

STRATEGY IMPLEMENTATION AT KENYA REVENUE AUTHORITY

ABDI MALIK HUSSEIN

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DECLARATION

I declare that this project is my original work and has not been submitted in any other learning institution for an award of any Diploma or Degree program.

Signature: _____

Date: _____

ABDI MALIK HUSSEIN

D61/70381/2009

SUPERVISOR

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

Signature: _____

Date: _____

PROF. MARTIN OGUTU

DEPARTMENT OF BUSINESS ADMINISTRATION

SCHOOL OF BUSINESS

UNIVERSITY OF NAIROBI

DEDICATION

I wish to dedicate this work to my wife Halima. C. Abdi, my children Anwar. H. Abdi, Anab Leila Abdi, Harun. O. Abdi and Amir. I. Abdi. They all inspired me to work hard. Not forgetting my late dad Hussein Omar Mohammed and my late mother Fatuma Sheikh Amin who both encouraged me to pursue further education. I will forever be grateful to them.

Allah bless them all.

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ACRONYMS AND ABBREVIATIONS

CEO:	Chief Executive Officer
DC:	Dynamic Capabilities
KRA:	Kenya Revenue Authority
LTO:	Large Taxpayers Office
MTO:	Medium Taxpayers Office
RBV:	Resource Based View
RTD:	Road Transport Department
SAGA:	Semi Autonomous Government Agency
SBU:	Strategic Business Unit
VAT:	Value Added Tax

ABSTRACT

Successful strategy implementation depends on doing a good job of working with and through others, building and strengthening competitive capabilities, motivating and rewarding people in a strategy supportive manner and instilling the discipline of getting things done. The study sought to establish strategy implementation practices and to determine strategy implementation challenge at Kenya Revenue Authority (KRA). The study adopted a case study. Primary data was collected using an interview guide. The interview guide assisted in the collection of the qualitative data focusing on the strategy implementation within the KRA. The interviewees were Senior Deputy Commissioners and Deputy Commissioners who are unit heads in the organization. Before analysis, data was checked for completeness and consistency. Content analysis was used considering the qualitative nature of the data collected through in-depth analysis. The data was broken down into the different aspects of strategy implementation, arranged into logical groups and analyzed. This offered a systematic and qualitative description of the objectives of the study. The study revealed that, KRA has made great efforts to change its organizational structure so as to enhance the competitiveness of the organisation and continuous adaptation of the organisation to various environmental turbulence levels. The quality of leadership at KRA is given priority in the various aspects of the organization and its operations. The study concludes that strategy implementation effort failed if the strategy did not enjoy support and commitment by the majority of employees and the management. KRA staffs made great strides in responding to strategy implementation within the set timeframes. The researcher recommends that companies should assess the customer employee's needs to ensure that it complies with strategy implementation and ensure that strategy implementation is facilitated by teamwork.

CHAPTER ONE: INTRODUCTION

1.1 Background of the Study

Without a strong leadership in a professional firm, constructive change is not possible. Strategy is formulated at the top of the firm, but executed from bottom up. Thus alignment within the firm is required in order to execute strategy. Majority of firms fail to execute because they do not focus resources on priorities and in majority of cases, employees have not been informed of the strategy. Another reason why firms fail is lack of management and accountability. Management training programs have become a popular and effective means to meet this need (Boomer, 2007). It is obvious that a vague or poor strategy can limit its implementation efforts. Good execution cannot overcome the shortcomings of a bad strategy or a poor strategic planning effort (Hrebiniak, 2006).

For a significant change to occur there must be an alignment between what is good for the organization and what is good for the individual. When both of these conditions exist and the link is clear, then the likelihood of success is greatly enhanced. Strategy implementation involves working with people and the structure of the organization to make the visionary ideas developed earlier come true (Lasher, 1999). It has been argued that well formulated strategies only produce superior performance for the firm when they are successfully implemented (Noble, 1999).

Successful strategy implementation requires the input and cooperation of all players in the company. Implementation of strategies requires linkage in two dimensions both vertical and horizontal. To ensure successful strategy implementation, it is also important to maintain strategic control of critical environmental factors affecting the viability of strategic plan and assess the effects of strategic actions to ensure the strategic plan achieves its goal (Zhao, 1956).

1.1.1 Strategy Implementation

According to Peng and Litteljohn (2001), effective communication is a key requirement for effective strategy implementation. Organizational communication plays an important role in training, knowledge dissemination and learning during the process of strategy implementation. A proper strategy-structure alignment is a necessary precursor to the successful implementation of new business strategies. Pearce and Robinson (2003) argue that while structure provides overall framework for strategy implementation, it is not in itself sufficient to ensure successful execution. Two leadership issues of fundamental importance here are the role of the Chief Executive Officer (CEO) and the responsibilities of key managers.

Strategy commitment according to Noble & Mokwa (1999) is the extent to which a manager comprehends and supports the goals and objectives of a marketing strategy. Role commitment is defined as the extent to which a manager is determined to perform his individual implementation responsibilities well, regardless of his beliefs about the overall strategy. Noble and Mokwa's findings suggest that an individual manager's implementation role performance will influence the overall success of the implementation effort. Both, strategy commitment and role commitment, were shown to influence role performance. Johnson and Scholes, 2002 point out that money is a key resource to all organizations. Most strategic development and implementation require funding. Management of money can be a key determinant of strategic success. They went on to note that culture is a strength that can also be a weakness. It's strength because it eases and economizes communication, facilitates organizational decision making and control, and may generate higher levels of cooperation and commitment in the organization. This results in efficiency.

1.1.2 Kenya Revenue Authority

KRA is a Public Sector Company. The Kenya government has been spearheading massive reforms under the banner Public Sector Reforms in order to streamline the operations in the public sector for better management and accountability. Several

initiatives for Public Sector Reforms have been put in place in order to enhance citizen satisfaction in terms of service delivery and entrench a culture of managing for results. To achieve this, different organizations in the public sector have come up with strategies to outline the various measures to be put in place and the implementation methodology to achieve the desired results. One such organization is the KRA (SGS, 2012).

KRA is a Semi Autonomous Government Agency (SAGA) established by a statute (CAP 469). Since its inception in 1995, KRA has emerged as one of the leading successful public sector bodies in terms of meeting its core objective of revenue collection. KRA is responsible for assessing, collecting and accounting for all revenues in accordance with specific laws. KRA is the only government agency mandated to collect taxes and it achieves this through its four key technical departments namely the Customs Service Department, the Large Taxpayers Department, the Domestic Taxes Department, and Road Transport Department (KRA, 2012).

The Customs Services Department (previously known as Customs and Excise Department), a department of the KRA, was established by an Act of Parliament in 1978. It is the largest of the four revenue departments in terms of manpower, revenue collection and countrywide operational network. The primary function of the Customs Services Department is to collect and account for import duty and VAT on imports. The Department is headed by the Commissioner of Customs Services Department, deputized by the Senior Deputy Commissioner, Customs Services Department.

The Large Taxpayers Office (LTO) was formed as an operations unit in 1998 to provide one-stop shop services in the administration of Income Tax and VAT matters affecting large taxpayers. LTO's primary objective has been to promote efficient tax administration with the goal of achieving compliance at minimum cost to both taxpayers and KRA. LTO was established as a fully-fledged department in the year 2006 with the sole purpose of administering Domestic Tax matters affecting large taxpayers. LTO is headed by a Commissioner.

The Road Transport Department (RTD) was initially under the Ministry of Transport and Communication before being absorbed by Kenya Revenue Authority on 1st July, 1995 through an act of Parliament. The Registrar of Motor Vehicles heads the Department. Sections under the Road Transport Department include: Licensing, Registration of motor vehicles unit, motor vehicle transfer section, computer Services Unit, and Vehicle Registry.

Domestic Taxes department comprises of Income Tax, Value Added Tax and Medium Taxpayers Office. Income tax is a direct tax that is imposed on income derived from Business, Employment, Rent, Dividends, Interests, and Pensions among others. Income tax is a direct tax that is imposed on income derived from Business, Employment, Rent, Dividends, Interests, and Pensions among others. Value Added Tax (VAT) is levied on consumption of taxable goods and a service supplied or imported into Kenya and is collected by registered persons at designated points who then remit it to the Commissioner. The Medium Taxpayers Office (MTO) commenced its operations on 1st November 2010, and serves taxpayers whose turnovers fall between Kshs. 300 Million and Kshs. 750 Million. The MTO's key objective is to improve effectiveness of medium taxpayers' administration and to minimize compliance costs to both taxpayers and the KRA, through provision of consistent quality services to medium taxpayers.

1.2 Research Problem

Organizations are indeed open systems and have to respond to their environment through appropriate strategies. Once strategies are developed, they must be implemented and without successful implementation, the organization will not obtain the results that it intended. A well developed strategy has to be implemented if success and mandate has to be achieved. In view of this, there is need to increase research in this area to unveil problems associated with the implementation of organizational strategies. The process of supporting strategy implementation is arduous task requiring the commitment of top management, structures, communication, culture, leadership, processes and systems (Thompson and Strickland, 2002). Hrebiniak (2006) states that strategy implementation is

still new field of management and has not been fully understood compared to formulation. The need to add to the existing knowledge exists and in addition the current literature is biased towards developed nations, creating a further gap in the emerging economies and their unique needs.

KRA strategic intent is to increase the awareness of its clientele on the need to engage in legitimate trade and meeting the needs of its customers in the evolving technological era. More so, striving to ease and create an environment where there shall be seamless flow of information between the organization and the various stakeholders. The launching of various subsidiary systems to enable it disseminates information easily and allows the users easy access to information.

Reasons advanced for the success or failure of the strategies revolve around the fit between structure and strategy, allocation of resources, the organization culture, leadership, reward and the strategy itself. A number of scholars have researched on challenges faced in strategy implementation. These include: Ronga (2008), Adongo (2008), Resper (2007) and Ngumo (2006) among others. Ronga (2008), studied challenges to strategy implementation at Madison Insurance Company Limited. Adongo (2008), studied challenges faced by principals in implementing strategies in public secondary schools in Nairobi. Resper (2007) surveyed challenges of strategy implementation in multinational manufacturing companies in Kenya while Ngumo (2006), focused on challenges of strategy implementation in the Scripture Union of Kenya. None of these studies touched on strategy implementation at KRA. Therefore, this study aimed to address this knowledge gap.

1.3 Research Objective

The study gave an insight into strategic implementation at KRA. The specific objectives were:

- i. To establish strategy implementation practices at KRA.
- ii. To determine strategy implementation challenges at KRA.

1.4 Value of the Study

This study provides managers of KRA and public sector institutions in Kenya with information on the general challenges faced during strategy implementation and how to overcome the challenges.

It adds to the body of knowledge, specifically in regard to strategy implementation in the Kenyan parastatal sectors and ignites the need for further research especially looking into competition arising in the sector. Policy makers would infer from the study on government initiatives for revenue sector in Kenya and the region at large.

CHAPTER TWO: LITERATURE REVIEW

2.1 Introduction

This chapter aimed at screening the body of knowledge as a means to better understanding of the conceptual and analytical framework in the area of study. It covered the theoretical foundation, various factors influencing strategy implementation, challenges of strategy implementation, how to confront them and the tools for successful implementation.

2.2 The Theoretical Foundation

The study was anchored on the Resource Based View (RBV) theory and the Dynamic Capabilities (DC) theory. The RBV theory according to Rapert and Suter, (1996), outlines that the competitive advantage of an organization lays primarily with the application of the organizations resources. RBV holds that sustained competitive advantage can be achieved more easily by exploiting internal rather than external factors.

These resources must be identified with key potentials, that is, valuable, rare, imitable and non- substitutable without great effort. Resources are valuable if they help organizations to increase the value offered to the customers. This is done by increasing differentiation or/and decreasing the costs of the production. The resources that cannot meet this condition, lead to competitive disadvantage. Resources that can only be acquired by one or few companies are considered rare. When more than few companies have the same resource or capability, it results in competitive parity. A company that has valuable and rare resource can achieve at least temporary competitive advantage.

However, the resource must also be costly to imitate or to substitute for a rival, if a company wants to achieve sustained competitive advantage. The resources itself do not confer any advantage for a company if it's not organized to capture the value from them.

Only the firm that is capable to exploit the valuable, rare and imitable resources can achieve sustained competitive advantage. To transform a short-run competitive advantage into a sustained competitive advantage requires that these resources are heterogeneous in nature and not perfectly mobile. If these conditions hold, the firm's bundle of resources can assist the firm to sustain above average returns (Priem and Butler, 2001).

DC is a set of specific and identifiable processes such as product development, strategic decision making and alliance. They are neither vague nor tautological. Although dynamic capabilities are idiosyncratic in their details and path dependent in their emergence, they have significant commonalities across firms (popularly termed 'best practice'). This suggests that they are more homogeneous, fungible, equifinal, and substitutable than is usually assumed, (Kathleen and Jeffrey, 2000).

DC framework is that core competencies should be used to modify short-term competitive positions that can be used to build longer-term competitive advantage. The DC theory attempts to use an analysis of processes and routines to offer a clear description of organizational activity with clear implications for strategies that, implemented by managers, can result in higher firm performance and help explain the difference in performance among firms, (Peng and Litteljohn, 2001). It also attempts to deal with how senior managers of successful companies change their existing mental models and paradigms to adapt to radical discontinuous change and ultimately, how companies maintain threshold capability standards and hence ensure competitive survival.

The main difference between the RBV of the firm and DC view is the fact that the latter focuses more on the issue of competitive survival rather than achievement of sustainable competitive advantage.

2.3 Factors Influencing Strategy Implementation

Strategy formulation is one of the major factors that influence implementation. It is obvious that a vague or poor strategy can limit its implementation efforts. Good execution cannot overcome the shortcomings of a bad strategy or a poor strategic planning effort (Hrebiniak, 2006). Alexander (1985) believes that the need to start with a formulated strategy that involves a good idea or concept is mentioned most often in helping promote successful implementation.

Bantel (1997) suggests that particular strategies are effective at achieving particular performance goals to the exclusion of others. One of his conclusions is that synergies between strategy types and implementation capabilities exist and should be exploited.

The relationships among different units and different strategy levels are a crucial determinant of strategy implementation. Chimhanzi (2004) suggests that cross-unit working relationships have a key role to play in the successful implementation of marketing decisions. Implementation effectiveness is affected negatively by conflict and positively by communication and specifically, interpersonal, not written. In turn, these interdepartmental dynamics are affected by senior management support, joint reward systems, and informal integration. Chimhanzi & Morgan (2005) indicate that firms devoting attention to the alignment of marketing and human resources are able to realize significantly greater successes in their strategy implementation.

Walker & Ruekert (1987) stipulate that corporate-business unit relationships, inter-functional structures and processes, marketing policies and processes may all significantly influence business strategy implementation. Functional competencies, allocation of resources, decision-making participation and influence, inter-functional conflict and coordination may have vastly different effects on the implementation of different kinds of strategies.

How strategy is executed plays a big role in determining its success. Viseras et al (2005) group 36 key success factors into three research categories: people, organization and systems in the manufacturing environment. Strategy implementation success depends crucially on the human or people side of project management, and less on organization and systems related factors.

Execution comprises of top management, middle management, lower management and non-management. Top management refers to senior level leaders including presidents, owners, and other high ranking executives and senior level managers. Middle managers who believe their self-interest is being compromised can redirect a strategy, delay its

implementation, reduce the quality of its implementation, or sabotage the effort by upward intervention. If lower level management and non- management personnel are not aware of the same information, or if information must pass through several management layers in the organization, consensus regarding that information may never come about.

The communication among staff is key in the implementation of a strategy. The lack of shared knowledge with lower level management and non-management employees creates a barrier to successful strategy implementation. Communication includes clearly explaining what new responsibilities, tasks, and duties need to be performed by the affected employees. Rapert and Suter (1996) find that organizations where employees have easy access to management through open and supportive communication climates tend to outperform those with more restrictive communication environments.

How is the strategy implemented? The tactics used to implement strategy may vary from firm to firm and may play a major role in its implementation. Nutt (1986) identified four types of implementation tactics used by managers in making planned changes by profiling 91 case studies: intervention, participation, persuasion, and edict. The study found a 100 percent success rate when key executives used an intervention tactic, but observed this tactic in less than 20 percent of the cases. Both the persuasion and participation tactics had 75 percent success rates; persuasion had the highest frequency of use, 42 percent, and participation the lowest, 17 percent. Implementation by edict had a 43 percent success rate and a 23 percent frequency of use.

Consensus Building is defined by Dooley et al (2000) as the level of agreement among the dominant coalition on factors such as goals, competitive methods, and perceptions of the environment. They view consensus as an outcome of the strategy-making process, and see consensus as critical in resolving differences, promoting a unified direction for the firm, increasing strategic commitment, and enhancing the successful implementation of a given strategy. Their findings show that decision consensus results in subsequently higher levels of commitment to the strategic decision among the members of the decision-making team.

Alexander (1985) thinks obtaining employee commitment and involvement can promote successful strategy implementation. Some CEOs believe that one way to accomplish this is to involve employees and managers right from the start in the strategy formulation process. Involvement and commitment should also be developed and maintained throughout the implementation process. If middle and lower level managers and key subordinates are permitted to be involved with the detailed implementation planning, their commitment will be likely to increase.

Shared understanding without commitment may result in counter effort and negatively affect performance (Rapert & Suter, 1996). Strategy implementation efforts may fail if the strategy does not enjoy support and commitment by the majority of employees and middle management.

The structure of the organization influences how a strategy will be implemented. Hrebiniak, (2006) identifies a taxonomy comprised of four different combinations of structure/behavior types, which they label as: management dominant, customer-centric innovators, customer-centric cost controllers and middle ground. These alternative structure/behavior types are then matched with specific business strategies, that is Prospectors, Analyzers, Low Cost Defenders and Differentiated Defenders in order to identify which combination (s) of structures and behaviors best serve to facilitate the process of implementing a specific strategy.

White (1986) points out that the fit between business unit strategy and the internal organization of multi-business companies does have an effect on business unit performance. Specifically, business units with pure cost strategies experience higher return on investment (ROI) when they have low autonomy. Pure differentiation strategies benefit, in terms of sales growth, from strong functional coordination. Similarly, the ROI of cost strategies is, on average, higher when some functional responsibilities are shared. The administrative system used by the organization comes into play when implementing strategy. Govindarajan and Fisher (1990) believe that executive leadership

characteristics, structural variables, and control systems contribute differentially to the effectiveness of Strategic Business Units practicing differentiation and low-cost strategies. There are three key administrative mechanisms that firms can use to cope with uncertainty in this context: design of organizational structure (decentralization), design of control systems (budget evaluative style) and selection of managers (locus of control).

2.4 Strategy Implementation Challenges

Achieving strategy implementation and by this, strengthening value creation still proves to be a major task in the corporate world. Although many companies today have improved their strategic capabilities and enhanced the way strategy is being developed and executed, there is still room for improvement (Yaeger and Sorensen, 2009).

When a strategic change is poorly introduced, managers may actually spend more time implementing changes resulting from the new strategy than was spent in selecting it. Strategy implementation involves both macro-organizational issues (e.g., technology, reward systems, decision processes, and structure), and micro-organizational issues (e.g., organization culture and resistance to change).

Changing a firm's culture to fit new strategy is usually more effective than changing a strategy to fit existing culture. Strategists should strive to preserve, emphasize, and build upon aspects of an existing culture that support proposed new strategies. Culture may be a factor that drives the strategy rather than the other way round (Kazmi, 2002).

The mismatch between strategy and structure may lead to too many levels of management, too many meetings attended by too many people, too much attention being directed toward solving interdepartmental conflicts, too large a span of control; and too many unachieved objectives (David,1997).

The need for top managers to recognize that they cannot plan everything and that strategies are bound to be translated into action within an organization is crucial. Johnson and Scholes (2002) point out the assumption that top management can plan strategy implementation at the top then cascade down through the organization is not tenable. It should be recognized that how top managers conceive strategies are not the same as how those lower down in the organization conceive of them. Therefore there needs to be ways of relating the strategic direction to the everyday realities of people in the organization. It is therefore vital that middle managers are engaged with and committed to such strategies so that they can perform this translation process.

Staff control of pay systems, often prevents line managers from using financial compensation as a strategic tool. How can an organization's reward system be more closely linked to strategic performance? Incentives such as salary raises, stock options, fringe benefits, promotions, praise, criticism, fear, increased job autonomy, and awards can encourage managers and employees to push hard for successful strategic implementation (Johnson and Scholes, 2002).

Resource allocation is a central management activity that allows for strategy execution. All organizations have at least four types of resources that can be used to achieve desired objectives, financial resources, physical resources, human resources and technological resources, (Thompson, 1990). The knowledge, tools, equipment, and work methods used by an organization in providing its goods and services is referred to as technology and its importance cannot be over emphasized. The technology employed must fit the selected strategy for it to be successfully implemented. Managers need to consider the importance of frequent and open communication before, during, and after the major planning activities occurs. Informal organizational communication processes will continue to operate at full tilt during the planning process and will often carry incorrect and unsubstantiated information throughout the organization. This has an unsettling and disruptive effect on day-to-day operations.

2.5 Confronting Implementation Challenges

Managers must provide support during the change process. Making themselves available, providing adequate information, being positive, actively listening, and showing personal interest and respect are strategies that managers can use to help minimize the frustration of those coping with change. Employees should also be involved in decision-making and new program development. It is one of the best methods of handling resistance, simply because that employee involvement in the stage of a change process significantly influences the eventual outcome (Kessler and Kelly, 2000).

Communication is the key to the survivors' understanding the new corporate strategy and their accurate interpretation of the organization's goals and objectives. The more information is made available, the better people will cope with the new situation. Further, open communication will also be beneficial in reducing employee resentment and resistance, will help minimize conflict and promote change. Negotiations with individuals involved and the forces imposing the change can minimize resistance to change. Providing as many avenues as possible for staff to provide input, make decisions, and have some control over matters that affect them facilitates change (Dowd, 1998).

Education involves supplying people with information required to understand the need for change. It can also be used to make the organization more receptive to the need for the change. Furthermore, information provided during the implementation of a change can be used to build support for a strategy that is succeeding or to redirect efforts in implementing a strategy that is not meeting expectations.

For a new strategy to succeed, the organization must have the right measures in place to drive the right behaviors and actions. The success of the new strategy will depend on how well the identified corporate wide measures track the success of the new strategy and how leaders are adopting new measures in the regular management meetings. Education and training may help to identify the right strategies.

Explicit and implicit coercion involves the use of force or the threat of force to enforce the implementation of change. This type of approach may be necessary if the parties involved are operating from fixed positions and there are fundamental disagreements over objectives and or methods (Botten, 2009).

The time to take stock of senior management support is when a business plan is about to be implemented. Many organizations hit a roadblock along the way because middle managers do not have sufficient authority to make adjustments especially those essential to successful implementation. Senior management support is integral to successful adoption of effective business planning activities (Kessler and Kelly, 2000).

2.6 Tools for Successful Strategy Implementation

Functional strategies are the short-term activities that each functional area within a firm must undertake in order to implement the grand strategy. They must be consistent with the long-term objectives and the grand objectives (Pearce and Robinson, 1994). According to Aosa (1992), functional level strategy primarily focuses on achieving maximum use of resources i.e. attaining maximum resources productivity.

Annual objectives translate long-range aspirations into the year's targets. If well developed, these objectives provide clarity, a powerful motivator and facilitator of effective strategy implementation (Pearce and Robinson, 1994). Annual objectives add breadth and specificity in identifying what must be accomplished to achieve long term objectives. They objectives should be consistent across hierarchical levels and form a network of supportive aims. They should be measurable, consistent, reasonable, challenging, clear, communicated throughout the organization characterized by an appropriate time dimension, and accompanied by commensurate rewards and sanctions. Annual objectives should be compatible with employees and managers' values and should be supported by clearly stated policies (Tregoe and Tobia, 1997).

Policies let both employees and managers know what is expected of them, thereby increasing the likelihood that strategies will be implemented successfully. Whatever their scope and form, policies serve as a mechanism for implementing strategies and obtaining objectives. Policies represent the means for carrying out strategic decisions and hence should be stated in writing whenever possible. Policies sets boundaries, constraints and limits on the kinds of administrative actions that can be taken to reward and sanction behavior, they clarify what can and cannot be done in pursuit of an organization's objectives (Hussey, 1988).

CHAPTER THREE: RESEARCH METHODOLOGY

3.1 Introduction

This chapter outlines the methods that were used in this study to collect the data and analyse the data. It discusses the research design, data collection instrument and analysis used.

3.2 Research Design

The study adopted a case study. This is appropriate because it provided a clear and accurate focus of KRA and in-depth understanding of how the organization managed its strategy implementation process, the challenges experienced and how they overcame or minimized them.

3.3 Data Collection

The study used both primary and secondary data. Primary data was collected through in-depth personal interviews administered through open-ended interview guide (appendix). The open-ended questions were useful in enabling the researcher to collect qualitative data in order to gain a better understanding and possibly enabled a better and more insightful interpretation of the results from the study.

Bryman and Bell (2007) pointed out that open ended questions allow the respondents to include more information, including feeling, attitudes, and understanding of the issues. The interview guide assisted in the collection of the qualitative data focusing on the strategy implementation within the KRA. The interviewees were Senior Deputy Commissioners and Deputy Commissioners who are unit heads in the organization.

3.4 Data Analysis

Mugenda and Mugenda (1999) observed that data analysis is the process of bringing order, structure and meaning to the mass of information collected. Data collected from the interviews was analyzed through content analysis, which involved observation and detailed description of objects, items or things that comprised the study. The similarities and differences were summarized into emerging themes and compared with theoretical approaches cited in the literature review.

Content analysis was used as the data solicited and tabulated was qualitative in nature and was obtained from open ended questions through interviews. Texas State Auditor's office (2011) observes that content analysis is a methodology for determining the content of written, recorded, or published communications via a systematic, objective and quantitative procedure.

This technique made use of a set of categorization for making valid and replicable inferences from data to their context (Baulcomb, 2003). The data was broken down into the different aspects of strategy implementation practices, arranged into logical groups and analyzed. This offered a systematic and qualitative description of the objectives of the study.

CHAPTER FOUR: DATA ANALYSIS, FINDINGS AND DISCUSSIONS

4.1 Introduction

This chapter presents analysis and findings of the study as set out in the research methodology. The results are presented on strategy implementation at Kenya Revenue Authority (KRA). The data was gathered exclusively from interview guide as the research instrument.

4.2 Importance of KRA Training

The study aimed at assessing the reasons behind KRA conducting training prior to strategy implementation. According to the key informants KRA provided training as a positive action to minimize managers' and employees' resistance to change as a result of the strategy implementation.

Examples given were staffs that were affected by change during strategy implementation process were currently undertaking training in decision making and how to implement the change. Further to this, KRA offered training and development workshops to managers and employees to adapt to the anticipated changes. According to the interviewees, training employees on strategy implementation ensured that they maintained the skills necessary to be world-class performers.

Interviewees felt the organization has adopted staff training well. Professionalism was achieved by KRA from the enhanced efficiency as a result of advantageous skills gained from the training. Staffs were taken through seminars to create awareness and reduce change resistance that affects strategy implementation through business changing environment.

4.3 Staffs Commitment to Strategy Implementation

Staff commitment was censured by articulating strategic goals and nominating a task force that developed and proposed corresponding implementation options. Persuasion consists of the tactic of using the involved parties to convince employees about the decided course of actions this ensured staff commitment.

The response of the interviewees on the aspect of staffs' commitment on strategy implementation at KRA was cited to be to a great extent since this was regulated by job description and was also monitored by line supervisors.

4.4 Senior Management Lead in Strategy Implementation

On establishing how the senior management took the lead in strategy implementation, interviewees indicated that the senior management issues were central to strategy implementation. This was achieved by; establishing annual objectives, devising policies, allocating resources, altering an existing organizational structure, restructuring and reengineering, revising reward/incentive plans, minimizing resistance to change, matching managers with strategy goals, developing a strategy-supportive culture, adapting production/operations processes and developing an effective human resources function.

4.5 Factors Contributing to Successful Strategy Implementation

Interviewees were requested to indicate the factors that contributed to successful strategy implementation. According to the key informants, strategy implementation was supposed to be contrasted in the given ways, namely, strategy implementation was supposed to position forces before and during the action. Similarly, strategy implementation should focus on effectiveness, efficiency and primarily as an intellectual and operational process. More so, strategy formulation required good intuitive and analytical skills, special motivational and leadership skills, and coordination among the management and the support staff of KRA.

4.6 Measures Taken to Re-Align Organizational Structure to Strategic Decisions

The study sought to analyze the measures taken to re-align organizational structure to strategic decisions. The interviews provided the following responses; to enhance service delivery and increase efficiency. It was observed that the recent restructuring of shortening the organization structure has contributed to more effective communication and translated into fewer costs associated with operations. This was also persuaded in order to redundancy and duplication of efforts. This also reduced the bureaucracy that led to delay in execution of duties and mandates. This had an impact in facilitating the strategic change management process which is an element of strategic implementation.

The interviewees indicated that change in the competitive environment requires adjustments to the organizational structure. KRA structural alignment exhibit strategy implementation performance and ensure higher performance.

4.7 Measures in Place to Ensure Continuous Monitoring of Strategy Implementation

The findings indicate that KRA responded to the resistance by external stakeholders by getting allies from amongst the external stakeholders and also by using its power as an arm of the government to sustain the change process. KRA also closed ranks with the external stakeholders by listening to them, helping them manage the change through training and recognizing them by seeking their inputs in subsequent change activities. This combined approach in handling resistance to change helped KRA succeed in ensuring continuous monitoring of strategy implementation.

4.8 Measures Put in Place to Control Organization Politics

The study aimed at assessing measures put in place by KRA in order to ensure organization politics did not affect strategy implementation. According to the interviewees; the transition from strategy formulation to strategy implementation requires a shift in responsibility from strategists to Divisional and functional managers. Organization politics arise because of this shift in responsibility, especially if strategy-implementation decisions came as a surprise to the KRA staff.

Therefore, KRA ensured that their employees were involved in decision making process as much as possible both in strategy formulation as well as in the implementation process. Managers and employees participate early and directly in strategy-implementation decisions. Their role in strategy implementation was built upon prior involvement in strategy-formulation activities. According to the interviewees KRA also ensured that they give incentives and promotion to all those who performed well in the strategy implementation process.

4.9 Measures Instituted to Improve and Provide Adequate Communication

The results indicate that computerized cognitive aids are successfully designed into decision support systems (DSS) to support decision makers strategy execution process and that such aids have a significant positive impact on both decision-making efficiency and effectiveness in KRA.

The interviewees also indicated that communication and shared understandings played an important role in the implementation process. In particular, when vertical communication was frequent, strategic consensus through shared understanding about strategic priorities was enhanced and KRA strategic implementation performance improves.

4.10 Challenges Faced by KRA in Their Strategy Implementation Process

The study aimed at ascertaining the challenges faced by Kenya Revenue Authority in their strategy implementation process. According to the interviewee's there was; disruption of social and political structures, failure to match individuals' aptitudes with implementation tasks, and inadequate top management support for implementation activities. It was also noted that managers and employees become engaged in resistance behavior as their roles, prerogatives, and power in KRA change.

The study findings can be summarized as follows: both internal and external environment affects the operations of KRA. The components such as political and legal framework, economic factors, and technological developments are important and have to be

monitored. KRA has to adapt to the changing environment. The authority has also responded to the changing environment by undertaking some initiatives such as automation and setting up a reforms office to coordinate reforms.

4.11 Minimizing KRA strategy Implementation Challenges

Annual objectives should be measurable, consistent, reasonable, challenging, clear, communicated throughout the organization, characterized by an appropriate time dimension, and accompanied by commensurate rewards and sanctions. Annual objectives should be compatible with employees' and managers' values and should be supported by clearly stated policies.

It is important to tie rewards and sanctions to annual objectives so that employees and managers understand that achieving objectives is critical to successful strategy implementation.

Other factors on ensuring Kenya Revenue Authority minimizes strategy implementation challenges were; form new departments that will ensure strategy implementation success, developing financial budgets, developing new employee benefits, establishing strategic implementation budget as well as cost-control procedures and transferring managers among divisions according to strategy implementation capabilities and skills.

4.12 Discussion

The study found that KRA provided training as a positive action to minimize managers' and employees' resistance to change as a result of the strategy implementation. This concurred with Dowd (1998) study in that for a new strategy to succeed, the organization must have the right measures in place to drive the right behaviors and actions. The success of the new strategy will depend on how well the identified corporate wide measures track the success of the new strategy and how leaders are adopting new measures in the regular management meetings. Education and training may help to identify the right strategies.

According to the findings KRA has made great efforts to change its organizational structure so as to enhance the competitiveness of the organisation and continuous adaptation of the organisation to various environmental turbulence levels. These collaborates with the findings of Walker and Ruekert (1987) who stipulate that corporate-business unit relationships, inter-functional structures and processes, marketing policies and processes may all significantly influence business strategy implementation.

The study shows that effective leadership involves a lot of management – managing the people processes in KRA so that employees can align themselves to the strategy. These findings correlated with Chimhanzi (2004) who suggests that cross-unit working relationships have a key role to play in the successful implementation of marketing decisions. Implementation effectiveness is affected negatively by conflict and positively by communication and specifically, interpersonal, not written. In turn, these interdepartmental dynamics are affected by senior management support, joint reward systems, and informal integration.

CHAPTER FIVE: SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

This chapter provides the summary of the findings from chapter four, and also it gives the conclusions and recommendations of the study based on the objective of the study.

5.2 Summary

The results revealed useful information with respect to the objectives. The first objective of the study was to establish the strategy implementation practices adopted by KRA. The study established that the organization used a blend of strategy implementation practices. These practices include the approaches KRA has employed in building the strategic direction as defined in the strategic horizons, the implementation strategy used the G2G Nagy (2009) transformation strategy. The results indicated that strategy implementation requires a variety of practices in order to successfully translate the organization plans into action.

The practices employed by KRA are unique to the organization set up, operating environment and nature of business. Strategy implementation goes hand in hand with the strategic matrix plan and as such the plans should be turned into action by implementing the activities noted on the matrix. The study however found that action points are not implemented as per schedule this was noted on the action matrix. The corporate strategic plan has objectives that have been set by the top management and deemed to be good for the institution.

The practices that are put in place are dependent on the resources available at the disposal of the organization and the organizational capability. The unique practices employed by the organization in strategy implementation enables the organization to be efficient in service delivery. KRA has adopted a contemporary approach that compares favorably to worldwide champions in revenue collection and other leading industries that employ best practice principles in business.

The study found that KRA provided training as a positive action to minimize managers' and employees' resistance to change as a result of the strategy implementation. In order to adapt to the changes, KRA offers training and development workshops to its managers and employees. Training employees on strategy implementation ensure that they have and maintain the skills necessary to be world-class performers.

The study revealed that, KRA has made great efforts to change its organizational structure so as to enhance the competitiveness of the organization and continuous adaptation of the organization to various environmental turbulence levels. As a result, existing projects were repacked with a view to support the new strategy. While some of the repacked projects proved to be a major success in implementation of the strategic plan, some failed to match the aspirations in the new strategic plan and instead increased the costs of operations.

The second objective of the study was to establish the challenges encountered by KRA in implementing its strategies. The organization encountered several challenges, most of which were unique to the sector. The challenges include unavailability of adequate finances for capacity expansion plans, the economic, social and political developments that make the environment unfavorable for strategy implementation and environmental liability aspects that impact on strategy. KRA has put in measures of dealing with each of the challenge.

Effective leadership involves a lot of management managing the people processes in KRA so that employees can align themselves to the strategy. At the same time, without a strong leadership, constructive change is not possible. The quality of leadership at KRA is given priority in the various aspects of the organization and its operations. The senior personnel devote a lot of their time coordinating the various activities in the organization through supervision and giving directives to the subordinate managers through effective communication and staff which ensures effective strategy implementation.

According to the interviewees performance management was an enabling factor that related to the organization and a contributor to successful strategy implementation. Performance management needs to be further embedded and rolled out across KRA. All employees need to be stakeholders in the future direction of the organization. Their daily performance and activities should be measured along the specific milestones and core values identified by the business plan.

A dedicated team is required to own and drive this implementation across the organization and KRA should consider hiring a specialist with previous experience in rolling out performance management systems across large organizations. The team should make use of the tools that have been developed for KRA such as the balanced scorecard, performance boards, training videos and succession and development plans. In addition, KRA should finalize the unfinished policies around monetary and non-monetary awards and link the performance management system to the new strategy that needs to be developed for the organization.

5.3 Conclusions

The study concludes that strategy implementation effort failed if the strategy did not enjoy support and commitment by the majority of employees and the management. This was so if the employees were not consulted during the development phase. Strategy implementation success depends crucially on the human or people side of project management, and less on organization and systems related factors. Higher level in total organizational involvement during strategy implementation had positive effects on the level of implementation success, and overall KRA performance.

KRA staffs made great strides in responding to strategy implementation within the set timeframes. However, timely implementation of strategy recommendations was not given priority. There was need to enforce implementation of the recommendations within the set timeframes.

The study concludes that many problems which over half of the interviewees indicated that KRA experienced frequently were; employees had insufficient capabilities to perform their jobs, lower-level employees were inadequately trained, and departmental managers provide inadequate leadership and direction.

There were concerns that the current communication channels on implementation matters were not effective. KRA departments did not fully utilize the information available in the various automated internal systems to enhance risk assessment, profiling and third party data matching to provide a single view of strategy implementation process and facilitate effective departmental implementation strategies. There is need to review and implement an effective communication policy to address the gaps.

5.4 Recommendations

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

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

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

Strategists should strive to preserve, emphasize, and build upon aspects of an existing culture that support proposed new strategies. Aspects of an existing culture that are antagonistic to a proposed strategy should be identified and changed. For this reason, changing a firm's culture to fit a new strategy is usually more effective than changing a strategy to fit an existing culture. Numerous techniques are available to alter an organization's culture, including recruitment, training, transfer, and promotion, restructure of an organization's design, role modeling, and positive reinforcement.

Disruption of social and political structures that accompany strategy execution must be anticipated and considered during strategy formulation and managed during strategy implementation. There was need to integrate the internal systems, improve communication to ensure there is effective communication at all level in the organization. The study recommends that vertical communication linkages through strategic consensus can be enhanced.

There is need for legislative changes to allow KRA a greater autonomy on the right to withhold its greater autonomy on the right to withhold its share of revenues collected as per agency agreement. The perennial delay in disbursement of funds from the National Treasury undermines KRA's ability to effectively implement its strategy which affects performance.

A number of other guidelines can help ensure that human relationships facilitate rather than disrupt strategy-implementation efforts. Specifically, managers should do a lot of chatting and informal questioning to stay abreast of how things are progressing and to know when to intervene. Managers can build support for strategy-implementation efforts by giving few orders, announcing few decisions, depending heavily on informal questioning, and seeking to probe and clarify until a consensus emerges. Key thrusts that succeed should be rewarded generously and visibly.

5.5 Limitations

There are limitations to this study that should be considered when interpreting the study results. First the study focused on Kenya revenue authority; secondly this study did not include all strategy implementation practices. Finally time and other resources were limited to the researcher like the interview guide was administered to the unit heads in the organization (Senior Deputy Commissioners and Deputy Commissioners).

5.6 Suggestions for Further Research

The research recommends that a study need to be carried out or conducted that would investigate interaction of other practices of strategy implementation in the work place e.g. working environment, management style etc. Further studies should be done on managing resistance to change more extensively, effect of management style and organizational structure on strategy implementation. This will yield further insights useful for building the body of knowledge on this area of strategic management.

The study recommends that a study by carried to investigate how KRA is strategizing on the issues of devolving the government services to county levels and how this influence strategy implementation practices. The service industry in Kenya however is comprised of various other agencies located in other areas in Kenya which differ in their way of management and have different settings all together. This warrants the need for another study which would ensure generalization of the study findings for all the organizations in Kenya and hence pave way for new policies.

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APPENDICES

Appendix I: Letter of introduction

Kenya Revenue Authority,
P.O. Box 48240,
Nairobi.
2/10/2013

Dear Sir/ Madam,

RE: INFORMATION COLLECTION

The bearer of this letter **ABDI MALIK HUSSEIN** registration number **D61/70381/2009** is a Master of Business Administration (MBA) student at the University of Nairobi.

He is required to submit as part of his course work assessment a research project report on a management problem. We would like the students to do their projects on real problems affecting the organization. We would therefore appreciate if you assist him to collect the information in your organization for the research.

The results of the report will be used solely for academic purposes and a copy of the same will be availed to the organizations on request.

Thank you

ABDI MALIK HUSSEIN

PROF. OGUTU

MBA student

Supervisor

Appendix II: Interview guide

Research Topic: Strategy Implementation at Kenya Revenue Authority

- 1) What is the importance of KRA ensuring training is conducted prior to strategy implementation?
- 2) How do you ensure Kenya Revenue Authority staffs are committed to strategy implementation?
- 3) How does senior management take the lead in strategy implementation?
- 4) Which factors do you think have contributed to successful strategy implementation?
- 5) What measures have been taken to re-align organizational structure to strategic decisions?
- 6) What measures have been put in place to ensure that there is continuous monitoring of strategy implementation?
- 7) What measures have been put in place to ensure organization politics does not affect strategy implementation?
- 8) What measures have been instituted to improve and provide adequate communication on strategy implementation
- 9) Which are the challenges faced by Kenya Revenue Authority in their strategy implementation process?
- 10) What other suggestions would you give that would help Kenya Revenue Authority minimize strategy implementation challenges?

Appendix III: Work Plan

The table below shows the schedule of all the events, it indicates the month each particular activity will take place.

ACTIVITY	PERIOD				
	February	March	April	May	June
Preliminary literature review	■				
Consultations with supervisor	■	■			
Thesis proposal writing		■	■		
Developing instruments			■	■	
Thesis proposal defense					■

Source: Author (2014)

Appendix IV: Budget

The table below provides the budget for all the expenses that the researcher incurred.

Activity	Amount in Ksh.
Transport ₁	18,000
Writing Materials ₂	4,000
Typing, Photocopying and Binding ₃	16,500
Internet ₄	5,000
Laptop	51,000
Miscellaneous ₅	5,000
Total	99,500

Source: Author (2014)

Notes:

- 1 Travelling expenses
- 2 Payment for the purchase of writing materials such as foolscaps and pens
- 3 Printing and binding the 3 final copies of the thesis proposal report.
- 4 Payment of internet service since much of the secondary data will be gathered from the internet.
- 5 Amount set aside for any uncertainties that are unforeseen at the point of planning.