MANAGEMENT PERCEPTION OF STAKEHOLDERS' INVOLVEMENT IN REFORM AND MODERNIZATION PROGRAMME AT KENYA REVENUE AUTHORITY

BY

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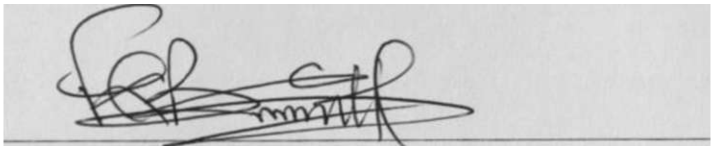
DECLARATION

This research project is niy original work and has never been presented in any other University/College for the award of any degree/diploma/certificate.

Signature: 

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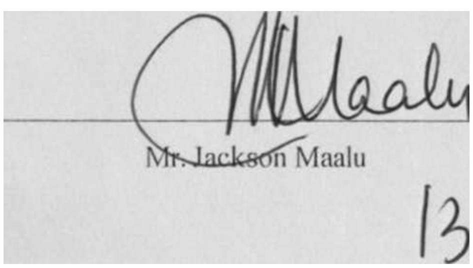
This research project lias been submitted for examination with my approval as the University Supervisor.

Signature: 

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DEDICATION

This project is dedicated to my wife. Azenatli and kids Harriet and Sam who endured my absence from their social life in the course of my studies.

To my late mother, Kerubo, who made sure I went to school and brother, Charles who encouraged me throughout the study period.

To the rest of the family members who in one way or another contributed to my career advancement.

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Most especially, 1 am grateful to my colleagues in my place of work who encouraged me to move on amid tight schedules. I also wish to thank the KRA managers who agreed to share their experiences and opinions; and patiently answered all questions and relumed complemented questionnaires. Their time and effort are acknowledged with gratitude.

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ABSTRACT

Stakeholders within organizations influence strategy and consequently influence the organization's purposes that result in formal expectations in terms of achievement. The extents to which organizational stakeholders are interested in or able to influence organizations' purposes vary and their different power and interests underscore these variations. In public sector organizations, the values and expectations of different stakeholder groups in organizations play an important part in the development of strategy (Wheelen and Hunger, 1995; Johnson and Scholes, 2002).

It is against this background that this study was designed to determine the extent to which various stakeholders were involved in change during the Reform and Modernization Programme at KRA and establish management perception of the need for stakeholder involvement in the Reform and Modernization Programme at KRA. The study used both primary and secondary data which were collected using a semi structured questionnaire, and interview guide and documentary review. The questionnaire was administered through 'drop and pick' and e-mail while the interview guide was administered through personal interviews. The study targeted middle and senior level managers from a sample of 262 drawn through convenience sampling from the total number of 345 based in KRA Regional Offices and Head Office in Nairobi. Descriptive statistics were used data that were collected via questionnaire while data that were collected through personal interviews were analyzed by way of content analysis.

From the research findings, it was revealed that most there was a great degree of awareness of change among managers during the Reform and Modernization Programme at KRA. The study established a number of reasons necessitated KRA to institute the Reform and Modernization Programme. Most of the reasons were found to revolve around the need for KRA to enhance its efficiency and effectiveness In carrying out its business.

Even though the Reform and Modernization Programme at KRA resulted into changes that affected numerous stakeholders, the study established that the expected

comprehensive analysis was not done to determine the impact of the changes to various stakeholders.

Also the study established that there were mixed responses with respect to the need for stakeholder involvement. This was exhibited by the varying degrees of respondents' indication on the levels/stages in stakeholder involvement. On the basis of study findings, the researcher concluded that stakeholder involvement during the Reform and Modernization Programme at KRA was done to a moderate extent while managers' perception of the need for stakeholder involvement was relatively positive. However. 79.3% of the respondents felt that there was no adequate involvement of every stakeholder group.

CHAPTER ONE: INTRODUCTION

1.1 Background

Organizations are experiencing an unprecedented rate of environmental change due to such forces as globalization, rapid transformation and dissemination of technologies, and movement toward market-based socioeconomic systems. According to early organization-environment theories based on the principle of requisite variety (Ashby 1952), an organization's survival depends on its adaptation to environmental changes. More recent theorizing transcends this view, highlighting that organizations also effect environmental change (Lewin et al. 1999, Pfeiffer and Salancick 1978). Specifically, through their exploration activities (March 1991) individual firms develop new practiccs that may influence various levels of their environments (Dijksterhuis et al. 1999).

1.1.1 Change Management

Burnes (2000) observes that the magnitude, speed, unpredictability, and impact of change in the external environment are greater than ever before. Local markets are becoming global markets; protected markets are being opened up to fierce competition and as a result, organizations both private and public, large and small, have suddenly felt the pressure to improve on their products and services, and the efficiency and effectiveness with which they are offered to meet world standards and customers' expectations. Businesses have had to rethink their approach towards management and search for new concepts and methods that give guidance in this turbulent environment.

Further, Burnes (2000) points out that change is the single most important element of successful business management today. To remain competitive in increasingly aggressive markets, organizations (and individuals in them) have to adapt a positive attitude to change. Over a very short time span, most organizations and their employees have experienced or are experiencing substantial changes in what they do and how they do it. Thompson and Strickland (2003) observe that in fast-changing business environments, the capacity to introduce new strategies and organizational practices is a necessity if an organization is to achieve superior performance over long periods of time. They point out that strategic agility requires a culture that quickly accepts and supports organizational efforts to adapt to environmental change rather than a culture that has to be coaxed and cajoled to change.

1.1.2 Stakeholder Management

Increasing global competition has made it impossible for one organization to perform all business on its own. Most organizations, whether for-profit or nonprofit, private or public, are reaching outside their own pools of resources and creating alliances with customers, suppliers, communities, unions, and even rivals (Cooperrider and Whitney, 2001). The best run organizations have found ways to successfully and efficiently manage the diverse interests of these and other stakeholders. In the process, they have developed competitive advantage and discovered and exploited opportunities that were previously unimaginable. Many of these opportunities represent unmet needs of stakeholders or new combinations of resources they provide to the organization (Donaldson and Preston, 1995).

The idea that organizations have stakeholders relevant to important corporate decisions is commonly accepted in the management literature. Stakeholder constructs were inherent in the early work of system theorists (March and Simon, 1958). Dut it was Freeman's (1984) seminal publication that brought stakeholder theory to the forefront of academic research. The stakeholder concept is one of the most attractive conceptual devices in business ethics. This concept has its origin in a theory of management, but has been seized upon by scholars in business ethics as a way of expressing the idea that businesses have obligations to a wide range of parties beyond the stockholders to whom corporate heads were traditionally thought to beholden. According to Freeman (1984), stakeholders simply "are those groups who have a stake in or claim on the organization".

Harrison and John (1998) categorize stakeholders into those within the organization (owners/board of directors, managers, and employees) and within the operating environment (customers, suppliers, government agencies and administrators, unions, competitors, financial intermediaries, local communities, and activist groups), all operating within the broader environment subject to socio-cultural. global economic, and global political/legal forces and technological change. They emphasize the importance of identifying, understanding, building relationships with, and satisfying its key stakeholders, and taking these stakeholders into account in the formulation of organizational strategy.

As organizations strive to position themselves within turbulent environments, their change management efforts would be fruitless, more so in their implementation if pertinent stakeholders arc not involved in the process. Clear understanding of the potential roles and contributions of the many different stakeholders is a fundamental pre-rcquisite for a successful participatory strategy formulation process. Sensitivity to stakeholders' demands by executives is critical when introducing new ways of doing things in organizations and if overlooked leads to conflicts. Organizations, whether for-profit and non-profit, private and public face challenges in their change efforts due to a multiplicity of interests. Stakeholders' contributions to the organizations' change efforts and overall strategy formulation is a critical determinant to the ultimate strategy direction (Nutt and Backoff, 2002; Friedman, 2002).

The perception that managers have of the various stakeholders as the organization goes through change is crucial in determining the extent of their involvement in the change process. Perception is the process by which an individual gives meaning to the environment. It involves organizing and interpreting various stimuli into a psychological experience. As a mental process, perception is used to select, organize, and evaluate stimuli from the external environment to mold them into a meaningful experience, influence behavior, and form attitudes. The way a manager sees a situation often has much greater meaning for understanding behavior than does the situation itself. Perceptual processes are relevant for managers as these make them to behave based on how they see the environment and play an important role in the decisions managers make concerning various issues in organizations, among them stakeholder management within the context of change (Steers, 1981; Gibson et al, 1994; and Herscy et al, 1996).

1.1.3 Overview of the Kenya Revenue Authority (KRA)

Kenya Revenue Authority (KRA) is a stale corporation established by an Act of Parliament of July I[51], 1995 Cap 469 as a central body. The Authority is charged with the responsibility of collecting revenue on behalf of the government of Kenya. The

Authority is under the general supervision of the Ministry of Finance (Treasury). KRA's mandate and core business is to assess, account and administrate, enforce all laws relating to revenue. It also works towards restoring economic independence be it of budget deficits or creating organization structures that maximize revenue collection.

In discharging its mandate and core business, KRA has faced several challenges arising from both internal and external factors ranging from political, technological, legal, and social. These include among others the ever-widening informal sector and technological advancements, which have led to increased cases of tax avoidance and evasion. Other challenges are related to economic integration and regional trading blocs, and the HIV/AIDS pandemic which have contributed to erosion of the tax base. In addition, departments were operating autonomously and lacked managerial cohesiveness and personal approach to customer needs. Income Tax and Value Added Tax (VAT) were under the Ministry of Finance while the Road Transport Department (RTD) was under the Ministry of Roads.

Since its inception in 1995, KRA has undertaken several changes. These were guided by the organization's vision and mission statements. In response to managerial concerns, KRA has undergone major strategic changes refocusing its business from the traditional authoritative ways of collecting lax to more modern and customer friendly approach; change of leadership and various reforms in its management. With regard to structure, KRA has implemented changes which include restructuring departments in order to centralize key operational areas, review and modernization of operational processes to improve efficiency and effectiveness, improving internal resource capabilities through staff appointments and training. These and many other changes were supported by the introduction of new and appropriate technology for increased efficiency.

The changes at KRA saw the merging of Income Tax and VAT departments to form the Domestic Taxes Department, roll-out of direct banking of customs banking and VAT collections, take-over of Pre-Shipment Inspection (PS1) functions, post-clearance audit and cargo clearing, merging of investigation units and revenue protection services into a single department, and the introduction of taxpayer education and awareness. The changes also led to the restructuring and harmonization of KRA's countrywide operational boundaries into five (5) regions. All these changes are reflective of the four key strategic goals in its Reform and Modernization Programme, namely: Develop a dedicated and professional team, Reengineer business processes and modernize technology, Improve and expand taxpayer service, and Enhance revenue collection and strengthen enforcement (Third KRA Corporate Plan, **2006).**

1.2 Statement of the Problem

Change is the single most important element of successful business management today. According to Burnes (2000), change comes in all shapes, sizes and forms and, for this reason; it is difficult to establish an accurate picture of the degree of difficulty organizations face in change, which, because of their perceived importance, have received considerable attention. Managing change in organizations calls for a structured approach to effect such change through various stakeholders, both internal and external to the organization. Successful change requires more than a new process, technology or public policy; it requires the engagement and participation of the people involved.

Consequently, there is need to identify and know key stakeholders during change management because managers can only influence them if they know them well; stakeholders are looking at how the change will affect them; stakeholders will react differently for different situations as the change program progresses; stakeholder positions do change as the change progresses; and building a personal relationship with key stakeholders is critical for success (Hiatt, 2006; Beitler, 2006).

The need to increase efficiency and effectiveness in service delivery while promoting high standards of corporate governance motivated KRA to initiate the Reform and Modernization Programme whose implementation has had enormous impact and implications in the ways its internal and external stakeholders operate. Implementation of the programme was in form of various projects which include the Customs Reforms & Modernisation Project; Domestic Taxes Reform & Modernisation Project; Road Transport Reform & Modernisation Project; Investigation & Enforcement Reform & Modernisation Project; KRA Infrastructure Development Project; KRA Business Automation Project; and Human Resource Rcvitalisation Project. The various stakeholder groups that were impacted differently during the implementation of each of these projects include clearing and forwarding agents, traders (importers and exporters), KRA management staff and employees, local traders/businesses. United Business Association (UBA), politicians, Matatu Owners Association. Matatu Welfare Association, legislature and law enforcement agencies, and ordinary citizens in general (KRA, 2007-2010, Strategic Plan).

In spite of the well intended motive of the Reform and Modernization Programme has been opposed from different quarters. For instance, the introduction of Simba 2005 system, an online value declaration customs system, was strongly resisted, especially after it became evident that some imported vehicles had escaped the net following collusion between importers and clearing agents. Further, the introduction of Electronic Tax Registers (ETRs) in same year to ensure full remittance of VAT by retailers was resisted openly through strikes and street demonstrations in major towns in the country. These and other forms of resistance raise the issue of stakeholder involvement during the reform and modernization programme. Effective implementation of the reform programme would demand that all affected stakeholders should have been involved at planning stage. Individual managers' perception of stakeholders involvement at all stages of the reform process will shed more light 011 the credence of stakeholder interests and the extent to which they were considered.

Whereas a number of studies have been done on the management of strategic change (Nyamache, 2003; Ogwora, 2003; Rukunga, 2003; Kasima, 2004; Mutuku, 2004; Mbatha, 2005; Nyalita, 2006; Kisunguh, 2006; Muluri, 2006, Kiini, 2007; and Njiru, 2007 among others), none of the studies has focused 011 stakeholder involvement in managing such change and management perception of the same. Studies that have been carried on stakeholder involvement (Mutulili, 2005; Gulavic, 2005; Kisinguh, 2006; Kasimbu, 2007, among others) have laid their focus 011 different aspects. Mutulili's study looked at the relationship between beneficiaries' participation in project formulation and project success, Gulavic's study focused 011 stakeholder involvement in the poverty reduction strategy formulation, Kisinguh's study laid focus 011 stakeholder involvement in strategic management process in public sector organizations, while Kasimbu looked at the extent of stakeholder involvement in strategy formulation among NGOs within Nairobi. To bridge the inherent knowledge gap, this study focuses on stakeholder involvement in Reform and Modernization Programme at KRA. More specifically, the study will seek to answer the questions: To what extent were various stakeholder groups been involved in the Reform and Modernization Programme at KRA? What is KRA management's perception of the need for stakeholder involvement in the Reform and Modernization Programme?

1.3 Objectives of the Study

The objectives of the study are:

i. To determine the extent of stakeholder involvement in the Reform and Modernization Programme at KRA.

ii. To establish management perception of the need for stakeholder involvement in the Reform and Modernization Programme at KRA.

1.4 Importance of the Study

The findings of this study will contribute towards narrowing the knowledge gap in the field of strategic change management and stakeholder management. More specifically, the findings will be important in the following ways:

The KRA management will find the findings useful in understanding the need for stakeholder involvement during change management and the mechanisms that can be put in place to fully integrate stakeholders in KRA's Reform Programme.

CHAPTER TWO: LITERATURE REVIEW

2.1 The Concept of Change Management

According to Thompson and Strickland (2003), change management is the use of systematic methods to ensure that a planned organizational change can be guided in the planned direction, conducted in a cost effective and efficient manner and completed within the targeted time frame and with the desired results. Johnson and Scholes (2005) view change management as a structured and systematic approach to achieving a sustainable change in human behaviour within an organization. It involves moving employees to new behavior while retaining key competitive advantage particularly competence and customer satisfaction.

Change management is a structured approach to change in individuals, teams, organizations and societies that enables the transition from a current state to a desired future state. The change referred to in this context includes a broad array of topics. From an individual perspective, the change may be a new behavior. From a business perspective, the change may be a new business process or new technology. From a societal perspective, the change may be a new public policy or the passing of new legislation. Successful change, however, requires more than a new process, technology or public policy. Successful change requires the engagement and participation of the people involved. Change management provides a framework for managing the people side of these changes. The most recent research points to a combination of organizational change management tools and individual change management models for effective change to take place (Hiatt, 2006; Beitler, 2006).

Organizations are in rapid and unprecedented change brought about by forces of global competition, rapidly changing technologies and deregulation. The pertinent

issue is: how can organizations cope with both the environment in which they operate and **the** constraints, challenges and the threats they face? The most important motive for change in a business enterprise according to Kanter (1984) is to improve the organization**'s** ability to meet and satisfy its customers' needs. In a fast changing global economy, change cannot be an occasional episode in the life of a corporation. Companies with rigid structures will be swept away. Corporate cultures that can adapt **will** survive and thrive.

As the internal and external environments change, organizations need to also change their strategies in order to achieve a strategic fit. In a dynamic world, a source of competitive advantage in one period becomes not only irrelevant but also often a source competitive disadvantage in another. Core competencies become core rigidities; valuable knowledge and skills become rapidly outdated, often at a rale faster than many people's learning capacities. Failure to challenge the status quo can easily lead to a phenomenon referred to as the "failure of success", a scenario where a company assumes that its past successes will ensure its future successes (Business Week, Reinventing America, 1992).

Prasad (1989), on his part points out that the need for change will be determined by factors that may be internal or external to the organization. He notes that identification of the need for change depends on gap analysis, that is, the gap between the desired state and the actual state of aflairs in the firm. The elements of the organization that should be changed will largely be determined by the needs and objectives of the change. He adds that normally, changes will be required in three major organizational elements: structure, technology, and people.

Aosa (1996) emphasizes on the need to synchronize the management of change with the context within which such a change is being carried out. He observes that the unique environmental challenges that make up the context of management in Africa especially needs to be considered. According to Hardy (1994), managing strategic change is about managing the unfolding non-linear dynamic processes during strategy implementation, it involves change or alignment and re-alignment of policy, systems, styles, values, staff, and skills of an organization to realize a strategy (Thompson and Strickland, 2003). Management of strategic change is therefore how to create conditions that make proactive change a natural way of life.

The direction of strategic change is consistent with what is happening in the environment and the way in which this is understood in the organization. It is also managed with due regard to stakeholders including suppliers and customers on whom the organization is critically reliant. The strategy is feasible in terms of resources it requires, the structuring of the organization and the changes that need to occur in organizational culture and operational routine. Overall, such coherence means that there is need to be able to hold the organization together as an efficient and successful entity while simultaneously changing it (Pettigrew and Whipp, 1991).

Strategic change management is now a day-to-day management issue in public sector organizations as they set out to respond to the changing environment and compete effectively in order to remain relevant. Change management skills are now necessary and all public sector managers must possess them (Rowe et al. 1994). However, the context in which change takes place in the public sector is significantly different from the private sector context. This is mainly because of the number and type of stakeholders that such change is likely to affect. Freeman (1984) defined stakeholders as "any group or individual who can affect or is affected by the achievement of the organization's objectives". On their part. Savage. Nix, Whitehead, and Blair (1991) defined stakeholders as groups or individuals who "have an interest in the actions of aii organization and ... the ability to influence it". Pertinent stakeholder issues have been informed by the developments in stakeholder theory.

2.2 Stakeholder Management Theory

In their proposition of a convergent stakeholder management theory Jones and Wicks (1999) began by outlining the basic domain of stakeholder management theory whose essential premises are as follows: the corporation has relationships with many constituent groups ("stakeholders") that affect and arc affected by its decisions (Freeman, 1984); the theory is concerned with the nature of these relationships in terms of both processes and outcomes for the firm and its stakeholders; the interests of all (legitimate) stakeholders have intrinsic value, and no set of interests is assumed to dominate the others (Clarkson, 1995; Donaldson & Preston, 1995); and the theory focuses on managerial decision making (Donaldson & Preston, 1995).

Consequently, stakeholder theory (Donaldson and Preston, 1995; Evans and Freeman, 1988; Freeman, 1984) and empirical research (Clarkson, 1995) indicates that organizations do explicitly manage their relationships with different stakeholder groups. Donaldson and Preston (1995) point out that although this is descriptively true, organizations appear to manage stakeholders for both instrumental (i.e. performance based) reasons and, at the core, normative reasons. Building on the work of others, Clarkson (1995) defines primary stakeholders as those "without whose continuing participation, the corporation cannot survive as a going concern", suggesting that these relationships are characterized by mutual interdependence. He includes here shareholders or owners, employees, customers, and suppliers, as well as government and communities. The "web of life" view (Capra, 1995) envisions corporations as fundamentally relational, that is, as a "system of primary stakeholder groups, a complex set of relationships between and among interest groups with different rights, objectives, expectations and responsibilities" (Clarkson, 1995).

The stakeholder approach to policy making, planning and management is expected to yield two positive outcomes: realistic and more effective policies and plans and improved implementation. These outcomes are achieved because the stakeholder approach improves decision-making processes by making it easier to develop more realistic and effective policies, laws, regulations and projects by bringing greater information and broader experiences into the decision-making process; by embedding new initiatives into existing legitimate local institutions and cultural values; and by building political support from, and reducing opposition to, policy proposals, through incorporation of stakeholder concerns (Clarkson, 1995).

Freeman (1984) includes in his list of stakeholders suppliers, customers, employees, stockholders, and the organization's local community. This list, though typical to lists given by stakeholder theorists, is not unconlroversial. Indeed, the stakeholder concept itself has its critics. Those critics charge that the stakeholder approach is incapable of guiding necessary improvements in corporate governance that multiple lines of accountability implied by acknowledging a multiplicity of stakeholders reduces efficiency and that indeed the very idea of stakeholders as morally significant undermines the morally significant relationships between corporations and stockholders.

Beer and Norhia (2000) argue that managers should make decisions so as to lake account of the interest of stakeholders in an organization including not only financial claimants, but also employees, customers, communities, and government officials. Because the advocates of stakeholder theory refuse to specify how to make the necessary tradeoffs among these competing interests, they leave managers with a theory that makes it impossible for them to make purposeful decisions. With no way to keep score, stakeholder theory makes managers unaccountable for their actions. It seems clear that such a theory can be attractive to the self-interest of managers and directors. Nonetheless, the stakeholder concept can be a useful one. In particular, the process known as "stakeholder analysis" can provide organizations with a lens through which to pay attention to the full range of interested parties. Stakeholder theory suggests that we should pay attention to the interests of any group or individual who is affected by, or may affect, a decision or policy (Nutt and Backoff, 1992).

In the field of corporate governance and corporate social responsibility, a major debate is ongoing about whether the organization should be managed for stakeholders, stockholders or customers. Those who support the stakeholder view usually base their arguments on three key assertions. First is that value can best be created by trying to maximize joint outcomes. For example, according to this thinking, programs that satisfy both employees' needs and stockholder' wants are doubly valuable because they address two legitimate sets of stakeholders at the same time. Secondly, they also take issue with the pre-eminent role given to stakeholders by many business thinkers. The argument is that debt holders, employees, and suppliers also make contributions and take risks in creating a successful firm. Lastly, these normative arguments would matter little if stockholders had complete control in guiding the firm. However, many believe that due to certain kinds of board of directors' structures, top managers like CEOs are mostly in control of the organization (Grundy, 1997).

Stakeholder management theory is distinct because it addresses morals and values explicitly as a central feature of managing organizations. The ends of cooperative activity and the means of achieving these ends are critically examined in stakeholder theory in a way that they arc not in many theories of strategic management. Stakeholder theory is conceived in terms that are "explicitly and unabashedly moral" (Jones and Wicks 1999).

2.3 Stakeholder Management Practice

As management realities change, fresh perspectives for understanding and developing organizational strategies are needed. Organizational stakeholders are a significant force affecting organizations. Today, organizational strategists must consider how to manage the stakeholder. According to Savage et al. (1991), stakeholder management provides a more concise description than publics and constituents and is more inclusive than public relations, issues management, or employee relations. Unlike traditional management which focuses almost exclusively on internal affairs, stakeholder management seeks explicit management of stakeholders who may be internal, external, or interface with an organization. Further, Savage et al. (1991) point out that as stakeholders become more active toward, knowledgeable of, and interdependent with an organization, management becomes critical.

Like many aspects of management, stakeholder management is sometimes assumed to be commonsensical or intuitively obvious. Yet in practice, stakeholder management focuses on overseeing relationships that are critical to an organization's success. Consequently, Savage et al. (1991) developed a framework to identify four types of stakeholders and discussed four strategies on how to manage these stakeholders. The strategies are based on the results of diagnosis based on stakeholders' potential for threat or cooperation.

Type one is the Supportive Stakeholder, who ideally, supports the organization's goals and actions. Such a stakeholder is low on potential threat but high on potential for cooperation. Usually, for a well managed organization, its board of trustees, managers, staff employees, and parent company will be supportive. Other supportive stakeholders may include suppliers, service providers, and non-profit community organizations. The strategy to manage such stakeholder is involvement. By involving supportive stakeholders in relevant issues, executives can maximally encourage cooperative potential. Although it takes constant effort, executives can involve stakeholders such as employees and lower level managers by implementing participative management techniques, decentralizing authority to middle managers, or increasing the decision-making participation of these stakeholders. Getting external stakeholders involved in different parts of the organization can also yield positive results.

Type two is the Marginal Stakeholder who is neither highly threatening nor especially cooperative. Although marginal stakeholders potentially have a stake in the organization and its decisions, they are generally not concerned about most issues. For medium- to large-sized organizations, stakeholders of this kind may include consumer interest groups, stockholders, and professional associations for employees. The strategy to manage the marginal stakeholders is to monitor them. Monitoring helps manage marginal stakeholders whose potential for both threat and cooperation is low. By recognizing that these stakeholders' interests are narrow and issue specific, executives can minimize the organization's expenditure of resources. When making strategic decisions, top managers should monitor the interests of typically marginal stakeholders. Only if the issues involved in the decisions are likely to be salient to those stakeholders should the organization act to increase their support or to deflect their opposition.

Type three is the Non-supportive Stakeholders. Those high on potential threat but low on potential cooperation are the most distressing for an organization and its managers. Non-supportive stakeholders initially are best managed using a defensive strategy which tries to reduce the dependence that forms the basis for the stakeholders' interest in the organization. In a defensive strategy, the connection of stakeholder management to broader strategic management is very clear, involving many traditional marketing and strategic notions for handling competitors. However, although this strategy may be neccssary initially, executives should always try to find ways to change the status of key stakeholders.

Lastly, type four is the Mixed Blessing Stakeholder, who is deemed to play a major role. Here, the executive faces a stakeholder whose potentials to threaten or to cooperate are equally high. Generally, in a well-managed organization, stakeholders of the mixed blessing type would include employees who are in short supply, clients or customers, and organizations with complementary products or services. The mixed blessing stakeholder, high on both the dimensions of potential threat and potential cooperation, may best be managed through collaboration.

2.3.1 The Principles of Stakeholder Management

The Clarkson Centre for Business Ethics at the Joseph Rotman School of Management, University of Toronto (2002) has come up with seven guiding principles of stakeholder management which are intended to make managers more aware of the diverse constituencies that they are obligated to serve and increase the openness of management processes. There are many reasons to believe that adoption of a stakeholder approach to management will contribute to the long-term survival and success of organizations. Positive and mutually supportive stakeholder relationships encourage trust, and stimulate collaborative efforts that lead to relational wealth, i.e., organizational assets arising from familiarity and teamwork. The seven principles are as follows:

First, managers should acknowledge and actively monitor the concerns of all legitimate stakeholders, and should take their interests appropriately into account in decision making and operations. In taking particular decisions and actions, managers should give primary consideration to the interests of those stakeholders who are most intimately and critically involved.

Second, managers should listen to and openly communicate with stakeholders about their respective concerns and contributions, and about the risks that they assume because of their involvement with the corporation. Open communication and dialogue are, in themselves, stakeholder benefits, quite apart from their content or the conclusions reached.

Third, managers should adopt processes and modes of behavior that are sensitive to the concerns and capabilities of each stakeholder constituency. Stakeholder groups differ not only in their primary interests and concerns, but also in their size, complexity, and level of involvement with the corporation. Extreme caution is required when managers deal with stakeholder groups that have limited capacity to assimilate and evaluate complex situations and options.

Fourth, managers should recognize the interdependence of efforts and rewards among stakeholders, and should attempt to achieve a fair distribution of the benefits and burdens of corporate activity among them, taking into account their respective risks and vulnerabilities. Successful managers will see that all stakeholders receive sufficient benefits to assure their continued collaboration in the enterprise, and that their burdens and risks are no greater than they are willing to bear. Managers may need to make special efforts to demonstrate stakeholder interdependence and the collaborative nature of the enterprise to **non**-contractual and involuntary stakeholders.

Fifth, managers should work cooperatively with other entities, both public and private, to ensure that risks and harms arising from corporate activities arc minimized and, where they cannot be avoided, appropriately compensated. Managers should be proactive in developing contacts with relevant groups and in forging coalitions aimed at reducing harmful impacts and compensating affected parties. The often true observation that one firm cannot solve this problem alone should be a stimulus to multi-party cooperation, not an excuse for neglect and inaction.

Sixth, managers should avoid altogether activities that might jeopardize inalienable human rights (e.g., the right to life) or give rise to risks which, if clearly understood, would be patently unacceptable to relevant stakeholders. Managers should communicate openly with stakeholders concerning the risks involved with their specific roles in the corporate enterprise, and should negotiate appropriate risk-sharing (and benefit-sharing) contracts wherever possible. However, some projects may have consequences for which no conceivable compensation would be adequate, or risks that cannot be fully understood or appreciated by critical stakeholders, hi these circumstances, managers have a responsibility to restructure projects to eliminate the possibility of unacceptable consequences, or to abandon them entirely if necessary.

Seventh, managers should acknowledge the potential conflicts between their own role as corporate stakeholders, and their legal and moral responsibilities for the interests of all stakeholders, and should address such conflicts through open communication, appropriate reporting and incentive systems and, where necessary, third party review. Managers gain credibility when they establish procedures to monitor their own performance and, when appropriate, to facilitate third party review. Credibility matters when managers ask other stakeholders to align their interests with those of the corporation, and to act responsibly rather than opportunistically. Without mutual credibility, stakeholder trust diminishes and the collaborative character of the organization may be jeopardized.

2.3.2 Stakeholder Analysis

Understanding the attributes, interrelationships, and interfaces among and between strategic plan advocates and opponents is essential to assure success. Herein lies a large portion of a plan's risk, viability, and ultimately the support that must be effectively obtained and retained. According to Rowe et al. (1994), stakeholder analysis is based on two premises: that the current slate of the organization is the result of the supporting and the resisting forces brought to bear on the organization by stakeholders; and the second, that the outcome of an organization's strategy is the collective result of all the forces to bear on it by its stakeholders during implementation of that strategy. The two premises lead to the conclusion that the validity of a strategic plan always depends 011 the assumption that are made about the stakeholders and about the actions they will take during the planning and implementation period (Boutelle, 2004).

Stakeholder analysis aims to: identify and define the characteristics of key stakeholders; assess the manner in which they might affect or be affected by the programme/project outcome; understand the relations between stakeholders, including an assessment of the real or potential conflicts of interest and expectation between stakeholders; and assess capacity of different stakeholders to participate (Scholl, 2001).

Policymakers and managers can use a stake holder analysis to identify the key actors and to assess their knowledge, interests, positions, alliances, and importance related to the policy. This allows them to interact more effectively with key stakeholders and to increase support for a given policy or program. When this analysis is conducted before a policy or program is implemented, policymakers and managers can detect and act to prevent potential misunderstandings about and/or opposition to the policy or program. When a stakeholder analysis and other key tools are used to guide the formulation and implementation, the strategy/policy or program is more likely to succeed (Dick, 1997)

According to Adriof et al. (2002), one of the main goals of stakeholder analysis is to reveal, and therefore potentially assist in reducing the power imbalance among weaker groups, which is often revealed during strategy formulation process. Depending on the attributes of the stakeholder (e.g. their level of influence vs. their salience on the issue), strategies may be tailored to address their concerns. Stakeholder analysis is useful as a management and strategic tool. Stakeholder analysis helps administrators and advisors to assess a project environment.

Stakeholder analysis ensures the inclusion of all stakeholders and maximization of their roles and contributions. It is well recognized that broad-based stakeholder involvement and commitment is crucial o successful strategy and action plan formulation and implementation. The stakeholder analysis facilitates mapping of potential stakeholder roles and inputs and access to implementation instruments. This will indicate how best to maximize the constructive potential of each stakeholder whilst also revealing bottlenecks or obstacles that could obstruct realization of their potential/contributions. Furthermore, stakeholder analysis ensures that no important stakeholder is missed out. It also provides the framework for optimizing the roles and contributions of stakeholders. Where participation is generated through careful analysis of the key players, their roles and contributions, the process becomes more effective and efficient as well as equity gains will be maximized in their governance (Kajumulo, 2000).

For employees and prospective employees, inclusive practices enhance recruitment and improve retention of diverse talent. For clients/customer, diversity awareness improves the ability to understand and respond to diverse client/customer needs- thus building their confidence in organizations and their services/products. For other stakeholders, focus on diversity enables organizations to collaborate with the increasingly diverse communities where they live and work, including the small, diverse suppliers (Rowely, 1997).

Understanding the attributes, interrelationships, and interfaces among and between change project advocates and opponents assists in strategically planning the project. Herein lies a large portion of project risk and viability, and ultimately the support that must be effectively obtained and retained. Ultimately, stakeholder analysis is a critical tool in clarifying the micro political economy of a policy area and can help identify interested parties that should be incorporated in the decision-making process, in addition to understanding the basis for their inclusion (Grundy. 1997).

2.4 Stakeholder Diversity and Legitimacy

Stakeholders are defined as "individuals or organizations who stand to gain or lose from the success or failure of a system" (Nuseibeh and Easterbrook, 2000). It is any entity with a declared or conceivable interest or stake in a policy concern. A stakeholder is anyone whose actions can affect an organization or who is affected by the organization's actions (Rowe et al., 1994). The range of stakeholders relevant to consider for analysis varies according to complexity of the reform area targeted and the type of reform proposed.

In examining the relationship between environmental commitment and managerial perceptions of stakeholder importance (Henriques and Sadorsky, 1999) noted that the environment literature stresses four critical groups: (1) regulatory stakeholders, (2) organizational stakeholders, (3) community stakeholders, and (4) the media. Regulatory stakeholders include governments, which make environmental regulations; trade associations, which collect information regarding both current and pending legislation (Kclley, 1991; Kirby, 1988); informal networks, which are important sources of technological information (Allen, 1984; Porter & Van der Linde, 1985; Schrader, 1991); and a given firm's competitors, which may become leaders in the environmental field through their use of technologies that become industry norms and/or legal mandates (Barrett, 1992). Regulatory stakeholders other than governments may have the ability to convince governments to standardize an environmental practice or technology.

The second group, organizational stakeholders, includes those who are directly related to an organization and have the ability to impact its bottom line directly. This stakeholder group includes customers, suppliers, employees, and shareholders. Customers respond positively to a company's actions by purchasing its product and, perhaps, communicating their satisfaction to the managers of the company. They can also voice their discontent by boycotting a company's product (Economist, 1995) or filing a suit against it (Greeno & Robinson, 1992). A supplier can exert its influence by stopping delivery of an input if a customer firm does not comply with a given use (for instance, if the firm uses the input in a manner that damages the reputation of the supplier), or it can pressure the firm to employ a more environmentally acceptable substitute. Employees are the source of a company's success, and successful environmental policy planning requires their participation (Buzzelli, 1991).

The third group, community stakeholders, includes community groups, environmental organizations, and other potential lobbies. These stakeholders can mobilize public opinion in favor of or against a corporation's environmental performance (Clair, Milliman, & Mitroff, 1995; Turcotte, 1995). The fourth stakeholder group is the media. Mass communication technology has changed the role of the media with respect to business (Freeman, 1984). Hie media can influence society's perception of a company, especially when environmental crises occur (Mitroff et al., 1989; Sharbrough & Moody, 1995; Shrivastava & Siomkos, 1989). The influence of the media derives from the information they convey about an organization.

According to Johnson and Scholes (2002), discussing the decision-making process for organizations including large business corporations, government agencies, and non-profit organizations, the stakeholder concept has been broadened to include everyone with an interest (or "stake") in what the entity does. That includes not only its vendors, employees, and customers, but even donors and members of a community where its operations may affect local economy or environment. In that context, "stakeholder" includes not only the directors or trustees on its governing board (who are stakeholders in the traditional sense of the word) but also all persons who "paid in" the figurative stake and the persons to whom it may be "paid out".

However, Phillips (2003) argues that a significant shortcoming in stakeholder thinking is in the discernment of which groups are stakeholders and why-that is, the problem of stakeholder identity (Mitchell et al,, 1997; Phillips, 1997). Phillips (2003) observes that common to nearly all stakeholder definitions is the notion that a stakeholder is any individual or group of individuals that is the legitimate object of managerial or organizational attention. Central to this common understanding is the notion of legitimacy-some organizational constituencies are legitimate objects of attention while others are not. However, Phillips (2003) argues, the concept of legitimacy remains imprecise within the stakeholder literature as well as inconsistent with other literatures important to the study of organizations. He points that the concept of stakeholder legitimacy must be better understood if the framework is to be a convincing and useful conception of organizational strategy and ethics. Phillips (2003) contends that greater clarity regarding the idea of legitimacy will provide some guidance to scholars and managers as to who are stakeholders, on what basis they merit such status, and how these groups relate to the organization and one another.

2.5 Stakeholder Involvement in Reform and Modernization Programme

Stakeholders within organizations influence changes in strategy and consequently end up influencing the organization's purposes that result in formal expectations in terms of achievement. The most important fundamental issue relates to whom the organization should serve as well as the determinants and purposes of the organization. This then relates to the power to influence the purposes, accountability issues, and also the processes, supervising executives' decisions and actions. The extent to which organizational stakeholders are interested in or able to influence organizations' purposes vary and their different power and interests underscore these variations (Johnson and Scholes, 2002).

Stakeholder involvement is critical for any given course of action the strategic planning team determines. It offers important insight into planning, facilitates their "buy in" and support for the strategy, allows greater ownership, facilitates better decisions and may identify issues not addressed by the executive team. (Bett and Tcpper, 2002). Their involvement is a valuable prelude to the formulation of mission statements for effectiveness of strategies and critical to implementation success. The criteria stakeholders use to judge the organization's performance influence how the organization pursues strategies and manages resources effectively over the long term while increasing stakeholder satisfaction (Boschken, 1994).

Experience has shown that inclusion of the full range of stakeholders is not only an essential pre-condition for successful participatory decision making but also vital for promoting equity and social justice in organizations and within their environs. For example, when decisions are made, priorities set, and actions taken without involving those relevant stakeholders, the result is usually misguided strategies and inappropriate action plans which are badly (if at all) implemented and which have negative effects on the beneficiaries and on the organization at large. These approaches, which fail to properly involve stakeholders, have been widely proven to be unsustainable (Friedman, 2002).

Bloom (2000) notes that it is well recognized that broad-based stakeholders' involvement and commitment is crucial to successful implementation of any reform and modernization programme and therefore to sustainable organizational development. Therefore, such broad-based stakeholders' involvement is grounded on three important principles of stakeholder analysis: Inclusiveness (ensure inclusion of the full range of different stakeholders, including marginalized and vulnerable groups); Relevance (includes only relevant stakeholders- those who have a significant stake in the process (i.e., not everyone is included)); and Gender Sensitivity (both women and men should have equal access within the participatory decision making process).

On the basis of these principles, different stakeholders will seek dilTerent levels of involvement and various categories can be defined. Listeners are those who need to be informed but do not feel a need to be actively involved in policies and projects. Observers, while not actively involved, are watching the policy assessment process and may become active if access to information is cut off or if they are surprised by events in the assessment. Reviesvers actively watch the assessment process and will review ideas and materials. Advisers contribute their own time and energy and are willing to be actively involved. Their high level of interest and concern must be matched by equally high commitment and efforts by the organization strategy team. Originators are so involved that they help create options. This is a high level of involvement and may be difficult to sustain. Decision-makers are stakeholders who seek a level of involvement where they have a vote in or some control over the decisions made (Bloom, 2000). Therefore, the levels of involvement in strategy formulation range from forming/agreeing to decisions to having an influence on decisions to being heard before decisions and to having knowledge about decisions.

Organizations may also benefit by adopting the Awareness, Desire, Knowledge, Ability, and Reinforcement (ADKAR) model for individual change management. ADKAR was developed by Prosci with input from more than 1000 organizations from 59 countries (Hiatt. 2006). This model describes five required building blocks for change to be realized successfully on an individual level. The building blocks of the ADKAR Model include: Awareness - of why the change is needed; Desire - to support and participate in the change; Knowledge - of how to change; Ability - to implement new skills and behaviors; and Reinforcement - to sustain the change. This model posits that organizational change management includes processes and tools for managing the people side of the change at an organizational level. These tools include a structured approach that can be used to effectively transition groups or organizations through change. When combined with an understanding of individual change management, these tools provide a framework for managing the people side of change.

Consequently, the utilization of the ADKAR model affords organizations' efforts in involving some key stakeholders during reform and modernization programme. This leads to organizations to tackle the phenomenon of resistance to consequential changes. Resistance to such change, mostly behavioral, is both by individuals (employees or managers) or groups e.g. unions, who form part and parcel of an organization's stakeholders. People may resist change either due to self-interests, misunderstanding and lack of trust, different assessments or low tolerance for change. Behavioral resistance could be caused by organizational loyalty, perception versus loyalty, and cultural-political field (Ansoff and McDonnell. 1990).

To minimize resistance, managers must define the terms and persuade employees to accept them. Leadership must drive the process of change to alter the employees' perception and bring about revised personal impacts (Johnson and Scholes, 1999). Without proper leadership, Strebel (1996) cautions that employees will remain skeptical of the vision for changc and distrustful of management and management will likewise be frustrated and thwarted by employees' resistance to change.

CHAPTER THREE: RESEARCH METHODOLOGY

3.1 Research Design

This study was conducted through a case study design. It involved an in-depth investigation of stakeholder involvement in Reform and modernization Programme at the Kenya Revenue Authority (KRA). KRA's role in the Kenyan economy is pivotal because its operations transcend all spheres of the economy. In addition, KRA has undertaken a number of reforms which have grossly impacted how it does its business. Its stakeholders are diverse and thus present a good case for study on the ever-contentious issue: Stakeholder Involvement in Decision Making. This study was conducted at two levels.

The first level involved an in-depth investigation of stakeholder involvement in change at KRA. At this level, the unit of analysis was the organization-KRA where selected managers will be targeted to provide information on the extent to which KRA's stakeholders were involved during the change management process.

The second level involved soliciting individual managers' views with regard to their perception of the need for stakeholder involvement in change management at KRA. At this level, the unit of analysis was the individual manager. This level required the sampling of managers from senior and middle levels of management to participate in the study. Out of a total number of 345 managers at senior and middle management levels distributed in the various regions in Kenya, 262 were drawn by way of convenience sampling technique to participate in the study.

3.2 Data Collection Method

The study used both primary and secondary data. Primary data were collected by way of an interview guide and a structured questionnaire. The interview guide was administered through personal interviews targeting a few selected managers to seek information on the extent of stakeholder involvement in the Reform and Modernization Programme at KRA. On the other hand, the structured questionnaire was administered to all the sampled 262 managers at KRA to seek information on their perception of the need for stakeholder involvement in the Reform and

Modernization Programme. The questionnaire was administered through "drop and pick later" method. Secondary data were collected through review of documented information on the Reform and Modernization Programme at KRA.

3.3 Data Analysis

The data obtained were analyzed by use of both content and statistical analyses. Content analysis was used to analyze data generated at level one of the study and to achieve objective one of the study. This involved a thematic analysis of data generated through personal interviews and comparing the same with literature and expectations. Statistical analysis was used to achieve objective two of the study. Descriptive statistics (frequencies, percentages, modes and mean scores) were used to aid in ranking management perception of stakeholder involvement in change management. Statistically analysed data were presented in tabular form for ease of interpretation and reporting.

CHAPTER FOUR: FINDINGS AND DISCUSSIONS

4.1 Introduction

The study was designed with the aim of achieving two objectives. First, to determine the extent of stakeholder involvement in the Reform and Modernization Programme at KRA, and second to establish management perception of the need for stakeholder involvement in the Reform and Modernization Programme at KRA. To achieve these objectives, data were collected from respondents drawn from the middle and top management of KRA. The study specifically targeted the Senior Deputy Commissioners, Deputy Commissioners, Senior Assistant Commissioners, and Assistant Commissioners. These people were considered to be involved in the design and implementation of the reform and modernization programme at KRA. Out of the 262 respondents that were targeted, all of which were served with the questionnaires and others personally interviewed, a total of 111 responded by returning filled questionnaires including those who were personally interviewed. Out of the ten respondents that were targeted for personal interviews, four were accessed and interviewed. This formed 42.4% response rate, which was considered adequate for analysis.

To achieve the study objectives, the study was undertaken at two levels. In the first level, selected managers were personally interviewed to solicit information on the extent to which KRA involved stakeholders during the modernization programme. At this level, the unit of analysis was KRA. The second level involved soliciting data on management perception of stakeholder involvement in the reform and modernization programme. At the second level the unit of analysis was the individual manager. Here, the respondents were required to respond to general personal demographic questions. They were then presented with statement questions on change management during the reform and modernization programme at KRA and the involvement of stakeholders. They were required to score on a scale of 1 to 5 the extent to which they perceived the statement questions apply to KRA. This served to indicate management perception of stakeholder involvement in the reform and modernization programme at KRA. The findings of the study are presented and discussed in this chapter.

4.2 Respondents Profile

In undertaking this study, the respondents who were targeted to participate were required to provide information on selected demographics. These include their gender/sex, age, and managerial position. The research findings on each of these aspects are presented in Table 1.

Table 4.1: Respondent Demographies

Demographic	Response	Frequency	Percent
Gender/Sex	Male	64	57.7
	Female	41	36.9
	Non-response	6	5.4
	Total	111	100.0
Age	Below 35 Years old	32	28.8
	36-40 Years old	33	29.7
	41-45 Years old	17	15.3
	46-50 Years old	10	9.0
	51 Years old and above	1	0.9
	Non-response	18	16.2
	Total	111	100.0
Managerial position	! Senior Deputy Commissioner	4	3.6
	Deputy Commissioner	7	6.3
	Senior Assistant Commissioner	19	17.1
	Assistant Commissioner	62	55.9
	Non-response	19	17.1
	Total	III	100.0

Source: Reseani Data (2009)

The findings of the study as presented in Table 1 show that majority of the respondents who participated in the study were males at 57.7% and females represented 36.9% while those who never indicated were 5.4 %. With respect to age, the respondents were almost uniformly distributed across the age groups that were used in the study. Most respondents were in age bracket of between 36 and 40 years old at 29.7% who were closely followed by those below 35 years old at 28.8%. These were followed by those with between 46-50 years old while those who never indicated their age bracket were 16.2%. Only one respondent (0.9%) was found to be above 51 years old. The findings further indicate that majority of the respondents who participated in the study were Assistant Commissioners at 55.9% followed by Senior Assistant Commissioners at 17.1%, non-response was 17.1% while Deputy Commissioners and Senior Deputy Commissioners were 6.3% and 3.6% respectively. The findings of the study imply that majority of the management at KRA is composed of males, are aged between 36 and 40 years old, and occupy the position of Assistant Commissioner. The dominant phenomenon that can also be observed is that a significant proportion of the respondents were hesitant in providing information on their demographics.

The respondents were asked to indicate whether they were aware of any changes at the Kenya Revenue Authority as a result of the Reform and Modernization Programme. They were also asked to indicate the perceived reasons for the changes at KRA. These questions led into the investigation on the respondents' opinion with respect to whether or not a comprehensive stakeholder analysis was undertaken to determine the extent of the impact of the changes to various stakeholders. The study findings on whether the respondents were aware of the changes are presented in Table 2.

Table 4.2: Awareness of Change at KRA

	Frequency	**Percent**
Yes	110	99.1
No	1	.9
Total	111	**100.0**

Source: Research Data (2009)

The findings in Table 4.2 show that 99.1% of the respondents were aware of the changes at KRA that were as a result of the Reform and modernization Programme. These findings imply that the resultant changes due to Reform and Modernization Programme at KRA were apparent and management has extensively communicated the need for change necessary for effective implementation of the programme.

Information obtained through personal interviews revealed that the Reform and Modernization Programme (RMP) at KRA encompassed a number of changes. Respondents pointed out that the RMP was implemented through project management and business analysis techniques, which were adopted in accordance with international best practice with the creation of the Programme Management and Business Analysis Office (PMBO) under the Office of the Commissioner General. This led to the development of an institutionalized administrative framework for the RMP making it easier to track progress in the reform initiatives and enhance project ownership and acceptance to change from both internal and external stakeholders.

Consequently, the various projects that were pointed out by respondents through which the RMP was implemented include: Customs Reforms and Modernisation Project, Domestic Taxes Reform and Modernisation Project, Road Transport Reform and Modernisation Project, Investigation and Enforcement Reform and Modernisation Project, KRA Infrastructure Development Project, KRA Business Automation Project, and Human Resource Revitalisation Project. This expose provided the study with evidence that the respondents were really aware of the changes at that have been implemented at KRA.

It was established that some specific changes that have so far been effected through carrying out of the above projects include: the merging of Income fax, Value Added Tax and Domestic Excise to form Domestic Taxes Department (DTD while the mandate and taxpayer population of Large lax payers Office (LTO) was clearly defined with LTO being elevated to department status; implementation of the Simba system to facilitate self-assessment and strengthening of Post Clearance Audit (PCA) function; creation of Support Service Department to consolidate support functions and enhance taxpayer services while the Office of Regional Heads was formed to bring services and decision making closer to taxpayers; development of the KRA Information Communication & Technology (ICT) strategy to act as the blue print for all future automation programmes; and undertaking Employee Development Programmes and improvement of staff terms of service.

It was the expectation of the researcher that the level of awareness of change would have implications for the perceived reasons for and impact of the change, hence the perception of the need for stakeholders' involvement in the Reform and Modernization Programme. Research findings on the perceived reasons for change are presented in Table 4.3.

Table 4.3: Reasons for change at Kenya Revenue Authority

Reason	Response	Frequency	Percent	M.S	S.I)
Need to plan ahead and remain effective	Not at all		.9		
	ess extent	1	.9		
	Moderate extent		6.3	4.37	.73
	arge extent	49	44.1		
	Very great extent	53	47.7		
	otal	111	100.0		
To improve and expand taxpayer services	ot at all		1.8		
	Moderate extent		4.5		
	arge extent	40	36.0	4.48	.75
	Very great extent	64	57.7		
	otal	11	100.0		
It was a reaction to massive tax evasion	Not at all				
	ess extent	17	15.3		
	vlodcrate extent	32	28.8		
	^arge extent	36	32.4	3.54	1.04
	Very great extent	22	19.8		
	Non-response		1.8		
	Total	111	100.0		
The magnitude of inefficiency	ess extent	14	12.6		
	Vtoderate extent	40	36.0		
	,arge extent	42	37.8	3.52	.88
	Very great extent	15	13.5		
	'otal	111	100.0		
The declining quality of service	Not at all				
	Less extent		14.4		
	Moderate extent	31	27.9	3.54	.99
	Large extent	44	39.6		
	Very great extent	18	16.2		
	Total	1 1	100.0		
The need to enhance revenue collection	Not at all		1.8		
	Moderate extent		5.4		
	Large extent	20	18.0	4.64	.75
	Veryj^reat extent	82	73.9		
	Non-response				
	Total	11	100.0		
The need to adapt to changes in technology	Not at all		2.7		
	Moderate extent		4.5		
	Large extent	31	27.9	4.52	.82
	Verygreatcx^tcnt	71	64.0		
	Non-rcsjTonse				
	Total	III	100.0		

Source: Research Data (2009)

In establishing the extent to which various reasons for change were perceived by the respondents as necessitating change at KRA, the study used frequencies and percentages to show the status proportion of respondents who indicated various degrees of perception. It is out of the frequencies and/or percentages that mean scores were obtained to be used as perception indices. A mean score of below 3.00 indicates that a particular reason was found to be lowly perceived while the one with a mean score of between 3.00 and 3.99 indicate that it was found to be highly perceived. A reason with a mean score of 4.00 and above was considered to be very highly perceived. This criterion was adopted in the rest of the study with the differences being the aspects under investigation.

According to the research findings in Table 4.3 above, it was established that a large proportion of reasons for change that were presented to the respondents were very highly perceived as necessitating change al KRA. These reasons have mean scores of 4.00 and above. They include: the need to plan ahead and remain effective, to improve and expand taxpayer services, to enhance revenue collection, and to adapt to changes in technology. The reasons that were highly perceived include: a reaction to massive tax evasion, the magnitude of inefficiency, and the declining quality of service. These reasons had mean scores of between 3.00 and 3.99.

The above findings imply that a number of reasons were perceived as important and therefore necessitated change at KRA. Therefore, according to a majority of managers at KRA, the rationale for change as depicted by the various reasons points to the need for effective implementation of the Reform and Modernization Programme. However, it should be observed that there were variations on the part or respondents, as indicated by the standard deviations, with respect to the perceived importance of each of the reasons necessitating change at KRA. The variation ranged from a low of 0.73 standard deviations to a high of 1.04 standard deviations for the need to plan ahead and remain effective and a reaction to massive tax evasion respectively. This implies that in as much as the study findings indicated high rating of reasons for change at KRA, there was variance with respect to the extent to which each of the reasons was perceived to necessitate change at KRA.

The findings are summed up in the information gathered through personal interviews where respondents were quick to note that the rationale for the Reform and

Modernization Programme was the transformation of KRA into a modern, fully integrated and client-focused organization.

It is apparent from the research findings that there were a number of reasons that necessitated change at KRA. The introduction of change is expected to have different degrees of impact to different groups of stakeholders of an organization. Respondents were asked to identify the various stakeholder groups who were afTected by the changes that resulted out of the implementation of the Reform and Modernization Programme at KRA. The identified stakeholders were both individuals and groups who are both internal and external to KRA. These include: employees, clearing and forwarding agents (KIFWA), traders (importers and exporters), KRA management, local traders, United Business Association (UBA), politicians, ordinary citizens, Matatu Owners Association (MOA), Matatu Welfare Association (MWA), financial institutions, tax agents, legislature, and law enforcement agencies e.g. the police (Revenue Preventive Service-RPS).

The revelation that there were numerous stakeholder groups that were directly or indirectly afTected by the changes at KRA required that for KRA to successfully implement the Reform and Modernization Programme, a comprehensive stakeholder analysis was necessary to determine how each stakeholder group will be affected and how to involve them. Respondents were asked to indicate whether or not KRA undertook comprehensive stakeholder analysis to determine the extent of the impact of the changes to various stakeholder groups. The findings are presented in Table 4.4.

Table 4.4: Comprehensive Stakeholder Analysis

	Frequency	Percent
Yes	55	49.5
No	55	49.5
Non-response	1	.9
Total	111	100.0

Source: Research Data (2009)

The findings in Table 4.4 show that 49.5% of the respondents indicated that KRA undertook comprehensive stakeholder analysis while the other 49.5% indicated otherwise. With 0.9% **non**-response, the results indicate that comprehensive stakeholder analysis was not fully carried out to determine how the changes affected the various stakeholder groups.

The study also sought to establish the various means used by KRA to communicate the awareness of change to various stakeholder groups. Respondents were presented with various means of creating awareness of change in an organization and were required to rate in a 1-5 scale on the extent to which each means was used. The findings are presented in Table 4.5.

Table 4.5: Means used to communicate to the stakeholders on the awareness of change at KRA

Means	Response	Frequency	Percent	M.S	S.I)
Official circulars	Not used at all	1	.9	3.33	.69
	Rarely used	11	9.9		
	Frequently used	49	44.1		
	Predominantly used	49	44.1		
	Non-response	1	.9		
	Total	111	100.0		
vleetings	Rarely used	14	12.6	3.13	.60
	Frequently used	69	62.2		
	Predominantly used	28	25.2		
	Total	M1	100.0		
KRA Newsletters	Rarely used	17	15.3	3.11	.64
	Frequently used	65	58.6		
	Predominantly used	29	26.1		
	Total	111	100.0		
Mass media	Not used at all	5	4.5	3.22	.90
	Rarely used	20	18.0		
	Frequently used	31	27.9		
	Predominantly used	54	48.6		
	Non-response	1	.9		
	Total	111	100.0		
Grapevine (rumors)	Not used at all	47	42.3	1.94	1.06
	Rarely used	27	24.3		
	Frequently used	15	13.5		
	Predominantly used	13	11.7		
	Non-response	9	8.1		
	Total	111	100.0		
Workshops and retreats	Not used at all	7	6.3	2.67	.81
	Rarely used	37	33.3		
	Frequently used	47	42.3		
	Predominantly used	16	14.4		
	Non-response	4	3.6		
	Total	111	100.0		

Source: Research Data (2009)

From the study findings in Table 4.5 above, most of the means that were presented to the respondents were used to a moderate extent. These include official circulars, mass media, meetings, and KRA Newsletters. This is because their mean scores ranged between 3.00 and 3.99. Those with mean scores below 3.00 were used to a less extent. They include workshops and retreats, and grapevine (rumours). However, a case by case scrutiny indicates that each of the means of communicating change was used to differing degrees as indicated by different proportions of respondents. The variations are indicated by the standard variations for each of the means that was used to communicate change. The variations range from a low of 0.60 for meetings and a high of 1.06 for grapevine (rumours). Further, an aggregation of a means being frequently and predominantly used show that official circulars is the most used means with 88.2% followed by meetings at 87.8% and KRA Newsletters at 84.7%. Mass media comes fourth with 76.5% followed by workshops and retreats at 56.7% and last was grapevine at 35.2%.

In achieving the objectives of the study, respondents' opinions were sought on the extent to which some selected practices should be practiced during the change management process in an organization like KRA. The practices encompass aspects of stakeholder involvement from the time change is initialed to a time support is sought for its effective implementation. The findings are shown in Table 4.6.

Table 4.6; Practices during the Change Management Process

Practice	Response	Frequency	Percent	M.S	S.D
Establishing a sense of urgency	Not at all	1			
	Less extent		3.6		
	Moderate extent	21	18.9	4.07	.88
	Large extent	45	40.5		
	Very great extent	40	36.0		
	Total_	ill	100.0		
Building coalitions by seeking support from power sources and stakeholders	Not at all		1.8		
	Less extent		2.7		
	Moderate extent		6.3	4.33	.86
	Large extent	43	38.7		
	Very great extent	56	50.5		
	Total_	111	100.0		
Creating a guiding coalition to eliminate key	Less extent		1.8		
	Moderate extent^	13	11.7	4.35	.76
	Large extent	40	36.0		

obstacles and get the change go on	Very great extent	56	50.5		
	Total	111	100.0		
Developing a clear vision and sharing the vision	Less extent	1	.9	4.54	.64
	Moderate extent	6	5.4		
	Large extent	36	32.4		
	Very great extent	68	61.3		
	Total	111	100.0		
Empowering employees to act and clear obstacles	Less extent	2	1.8	4.47	.75
	Moderate extent	11	9.9		
	Large extent	31	27.9		
	Very great extent	67	60.4		
	Total	111	100.0		
Facilitating ownership of the change process and its outcomes	Moderate extent	14	12.6	4.47	.71
	Large extent	30	27.0		
	Very great extent	66	59.5		
	Total	n o	99.1		
	System	1	.9		
	Total	111	100.0		
Carrying out constant environmental surveillance to make necessary adjustments.	Less extent	5	2.7	4.30	.85
	Moderate extent	13	4.5		
	Large extent	37	27.9		
	Very great extent	56	64.0		
	Total	111	.9		

Source: Research Data (2009)

The findings as shown in Table 4.6 show that most respondents were or the opinion that the practices presented to them should be practiced during change management process in an organization like KRA. This is because all the practices that were presented to the respondents were very highly rated each with a mean score of 4.00 and above even though there some variations among different proportions of respondents on the extent to which each should be practiced. It therefore implies that for effective management of change in organizations like KRA, there is need to: establish a sense of urgency for the change, build coalitions by seeking support from power sources and stakeholders, create a guiding coalition to eliminate key obstacles and get the change go on, develop a clear vision and sharing the vision, empower employees to act and clear obstacles, facilitate ownership of the change process and its outcomes, and carry out constant environmental surveillance to make necessary adjustments.

At the core of the study was the determination of stakeholder involvement in Reform and Modernization Programme at KRA and establishing management perception of the need for stakeholder involvement. Consequently, respondents were presented with statements describing the different stages/levels of stakeholder involvement in change management during the Reform and Modernization Programme at KRA and were required to indicate the extent to which they agree and/or disagree with each. This was intended to give an indication on the management perception of the need for stakeholder involvement. The study findings on the extent to which the respondents agreed and/or disagreed with the statements describing the stages/levels of stakeholder involvement at KRA are shown in Table 4.7.

Table 4.7: Stages/Levels of Stakeholder Involvement in Change Management at KRA

Stage/level	Response	Frequency	Percent	M.S	S.1)
Stakeholders were only informed about Reform and Modernization policies and decisions that have been made.	Strongly disagree	13	11.7	2.86	1.18
	Disagree	34	30.6		
	Neither agree nor disagree	31	27.9		
	Agree	21	18.9		
	Strongly Agree	12	10.8		
	Total	111	100.0		
Stakeholders were only heard before policies and decisions were made but their say may or may not have been considered.	Strongly disagree	8	7.2	2.85	1.08
	Disagree	39	35.1		
	Neither agree nor disagree	37	33.3		
	Agree	16	14.4		
	Strongly Agree	11	9.9		
	Total	111	100.0		
Stakeholders had controlled influence on the Reform and Modernization projects at KRA.	Strongly disagree	10	9.0	2.85	1.00
	Disagree	31	27.9		
	Neither agree nor disagree	37	33.3		
	Agree	29	26.1		
	StrongIy_Agrec	3	2.7		
	Non-response	1	.9		
	Total	III	100.0		
Stakeholders had a chance to assess the changes in the Reform and Modernization Programme.	Strongly^lisajjree	7	6.3	3.04	1.06
	Disagree	31	27.9		
	Neither agree nor disagree	26	23.4		
	Agree	37	33.3		
	Stronglyj\gree_	6	5.4		
	Non-response	4	3.6		

	Total	111	100.0		
Stakeholders assessed and reviewed the ideas during the development of the Reform and Modernization Programme.	Strongly disagree	10	9.0	2.95	1.04
	Disagree	28	25.2		
	Neither agree nor disagree	34	30.6		
	Agree	34	30.6		
	Strongly Agree	4	3.6		
	Non-response	1	.9		
	Total	111	100.0		
Stakeholders were given opportunity to contribute their own ideas during the Programme Formulation process	Strongly disagree	6	5.4	3.06	1.03
	Disagree	29	26.1		
	Neither agree nor disagree	36	32.4		
	Agree	32	28.8		
	Strongly Agree	8	7.2		
	Total	111	100.0		
Stakeholders acted as originators of most alternative courses of action during the Programme Formulation process	Strongly disagree	21	18.9	9 fit	1.16
	Disagree	34	30.6		
	Neither agree nor disagree	24	21.6		
	Agree	27	24.3		
	Strongly Agree	4	3.6		
	Non-response	1	.9		
	Total	111	100.0		
There was joint decision making with stakeholders during all stages of the projects of the Reform and Modernization Programme.	Strongly disagree	14	12.6	2.78	1.11
	Disagree	34	30.6		
	Neither agree nor disagree	31	27.9		
	Agree	26	23.4		
	Strongly Agree	6	5.4		
	Total	111	100.0		
The stakeholders had a vast control over the KRA's Reform agenda.	Strongly disagree	19	17.1	2 63	1.21
	Disagree	41	36.9		
	Neither agree nor disagree	23	20.7		
	Agree	18	16.2		
	Strongly Agree	10	9.0		
	Total	111	100.0		

Source: Research Data (2009)

Research findings in Table 4.7 above show that different proportions of respondents perceived the need for stakeholder involvement differently. First and foremost, it can be observed that the proportions were almost uniformly distributed across the options in the 1-5 response scale. Therefore, the magnitude of rating as indicated by size of the mean score should be accorded appropriate interpretation in order to allow for accurate generalizations. From the findings of the study, it is not possible to point out whether respondents lowly or highly perceived the need for stakeholder involvement because of the almost uniform distribution of responses across the 1-5 scale options. Therefore, a case by case analysis and interpretation is considered appropriate using aggregation of responses in the 1-5 scale where the responses are reduced to disagree, agree and indifferent.

Consequently, with regard to stakeholders only being informed about Reform and Modernization policies and decisions that had been made at KRA, 42.3% of the respondents disagreed, 29.7% agreed while 27.9% were indifferent. This means that majority of the respondents (42.3%) were of the opinion stakeholders should not only be informed about the change but also be involved in it from the beginning. Regarding stakeholders only being heard before policies and decisions were made but their say may or may not have been considered, 42.3% of the respondents disagreed. 24.3% agreed while 33.3% were indifferent. This also implies that majority of the respondents were of the opinion that stakeholders' views should be considered in change management as much as possible.

With regard to stakeholders having had controlled influence on the Reform and Modernization projects at KRA, 36.9% disagreed, 28.8% agreed while 33.3% were indifferent. The findings imply that the stakeholders were not lelt to control the influence on the Reform and Modernization projects at KRA but instead given the opportunity to offer their views. This is evidenced in the results with respect to stakeholders having had a chance to assess the changes in the Reform and Modernization Programme in which 38.7% agreed, 34.2% disagreed, while 23.4% being indifferent. The findings with respect to stakeholders assessing and reviewing the ideas during the development of the Reform and Modernization Programme indicate a 50-50 response with 34.2% each agreeing and disagreeing with 30.6% being indifferent.

Regarding stakeholders being given opportunity to contribute their own ideas during the Programme Formulation process, 36% of the respondents agreed. 31.5% disagreed while 32.4% were indifferent. This implies that stakeholder involvement during the very initial stages of change assures its successful implementation. However, the findings indicate that stakeholders never acted as originators of most alternative courses of action during the Programme Formulation process. In this regard, 39.5% disagreed, 27.9% agreed while 21.6% were indifferent. Contrary to expectations, there was no extensive joint decision making with stakeholders during all stages or the projects of the Reform and Modernization Programme. The findings also indicate that stakeholders never had a vast control over the KRA's Reform agenda.

It is worthy noting that the proportions of those who were in agreement, disagreement, and indifferent were almost of the same magnitude and therefore, using a majority proportion to draw implications of the findings of the study does not underrate the perception of the rest of the respondents. It can also be noted that there were proportions of respondents who never provided any response as evidenced by the non-response proportion percentages.

Finally, the study sought the opinion of respondents on whether they thought every stakeholder group was adequately involved in the Reform and Modernization Programme at KRA. The study findings indicate that while 20.7% of the respondents said that all stakeholders were adequately involved, 79.3% said otherwise. The findings are presented in Table 4.8.

Table 4.8: Adequate Involvement of every Stakeholder (iron)

	Frequency	Percent
Yes	23	20.7
No	88	79.3
Total	**111**	100.0

Source: Research Data (2009)

The findings above imply that majority of managers at KRA acknowledge the fact that not every stakeholder group was adequately involved in the Reform and Modernization Programme. The scenario could therefore lead to resistance to the changes contained in the programme as was witnessed form the business community during the introduction of electronic tax registers among other changes.

CHAPTER FIVE: SUMMARY, CONCLUSIONS ANI) RECOMMENDATIONS

5.1 Introduction

This study set out to achieve two objectives: To determine the extent of stakeholder involvement in the Reform and Modernization Programme at KRA and to establish management perception of the need for stakeholder involvement in the Reform and Modernization Programme at KRA. Based on these objectives and variables drawn from available literature, a questionnaire and interview guide were developed and used to gather the data. The data collected using a questionnaire were analyzed using frequencies, percentages, mean scores, and standard deviations; while those that Were collected using interview guide were analyzed using content analysis. In this chapter, the findings of the research are summarized and conclusions drawn. This chapter also includes a section on limitations to the study and suggestions for further research.

5.2 Summary

To achieve the study objectives adequately, it was considered necessary for the study to look at some aspects of change management and stakeholder involvement in order to form the basis of seeking information to achieve the study objectives. Aspects of change management that were considered include awareness of change by the respondents during the Reform and Modernization Programme at KRA, kind of changes that have so far been implemented, change management practices, and reasons that necessitated change at KRA. Aspects of stakeholder involvement that were considered include identification of various stakeholder groups that were affected by the Reform and Modernization Programme at KRA, stakeholder analysis, means through which change was communicated to various stakeholder groups, and stages/levels of stakeholder involvement. The findings on these aspects formed the context in which the study determined the extent of stakeholder involvement and management perception of the need for stakeholder involvement during the Reform and Modernization Programme at KRA.

In addressing the objectives of the study, it was established that in general, respondents indicated that not every stakeholder group was involved to a large extent in change during the Reform and Modernization Programme at KRA. It was established that stakeholders were not fully given the opportunity to contribute their own ideas during the reform process; they were not fully allowed to assess and review the ideas during change management; there was not joint decision making with stakeholders during all stages of the programme; and stakeholders were not given a chance to fully assess the whole Reform and Modernization Programme and the resultant changes. It was, however, observed that a considerable proportion of respondents underscored the importance and need for wider stakeholder involvement. Therefore, majority of the respondents (79.3%) felt that all stakeholder groups were not adequately involved in the Reform and Modernization Programme at KRA.

5.3 Conclusions

The findings of this research have shown that KRA like any other organizations with numerous stakeholder groups find it difficult to embrace 100% stakeholder involvement during change management. The study revealed that there was a great degree of awareness of change during the Reform and Modernization Programme at KRA. Further, a number of reasons necessitated KRA to institute the Reform and Modernization Programme. Most of the reasons were found to revolve around the need for KRA to enhance its efficiency and effectiveness in carrying out its business.

Even though the Reform and Modernization Programme at KRA resulted into changes that affected numerous stakeholders, the study established that the expected comprehensive analysis was not done to determine the impact of the changes to various stakeholders. It was observed that respondents exhibited high preference for particular change management practices be adopted during the change management process. Also the study established that there were mixed responses with respect to the need for stakeholder involvement. This was exhibited by the varying degrees of respondents' indication on the levels/stages in stakeholder involvement.

From the evidence gathered by the study, the researcher draws an overall conclusion that stakeholder involvement during the Reform and Modernization Programme at KRA was to a moderate extent while managers' perception of the need for stakeholder involvement was relatively positive. However, 79.3% of the respondents felt that there was no adequate involvement of every stakeholder group.

5.4 Limitations of the Study

The time period for the study was too short and this limited the scope and depth of the study. Owing to this factor, the respondents had to find time within their tight schedules to fill the questionnaires and answer interview questions. Due to these two aspects, it was not possible to get responses from all the intended managers to participate in the study.

There are limitations of measurement, which are common to social researches. Respondents' perceptions may change over time and across different personalities. Also respondents may give biased or dishonest answers.

5.5 Recommendations for Further Research

Due to limitations in time, not all respondents participated in the study and not all aspects of stakeholder involvement were investigated. Therefore, in connection with further research, the researcher recommends that a similar study be undertaken but from the stakeholders' perspective

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APPENDICES

Appendix I: Interview Guide (For selected senior level managers)

1. How would you describe the rationale for KRA's Reform and Modernization Programme?

2. What were some of the changes that your department required to undertake in order to effectively implement the programme?

3. 1 low was the management and carrying out of the changes approached?

4. Whom (externally and internally) could you mention that were directly or indirectly affected by the changes that were carried out?

5. How could you describe the nature of the effect/impact of the changes to the various stakeholder groups?

6. To what extent was each of the mentioned groups of stakeholders involved by KRA in the change management process?

7. At what point was each of the stakeholder group involved?

8. What is your general comment on Resistance to Change at KRA during the implementation of the Reform and Modernization Programme? From whom was this resistance most prominent?

9. What could you attribute the resistance to change (if any) to?

Appendix II: Questionnaire

Section A: Respondent Profile

1. Please tick as appropriate:

   Gender/Sex Male [ ] Female [j

   Age: <35 years [ ] 36-40 yrs [ ] 41-45 yrs[ ] 46-50 yrs [ ]
   51 yrs and above [ ]

2. Managerial position that you occupy at KRA

3. In which department are you stationed?

4. For how long have you occupied the position stated above?

5. Which arc your key decision making roles?

Section 13: Change Management

5. Are you aware of any changes that the organization has undertaken in the Reforms and Modernization Programme? Yes [ ] No [ ]

6. If Yes in (5) above, which changes were specific to your department?

7. In your opinion, to what extent do you think each one of the following reasons necessitated change at the Kenya Revenue Authority? Use the key as follows:

1-Not at all, 2-Less extent, 3-Modcrate extent, 4-Large extent, 5-Very great extent

Need to plan ahead and remain effective	[1]	[2]	[3]	[4]	[5]
To improve and expand taxpayer services	[1]	[2]	[3]	[4]	[5]
It was a reaction to massive tax evasion	[1]	[2]	[3]	[4]	[5]
The magnitude of inefficiency	[1]	[2]	[3]	[4]	[5]
The declining quality of service	[1]	[2]	[3]	[4]	[5]
The need to enhance revenue collection	[1]	[2]	[3]	[4]	[5]
The need to adapt to changes in technology	[1]	[2]	[3]	[4]	[5]

Others (list and rate)

1.	[1] [2] [3] [4] [5]
ii.	[1] [2] [3] [4] [5]
iii.	[1] [2] [3] [4] [5]

Section C: Stakeholder Involvement

8. **In your opinion, whom do you consider to be the stakeholders (both internal and external) who were affected by the changes that have been effected in your department? List them in order of importance and the nature of impact due to changes in your department.**

Stakeholder Group	Impact of changes at KRA

9. **Do you think KRA carried out a comprehensive stakeholder analysis to determine the extent of the impact of the changes to each or the above groups of stakeholders?**

   Yes I] **No [ ]**

10. **Further to the list or the stakeholder groups and the impact or the changes on them in (8) above, to what extent do you think each stakeholder group was involved during the change management process at KRA? Use the key below and Tick as appropriate.**

1-Not at all, 3-To a fairly great extent 5-To a very great extent

2-To a less extent, 4-To a great extent,

Stakeholder Group	1	2	3	4	5

II. In your opinion, to what extent was each of the following means used to communicate to the stakeholders on the awareness of change at KRA? Use the scale as follows:

1-Not used at all, 2-Rarely used, 3-Frequently used, 4-Predominantly used

a. Official circulars [1] [2] [3] [4]

b. Meetings [I] [2] [3] [4]

c. KRA Newsletters [1] [2] [3] [4]

d. Mass media [1] [2] [3] [4]

e. Grapevine (rumors) [1] [2] [3] [4]

f. Workshops and retreats [1] [2] [3] [4]

Others (list and rate)

i.

12. What is your opinion on the extent to which the following should be practiced during the change management process in an organization like KRA/ Use the key below.

1-Notatall, 2-Less extent, 3-Moderate extent, 4-Large extent, 5-Very great extent

a. Establishing a sense of urgency [j] j2] [3] [4] |5j

b. Building coalitions by seeking support from power sources and stakeholders. [!] [2] [3] [4] [5]

c. Creating a guiding coalition to eliminate key obstacles and get the change go 011 ['] [2] [3] [4] [5]

d. Developing a clear vision and sharing the vision [1] [2] [3] [4] [5]

e. Empowering employees to act and clear obstacles 11] [2] [3] [4] [5]

f. Facilitating ownership of the change process and its outcomes [1] [2] [3] 14] [5]

g. Carrying out constant environmental surveillance to make necessary adjustments. [1] **[2]** [3] [4J [5|

13. The following statements describe the different stages/levels of stakeholder involvement during change management. To what extent do you agree or disagree with each of the statements? Use the key below.

1-Strongly disagree; 2-Disagree; 3-Neither agree nor disagree; 4-Agree; 5-Strongly Agree

	Level/stage of Involvement	1	2	3	4	5
I	Stakeholders were only informed about Reform and Modernization policies and decisions that have been made.					
2	Stakeholders were only heard before policies and decisions are made but their say may or may not have been considered.					
3	Stakeholders had controlled influence on the Reform and Modernization projects at KRA.					
4	Stakeholders had a chance to assess the changes 111 the Reform and Modernization Programme.					
5	Stakeholders assessed and reviewed the ideas during the development 0r the Reform and Modernization					
6	Stakeholders were given opportunity to contribute their own ideas during the Programme Formulation process					
7	Stakeholders acted as originators^Lmos^alt^^					

	^^sofaction during the Programme Formulation					.
T	jj^rTwaTjoint decision making with stakeholders during all stages of the projects of the Reform and Modernization Programme.					
T	"jhestakeholders had a vast control over the KRA's Reform agenda.					

14. In your personal opinion do you think every stakeholder group was adequately involved at an appropriate stage of the management and implementation of change during the Reform and Modernization Programme atKRA? Yes [ ] No [ ]

Thank you for your time and cooperation