EVALUATION OF CUSTOMER AND REVENUE STRATEGY FRAMEWORK ADOPTED BY KENYA REVENUE AUTHORITY

BY

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DECLARATION

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

Signed .... Date 12/11/2010..............................

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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 the Lord God Almighty who has given me the opportunity to study to become all that He ordained that I be. All glory, laud and honour be unto His glorious Name.

To my late Mother, Leah, who taught all her children the virtues of hard work and faith in the Lord God Almighty. Her sacrifice and investment in my education has been a major driving force in my life. To my Dad, Washington Muuya, whose love for books and reading I copied from a very early age and who availed all sorts of genres of literature to meet my thirst for knowledge.

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ABSTRACT

The objectives of this study were to establish the strategy evaluation framework used by Kenya Revenue Authority, and to assess the scope of KRA's strategy evaluation framework using criteria proposed by Rumelt. The study was conducted through a case study focusing on KRA. Three respondents from the organization were interviewed using a Personal Interview Guide (copy attached as Appendix I). The respondents were drawn from the Corporate Planning, Programme Management and Human Resources departments.

Analysis of the Authority's Customer and Revenue strategies found that staff resistance to change, lack of stakeholder support and limited financing were the main constraints to strategy achievement. It was found that KRA uses a Monitoring and Evaluation framework which incorporates the requirements of the National Monitoring and Evaluation System (NIMES). This framework is based on the goals, outcomes and specific outputs that the Authority intends to achieve. Evaluation of the Authority's M & E framework indicated that it compared favourably with Rumelt's strategy evaluation framework.

It was recommended that the Authority lobby with Treasury for more funding, engage in value-adding partnerships with external stakeholders and seek to address Taxpayer Education gaps in a view to achieving the goals articulated in its Fourth Corporate Plan. It was also recommended that the Authority consider enhancing its M & E framework to make it more comprehensive in its scope and manner of reporting.

TABLE OF CONTENTS

CHAPTER FIVE – SUMMARY, DISCUSSIONS AND CONCLUSIONS

LIST OF TABLES

ACRONYMS AND ABBREVIATIONS

AEO	Authorized Economic Operator
ASYCUDA^{++}	Automated Systems for Customs Data
B, CA & A	Board, Corporate Affairs and Administration
BSC	Balanced Score Card
COMESA	Common Market for Eastern and Southern Africa
Corp. Plan.	Corporate Planning
CSD	Customs Services Department
DC	Deputy Commissioner
DFID	United Kingdom Department for International Development
DTD	Domestic Taxes Department
DTD – LTO	Domestic Taxes Department – Large Taxpayers Office
DTD – DR	Domestic Taxes Department – Domestic Revenue
EAC	East African Community
HR	Human Resources
IBRD	International Bank for Reconstruction and Development
ICPAK	Institute of Certified Public Accountants of Kenya
ICT	Information Communication Technology
IMF	International Monetary Fund
ITMS	Integrated Tax Monitoring System
JICA	Japanese International Cooperation Agency
KPLC	Kenya Power and Lighting Company
KRA	Kenya Revenue Authority
KIM	Kenya Association of Manufacturers
Min. of Lands	Ministry of Lands
MOU	Memorandum of Understanding
NIMES	National Monitoring and Evaluation System
OSBC	One-Stop Border Concept
PIN	Personal Identification Number
PMBO	Programmes Management and Business Analysis Office
RADDEx	Real-Time Data Exchange
RARMP	Revenue Administration Reform and Modernization Programme
R & CP	Research and Corporate Planning
RTD	Road Transport Department

SAC	Senior Assistant Commissioner
SIMBA 2005	Similar to GAINDE system of Senegal
Snr	Senior
SWOT	Strengths, Weaknesses, Opportunities, Threats
TEP	Taxpayer Education Programme
URA	Uganda Revenue Authority
USAID	United States Agency for International Development
VAT	Value Added Tax
VMS	Vehicle Management System
WB	World Bank

CHAPTER ONE – INTRODUCTION

1.1 Background of the Study

Organizations, whether in the private or public sector, have found it necessary in recent years to engage in strategic management in order to achieve their corporate goals. This has been largely influenced by the increasing dynamism of the environments in which they operate. In addition, the two sectors have become more closely interconnected. To address the challenges posed to them, organizations employ a three step approach: Firstly, they are required to think even more strategically than ever before. Secondly, they need to translate their insight into effective strategies to cope with their changed circumstances, and lastly, they have to develop rationales necessary to lay the appropriate groundwork for adopting and implementing strategies in this dynamic environment (Bryson, 1995). According to Pearce and Robinson (1997), in order for organizations to achieve their goals and objectives, it is necessary for them to adjust to their environment.

In Kenya, public institutions have adopted various approaches to public sector management to address challenges that have inhibited their performance as government agencies in the past, such as excessive controls, multiplicity of principals, frequent political interference, poor management, and outright mismanagement (Larbi, 2001). These approaches include creation of new organisational structures and arrangements for managing and delivering programs and services (e.g. privatization, commercialization, outsourcing, and decentralization of local government). They also involve systematic reforms (e.g. new budgeting and planning systems, administrative modernisation, and decentralization of management authority). Finally, they require new methods of service delivery (Larbi, 2001).

Once strategies have been formulated and strategic planning done, the strategies need to be operationalized. This process involves putting the strategies into action through the development of programs, budgets and procedures. The creation of clear action plans and short-term objectives, the development of specific functional tactics that create competitive advantage and the empowerment of personnel through policies that guide decisions constitute the three interrelated strategy implementation steps (Pearce & Robinson, 1997).

The costs to the organization of failed implementation efforts are enormous. Apart from wasting significant amounts of time and money, they result in lower employee morale, a diminished trust and faith in senior management, as well as ending up in creating an even more inflexible organization, since an organisation that has failed to change will encounter higher levels of employee cynicism in its next attempt. A well-conceived strategy is one that is implementable. Without successful implementation, a strategy is but a fantasy.

There is need to employ strategy evaluation in the strategic management process. This is because no strategy can be either formulated nor adjusted to changing circumstances without a process of strategy evaluation (Rumelt, 1980). Strategy evaluation is more often an integral part of an organisation's planning, control and review processes. It is the appraisal of plans and the results of plans that centrally concern or affect the basic mission of an enterprise. What governs how well the strategic management job is done are the organization structure, the type of planning, control, and reward systems, and the managerial "climate".

Strategic control is concerned with tracking the strategy as it is being implemented, detecting problems or changes in underlying premises, and making necessary adjustments. It is concerned with controlling and guiding efforts on behalf of the strategy as action is taking place and while the end result is still several years into the future. Strategic control give direction to the firm by correcting actions and directions of the firm in implementing its strategy as developments and changes in its environment and internal situations take place (Preble, 1992).

1.1.1 Corporate Strategic Plan

A corporate strategic plan is the result of a planning process driven by the needs and priorities identified by an organization's management. It is a 'living' document that, within a continuous planning process, further evolves through periodic planning, execution, evaluation and updating phases (World Meteorological Organization, 2007). A corporate plan defines an organization's core functions and describes what the organization does in everyday collaboration and cooperation with its stakeholders. It outlines the organization's vision, mission and values. It also explains the organization's objectives, key performance indicators, activities, resources and divisions. A corporate plan also ordinarily contains a time-plan for its implementation. Successful implementation of an organization's corporate plan is dependent on various factors such the availability of adequate resources in terms of finances, competent personnel and systems, top management backing and stakeholder goodwill.

Over the past decade, the East Africa region revenue authorities, namely, Kenya Revenue Authority, Tanzania Revenue Authority, Uganda Revenue Authority and Rwanda Revenue Authority have developed their own corporate plans covering various time periods. These corporate plans have detailed various interests as per the respective revenue authority's business goals. Interestingly, some of the revenue authorities' corporate goals have emphasized similar themes such as maximization of taxpayer compliance, modernization of processes and systems, and enhancement of the Authority's corporate image (Uganda Revenue Authority, 2006; Kenya Revenue Authority, 2006; Rwanda Revenue Authority, 2008; Tanzania Revenue Authority, 2008). This indicates that the regional competition between the various Authorities for business and hence enhanced revenue collection continues to be a major factor in the organizations' drive for excellence.

1.1.2 Strategy Control and Evaluation

In formulating and implementing strategy, an organization's management makes certain assumptions. These assumptions inform the kind of strategy and the mode of its implementation that the management will take. Such assumptions are technically called 'premises'. Due to the dynamic nature of an organization's internal and external environment, these premises would require to be constantly monitored against the changing internal and external environment of the organisation.

The idea of strategy control arose out of practical experience. Often companies had serious difficulties responding in a timely manner to planning failures and unexpected developments due to their lack of information about the continued validity of their chosen strategic plan (Schreyögg & Steinmann, 1987). Strategic control, is seen by Schendel and Hofer (1979) as focusing on the dual questions of whether a) the strategy is being implemented as planned, and b) the results produced by the strategy are those planned. This is important as erroneous strategic decisions can have severe negative impact on the organisation.

1.1.3 Kenya Revenue Authority

Kenya Revenue Authority (hereinafter referred to as KRA or the Authority) is a semi-autonomous State Corporation which was established by an Act of Parliament, Cap 469 of the Laws of Kenya on 1st July 1995. The Authority is mandated on behalf of the Republic of Kenya to collect, to account for and administer laws related to tax and revenue collection, as an agency of the Government. In addition, KRA is expected to advice the Government on all matters relating to the administration of, and collection of revenue under the written laws or the specified provisions of the written laws set out in the First Schedule of the KRA Act. Over the years, KRA has evolved to become a modern and fully integrated revenue administration agency. Revenue collection has increased from Kshs. 122 billion at inception of KRA in 1995, to Kshs. 480.57 billion in the 2008/09 financial year, accounting for over 93% of total government revenue (KRA, 2009). KRA has also continued to play an important role in facilitating trade and investment climate, protection of citizenry against prohibited goods and enhancing national security.

The Authority is headed by a Commissioner General, who is assisted by six (6) Commissioners. The Commissioners head the following departments: Domestic Taxes (Large Taxpayers' Office), Domestic Taxes (Domestic Revenue), Customs Services, Road Transport, Investigation & Enforcement, Support Services. In addition, there are eight (8) other support departments, namely: Finance, Human Resources, Board, Corporate Services & Administration, Internal Audit & Risk Management, Information & Communication Technology, Legal, Research & Corporate Planning, and Marketing & Communication.

Over the years, KRA has embraced a vigorous reform and modernization program which has been guided by various Corporate Plans covering specific plan periods. In the Fourth Corporate Plan covering 2009/10 – 2011/12, KRA's strategic theme promotes the "[attainment] of international best practice in revenue administration by investing in a professional team, deepening reforms and quality service delivery to enhance compliance" (KRA, 2009). One of the six strategic goals into which the strategic theme is translated relates to achieving revenue targets by rolling over uncompleted revenue mobilization initiatives, while simultaneously pursuing new revenue and compliance initiatives to maturity. Another goal involves minimization of customer compliance costs and enhancing customer service. A third goal involves the completion of the Authority's transition to a fully functional organization (KRA, 2009).

For each of the specifically articulated strategic goals, KRA has identified the particular objectives it plans to meet and the means and strategies it will employ to achieve them. As the strategy process in a dynamic environment is fraught with challenges, it would serve the Authority well to have these challenges identified, their impact on strategy formulation and implementation assessed and the degree of success in the implementation of the various strategies evaluated and quantified. Coupled with this would be suggestions for necessary adjustments to the strategy evaluation parameters and/ or instrumentation design for management consideration.

1.2 Statement of the Problem

Over the past six years, Kenya Revenue Authority has been undertaking several Revenue Administration Reforms and Modernization Programmes (RARMP), all geared towards improving its revenue performance and rationalizing its strategic transformation. The Authority's operating environment has become more challenging with every successive plan period. Intermittent shortfalls in meeting revenue targets set by the Ministry of Finance each fiscal year, tax evasion, insecurity, forgery of documents, smuggling of goods, counterfeit products, high revenue collection costs and global economic recession are but a few of these challenges (KRA, 2006; KRA, 2009; Owala, 2006).

In seeking to achieve strategic goals articulated in the various corporate plans developed, the Authority has been required to adjust itself in a number of ways such as merging of some departments, accelerated automation of processes, partnering with other stakeholders, expanding its tax base, and re-branding of its corporate image. The organization has therefore articulated a number of strategic goals in its Fourth Corporate Plan. Of these, those concerned with the Customer and Revenue continue to be the most challenging and will be the focus of this study. In order for the Authority to adjust its strategies to respond effectively to its environment, there is need to evaluate how well the strategies have been implemented. In addition, their impact on enhancement of revenue collection, reduction of customer compliance costs, reduction of smuggling and other challenges that have been confronting the Authority will be investigated. This will require an all-encompassing evaluation of the specific strategies right from conceptualization, on to formulation and into implementation. The ensuing results will help establish how the whole process has enabled the Authority to move forward in meeting its strategic goals.

Several studies have been carried out locally in the areas of strategy formulation. Safari (2003) did a survey of risk factors, their measurement and management in the strategic planning process of seventy seven selected parastatals in Kenya. He established that strategic planning can only succeed when contextual factors are adequately considered and organisations take deliberate steps toward identifying and managing all likely consequences of contemplated strategic choices. In a comparative study of strategic planning in the public and private sectors, Otete (2003) found that government, economic trends, and political/ legal factors were the main influencers in public sector strategic planning. In exploring the extent to which private security firms have adopted strategic planning practices, Okindah (2008) found that only 30% of senior managers were responsible for strategic planning.

Manyarkiy (2006) in his study regarding the challenges facing middle managers in the implementation of corporate strategies at the National Social Security Fund, found that although they were expected to play key roles in strategy implementation, they had less understanding of the plans' contents, hence were handicapped in implementing its contents effectively. He recommended the involvement of all staff in the formulation and development of strategy to avoid poor strategy implementation. Koske (2003) also studied strategy implementation in Telkom Kenya. He found that in addition to government control and lack of adequate financial resources, poor leadership style, limited information technology capacity and poor corporate culture served to hinder successful implementation of strategy.

A number of studies addressing the aforementioned areas of strategy have been carried out in the context of Kenya Revenue Authority. These include: Owala (2006) who investigated the effectiveness of technology as a strategy in motor vehicle registration. She found that introduction of technology had helped to reduce forgery of documents, and duplication of processes, while at the same time it improved accuracy of records and reduced data loss. Aliet (2008) in his study on the implementation of the Customs

Reform and Modernization, established that resistance to change was the biggest challenge, followed by lack of requisite skills among staff. He further noted that strong, visionary leadership was very important for project success, especially in the face of strong resistance to change.

As evidenced from the foregoing, none of these studies addressed strategy evaluation, yet this is an extremely important aspect of strategy. This therefore creates a gap in knowledge that the proposed study is intended to fill. The study will seek to establish whether the evaluation framework KRA uses has enabled the Authority know whether it has been responsive to external and internal environment. This will help the Authority know whether each of the strategies to be studied has internal consistency.

The foregoing statement of the problem can be converted to the following research questions:

a) Which strategy monitoring and control framework has KRA used?

b) What is the scope of KRA's strategy evaluation framework using criteria proposed by Rumelt?

1.3 Objectives of the Study

The objectives of the study are:

a) To establish the strategy evaluation framework used by Kenya Revenue Authority

b) To assess the scope of KRA's strategy evaluation framework using criteria proposed by Rumelt.

1.4 Importance of the Study

To academicians and students of strategic management, this study will contribute to the existing body of knowledge in the area of strategy evaluation by presenting the kinds of considerations that should be kept in view and the challenges that are encountered in the process of strategic management in the public sector.

To KRA, the results will assist the management of KRA in effective strategic management. They will establish whether the existing strategy evaluation framework that is being used by the organisation is adequate and effective in ensuring that problems are identified and addressed early enough before they irreparably negatively impact the organisation. They will also serve to inform both current and future strategy formulation, implementation and evaluation by the organisation.

This study will also be important to public corporations as its documentation and evaluation of KRA's strategy process will serve as a reference point for similar or related studies in the public sector. In addition, other stakeholders such as Taxpayers and other government agencies whose interests lie in receiving of quality service will be benefited.

CHAPTER TWO: LITERATURE REVIEW

2.1 Introduction

Strategy evaluation does not only encompass the scope of how well a business performs, but also takes cognisance that the critical factors determining the quality of long-term results are often not directly observable or simply measured. This then requires one to look at the appropriateness of the business objectives, major policies and plans and establish whether the results obtained confirm or refute critical assumptions on which the strategy rests. Strategy evaluation focuses on the separation between obvious current operating results and the factors that underlie success or failure in the chosen area of activity.

Effective strategy evaluation acts as an early warning system that helps management steer the organisation through the waters of change in a dynamic environment, hopefully without suffering ship-wreck. Its result is the rejection, modification, or ratification of existing strategies and plans.

2.2 Foundations of Strategy

Leading management scholars over the years have given varying definitions of strategy. Alfred Chandler (1962) defined strategy as the determination of the basic long-term goals and objectives of an enterprise, the adoption of course of action and the allocation of resources necessary for carrying out these goals. The same message is contained in Schendel and Hatten's definition [1972]: Strategy is the basic goals and objectives of the organization, the major programs of action chosen to reach these goals and objectives, and the major pattern of resource allocation used to relate the organization to its environment. Learned et. al., (1965) defined strategy as "the pattern of objectives, purposes, or goals and major policies and plans for achieving these goals, stated in such a way as to define what business the company is in, or is to be in and the kind of company it is or is to be".

Other scholars view strategy as a response to external opportunities and threats, and internal strengths and weaknesses. A leading proponent of this perspective is Argyris (1985) whose definition of strategy states that, "Strategy formulation and implementation include identifying opportunities and threats in the organization's environment, evaluating the strengths and weaknesses of the organization, designing structures, defining roles, hiring appropriate people, and developing appropriate rewards to keep those people motivated to make contributions." According to Mintzberg and Quinn (1991), there are five main and interrelated definitions of strategy: a plan, a ploy, a pattern, a position and a perspective. It is clear from the foregoing that there is no one universal definition of strategy.

Koteen (1989) defines strategic management as a broad concept that "embraces the entire set of managerial decisions and actions that determine the long-run performance of an organization", whereas Toft (1989) portrays it as "an advanced and coherent form of strategic thinking, attempting to extend strategic vision throughout all units of the organisation, encompassing every administrative system". Pearce and Robinson (2003) view strategic management as the set of decisions and actions that result in formulation and implementation of plans designed to achieve the company's objectives.

Strategic management is concerned with strengthening the long-term viability and effectiveness of organizations in terms of both substantive policy and management capacity by implementing strategies and measuring performance as well as monitoring trends and identifying emerging issues that might require strategic responses. Whilst strategic management involves strategic planning, it also involves resource management, implementation, control and evaluation. It emphasizes the integration of all organizational processes and resources toward accomplishing long-term or strategic aims (Vinzant & Vinzant, 1996a).

An organisation's management teams must ensure that the organisation's vision and strategies are communicated effectively to external stakeholders to build and maintain public support for the organisation and its strategic agenda (Poister & Streib, 1999; Bryson & Anderson, 2000). Normative models of the strategic management process have depicted it as including three primary stages: strategy formulation, strategy implementation, and strategy evaluation (David, 1989; Thompson & Strickland, 1987).

2.3 Strategy Formulation

Strategy formulation is concerned with determining the future direction of an organization. The rational model of strategy describes strategy formulation as a set of procedures that involves identification of current strategy, analysis of environment, resources and gaps, identification and evaluation of strategy options, strategic choice and implementation (Andrews, 1971; King & Cleland, 1978). Andrews (1978) identifies strategy formulation as a logical activity which includes identifying opportunities and threats in the company's environment and attaching some risk to the discernable alternatives. Bryson (1995) described the strategic planning process as entailing mission review, stakeholder analysis, clarification of organizational mandates, systematic evaluation of an organization's internal and external environments, identification of strategic issues, strategy development and development of an organization's mission statement.

The resource-based approach to strategy formulation involves harnessing of an organization's resources and capabilities in formulating its strategy (Grant, 1991). In recent years there is a growing interest in viewing strategy formulation as a political process (MacMillan, 1978: Murray, 1978: Quinn, 1978). This involves coalitions of interests and demands emanating from within and without the organisation (Mintzberg, 1978; Bower & Doz, 1979; Thompson, 1967).

2.4 Strategy Implementation

Mintzberg (1994) describes implementation as the process of proselytizing deliberate and emergent strategy into realized strategy. Implementation has also been defined as "... the way in which a company creates the organizational arrangements that allow it to pursue its strategy more effectively" (Hill & Jones, 1998). Organizations move into the future by decisions and actions. As noted by Poister and Streib (1999), plans need to be implemented in a very purposeful way otherwise the strategies will not take hold, no matter how compelling or inspiring the planning process.

Strategy implementation is the "action phase" of the strategy management process. It requires ensuring that strategic objectives to be met are clearly set up and that responsibility and resources are correctly allocated to achieve this. "[S]uccessful implementation of strategic management requires an assessment of organization capacities in such areas as managerial capability, power structure, culture, leadership, and organizational structure" (Vinzant & Vinzant, 1996b). Programs, projects, and service delivery systems often are the vehicles used for implementing strategic plans (Poister & Streib, 1999). Poor implementation of an appropriate strategy may cause that strategy to fail (Kiruthi, 2001). An excellent implementation plan will not only cause the success of an appropriate strategy, but can also rescue an inappropriate strategy (Wheelen & Hunger, 2008). At times, uncontrollable factors in the external environment can have an adverse effect on the implementation of strategic decisions (Alexander, 1985).

2.5 Strategy Control

Strategic control is concerned with tracking the strategy as it is being implemented, detecting problems or changes in underlying premises, and making necessary adjustments. It is concerned with controlling and guiding efforts on behalf of the strategy as action is taking place and while the end result is still several years into the future. Strategic control give direction to the firm by correcting actions and directions of the firm in implementing its strategy as developments and changes in its environment and internal situations take place. Eden and Ackermann (1993) note that a strategy is only of any value if it is built on firm founding assumptions regarding how to manage the organisation's strategic future. "If the assumptions are wrong, then there is no basis for strategic management, for there can be no intervention without a theory of strategy". Roush and Ball (1980) suggest that frequently, strategy implementation problems have stemmed from failures of control systems.

Traditional approaches to control have emphasized the setting of predetermined standards, performing the work, getting feedback by measuring actual performance and comparing to predetermined standards, then taking any necessary corrective actions. Such post-action control implies waiting for a strategy to be executed before getting any feedback on how well it was working. As this might take several years, the opportunity to take corrective actions to alter strategic direction in the light of changes in the internal or external environment of the organization may be left until too late.

Vinzant and Vinzant (1996a) assert that strategy control and evaluation processes provide performance feedback during and after implementation of strategic plans. They note that the two activities ensure corrections can then be made in the course of strategy implementation, as necessary. Streib and Poister (1990) argue that "apart from the implementation of strategic goals and objectives, the key issue in the development of strategic management is the ability to monitor plans and pinpoint any significant deviations". New strategic initiatives often take a while to be fully executed yet only relatively few strategies succeed. Preble (1992) blames the classical control processes as having contributed to this situation because they are designed as feedback systems that detect problems and deviations from planned results only after they have already occurred. In addition, the standards to which measurements are compared are assumed to be correct or good.

Recent conceptual contributors to the strategic control literature have argued for anticipatory feed-forward controls that recognize a rapidly changing and uncertain environment (Koontz & Bradspies, 1972). These new systems are designed to operate on a continuous basis, checking and critically evaluating assumptions, strategies, and results (Harrison & St. John, 2009).

2.6 Strategy Evaluation

Strategy evaluation seeks to answer the following three questions: a) whether the objectives of the business are appropriate, b) whether the major policies and plans are appropriate, and c) whether the results obtained to date confirm or refute critical assumptions on which the strategy rests. One major challenge of formal systems of strategy review is that it can create explosive conflict situations. This is because the whole idea of strategy evaluation implies management by "much more than results" which runs counter to much of currently popular management philosophy.

One method of evaluating strategy is that advanced by Johnson and Scholes (2001). They divide evaluation criteria into three categories, namely: suitability, feasibility and acceptability. Suitability assesses the extent to which a proposed strategy fits the situation identified in the strategic analysis (e.g. using SWOT analysis). This has to do with the overall rationale of the strategy and is sometimes referred to as 'consistency'. The aspect of feasibility is concerned with whether the strategy can be implemented successfully given the organization's capabilities and resources. Such resources include funding, people, time and information. Acceptability is strongly related to people's expectations. It uses profitability analyses and financial ratios to assess return and risk respectively, while at the same time addressing stakeholder expectations and likely reactions.

Wheelen and Hunger (2008) note that strategy evaluation compares performance with desired results and provides the feedback necessary for management to evaluate results and take corrective action as needed. They break down this process into five steps: a) Determine what to measure i.e. what implementation processes and results will be monitored and evaluated, b) establish standards of performance – which are measures of acceptable performance results, c) measure actual performance – this should be done at predetermined times, d) compare actual performance with the standard, and e) take corrective action. Corrective action is only taken if actual results fall outside the desired tolerance range.

Other strategy evaluation mechanisms that have been put forth over the years include portfolio analysis, which facilitates assessment of how new strategies might improve an organization's mix of activities; life-cycle analysis, which assesses whether a strategy is likely to be appropriate given the stage of the product life cycle and the relative strength of the organization in its markets; the value system analysis which addresses how a strategic option might improve the performance of the value system as a whole.

Rumelt (1979) postulates a different method of evaluating an organisation's strategy. He notes that there is need to regularly review strategies and the implementation process in order to take corrective action before entrenching an ineffective or poor strategy in an organization and to help address uncontrollable factors in the external environment. This is because no strategy can be either formulated or adjusted to changing circumstances without a process of strategy evaluation (Rumelt, 1980). Strategy evaluation is more often an integral part of an organisation's planning, control and review processes and involves the appraisal of plans and the results of plans that centrally concern or affect the basic mission of an enterprise. What governs how well the strategic management job is done are the organization structure, the type of planning, control, and reward systems, and the managerial "climate".

As stated by Rumelt (1980), it is not possible to conclusively demonstrate that a particular business strategy is optimal or even to guarantee that it will work. Nevertheless, one can test it for critical flaws. He has outlined four broad test criteria that can be justifiably applied to a business strategy. These are a) Consistency, b) Consonance, c) Advantage, and d) Feasibility. He states that a strategy that fails to meet one or more of these criteria is strongly suspect.

In order to be consistent, a strategy must not present mutually inconsistent goals and policies. As one of strategy's functions is to provide coherence to organizational action it must allow proper coordination that is more efficient than most administrative mechanisms. If a strategy leads to continued issues-based problems in coordination and planning despite changes in personnel, then it is probably inconsistent. Rumelt (1980) notes that an organisation should seek strategy consistency between organisational objectives and the values of the management group, especially where business growth is envisaged.

Consonance focuses on generic strategy, that is, the aspect of strategic fit between an organisation's mission and the environment. It deals with the basic mission or scope of the business, namely, the creation of social value (i.e. whether the products and services being created are worth more than their cost). Rumelt (1980) acknowledges that this particular evaluation criteria is not easy to appraise as the most critical changes are the result of interactions among trends. To ameliorate this difficulty, one needs to understand why the business, as it currently stands, exists at all and how it assumed its current pattern. This can then be followed with a study of the consequences of key trends and changes.

Competitive advantages normally result from either superior skills or superior resources or superior position. One needs to find out what sustains a potential advantage, hence keeping competitors from imitating or replicating it. Advantage creating skills are usually organisational rather than individual. Resources include for example, specialized physical assets, the organisation's reputation with its employees, suppliers and customers and its working relationships with suppliers and distribution channels. Position, on the other hand, consists of the products or services the organisation provides, the market segments it sells to and the degree to which it is isolated from direct competition. Positional advantages are of two types a) first mover advantages, and 2) reinforcers (Porter, 1985).

The test of feasibility answers the question whether the strategy can be attempted within the physical, human, and financial resources available. This focuses on the organisation's problem-solving abilities and competencies and its degree of coordinative and integrative skill. It also seeks to establish whether the strategy challenges and motivates key personnel while at the same time being acceptable to those who must lend their support (Rumelt, 1980; Johnson & Scholes, 1997).

In undertaking the evaluation of the strategic management process in KRA, the researcher will use Rumelt's evaluation framework to establish whether the Authority has a defined evaluation framework and how the said framework is helping the Authority achieve its corporate goals as articulated in the Fourth Corporate Plan.

CHAPTER THREE – RESEARCH METHODOLOGY

3.1 Introduction

This chapter outlines the approach the researcher adopted in carrying out this study. It defines the research design, data collection methods, research procedures and data analysis methods.

3.2 Research Design

The research design used was a case study. This method was the best option as it involved an in-depth investigation of the overall strategy evaluation framework of the Kenya Revenue Authority with a view to evaluate its sufficiency and effectiveness in enabling the Authority meet its corporate mandate as articulated in its Fourth Corporate Plan.

3.3 Data Collection

The data for this research was collected from primary sources. A Personal Interview guide was used and it consisted of open-ended questions. Interviews were conducted face-to-face on an individual basis. Respondents comprised of one Deputy Commissioner each, drawn from the Research and Corporate Planning, Human Resources, and Programme Management and Business Analysis (PMBO) departments. This is because the three departments are the main players in the drawing up of the Authority's corporate strategies and policies regarding the two areas addressed in this study.

3.4 Data Analysis

Content analysis was used to analyze the data. It sought to establish the strategy evaluation framework used by KRA. The analysis also assessed the scope of KRA's strategy evaluation framework by establishing how the various strategies used by KRA in achieving its Customer and Revenue goals measured against the aspects of consistency, consonance, advantage and feasibility (criteria proposed by Rumelt). The various challenges faced by the Authority in the course of formulating and implementing the various strategies, and how it responded to these challenges was also analysed. This being a qualitative study, qualitative data analysis was used. This method helped to identify and extract the key themes, concepts and arguments.

CHAPTER FOUR: DATA ANALYSIS AND FINDINGS

4.1 Introduction

This chapter presents the findings of the study. It is structured in five sections. The first is the analysis of the respondents. Secondly, strategy evaluation at KRA is addressed. The findings on the Customer and Revenue strategies adopted by KRA are then discussed. Fourthly, other strategies mentioned by the respondents are discussed. Fifthly the strategy Monitoring and Evaluation (M & E) framework adopted by KRA is evaluated against the strategy evaluation criteria developed by Rumelt which comprises of consistency, consonance, advantage and feasibility.

4.2 Respondents' Profile

Data was collected from three respondents from the Planning, Programmes and Human Resources departments of KRA by means of in-depth interviews aided by an Interview Guide. The Interview Guide was administered to all three respondents and they gave diverse views about the various strategies undertaken and the challenges faced. The respondents were all Deputy Commissioners in their respective departments who consisted of two male and one female. Two of the respondents were directly involved in the identification, planning and part of the implementation of majority of the strategies, while the third respondent was more involved in policy development.

4.3 Strategy Evaluation at KRA

All the respondents interviewed stated that they were aware of the various strategies developed by the Authority to address the Customer and Revenue aspects of the 200/10-

2011/12 Plan period. This was mainly as it related to their respective departments and their level of involvement in various teams constituted to develop and/ or manage implementation of the strategies under study. The interviewees were asked to explain the mandate of their respective departments and how they contributed to the overall KRA objectives. From the responses, it was observed that each of the departments was involved in the various Revenue Administration Reform and Modernisation Programmes (RARMP) currently being undertaken by the Authority. It was also established that KRA does have a corporate strategy evaluation framework. This framework follows the National Monitoring and Evaluation System (NIMES) guidelines designed for each result area and shows the overarching goal, purpose, outputs and the output indicator. They also noted that the Monitoring and Evaluation (M & E) framework is reviewed on a quarterly and biannual basis by the International Monetary Fund/ IBRD missions as well as other development partner organisations. The respondents also said that KRA uses the Balanced Scorecard to evaluate its strategies. Evaluations using the BSC are done on a monthly, quarterly and annual basis.

4.4 KRA's Customer and Revenue Strategies

Within the Authority's M & E framework, various strategies been articulated to enable KRA meet its Customer and Revenue corporate goals. The data the researcher collected regarding the considerations informing each strategy's identification, the challenges experienced in its implementation, and the countermeasures KRA has put in place to address the challenges are detailed in Table 1.

Table 1: Customer and Revenue Strategies Analysis Matrix

A. CUSTOMER	Main reasons for strategy's development	Main challenges faced during implementation	Measures taken to address challenges
1. Corporate Communication	a. To reach all current and potential taxpayers, stakeholders	a. Inadequate resources e.g. financial, staff skills	a. Negotiation for more funding b. Building staff capacity through training and hiring of competent staff
2. Taxpayer Charter	a. To steamline customer service delivery b. To articulate customers' and service providers' responsibilities and obligations	a. Availing of incomplete documentation by taxpayer b. Infrastructure inadequacy e.g. power failures without standby generator c. Lack of staff commitment d. Inadequate resources – financial, staff skills/ capacity e. Integrity issues – both staff and taxpayers f. Lack of monitoring mechanism	a. Sensitization of both staff and taxpayers on their obligations and required response b. Integrity testing of staff. Also involves stakeholders c. Capacity building though training d. Performance contracting of staff
3. Tax Payer Education	a. To inform all current and potential taxpayers of the benefits of paying their taxes and educate them on their responsibilities and obligations	a. Inadequate resources e.g. financial, staff skills and capacity, systems/ automation b. Language barrier c. Poor targeting of	b. Negotiation for more funding b. Translation of training material and brochures into Kiswahili c. Negotiation with Kenya Institute of Education to include tax education as part of primary school

	regarding the same	education audience d. Public attitude towards KRA – seen as corrupt e. Low commitment of staff and poor coordination of effort	curriculum
4. Return Filing Simplification	a. To enhance taxpayer compliance levels b. Complexity of current tax return document c. Long turn-around times for processing tax returns	a. Low literacy levels among taxpayers b. Cost of compliance	a. Development of corporate risk management framework b. Joint forums with professional bodies e.g. KAM to address issues c. Identification of professional bodies as certifiers of company accounts e.g. ICPAK. d. Development of a KRA Tax Procedures Code
B. REVENUE			
1. Integrated Tax Management System (ITMS)	a. To simplify filing and declaration b. To improve tax compliance c. To harmonize system with database to have one comprehensive view of taxpayer d. Cross-matching of data e. To reduce compliance costs	a. Data clean-up, especially PIN b. Staff resistance to change c. Inadequate resources – staff capacity d. Poor telecommunication infrastructure e. Lack of co-operation from third parties	a. Change management training of staff b. Establishment of third-party linkages e.g. e-government c. Provision of on-line services e.g. e-registration, e-filing d. Publicity in electronic, voice and print media e. Staff transfers f. Use of KRA Call Centre
2. PIN as Common Identifier	a. Facilitate easy tracking of taxpayer activities	a. Data integrity b. Fake documents used to obtain	a. Introduction of PIN use to other KRA partners e.g. Min. of Lands, KPLC

	b. Enhance confidentiality of information	PIN c. Non-cooperation by some stakeholders e.g. Land registration	b. Interconnectivity of KRA with various stakeholders'systems e.g. Registrar of Persons and Registrar of Companies c. Data clean-up exercises d. Harmonization of PIN processing procedures
3. KRA Enforcement Strategy	a. Need for consistent enforcement policy b. Ensure coordinated interdepartmental enforcement effort	a. Lack of buy-in by departments b. Lack of ownership, hence no one driving the implementation process	a. Ensuring all stakeholders are informed before roll-out
4. Information Interchange	a. Regulation of transfer/ cross-border pricing b. Reduction of off-shore dealings c. Enhance compliance d. Curbing of repatriation of profits by multinationals	a. Length of time it takes to get information b. Difficulty in enforcement of MOUs c. Lack of member commitment especially when there is staff turnover d. corrupting of data	a. Use of RADDEx system b. Involvement of all stakeholders c. Sensitization of partners, both potential and those already on board d. Entering into MOUs with some of the partner countries e. development of proper structures to enable partnership to work
5. Corporate Compliance Structure	a. Effective exchange of data	a. Lack of useful data e.g. top value importers remitting little if any VAT or Corporation taxes	

6. One-Stop Border Concept	a. Need for joint verification of goods b. To deter trans-diversion of export goods c. Cumbersome non-tariff barriers	a. Resistance by staff b. Difference in operating systems used by OSBC partner states c. Lack of adequate infrastructure d. Slow uptake of concept by certain Government agencies	a. Drafting of requisite legislature to govern OSBC b. Sensitization of staff on benefits of working together c. RADDEx introduced to interface between different operating systems d. Introduction of foreign development partners
7. Tax Refunds	a. Streamline and shorten refund processing time b. Standardize refunds procedures	a. Huge refunds backlogs b. Inadequate funds allocation by Treasury c. Inadequate resources – financial, equipment, auditors d. Lengthy refunds process	a. Development of risk-based refunds profiling b. Negotiation with Treasury to increase refunds provision c. Centralization of refunds processing for improved effectiveness d. Increasing/ strengthening of KRA's Audit capacity

4.5 Other Strategies Mentioned By Respondents

Respondents were asked whether the promulgation of the new Constitution had resulted in any fresh developments regarding tax and tax matters. In response, they said that constitutional office holders and Members of Parliament would now be required to pay tax on their income, hence it was anticipated that revenue collection would increase. In addition, since the current structure of the Authority was based on provincial boundaries, the same would require restructuring around the counties.

The interviewees observed that KRA rolls over strategies especially where the organization does not have funding. In addition, KRA at times reprioritizes its strategies over time. For instance, in the 2^{nd} Corporate Plan, revenue was the top priority while staff was the lowest priority, whereas in the 3^{rd} and 4^{th} Corporate Plans, staff are the top priority. The respondents also indicated that all mentioned strategies and policies were addressing the same objective of being cohesive and effective in tax collection in support of the Authority's mission of maximizing revenue collection at the least possible cost. They further noted that the strategies were also aimed at reducing the time taken to complete a process.

4.6 Evaluation of KRA's Strategy Monitoring and Evaluation Framework

Monitoring and evaluation is important in any organization's performance. It is geared at identifying and measuring the gains made from specific instituted programmes and projects. KRA's Fourth Corporate Plan M & E framework incorporates the requirements of the National Monitoring and Evaluation System (NIMES), and is based on the various goals, outcomes and specific outputs that the Authority intends to achieve.

Table 2 presents the researcher's assessment of the Customer and Revenue aspects of KRA's M & E framework using Rumelt's evaluation criteria, namely:

Consistency – measures whether the external strategies are consistent with (supported by) the various internal aspects of the organization. It compares functional and internal management strategies with the external business strategy.

Consonance – evaluates whether the strategies are in agreement with the various external trends (and sets of trends) in the environment (both positive and negative-impact trends).

Feasibility – assesses th reasonableness of the strategy in terms of the organization's resources

Advantage – establishes whether the strategy creates and/ or maintains a competitive advantage in terms of resources, skills and position.

Table 2: Evaluation of KRA's Monitoring and Evaluation Framework Against Rumelt's Strategy Evaluation Criteria

A. CUSTOMER STRATEGY	Rumelt's Strategy Evaluation Criteria	Assessment 1 – High 2 – Moderate 3 – Low 4 – None
1. Improvement of voluntary tax compliance – availing of information electronically on KRA website - and improving outreach taxpayer education through electronic publications	a. Consistency	2 – This strategy is consistent with all other strategies
	b. Consonance	2 – External trend is to obtain information electronically
	c. Feasibility	3 – Limited finance, staff skills and inadequate electronic resources limit this strategy
	d. Advantage	2 – The strategy will gradually improve the Authority's competitive advantage over other Revenue Authorities in East Africa region
2. Simplification of tax return filing and tax paying experience through implementation of electronic returns filing and payment	a. Consistency	1 – This strategy is consistent with all other strategies
	b. Consonance	2 – Systems limitation
	c. Feasibility	3 – Low literacy level of many taxpayers and lack of automation by clients constrains achievement of this strategic objective
	d. Advantage	1 - Will help maintain high advantage
3. Streamlining of refund payment procedures through prompt payment of refunds	a. Consistency	1 – This strategy is consistent with all other strategies
	b. Consonance	2 – Stakeholders' concern over period taken before taxpayers receive their refunds and KRA's

		response to process refunds within 60 days
	c. Feasibility	3 – Current inadequate funding from Treasury constrains this strategy
	d. Advantage	1 – Would encourage export trade as refunds would be more assured
B. REVENUE STRATEGY		
1. Implementation of enforcement strategy to discourage and deter non-compliance	a. Consistency	1 – This strategy is consistent with all other strategies
	b. Consonance	2 – Increasing corruption currently affecting effectiveness of this strategy
	c. Feasibility	2 – Information exchange *resources not yet very present in a* number partner organisations. Also constrained by lack of cooperation by some partners
	d. Advantage	1 – Would increase revenue collection hence giving KRA a superior advantage
2. Revamping turnover tax operations	a. Consistency	2 – This strategy is consistent with all other strategies
	b. Consonance	2 – Needs to be linked to enforcement strategy in order to better achieve objectives
	c. Feasibility	3 – Low literacy level, lack of adequate information and resource constraints hamper this strategy
	d. Advantage	1 – By targeting informal business sector, would increase taxpayer numbers and increase revenue
3. Expanding the Authorized Economic Operator (AEO) - programme	a. Consistency	2 – This strategy is consistent with all other strategies
	b. Consonance	2 – Public not yet fully prepared *to take responsibility*
	c. Feasibility	*2 – The number of AEO* operators depends on their meeting WCO criteria. Current automation of KRA's processes will facilitate this

	d. Advantage	1 – Would boost trade with other world countries

CHAPTER FIVE: DISCUSSION, SUMMARY AND CONCLUSIONS

5.1 Discussion

The study set out to identify which strategy evaluation framework KRA uses and to assess the scope of this strategy evaluation framework using criteria proposed by Rumelt.

The findings of this study indicate that KRA has a Monitoring and Evaluation (M & E) framework that has been developed along the guidelines set out in the National Integrated Monitoring and Evaluation System. The NIMES' objective is to provide a consistent framework for measuring the efficiency and effectiveness of government policies and programmes (KRA, 2009).

From Table 2 it is clear that KRA's Customer and Revenue strategies are faced with a number of challenges. Staff resistance to change in light of an increasingly enlightened public and a highly dynamic external environment continues to pose a challenge. Secondly, lack of critical resources such as financing, relevant staff skills and necessary infrastructure also limits attainment of various strategies. A third constraint which has featured a number of times in this study is the lack of necessary partner support.

Evaluation of KRA's Monitoring and Evaluation framework has shown that it compares favourably with Rumelt's evaluation criteria. However, there are a few areas that are too broadly articulated in the M & E framework to be effectively evaluated using Rumelt's framework. This is mainly in the unit of measurement. KRA's M & E framework uses percentage a lot as an indicator of degree of strategy attainment. This lends itself to a large degree of subjectivity and also may not clearly explain the reasons and impact of mitigating factors that might affect the achievement of set percentages (whether the factors be positive or negative). Rumelt's evaluation criteria also allows for more elaborate articulation of various findings (i.e. it lends itself to a more narrative style of evaluation, rather than just mathematical analysis).

With respect to external stakeholders, KRA has sought to take them on board as participative partners. Through taxpayer education workshops, information interchange, Memorandums of Understanding and interlinkages, KRA is aligning its strategies so as to have them move in the same direction. The Authority is dealing with internal resistance to change by holding change management training and effecting staff transfers. Other findings indicate that inadequate financing from the Treasury has affected the pace at which various strategies have been implemented, hence at times requiring their adjustment to match the constrained resources. Initiatives that have resulted in availing of donor funding have served to reduce the level of negative consequences which can even lead to failed strategies.

Of all the strategies evaluated, the one concerned with the development of the Integrated Tax Management System came out as being most aligned in all four aspects of Rumelt's evaluation criteria. Many of the strategies scored low as regards their feasibility. This is mainly attributed to resource constraints. The Taxpayer's Charter and the Corporate Structure strategies showed a moderate level of consistency in their external agreement with the various internal aspects of the Authority. None of the strategies fully meet all the evaluation criteria as seen in Table 2. This suggests that there is room for adjustment of the various strategies and policies to make them better aligned to address the trends in the organization's external environment while ensuring they are supported by the internal aspects of the organization. In addition, some of the strategies would need to re-adjusted in light of the low literacy levels of the general public in order to enhance their competitive advantage.

5.2 Summary

The evaluation of KRA's Fourth Corporate Plan M & E framework has shown that the framework is adequate for evaluating the Customer and Revenue strategies developed by the Authority. Nevertheless, there is still room for improvement especially in the aspect of detailed presentation of evaluation results. KRA would also benefit if the challenges it faces in the implementation of various strategies can be articulated in the framework and a suitable measure of the degree to which they are being addressed be developed.

5.3 Conclusions

Being a public sector organization, KRA is constrained in the extent to which it can radically make effective changes to its business strategies in order to align them completely with the organization's overall strategic direction. However, through lobbying with Treasury for more funding, engaging in value-adding partnerships with external partners and enhancing Taxpayer education and currently internal automated systems, the Authority can make great strides in achieving the goals articulated in its Fourth Corporate Plan, hence help the Government move towards achieving the goals articulated in Vision 2030.

5.4 Recommendations

5.4.1 Kenya Revenue Authority

The study recommends that the Authority considers enhancing its M & E framework to make it more comprehensive in its scope and manner of reporting. Secondly, the Authority needs to expedite its translation of taxpayer education material into Kiswahili and local dialects so as to hasten the expansion of its taxpayer base through effective communication in educating its taxpayers. This would reduce taxpayer apathy as the relevanr message would be communicated with more ease.

The Authority's principles, namely the Ministry of Finance needs to be further sensitized regarding the likelihood of negative attainment of strategic goals if the requisite financial resources are a long time in being availed. This is especially so as regards tax refunds and taxpayer education. Care should also be taken when soliciting for third party financing as it may lead to an unserviceable level of external debt

5.4.2 Further Research

The study recommends that further research be done on the impact KRA's strategies have on the various stakeholders, namely, staff, taxpayers, partners and the government. In addition, research could be done on the strategic responses of various competitors especially Revenue Authorities of the members of the East African Community. This would help identify areas of adjustment in the current partnership engagements the Authority has entered into for the mutual benefit of all. This information would also be useful to the Ministry of State for Planning and National Development and Vision 2030 for consideration in planning for the next plan period.

5.5 Limitations

The limitations of the study included difficulty in accessing the respondents due to their busy schedules. The responses were based on the judgements of the interviewees and this could be subjective. In addition, strategy evaluation is a wide area hence not all aspects of strategy evaluation could be covered.

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APPENDIX I: INTERVIEW GUIDE

This interview guide has been developed to capture data on evaluation of strategy in Kenya Revenue Authority. The data obtained from this exercise will be used for a thesis in fulfilment of the requirements for the degree of Master of Business Administration, School of Business, University of Nairobi. You have been identified as integral player in KRA. In this regard, you are kindly requested to participate in this interview by providing answers to enable the researcher fulfil the research objective.

SECTION A: BIO-DATA

A1: Name of Respondent (Optional) ....

A2: Job Title of Respondent ....

A3: Department ....

SECTION B: GENERAL

B1. What is the mandate of the Department of Human Resources/ Programme Monitoring and Business Analysis Office/ Human Resources? How does it contribute to the overall KRA objectives? ____

____

B2. Does KRA have a strategy evaluation mechanism? Yes ____ No ____

B3. If answer to B2 is yes, what tool does KRA use for strategy evaluation? ____

B4. How often does KRA apply this tool? ________________________________

SECTION C: STRATEGY EVALUATION

C1. In developing the Corporate Communication Policy, what issues did KRA take into consideration? What challenges has the Authority encountered in the process of implementing this policy and how has the Authority addressed them?

C2. In developing the Taxpayers' Charter, how did KRA arrive at the different timelines? What challenges has KRA experienced in the process of enforcing these timelines and how has the Authority countered these challenges?

C3. Has KRA encountered any constraints in ensuring more availability of Taxpayer education? If there are constraints, what is KRA doing about them?

C4. In arriving at the decision to simplify tax return filing/ declaration, what issues did KRA consider? How are issues regarding risk in revenue collection, tax evasion and tax avoidance being addressed?

C5. What factors influenced KRA's decision to develop an Integrated Tax Management System? What challenges has KRA encountered in the process of implementing this system? What has KRA done to counter these challenges?

C6. What did KRA consider in developing PIN as a common identifier and incorporating its usage in partnership with other governmental agencies? How has KRA handled any challenges it has encountered in the course of implementing this partnership?

C7. What were the issues that KRA considered in developing the enforcement strategy. Has KRA encountered any challenges as it has proceeded to implement this strategy? How have these challenges been addressed?

C8. What issues influenced KRA's decision to formulate a strategy to encourage information interchange between KRA and other governmental agencies, external partners, stakeholders and the media? Are there any hurdles that the Authority has been faced with in the course of implementing this strategy? How has the Authority countered these challenges?

C9. What were the key considerations the Authority took cognizance of in deciding to develop a corporate structure that would govern compliance activities? Are there any challenges the Authority has encountered during implementation of this strategy? How have these been addressed?

C10. What led to KRA's decision to adopt the one-stop border concept? What challenges have faced implementation of this concept? How has KRA responded to these challenges?

C11. What considerations influenced KRA's strategy regarding tax refunds, rebates and waivers? What are the main challenges facing implementation of this strategy. What has KRA done about them?

C12. What fresh developments regarding tax and tax matters have resulted from promulgation of the new Constitution? What are the implications of these new developments to KRA?

C13. Has KRA had to change or modify any of the strategies based on the evaluation of implementation? If so, which ones and how?

C14. Are all the above-mentioned policies addressing the same objective of being cohesive and effective in tax collection in support of the Authority's mission of maximizing revenue collection at the least possible cost?

APPENDIX II: KRA'S CORPORATE STRUCTURE

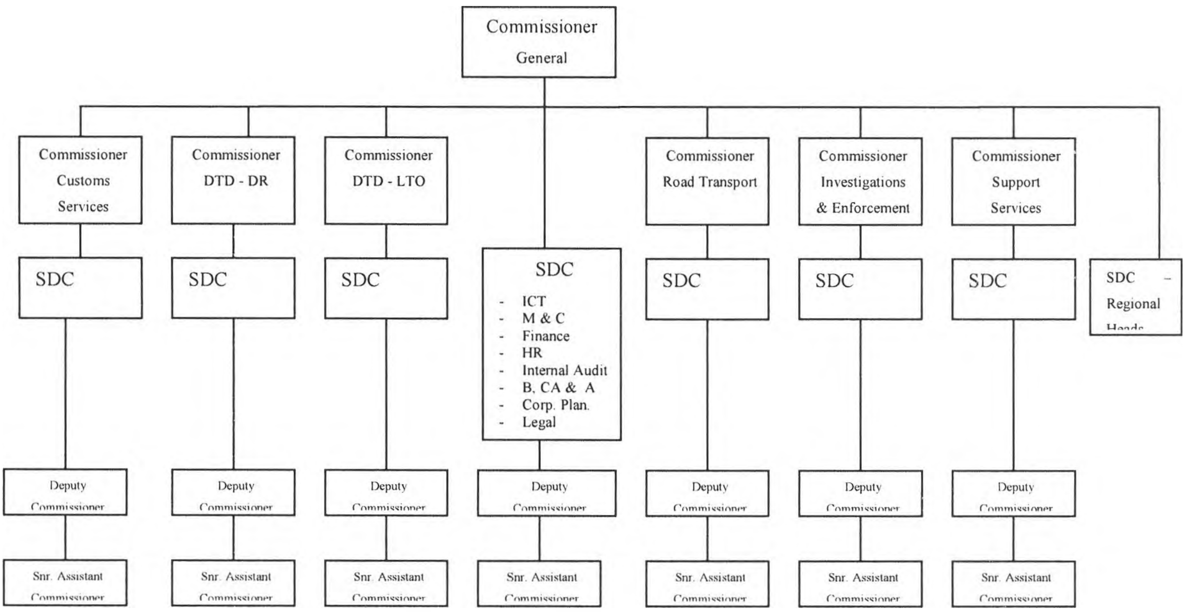

Fig. 1: Basic Structure of KRA – Senior and Top Management (Adapted from Kenya Revenue Authority (2009). *Fourth Corporate Plan: 2009/10 – 2011/12, (p. 4)).*

Kenya Revenue Authority

Ref: 88072586

15th April, 2010

Penelope W. Mutune
Assistant Commissioner
FINANCE DEPARTMENT

Thro' Senior Deputy Commissioner -Finance

Dear Madam,

RE: REQUEST TO CONDUCT RESEARCH

We refer to your letter dated 15th April, 2010 regarding the above mentioned subject.

We are pleased to inform you that approval has been granted for you to conduct research on your project entitled ***"Survey of internal service delivery systems: A Case Study of Kenya Revenue Authority"***, at the Authority.

However, we wish to remind you that this research should only be for academic purposes and any data or information given to you should be treated with utmost confidentiality. A copy of the research paper should also be sent to the Senior Deputy Commissioner, Human Resources for our records.

Yours faithfully,

Annastacia Githuba
For: Senior Deputy Commissioner- Human Resources

amc