization relative to challenges and opportunities appearing in the contingent environment. This environment is composed of those external elements that most directly affect organizational goal achievement and new goal development. Thus, organization system design and management should complement strategic actions taken for productive subsystems, as well as those providing output delivery and other support functions for the organization. To the extent possible, the organization bases its actions on strategic planning that, rather than a one-time effort, is an ongoing process of adaptation of original
conceptions of mission, goals, structure, roles, and so forth relative to environmental dynamics (Bovaird, 2009).

Furthermore, due to the existence of competitions within and outside the marketing arena, it is therefore very significant for a company to establish strategic management and set a strategic plan for its development and improvement. It is for the reason that the twenty-first-century realities of globalization, rapid changes in technology, increasing competition, a changing workforce, changing market and economic conditions, and developing resource shortages all increase the complexity of modern management. Whereas strategic planning was a competitive advantage in the past decade, it is a necessity of global thinking in this century. Planning strategically is certainly a new requirement in the global business world. In order to survive the new business challenge, global thinking and practice must permeate all corporate activities. Successful companies are, of course, the first to consider the global marketplace as their arena for competition. According to Bovaird (2009) strategic management has become a vital part of most, if not all, organizations. "Almost all organizations of any reasonable size have some kind of strategic planning." More importantly, strategy implementation has been heralded as the key to corporate strategic success. Wheelen and Hunger (1999) noted that strategic management is a rapidly developing field of study that has emerged in response to increasing environmental turbulence. According to the authors, this area of study looks at managing the organization as a whole and attempts to explain why some organizations performed well while others did not.

As an open system, a business organization will survive and succeed by acquiring and maintaining its resources. Businesses are embedded in an external environment which consists of other organizations. They depend on those other organizations for the many resources they themselves require. The business organizations are linked to the external environments by federations, associations, customer-supplier relationships, competitive relationships, and a social-legal apparatus defining and controlling the nature and limits of these relationships. Business organizations, therefore, must transact with these elements in order to acquire the needed resources, and this is true for public, private, small, large, bureaucratic or organic organizations (Bovaird, 2009).
The concept of strategic management was developed to enable managers to align their organizations with the changing environment in order to achieve organizational goals and objectives. Today, strategic management has been associated with a variety of models and styles. The development of this concept is essential because it corrects the anxiety with strategy analysis in the early stage and gives special attention to strategic choice and strategic implementation in the later stage (Aaker, 1999).

Nowadays, it is very important for companies to plan processes and procedures and work accordingly. They necessarily need a step-by-step management process which would make corporate goals and ambitions easy to achieve. The strategic management process is an efficacious tool that helps companies to carry out their processes in a smooth manner (Aaker, 1999).

2.2 Features of a Strategically Managed Organization

In their quest for economic success, managers have always noticed that for some reason, some companies seem to flourish apparently effortless, while others, despite their continuous struggle, come across nothing but loss. The reason for this difference has been long studied, in order to understand the most important managerial actions that separate winners from losers. In successful organizations, managers have a clear vision of the purpose and direction of the company and don’t hesitate to approach new directions or to initiate major changes. The managers of unsuccessful companies, on the other hand, are so preoccupied with current issues and details that simply neglect to identify any purpose and direction.

The successful managers are those who know everything about the clients’ needs and behaviour, the market requirements and the opportunities provided by the environment. They often get their best ideas from their clients, and their innovative vision is based on experience. These managers continuously seek new opportunities, always acting on those they find more appealing. Other managers don’t always take into account their clients’ needs or the market opportunities. They are less receptive to the clients’ attitudes, their instinct telling them to react to the market’s general direction instead of creating it. They can also reject new ideas out of fear of making a
mistake, while their actions and decisions are usually those already "tried and proved successful" (Barney, 2006).

The managers of successful organizations must have a strategic plan in order to insure a strong competitive position on the market and therefore achieve the desired outcome. They believe that the competitive advantage is the key for obtaining high revenue and a long term success. Less profitable organizations are always those that lack a good strategy. Their managers, preoccupied with internal problems and paperwork deadlines, do a poor job of maneuvering their organizations into favorable competitive positions; they don't develop effective ways to compete more successfully. They often underestimate the strength of competitors and overestimate the ability of their own organizations to offset the competitive advantage of the market leaders (Hill, 1995).

Barney (2006) stated that high-performing organizations are strongly results-oriented and performance-conscious. Their managers consider the individual performance of each employee as the motor of organizational competitiveness, and they fairly reward outstanding results. The managers of poorly performing organizations excuse weak performance on the basis of uncontrollable factors such as a depressed economy, slack demand, strong competitive pressures, rising costs and unforeseen problems. In their case, rewards are only loosely tied to standards of superior performance.

Johnson (2002) noted that in best performing companies, managers are deeply involved in implementing the chosen strategy and making it work as planned. They understand the internal requirements for successful strategy implementation and they insist that careful attention be paid to the details required for first-rate execution of the chosen strategy. They personally lead the process of strategy implementation and execution. In contrast, the managers of poorly performing organizations are into the machinations of corporate bureaucracy; the bulk of their time is taken up with studies, reports, meetings, policy making, memos and administrative procedure. They don't see systematic implementation of strategic plans as their prime administrative responsibility. They spend most of the workday in their offices, remaining largely
invisible to their employees, using immediate subordinates as a conduit to the rest of the organization, and keeping tight control over most decisions

2.3 The Strategic Management Process

The group of functions followed in sequence, to achieve some problem or purpose is known as a "process". In such meaning, strategic management is also a process. Because of this, management has to follow various functions in sequence i.e. from analysis of factors to implementation of strategy and its evaluation. It is obvious that there may be different opinions of experts for various functions to be followed in strategic management. Strategic management is a systematic resource-based process for making major decisions in organizations. It attempts to organize meaningful assets and skills, information, and competitive arenas in a manner that allows effective decisions and strategies to be made under conditions of uncertainty (Aaker, 1999).

Noble (1999) argues strategic management process means defining the organization's strategy. According to him, strategic management process can also be defined as the process by which managers make a choice of a set of strategies for the organization that will enable it to achieve better performance. Strategic management is a continuous process that appraises the business and industries in which the organization is involved; appraises its competitors; and fixes goals to meet all the present and future competitor's and then reassesses each strategy. Mintzberg (1999) defines strategic management process as a way for businesses to build strategies that help the company respond quickly to new challenges. This dynamic process helps organizations find new and more efficient ways to do business.

Pfeffer and Salanick (2000) stressed that problems arise not merely because organizations are dependent on their environment, but because the environment is not dependable. According to the authors, environments can change, new firms enter and exit, and the supply of resources becomes more or less scarce. When environments change, firms face the prospect either of not surviving or of changing their activities in response to these factors. Therefore, to survive and become effective, a firm must be capable of making adaptations to the changing situations. It is
due to these continuous changes that business organizations need a more powerful management process like strategic management to cope successfully.

The overall purpose of the experimental strategic learning and management process is to establish which strategic options or elements thereof are robust across the scenarios and use the healthiest elements to develop your strategic intent – your core strategic focus or theme. (Bovaird, 2009). Although there is no one universally accepted definition or way of practicing strategic management, the review of the normative and empirical works suggests that the strategic management process involves the following basic dimensions:

2.3.1 Environmental Scanning

Organizational environment consists of both external and internal factors. Environment must be scanned so as to determine development and forecasts of factors that will influence organizational success. According to Mintzberg (1990) environmental scanning refers to possession and utilization of information about occasions, patterns, trends, and relationships within an organization's internal and external environment. It helps the managers to decide the future path of the organization. Scanning must identify the threats and opportunities existing in the environment. While strategy formulation, an organization must take advantage of the opportunities and minimize the threats. A threat for one organization may be an opportunity for another. Noble (1999) argues that strategic managers must not only recognize the present state of the environment and their industry but also be able to predict its future positions.

2.3.2 Strategy Formulation

In the strategic management process, the strategy formulation phase involves the development of long-term strategic plans for effective management of environmental opportunities and threats, in light of a firm's strengths and weaknesses. The formulation of strategy includes defining the firm's mission, targeted objectives, developing strategies, and establishing policy guidelines. According to Thompson and Strickland (1999) strategy formulation is one very important element of the Comprehensive commercial planning (CP) discipline, but certainly no more important than the others. Comprehensive planning requires management to evaluate internal and
environmental business conditions, to select from alternative goals and strategies, to decide how strategy best can be implemented, and to perform these functions continuously.

Bovaird (2009) noted that this is hard work; there are no shortcuts. Strategic insight in the abstract, no matter how brilliant, does not satisfy any standard for good planning or a good plan. Strategy must be appropriate for prevailing and potential business conditions, as well as for an enterprise's goals and capabilities. Reliable implementation of strategy also must be feasible. When business conditions change, strategy must change.

This component of strategic management brings in the critical issue of just how the targeted results are to be accomplished. While objectives are the "end product", the strategy is the "means" of achieving them. The task of formulating the strategy entails taking into account all of the relevant aspects of the organization's internal and external situation and coming up with a detailed action plan for achieving the targeted short-run and long-run results. Strategy is a blueprint of all the important entrepreneurial, competitive and functional area actions that are to be taken in pursuing organizational objectives and positioning the organization for sustained success (Hill, 1995).

Perpetual planning is essential, because no plan remains viable for very long. Indeed, any single plan of business that is not modified from time to time and implemented long enough probably will lead to a firm's eventual failure, simply because internal and external business conditions change continually. In its process of strategy formulation the company initially thinks about the things to be done to achieve its objectives. Afterwards the company considers its environment and creates environment strategies that it believes can help in achieving its objectives without causing problems to its environment (Redding and Catalanello, 1994).

The issues of strategy thus go up and down the managerial hierarchy; strategy is not just something that only top management wrestles with. While there is indeed a strategy for the organization as a whole that is top management's responsibility, there are strategies for each line of business the organization is in; there are strategies at the functional area level (manufacturing, marketing, finance, human resources, and so on) within each business; and there are strategies at
the operating level (for each department and field unit) to carry out the details of functional area strategy. Optimally, the strategies at each level are formulated and implemented by those managers closest to the scene of the action and then sufficiently coordinated to produce a unified action plan for the whole organization. The content of a strategic action plan reflects entrepreneurial judgments about the long-term direction of the organization, any need for major new initiatives (increased competitive aggressiveness, a new diversification move, divestiture of unattractive activities), and actions aimed at keeping the organization in position to enjoy sustained success (Johnson, 2002).

2.3.3 Strategy Implementation

Although the importance of implementation has been recognized, Mintzberg (1990) research on strategy implementation has been scattered in various areas, such as control and reward systems, implementation tactics, organizational politics and employee training and motivation. The fragmentation is partly due to the notion that strategy implementation is less important and less difficult than strategy development. It has been common belief that “people think of execution as the tactical side of business, something leaders delegate while they focus on the perceived ‘bigger issues’” (Bovaird, 2009).

Putting the strategy into place and getting individuals and organizational subunits to go all out in executing their part of the strategic plan successfully is essentially an administrative. However, as the dynamics of market and competition intensify, the ability to flexibly respond to market changes becomes increasingly important (Shimizu & Hitt, 2004). As predictions of the market changes and competitive moves become more difficult, an organization needs to continue to adjust its strategy throughout its implementation efforts. It is in this context that researchers and practitioners started paying more attention to the importance of strategy implementation (Ghoshal, 1999).

In fact, major strategy consulting firms that used to be famous for “big thinking and are actively pursuing clients” needs for strategy implementation. “Strategy implementation can be broadly defined as “the communication, interpretation, adoption, and enactment of strategic plans” (Noble, 1999). Strategy implementation also includes on-going modification of the strategy
through the implementation process Strategy implementation inherently requires learning and adjustment in relation to the strategy, but to date organizational learning researchers have not paid explicit attention to the link between learning and strategy implementation (Noble, 1999).

Barney (2006) noted that developing an action agenda for implementing and executing the strategy involved managers at all levels, deciding on answers to the question "What is required for us to implement our part of the overall strategic plan and how can we best get it done?" doing this task well means scrutinizing virtually every operating activity to see what actions can be taken to improve strategy execution and to instill strategy-supportive practices and behaviour. The administrative tasks of implementing and executing the strategy involve a process of moving incrementally and deliberately to create a variety of "fits" that bring an organization's conduct of its internal operations into good alignment with strategy.

2.4.4 Strategy Evaluation and Control

The strategic evaluation and control is the final phase of the strategic management process. The strategic evaluation involves obtaining information about the strategic plans and performance, and comparing the information with the targeted objectives. Finally, the strategic control involves taking the necessary corrective measures to bring activities into conformity with the strategic plan. In addition to the above dimensions, the strategic management process emphasizes the importance of gathering and the use of environmental information. The environmental information which is collected through situational analysis can assist an organization in identifying and understanding the factors that contribute to its ability to develop effective strategies as well as achieve its objectives efficiently and effectively (Mintzberg, 1990).

Noble (1999) noted that the significance of strategy evaluation lies in its capacity to co-ordinate the task performed by managers, groups, departments etc, through control of performance. Strategic Evaluation is significant because of various factors such as - developing inputs for new strategic planning, the urge for feedback, appraisal and reward, development of the strategic management process and judging the validity of strategic choice.
Neither strategy formulation nor strategy implementation is a once-and-for-all-time task. In both cases, circumstances arise, which make corrective adjustments desirable. Strategy may need to be modified because it is not working well or because changing conditions make fine-tuning, or even major overhaul, necessary. Even a good strategy can be improved, and it requires no great argument to see that changes in industry and competitive conditions, the emergence of new opportunities or threats, new executive leadership, a reordering of objectives and the like can all make a change in strategy desirable. Likewise, with strategy implementation there will be times when one or another aspect of implementation does not go as well as planned, making adjustments necessary (Hill, 1995).

Johnson (2002) noted that changing internal conditions, as well as experiences with current strategy execution, can drive different or improved implementation approaches. Testing out new ideas and learning what works and what doesn't through trial and error is common. Thus, it is always a compulsory task for managers to monitor both how well the chosen strategy is working and how well implementation is proceeding, making corrective adjustments whenever better ways of doing things can be supported. The function of strategic management is ongoing, not something to be done once and then neglected.

2.4 Importance of Strategic Management Processes

Every organization has both a strategy and an internal action agenda for executing it, however conscious or well considered or imperfect they may be. Sometimes strategic plans are openly stated by management, and sometimes they remain implicit in management decisions and the organization's patterns of operation. Sometimes courses of action are chosen after exhaustive analysis, and sometimes strategic decisions emerge haphazardly from chance occurrences and historical accidents occasioned by the experiences and personalities of previous leaders, the position of the company in the industry, and the economic circumstances surrounding its development. Or, in perhaps the most frequent case, an enterprise's menu of strategic actions and approaches is the product of many internal analyses and reviews, years of market feedback regarding what worked and what didn't, prior strategic moves and decisions, assessments about what the future will bring, and a solid dose of experience and judgment, in other words all the knowledge gained in time by an organization (Nyamache, 2003).
The advantages of first-rate strategic thinking and a deep commitment to the strategic management process include the guidance it provides to the entire management hierarchy in making clear just what it is the company is trying to do and to achieve; the contribution it makes to recognizing and responding to market changes, new opportunities, and threatening developments; the rationale it provides for management in evaluating competing requests for investment capital and new staff; the coordination it adds to all the strategy-related decision making done by managers across the organization; and the proactive instead of reactive posture that it gives to the organization. As already stated, high-performing companies use their knowledge and global expertise to deliberately try to impact their target markets with a powerful strategy; they try to initiate and lead, not just react and defend. In their view, the real purpose and value of strategy is to come up with an action plan that will successfully attract buyers, produce a sustainable competitive advantage, boost the firm’s market stature, put added competitive pressure on rivals, and push performance to superior levels (Nyamache, 2003).

2.5 Challenges of Strategic Management Processes

The main limitations of strategic management process as stated by Mintzberg (1990) are the following; first, limitations regarding holistic strategies: Top management is preparing strategy, keeping long-term view into account. For this, first of all, analysis of internal as well external environment is made. At this stage general events and main competitive events are taken into consideration. Keeping the same into account, at middle level, special strategy for business departmental unit is prepared. Thus, on the basis of entire strategy, special strategies are prepared. But it is argued that these special strategies are of lower level.

Moreover, practical planning of lower level is inconsistent in relation in some circumstances, and therefore its implementation could be difficult. In short holistic strategies are not practical, and therefore practical strategies are favored, but there are certain limitations in it. In practical planning, benefits available, at long-term view, might be lost. This type of planning is considered narrow minded and in which, there is no flexibility. In practical planning coordination from top level to lower level would be possible, but upward coordination or holistic coordination would be difficult.
In practical planning current affairs are taken into account, but forecasting process are used very less. Management gives more importance to holistic approach, keeping all these limitations into consideration. To get more benefit, through this approach, it is necessary to make the same as practical, and for the same strategies should be prepared, by collecting information from managers and officers of lower level, involved, in preparation and implementation of the strategy.

The second limitation is Analytical versus Prescriptive: The suggested model of strategic management is more analytical compared to prescriptive. This cannot be considered ideal, because no detailed description is made for various procedures and methods, as stated in the process. In this process, only planned affairs are taken into account and unplanned affairs are cancelled. Therefore to that extent, this model of strategic management process can be considered ideal. Thus, this model can become a guideline. It cannot be said certainly, that on account of this, expected best results would be achieved. Until, there is no detailed information regarding policy, procedure and methods, it cannot be expected its clear meaning, and due to this implementation of strategy cannot be made effective.

Third, not a non-political concept: In this model of strategic management process, human-values, self-evaluation, interpretation with no prejudice, self-encouraged decisions, freedom of personal decisions, discord etc. such matters cannot be seen. On account of absence of such factors this can be a non-political concept. But, in fact, management has to work with human substance, in their decisions, there can politics be involved to some extent. Therefore, this model cannot be considered nonpolitical.

Fourth, evolutionary: Nature of this model of strategic management process is evolutionary type. It means, it submits constant and gradually changing circumstances. There may not be changes in their stages Even after, once analysis of factors is done, as changes are coming, this function is continuing constant and out of that new chances and events are separated. In short, there will be no changes in stages of process of strategic management but there will be changes in its nature.
Aaker (1999) suggested that managerial steps can remove some limitations, out of these limitations of strategic management process, for example, prescriptive side of the policy, procedure, and method is not taken into consideration. The management, giving detailed explanation, can remove these limitations. Moreover, while preparing logistic strategy, it should be prepared by asking necessary suggestions from business unit management and operational managers.
CHAPTER THREE: RESEARCH METHODOLOGY

3.1 Research Design

This research was a case study. This research design was considered as it helps in the understanding of a complex issue or object and can extend experience or add strength to what is already known through previous research. Case studies emphasize detailed contextual analysis of a limited number of events or conditions and their . Given that what is being studied is a complex issue that requires contextual analysis as far as organizations are concerned, the case study will e a good method to analyze the strategic management processes. To fulfill the purpose of this study in the best possible way, a qualitative approach was chosen. A qualitative approach ensures that the relevant information is gathered in a flexible manner and a rich in-depth understanding of the research topic is acquired. KRA was chosen because it is a large organization hence a good representative hence the findings are applicable widely.

3.2 Data Collection

The main data collected in this study was primary data, which was collected by conducting face to face interview. An interview guide had been developed to guide the researcher in interviewing the respondents in data collection process. Issues relating to strategy and strategic decisions require top management involvement. It is the top management that possesses the perspective required to understand the board implications and the impact of their decisions on the organization performance. The interview targeted to the heads of the departments. Secondary data was obtained from KRA newsletters and corporate publications.

The interviews were conducted using an interview guide, a primary data collection tool, which is designed to accurately capture the various aspects of the research. The proceed of the interview was recorded to ensure accuracy of data capture during the case write up and analysis of the cases. The advantage of using the interview method together with the interview guide as a tool is to ensure a targeted approach, allowing the researcher to focus on the study topic. The population of this study was the heads of the departments at KRA. There are seven departments in KRA, thus the seven officials in charge of these departments were the target population for the interviews. A letter from the university authorizing the researcher to collect data from KRA was
given to the interviewees to authenticate the whole process. These interviewees were based in Nairobi and Mombasa. The interview guide had questions that help the researcher to explore the strategic management process adopted by KRA and to establish the challenges that KRA faces when executing its strategies.

3.3 Data Analysis and Interpretations

This was done through the use of content analysis. The interview results were structured based on various themes as per the objectives. Through this method, verbal and visual data was carefully analyzed and the informational contents were summarized. Content analysis is an empirically grounded method having as its foundation the absence of direct observational evidence. The interview data recordings were transcribed and using the qualitative content method the main findings were captured and reputed on. Analysis entailed counting responses and the number of participants in each response category. This technique culminates in an interpretation of and description of the patterns in the data.
CHAPTER FOUR: DATA ANALYSIS, INTERPRETATIONS AND DISCUSSIONS

4.1 Response Rate

Out of the target population, six of them were interviewed. The commissioner in charge of investigation and enforcement was said to be out of the country for official duties. The others were interviewed. All the respondents have worked at KRA for over five years, two of them indicated that they have been in the position of the commissioner for more than two years, three of them between one and two years and one, less than two years. The respondents were expected to give primary information that would help the researcher to determine the strategic management processes at KRA and establish the challenges of strategic management at KRA.

4.2 Involvement in Strategic Management

All the respondents indicated they are involved in the strategic management processes. They indicated that they meet at least three times a year to brainstorm in meetings commonly called "commissioners' conference". All are involved in adoption of the five year strategic plan. Five of the respondents agree that all staff are involved in developing strategy's content. The stuffy revealed that the research and corporate planning department is involved in identifying key strategic issues while top management challenges the emerging strategies. Together with KRA Board of Directors, top management approves final strategies. Three of the respondents indicated that implementation is done by field managers but they monitor the process. It was unanimously agreed that KRA prioritize on environmental scanning before any strategic plan. Political force was indicated as the most external environmental factor that influences strategic management at KRA. Other factors include technology, social and cultural factors and the economy.
4.3 SWOT Analysis

4.3.1 Strengths

Four of the respondents mentioned a strength of KRA as being recognized as one of the best public institutions in the country. Three interviewees said that proven capacity to adjust and implement complex modernization initiatives is another strength of the organization. All the respondents considered a strong organizational structure characterized by specialized qualified personnel is another strength of the authority. This is mainly because once employees are hired; they are taken through taxation training at KRATI. Furthermore, they have a policy of hiring graduates especially from the field of business. Three interviewees responded that the legal framework under which KRA operates is a strength in that it ensures that best practices are implemented. Four of the respondents said that the monopoly in tax collection enjoyed by KRA is also a strength. Five interviewees considered the strong political support from the government a key strength of KRA. Also strong training capacity that the authority has at KRATI was considered a strength by all the six respondents.

4.3.2 Weakness

The following were mentioned as weakness by the interviewees. First is the inadequacy of staff in professional and technical cadres. This was given by four respondents. For example, the legal profession has for long been a weak point of KRA causing the authority many court battles due to the fact that the lawyers available are few and may not be very conversant with the technical details of the operations of KRA. A second weakness mentioned by five respondents is loss of critical manpower to other competitive firms, death or retirement thereby leaving a gap in their areas of operation.

A third weakness mentioned by all six respondents is the failure of a significant number of staff to share the core values of the authority (professionalism, fairness, equity, commitment and teamwork and corporate social responsibility). A fourth weakness mentioned by six of the interviewees is the lack of facilities such as specialized equipment and internet access to some stations especially at the border points. Specialized equipment includes safety working gear and
cargo verification tools. Sixth is having weak audit systems failing to capture proper situations in the working environment and instead give an ideal situation. This was mentioned by five respondents. All the six respondents mentioned that management has a weak performance appraisal system that is mainly revenue oriented and fails to capture well the other aspects of operations like corporate social responsibility and team work, as emphasized on the mission of the organization.

4.3.3 Opportunities

Four respondents identified KRA as having a great potential in attracting highly qualified staff with improved terms of services. This was associated with fair remuneration of staff by the Authority. Three respondents acknowledged technological advancement as an opportunity in that it has enhanced efficiency and effectiveness in the Authority. The growth of the informal sector and the introduction of turn over tax (TOT) regime provides an opportunity to penetrate the informal sector was identified by five respondents while the rise of globalization was identified by four respondents in that it creates a wider market and greater opportunity to profitable business. They mentioned that globalization gives KRA an opportunity to show its ability to mobilize revenue.

4.3.4 Threats

One of the threats mentioned by four respondents is the fact that other state corporations and private sectors attract high caliber staff due to their attractive remuneration packages which they are free to adjust, as compared to that of KRA which is fixed according to the job grade under the guidelines of the Treasury. Global financial crisis from other countries was mentioned as a threat by five respondents. This means low business volumes which directly affects revenue performance by the authority.

The influx of counterfeit goods, for example ‘Bic’ pens which are produced locally by Hacco Industries limited, was mentioned as a threat by four respondents. KRA being a public
organization collecting revenue for the government is bound to be affected greatly by political patronage and social political changes. This was mentioned by five interviewees as a threat. All the six respondents said that insecurity in the country was a major threat of KRA. Many of them referred to the post election violence after 2007 general elections. Most offices could not be accessed especially at the border stations. This directly affected the implementation of strategies meant for that financial year.

4.4 Strategic Management Processes

4.4.1 Strategy Formulation

All the respondents indicated that they are involved in strategy formulation and indicated that formulation takes place at commissioners' conferences which are held at least three times a year. The strategies are developed in line with the mission and vision of the authority. The vision of KRA is “To be the leading Revenue Authority in the World respected for Professionalism, Integrity and Fairness.” The mission statement of KRA is “to promote compliance with Kenya’s tax, trade and border legislation and regulation through adherence to the taxpayer’s charter, and responsible enforcement by highly motivated and professional staff, thereby maximizing revenue collection at the least cost possible for the socio-economic well being of Kenyans”.

The first strategy mentioned by majority of the interviewees as being adopted by KRA is developing a professional team that is well remunerated by employing the best human resources practices. This was especially after many employee satisfaction surveys at KRA indicated that staff are dissatisfied with the remuneration and promotions. As such the authority aligned its strategy in order to implement the compensation and welfare policies to match the best human resources best practices. This has been through implementation of staff appraisal system to evaluate performance and training programs within the authority that adequately address skills gaps in specific areas of operation.

Another strategy adopted by KRA is creation of an enabling work environment which includes improving the state of staff housing and providing working tools at the various stations that had
Some respondents also indicated that the authority gives employees training facilities at KRATI that are aimed at identifying competencies and needs. Full automation of the authority and ensuring that KRA is fully integrated allowing for a single view of the taxpayer and full utilization of IT, is another strategy adopted by the organization. The authority has integrated the ITMS for domestic taxes, VMS for motor vehicle registration and Simba 2005 for customs services department.

Centralization of the document Processing Centre (DPC) by customs at headquarters is a strategy adopted by KRA to promote compliance for its taxpayers, by lodging their importation documents at one central point and payment of duties at the bank. This is a self assessment system aimed at creating trust between the authority and its taxpayers by allowing them to declare on their own what they have imported and giving them guidelines on valuation issues by posting value rulings at the KRA website. This was mentioned by two of the respondents.

Two of the respondents indicated that minimizing customer compliance costs and enhancing customer service was a strategy adopted by KRA. This involves enhancement and integration of Simba and VMS systems to enable taxpayers access generated tax information electronically thus increasing their compliance at minimal cost. The computerization of the PIN system also has facilitated new taxpayers’ registration countrywide without necessarily visiting KRA offices.

Three respondents indicated that change management programme was adopted by KRA as a strategy aimed at ensuring the staff is adaptable to modernization initiatives embarked on by the authority. Some of the initiatives like the use of electronic scanners in verification of cargo arise out of being a member of the WCO and international business standards that secure the business supply chain must be adopted. As such, employees must embrace the changes that come with such policies and this strategy ensures its success.

4.4.2 Strategy Implementation and Monitoring

The respondents indicated that strategy implementation is done by the field manager’s. Each strategic plan for five years has monitoring and evaluation framework that is geared towards
ensuring the corporate plan is implemented as anticipated. The framework is designed for each result area showing the overarching goal, purpose outputs and the output indicator. KRA applies the basic principles of (National Integrated Monitoring and Evaluation System) NIMES in providing a consistent framework for measuring the efficiency and effectiveness of government programmes. The system is designed to track and provide feedback on the implementation of government policies and programmes for improved performance, results and accountability. With this foundation, KRA implements its strategies on organizational and departmental levels.

Respondents also indicated that periodic reports are prepared and presented to the top management. Five respondents mentioned that at times, the authority engages the services of professional research firms to collect information and give feedback, like Synovate. All respondents indicated that the Human resource regularly undertakes performance appraisal. This is based on the balanced score card approach, which covers the financial perspective, people perspective, the internal business processes and learning and growth perspectives. This helps in monitoring performance at all levels of operation in relation to the authority’s vision and strategies.

4.5 Challenges Faced By the Authority

4.5.1 Challenges Faced During Strategy Formulation

Synchronization of the thoughts of top managers to be focused and limited time allocated during the brainstorming sessions, were universally agreed as challenges during strategy formulation. This has to do with management's self-interest, personalities, interpretations, and influences. Most of the respondents agreed that a lot of time is spent on issues because members fail to agree in terms of opinions to an extent that one strategy is discussed a whole day even when it could have taken less time. The commissioners' conferences mainly last three to five days and given the strategies that need to be implemented; this is limited time and thus a challenge.

This general acceleration of the economy combined with several secondary and complementary effects was indicated as posing new challenges for corporate strategy
formulation at KRA. The growth of the ICT sector in the country has posed a challenge to KRA since some strategies like the adoption of the electronic tax register and electronic cargo tracking system proved difficult to start off because of inadequacy of the internal systems in coping with the quick advancement of the sector. This opens a loop hole for manipulation by unscrupulous taxpayers.

4.5.2 Challenges Faced During Strategy Implementation

All the respondents indicated that lack of resources is major challenge in strategy implementation. They indicated that the treasury allocates very little budget for KRA to be able to implement all the strategies in line with its vision. KRA is allocated two per cent agency fee from the total collections to treasury. The authority may also receive grants and loans with the approval of the Ministry of Finance. However, the unpaid arrears are in billions of shillings and in some instances KRA is unable to offer facilities to an extent of threatening service delivery.

Five of the respondents indicated that resistance by the lower level employees to adopt the strategies is another impediment. The respondents indicated that his is because the employees feel left out in formulation of these strategies yet they are expected to aid in implementation. One of the respondents mentioned that some employees view the success of most managers in their career ladders is because of the direct effort of lower level employees, who are not adequately considered in the reward scheme.

The Commissioners conference formulates strategy but does not oversee its implementation on a day-to-day basis. This arrangement indicates a disconnect between formulation and implementation thus causing a serious inconsistency between what is formulated and what is actually implemented. This makes the board unable to offer guidance in the event of implementation bottlenecks.
4.5.3 Challenges Faced During Strategy Evaluation

All respondent indicated that the authority lacks an appropriate appraisal tool lending to obtaining of accurate feedback. The performance appraisal by human resources department is often not understood by employees hence it fails to give a proper view of actual performance. Challenges emerge during filling the appraisal forms and causes delays in implementation of the recommendations. Eventually the staff is de-motivated and view management as inadequate in terms of promotions or training as identified in their appraisals. This causes negative attitude towards the instrument by employees the next time it is presented to them. As such they end up giving incorrect information just to fill it to avoid penalties associated with failure to submit it.

Poor coordination with KRA offices in remote regions was also mentioned as a challenge in strategy evaluation by two respondents. Some stations especially at the borders of the country are remote making communication difficult. In many circumstances, there is delay in communication thus strategy evaluation is difficult.

4.6 Countering to Challenges

The majority of respondents indicated that the authority counters the challenges by creation of awareness through workshops and sensitization seminars, use of internal mail to communicate strategies to be adopted, involving field managers and supervisors in strategic management process by inviting them in senior management meetings so that their ideas can be incorporated in the strategies formulated. This creates harmony and ownership of the strategies so that they feel important in the whole process thereby reducing resistance to changes that come with the strategies.

Two of the respondents indicated that the authority's top management indentifies the needs of employees in order to create a training program that is useful to the organization. The Authority uses a detailed needs assessment survey and evaluation to assess the organizations needs and current capabilities. It then incorporates the current initiatives and challenges as part of the
training to ensure that everybody acquires and gains insight using their own initiatives, hence reducing resistance.
CHAPTER FIVE: SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.1 Summary

Kenya Revenue Authority has been adopting strategic management processes by developing five-year corporate plans. The top management normally holds meetings at least three times a year to brainstorm on strategy formulation and review the implementation. The authority normally carries out environmental scanning before any strategies are formulated. Political environment, legal framework, social and technological advances emerged as factors that affect operations of KRA.

Strategies are formulated by top management and implemented by field managers with the help of supervisors. Some of the strategies that have been adopted by KRA are: Developing a professional team that is well remunerated by hiring graduates every year and taking them through rigorous KRA training at the KRATI, creation of an enabling work environment, full automation of the authority and ensuring that KRA is fully integrated in all its tax systems and departments allowing for a single view of the taxpayer and full utilization of IT to promote compliance, completion of the transition from a ministry department to a fully functional organization, minimizing customer compliance costs and enhancing customer service and achieving revenue targets by rolling over uncompleted revenue mobilization initiatives whilst pursuing new revenue and compliance.

Periodic reports prepared by field managers are normally forwarded to the top management to monitor the implementation. The authority also outsources the services of professional research firms to gather information about various aspects in the organizations’ strategies. The Human resources department also carries out performance appraisals (mid-year and end-year).

The study also found that synchronization of the thoughts of the top management and the limited time to put the top management in a meeting to brainstorm are the major challenges in strategies formulation. Scarce resources and resistance from the lower level employees are major challenges in strategy implementation while lack of appraisal tool which makes it hard to obtain accurate feedback is a major challenge in monitoring and evaluation of strategies.

KRA counter the challenges in strategic management process by increasing awareness through workshops seminars and internal mail to communicate strategies.
5.2 Conclusions

KRA undertakes strategic management processes in that it usually have five year strategic plans where strategies are formulated, implemented and evaluated/monitored often. The top management is involved in strategy formulation using the information gathered by the field managers during environmental scanning. Strategy implementation is carried out by the field managers with the help of the supervisors. Monitoring and evaluation is done regularly by the respective managers.

The strategies that KRA has executed in the past includes developing professional team that is well remunerated, creation of an enabling work environment, full automation of the authority and ensuring that KRA it is fully integrated allowing for a single view of the taxpayer and full utilization of IT to promote compliance, for example the centralization of the document Processing Centre (DPC) by customs at headquarters, completion of the transition from ministry department to a fully functional organization, minimizing customer compliance costs and enhancing customer service and achieving revenue targets by rolling over uncompleted revenue mobilization initiatives whilst pursuing new revenue and compliance.

KRA faces challenges when carrying out strategic management processes. This includes lacks an appropriate appraisal tool leading to lack of accurate feedback. The performance appraisal by human resources department is often not understood by employees and lack of standards of performance against which actual results can be measured. The authority also has difficulty coordination with KRA offices in remote regions thus hampering strategy implementation. The study also concludes that KRA counters these challenges by creation of awareness through workshops and sensitization seminars and use of internal mail to communicate strategies.
5.3 Limitations of the Study

One of the limitations of this research is that the findings cannot be used to generally depict the situation at all public organizations. The interviewees of this study were the top management at KRA who could most likely feel obliged to argue for the best case for KRA since they are directly involved in the strategic management process. To avoid a negative image of this process, most of them could avoid giving all the information required in this project.

5.4 Recommendations for Further Research

Drawing on the reported poor success rate of strategic management processes in general, the lack of empirical research on strategic management processes within organizations, and an arguably fundamental lack of a valid framework for strategic management processes it is recommended that further research into the nature of strategic management processes is conducted.

The first step in this process should be to carry out exploratory studies in order to increase the knowledge of strategic management processes in public organizations. Such studies should enable an identification of critical success factors for the processes. Furthermore, in order to construct a valid framework for strategic management processes it is arguably necessary to enable measurement of the success rate of change initiatives. Methods of measurements should, therefore, be designed.
5.5 Recommendations for Policy and Practice

As more government organizations are forced to justify their existence and their ability to service citizens, pressure for government responsiveness can be seen across many service sectors. In Kenya alone, huge changes to fundamental services have occurred with unprecedented speed. The new message communicated by governments is about how it can maximize services, exercise greater fiscal responsibility and improve customer satisfaction. In view of these changes, it is important to note that mechanisms have to be put in place by public organizations to cope with the ever-changing socioeconomic environment that they operate in. The threat of privatization has made this market contestable, even in the presence of regulatory barriers.

The challenge for government is to build customer focused strategies that are well designed to satisfy customer needs and provide superior product and service delivery to its citizens. While opportunities for improvement exist, the KRA’s strategic management design and processes are an excellent example of the potential for all of government organizations to become more responsive and more accountable. A modern context for change must therefore emphasize value creation through strategic management. It is both necessary and possible for public organizations to become dynamic learning organizations like KRA, competent to identify changes in customer needs and capable of achieving the intended changes by delivering innovative services to satisfy their customers.
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APPENDICES

Appendix 1: Interview Guide

(i) Which department do you work at KRA?
(ii) How long have you been working at KRA?
(iii) How long have you been in the position you are holding currently?
(iv) Are you involved in strategic management processes?
(v) Which role do you play in strategic planning?
(vi) Does the authority carry out environmental scanning?
(vii) What are the strengths, weaknesses, opportunities and threats of the authority?
(viii) Who formulates the strategies?
(ix) How are the strategies formulated at the authority?
(x) State some of the strategies you have adopted in the authority.
(xi) How are the strategies implemented?
(xii) How would you describe the role of strategic management process in the development of the authority’s strategy?
(xiii) Who plays the following roles in the strategic management process in the authority?
   a. Helps develop strategy’s content
   b. Identify key strategic issues
   c. Challenge emerging strategies
   d. Approves final strategy
   e. Monitor performance against strategy
(xiv) How are the developed strategies monitored to ensure success of the process?
(xv) Briefly describe strategy evaluation and control process at KRA.
(xvi) What challenges do you encounter in scanning of the authority’s environment?
(xvii) At the strategy formulation stage, describe the challenges faced.
(xviii) What challenges arise in the implementation of strategies at the authority?
(xix) Describe the challenges experienced during monitoring, evaluation and control stage.
(xx) How does the authority counter the challenges discussed above?