THE EMPLOYEE PERCEPTION OF THE PEOPLE DIMENSION IN CHANGE MANAGEMENT AT THE KENYA REVENUE AUTHORITY (KRA)

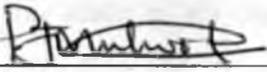PHYLLIS MUTWOL

A MANAGEMENT RESEARCH PROJECT SUBMITTED IN PARTIAL FULFILLMENT OF THE REQUIREMENTS FOR THE AWARD OF THE DEGREE OF MASTER OF BUSINESS ADMINISTRATION, SCHOOL OF BUSINESS UNIVERSITY OF NAIROBI

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DECLARATION

This management research is my original work and has not been presented for a degree in any other university.

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

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DEDICATION

I dedicate this study to my dear husband and children for their love, moral support, patience and understanding whenever I had to be away in order to complete on this research.

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ABSTRACT

Organizations change largely in response to the external circumstances. Strategic change management in organizations involves two aspects; the people who are to initiate and implement the changes and the systems that are needed to effect the changes and enable them to be realized. The motivation of the study was the fact that the Kenya Revenue Authority has a wide range of stakeholders from the government, private organizations, international organizations, to the general public who are contributors of revenue, the core function of the Authority.

Organizations who successfully manage change are those which have integrated their people management policies with their strategies and the strategic change processes. The management must be critically concerned with the way employees relate to the nature and direction of the organization and as such they can both block strategic change and also be significant facilitators of the same. The research focused on analyzing the attention the Kenya Revenue Authority's giving people concerns during its change initiatives.

The main objectives of the study were, to establish the people management strategies used by the Kenya Revenue Authority in implementing strategic change, to identify the strategic change responses that have occurred in the Authority and to establish the strategy support practices offered to employees by the Authority. The study was a survey of the Kenya Revenue Authority employees in which a sample of fifty three (53) respondents was used. The data collected was presented using tables and analyzed using descriptive statistics, proportions, percentages and measures of central tendency.

The major findings were change implementation in the organization ignored the important details and use of proper communication strategies. It underestimated the need to gain behavioral alignment and development of trust. The organization did not develop structures to capture and to handle with sensitivity employees emotional reactions towards change.

Recommendations made were that there mist be mechanisms to monitor employee responses to organizational change since this has an effect on employee-employer relationship and that trust is crucial for organizational success. The leaders should address both the emotional and practical issues through the hard and softer people management practices. The strategies that provide the opportunity to build trust and commitment within the newly restructured organization should be used. Establish the strategy support practices responses study had three objectives, first, to establish the people management practices used

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CHAPTER ONE: INTRODUCTION

1.1 Background

Organizations worldwide are confronting markets that are more turbulent, more demanding shareholders, and more discerning customers, and many are restructuring to meet such challenges. Their success in making the changes required depends much on the quality of their leadership; not only at the top of the organization but also among all managers responsible for operating results. We know that leadership can make a great difference, and we know that it is important for organizational success. Yet we still know too little about the qualities and practice of effective organizational leadership and change management (Wharton School, 2000). In addition, Huczynski and Buchanan (2001) said that some commentators view the organizational landscape as consisting of just labour and management. Moreover, the outcome of organizational politics, as individuals, groups, units and departments attempt to influence the decisions that affect their own interests, usually at the expense of others' interest, which stresses the structural basis of conflict rather than interpersonal relationships (Huczynski and Buchanan, 2001).

1.1.1 Change Management

The link between change implementation in an organization and the human resource factor is fundamental. Thomas and Strickland (1999) observe that core competencies reside in a company's people, not in its assets on the balance sheet, and that distinctive competencies are a basis of competitive advantage. Organizational changes may often be accompanied with a number of job losses and a decrease in job security and promotional opportunities. Cope (1989) rightfully believed that organizations are moving living

enterprises and that it has a social contract with employees to serve human needs in the market place. Termination of such contract that is of social value to the individual employees must be handled with deep sensitivity. The preference to let change drift with time is known to work only when changes are strictly internal matters.

Ansoff (1990) sees strategic management as a systematic approach to a major and increasingly important responsibility of general management to position and relate the firm to its environment in a way which will assure its continued success and make it secure from surprises. Cole (1997) explains that initiating and driving the strategic management process is primarily the responsibility of the top management of the organization that it includes strategic analysis, choice and implementation. Shaw (1989) on the other hand defines strategic planning as an open systems approach to steering an enterprise and that it is a pro-active, problem solving behaviour directed externally at conditions in the environment.

Change brings challenges for those who lead and because of these challenges; leaders need to know the forces at work and the emotions that create resistance. Fear of the unknown could bring disruption more than the change itself during the process of implementation and hence impact on realization of strategic intention. Employees don't often know why or what needs to change, when it will be affected or who will be impacted. (Marshall, 1991).

More often than not, people issues of one kind or another spells the difference between success and failure in major organizational transitions. Johnson and Scholes (1999) stress the importance of achieving the commitment of people in the organization to change.

Cole (1997) defines employees as individuals who over a given time invest a large proportion of their lives in their organizations. Roth (2002) states that letting employees go in a humane fashion isn't just about finding a way for executives to sleep at night and that downsizing, which management argue is the norm, is bad business.

Kiedrowski (2001) believes that the management of change is a critical leadership skill. Managers must use proven leadership strategies to influence, inspire and encourage each person, reduce their concerns and enhance their skills for implementing change. She further concludes that as managers begin to think about any kind of significant change they should be aware of how the change will impact others in the organization and the customers. The strategic management of the human factor attached to change implementation is an emerging key determinant of the success of a change program.

During the past decade, most state-owned enterprises in both developing and developed countries have come under increasing pressure to significantly improve their performance. In addressing this challenge, many state-owned enterprises have sought to go through a process of privatization, necessitating the implementation of organizational change. It has been argued that employee reactions to change, e.g., resistance to change and support for change, have critical implications for the outcomes of organizational change (Kotter, 1995). In a broader context, the attitudes and behaviors of employees have an impact on strategic implementation and firm performance (Becker, Huslid and Ulrich, 2001). A central research question in this context is: How can organizations minimize employee resistance to change and promote employee support for change? The aggregate result of a series of actions made by the firm in the change processes tends to

cause employee resistance to change (Judson, 1991; Kotter, 1995). The emphasis in the change management literature so far has been on what organizations should undertake to promote support for change and reduce resistance to change.

Dent and Goldberg (1999) challenged the conventional wisdom that people resist change and argued that people do not resist change, per se, but rather resist losses of status, pay or comfort. They posited that these are not the same as resisting change. This view has been supported by several studies suggesting that certain factors influence resistance to change, and these include, for example, fear of real or imagined consequences (Morris and Raben, 1995), fear of unknown consequences (Mabin, Forgeson, and Green, 2001), a threat to the status quo (Hannan & Freeman, 1988; Spector, 1989), and different understandings or assessments of the situation (Morris and Raben, 1995). Hence, it is plausible that employees react to the consequences of organizational change.

During the last decade, significant attention has been devoted to understanding perceptions that are expected to influence the formation of employee reactions to the decisions of organizations (Eisenberger, Fasolo, and Davis-LaMastro, 1990; Eisenberger, Huntington, Hutchison, and Sowa, 1986). In this view, the tendency of employees to form reactions to change is greatly influenced by some perceptions. For instance, it has been argued that perceived organizational support is related to a wide array of work-related attitudes and outcomes (Eisenberger et al., 1986). The question that now arises is: Do perceived participation in decision-making process and perceived change in power resulting from organizational change affect an employee's reactions to change?

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The notion that certain perceptions influence the decisions of employees has been widely accepted in the research. Accordingly, this study advances and tests an argument that perceptions influence employees' reactions to change. Well-understood effects of perceptions may actually promote more comprehensive, effective and pragmatic change management models designed for promoting employees' support for change and/or for reducing employees' resistance to change. Taking a step in that direction, this paper attempts to fill a gap in current empirical research by empirically examining the links between employees' perceptions about the change processes and the consequences of change and employees' reactions to the planned full automation of its services by KRA.

Public corporations can be defined as an activity of the government, whether central, state or local, involving manufacturing or production of goods (including agriculture) or making available a service for a price, such activity being managed either directly or indirectly or through an autonomous body with the government having a majority holding (Narain , 1979).

The environment of public corporations is a complex phenomenon and has not yet been adequately conceptualized. It is more unpredictable and less stable than that of private enterprises, mainly because it's socio-political contents are very large. Sometimes depending on the nature of a public corporation, the environment becomes turbulent, confusing the pubic corporation manager of the organization in the process (Edwards, 1967). He further stated that public corporations have numerous objectives, more ambiguous and less distinguishable from qualifying conditions. Moreover, they fluctuate in their presupposed order of priority, not merely from government, or even from year to year, but almost from day-to-day at the whim of the public and parliamentary opinion.

Kenya Revenue Authority (KRA) being a public corporation seems to be struggling to adjust itself in order to provide quality services competitively in turbulent environment.

1.1.2 The people in Strategic Management.

Enabling success is concerned with the two way relationship between overall business strategies and strategies in separate resource areas such as people, information, finance and technology.

The knowledge and experience of people can be the key factors enabling the success of strategies. But they can also hinder the successful adoption of new strategies too. So people related issues are a central concern and responsibilities of most managers in organizations and are not confined to a specialist human resource function. Indeed, although formal Human Resource systems and structures may be vitally important in supporting successful strategies, it is quite possible that they may hinder strategy if they are not tailored to the types of strategies being pursued.

Also, the relationship between people and successful strategies goes beyond the traditional agenda of the Human Resource function and is concerned with the behaviours as much as the competences. The ability to change behaviours may be the key ingredient for success. Creating a climate where people strive to achieve success and the motivation of individuals are crucial roles of any manager and are a central part of their involvement in their organization's strategy. The people dimension of strategy is concerned with three related issues, people as a resource, people and behaviour and the need to organize the people.

Figure 1: Strategy and People

People as a resource
- People and organizational competences
- Performance management

Strategy

People and behaviour
- Personal behaviour
- Collective behaviour

Organizing people
- Human Resource function
- Line managers
- Structure and processes
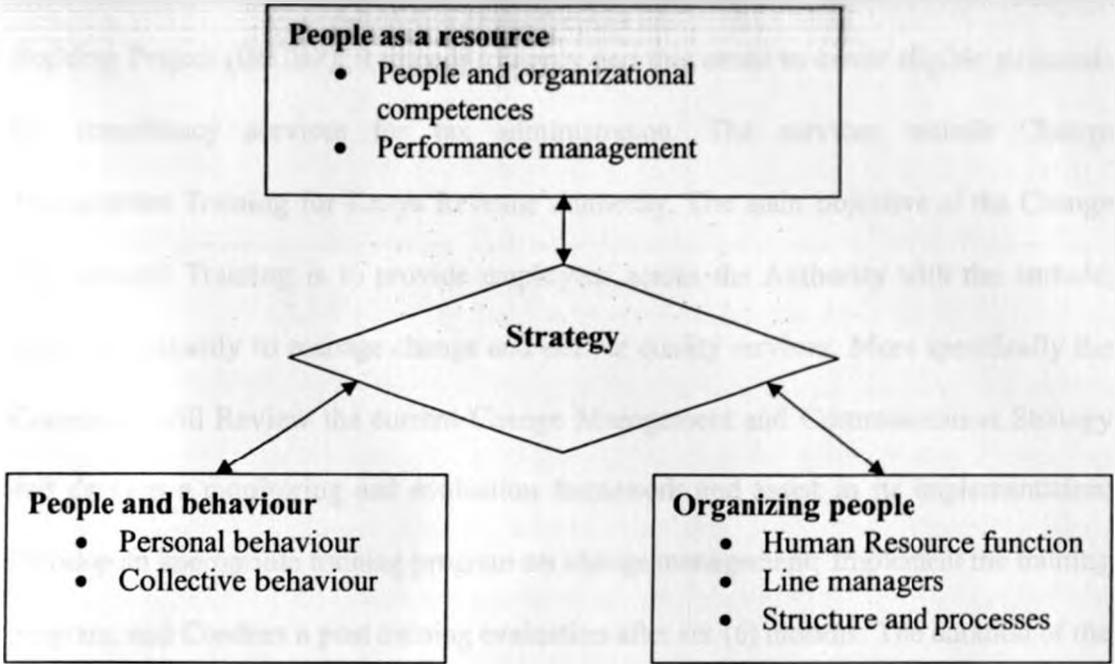
Source: Johnson and Scholes (1999) – Page 448

1.1.3   A Profile of Kenya Revenue Authority

The Kenya Revenue Authority (KRA) was established by an Act of Parliament, Chapter 469 of the laws of Kenya, which became effective on 1st July 1995. The Authority is charged with the responsibility of collecting revenue on behalf of the Government of Kenya while providing effective tax administration. A Board of Directors, consisting of both public and private sector experts, makes policy decisions to be implemented by KRA Management. The President of the Republic of Kenya appoints the Chairman of the Board. The Chief Executive of the Authority is the Commissioner General who is appointed by the Minister for Finance. The purpose for KRA is to Assess, Collect, and Administer and enforce laws relating to revenue.

The Government of Kenya (GOK) having received credit from the International Development Association towards the cost of Institutional Reforms and Capacity Building Project (IRCBP), it intends to apply part this credit to cover eligible payments for consultancy services for tax administration. The services include Change Management Training for Kenya Revenue Authority. The main objective of the Change Management Training is to provide employees across the Authority with the attitude, skills and capacity to manage change and deliver quality services. More specifically the Consultant will Review the current Change Management and Communication Strategy and develop a monitoring and evaluation framework and assist in its implementation; Develop an appropriate training program on change management; Implement the training program, and Conduct a post training evaluation after six (6) months. The duration of the assignment is estimated to be about three (3) calendar months.

1.2 Statement of the problem

With each strategic change initiative, people have to spend time learning new tasks, implementing new systems and procedures, developing new knowledge, using new skills and behaviours, and all of this, typically, under severe time pressure because the organization cannot stop functioning while this happens. In other words, there are a number of observable signs, which can indicate that people are suffering overload, prompting management action to reduce the pressure. Change may threaten to move people out of their 'comfort zones', away from those things, which they prefer and enjoy. People develop vested interests in the perpetuation of organization structures and accompanying technologies. Change can mean loss of power, prestige, respect, approval,

status and security (Huczynski and Buchanan, 2001). The peoples dimension and how it is managed during strategic change programs is more often inadequately addressed, whereas it deserves a much deeper consideration (Pritchett, 1998).

In Kenya, some studies have been undertaken. Ogwora (2006), studied on strategic change management at the National Cereals and Produce Board, while Rukunga (2006), studied on Strategic Change Management at the Nairobi bottlers Ltd. On the other hand, Ongaro (2006) carried out a study on strategic change management practices in Kenyatta National Hospital. In addition, Nyororo (2006) also carried a study that focused on strategic change management and performance of NSSF. These studies therefore show that the researchers focused on management of change in general. But this study will address the people issues of change since in change management there are the systems and the people who will be impacted.

The Kenya Revenue Authority was chosen for the study because it was hived off the Ministry of Finance and established as a government parastatal. Therefore, since its inception, it has faced a number of challenges that generally required enhancement of professionalism in revenue administration. KRA has increasingly introduced changes in its activities every succeeding year through reform strategies which are enunciated in its three-year corporate plans. KRA's second corporate plan included strategies to address these challenges and it actuated the Revenue Administration, Reform and Modernization Program(RARMP) which commenced in 2004/05 with the objective of transforming KRA into a modern fully integrated and client-focused organization. The third corporate plan 2006/08 focused on the people perspective, both the internal (employees) and the

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external customers. This is because it was realized that the people played a pivotal role in the activities and achievements of the Authority. Therefore the research questions this study answers are (1) what people management practices is used by KRA in implementing strategic change? (2) What strategic change responses took place in the Kenya Revenue Authority? (3)What strategy support practices were offered by the Authority to the employees?

1.3 Objectives of the study

The study gave an insight into the people dimension in change management at the Kenya Revenue Authority. The specific objectives were:

i.   To establish the people management practices used by KRA in implementing strategic change.

ii.   To identify the strategic responses that occurred   in the Kenya Revenue Authority.

iii.   To establish the strategy support practices offered to employees by the Kenya Revenue Authority.

1.4 Importance of the study

The study is to enable KRA corporate managers to understand how the employees react to change management, how to solve their grievances and management to appreciate the resultant effect of managing change in the organization in order to improve productivity. Most investors would want to know how tax structural changes are introduced by the KRA in order to plan for their investments. The current research provides evidence on how KRA management effect and implement change.

The study is useful to the academicians who may want to broaden their understanding on the strategic change management in the Kenyan public corporations. This paves way for further research. Hence, the research adds to the existing body of knowledge on strategic change management.

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CHAPTER TWO: LITERATURE REVIEW

2.1 Introduction

Change may threaten to move us out of our 'comfort zone', away from those things, which we prefer and enjoy. We develop vested interests in the perpetuation of organization structures and accompanying technologies. Change can mean loss of power, prestige, respect, approval, status and security (Huczynski and Buchanan, 2001). Huczynski and Buchanan (2001) have said that Bedeian points out that contradictory analyses not necessarily dysfunctional but can in some circumstances lead to more effective forms of change and change implementation. Therefore, this chapter aims reviewing past studies with an aim of uncovering the knowledge gap for the study.

2.2 Overview of Organizational Change

Many organizations across both public and private sectors face an increasing pressure to adapt to their rapidly changing competitive or institutional environments. In order to survive and prosper they frequently enter into processes of strategic reorientation (Danneels, 2002; Jas and Skelcher, 2005). As these processes are typically complex and intrusive however, organizations run a severe risk of deteriorating their operational performance as a consequence of the change process (Hannan and Freeman, 1989; and Zajac, 2001). Organizations engaging in strategic reorientation thus face a crucial managerial challenge of changing their long-term strategic focus while avoiding disruptions of ongoing operations, as these disruptions may in turn negatively affect intended strategic outcomes (Shortell et al., 1990; Kaplan and Norton, 2006). Not much is known about factors that influence the ability of organizations to deal with this challenge.

The complexity and intrusion of strategic change processes put great demands on organizations and their management teams, resulting in serious risks for organizations' operational performance for the change period (Wiersema and Bantel, 1992; KRAatz and Zajac, 2001; Kaplan and Norton, 2006). For many industries, however, the competitive and institutional pressures that induce strategic change also require that organizations find ways of implementing changes without disrupting day-to-day activities, and without endangering motivation and commitment of employees throughout the organization (Shortell *et al.*, 1990; Trinh and O'Connor, 2002). While some negative effects on immediate operational performance may not be avoidable, this means that successful strategic change places strong demands on organizations' top management teams.

A second puzzling aspect regarding organizational change is that it occurs regularly that all the involved parties acknowledge after the implementation that everybody knew already that something had to be changed. Postrel and Rumelt (1992) observe ... 'Why is organizational change so difficult? In particular, why is it so difficult for firms to imitate best practice even after it has been recognized for a considerable time? '

A third aspect of organizational change is that the involved parties may have vested interests. Jensen (1993), reports for example that Kodak 'appointed a chief financial officer well known for turning around troubled companies. (Unfortunately he resigned only several months later – after, according to press reports, running into resistance from the current management and board about the necessity for dramatic change.)

Expertise in managing the change process is usually significant, and this implies capabilities in handling the human, organizational, managerial and political issues. The change agent seems to require less technical expertise, and more interpersonal and managerial skill, in communication, presentation, negotiation, influencing and selling. Change agents are often chosen for their expertise in the substance of the change in hand (Huczynski and Buchanan, 2001). Those who see conflict as a trigger of change would be concerned at both its absence and over-absence. They would be interested to know what the optimum level of conflict in an organization should be, and how it might be simulated. There are managers who consider conflict to be a threat to co-operation, consensual relation and would seek to manage it so that either it does not arise or it is resolved rapidly and permanently (Huczynski and Buchanan, 2001).

The globalization of world economies has resulted in high environmental volatility coming in unpredictable ways (Achrol, 1991). Environmental changes such as technological innovation, competition, globalization, regulation and de-regulation and consumer behavior have affected many organizations. These organizations have been forced to enhance their business processes in order to survive in an environment, which has become increasingly competitive (Ansoff, 1987). Throughout most of modern business history, corporations have attempted to unlock value by matching their structures to the strategies (Kaplan and Norton, 2006). Organizations are therefore undertaking strategic changes in order to align their business strategies to the environment thereby matching the resources and activities of an organization to that environment (Johnson and Scholes, 2002).

2.3 Strategic Change Management

Change especially in the sense of improvement is at the heart of strategic management. Cole (1997) stated that some organizations change largely in response to external circumstances while others change principally because they have decided to introduce change. It generally implies innovation, in the basic sense of introducing something new into the organizational environment. Often these include the rearrangement of jobs, roles, systems and structures. Change management is not a distinct discipline with rigid and clearly defined boundaries (Burnes, 1990).

The theory and practice of change management draws a number of social science disciplines and traditions. Organizational change may take planned or emergent approaches. The emergent approaches are transformational in nature while planned approaches are incremental. The transformational approaches stress the unpredictable nature of change. It views change as a process that unfolds through interplay of multiple variables. The human factor will often not be adequately addressed as things will be abrupt and without warning. Incremental approaches on the other hand such as the Lewin's (1958) 3 step model involves unfreezing the present level, moving to the new level, and finally re-freezing the new level. The model recognizes that before new behaviour can be successfully adopted, the old has to be discarded, and only then can the new behaviour become accepted. It favours the desirable people management strategies wit recognition of the various emotional and psychological stages people have to go through to be able to accept change.

Strategic change is a transition that results from implementation of an organizational strategy. The change may be emergent or planned in nature. The scenario is often the same in the different forms of change. Management looks for enthusiasm, commitment and acceptance, but gets rumors, de-motivation and resistance. Johnson and Scholes (1999) recommended that it is beneficial for an organization to change incrementally with the belief that in this way it will build on the skills, routines and beliefs of those in the organization so that change strategy is efficient and likely to win commitment.

Transformational change can't be handled within the existing paradigm and organizational routines since they may come about as a result of either reactive or proactive processes or when other changes in the organization's environment are evidently significant or severe. Management regards change as being disruptive, intrusive and upsetting to normal balance. People in the organization's change process continue to be the pivotal point from which the organization takes a quantum leap or simple step.

Pritchett (1998) reckons that strategies such as mergers, restructuring and downsizing generate too many pressure points. He further states that during significant transition and change, organizations can't be managed effectively using the same perspectives and priorities that work when one is merely managing the status quo. The American Management Association (1995) in conjunction with Delloitte and Touche found that 84% of 259 executives polled said they had three or more strategic change initiatives in progress. These initiatives encompassed such business agenda as: Growth 39%, Productivity 30% and Competition 27%.The irony of the study was that only 68% of the

executives reported that their companies had established any sort of formal change management program to support these initiatives.

2.4. The Human Factor and Change Implementation

Being strategic about human resources is about developing a capability to mix the soft with the hard human resource management (HRM) to choose situational appropriate rather than personally preferred approaches to HRM, as the business requires.(Storey 1996). He defines softer approaches as including adaptive strategy, cultural change and continuous improvement. Where as harder approaches is rational strategy, structural changes involve radical transformation, command and control. He further observes that it is in those corporations where executives 'think people' and where human resources professionals 'think business' that a fluidity of relationship and synergy of thinking develops .Storey (1999) explains that executives and business units managers need a 'heart' for people whereas HRM professionals need a head for business and finally correctly concludes that only then do people issues become change and business issues and vice versa.

Kiedrowski (2001) list common mistake in leading change as: leaders failing to understand and take on their role in leading change the human element of change not adequately addressed, Cultural forces ignored or misunderstood and no clear improvement measures. She concludes that there is a direct relationship to the amount of change in an organization and physiological change in the people who work there and that the more the change the more the stress people and organization experience. She

postulates that organizational changes can cause chronic health problems and negatively affect work effectiveness and satisfaction and therefore business growth.

Johnson and Scholes (1999) observe that organizations which successfully manage change are those which have integrated their human resources management policies with their strategies and strategic change process. The human resource management must critically be concerned with the way employees relate to the nature and direction of the firm, and as such they can both block strategic change and also be significant facilitators of strategic change.

Cool et al (1998) believes that people manifest an overall attitude toward change with different strengths, depending on the specific issues and contexts involved. Invariably, financial logic derives the executive decisions regarding growth, retrenchment or reorganization Kiedrowski (2001) strongly argued that organizations do not develop strategies to involve employees and to culture constructive responses. That the purpose of change is never clear to the people and survivors have the fear of loss of rights or status due to change. She deplores the fact that communication between change managers and the employees is normally strained during the process.

Johnson and Scholes (1999) rightfully point out that strategies may require major resource changes for an organization, which definitely has an implication on the human resource. Bew (2001) stated that organizational restructuring has resulted in the erosion of intra-organizational trust due to an increase in the number of jobs being lost and a decrease in job security and promotional opportunities. He deduced from studies carried out that survivor responses to downsizing might either be fearful, obliging, cynical or

hopeful. Employee responses to organizational change have an effect on the employer-employee trust relationship and trust is crucial for organizational success, thus it's useful to understand how these responses unfold. The manner in which a change program unfolds is important, since it influences perceptions of trustworthiness amongst internal and external publics.

Cope (1989) observes that not everyone believes open, active interventions assist the change process. The more the change, the more stress people and the organization will experience. He postulated that organizational changes change can cause chronic health problems and negatively affect work effectiveness and satisfaction and therefore business growth. Bews (2001) states that organizations not carefully addressing the restructuring, face not only the danger of sabotage by disgruntled employees but also miss an opportunity to build trust and commitment within newly structured organization.

2.5 Resistance to Change

Resistance to change has been an important construct in a number of fields, including, for example, psychology, organizational development, and organizational change. In literature on change management, researchers generally agree that resistance to change is a key variable affecting change decisions and outcomes, and it is a negative and undesired response for organizations because it might lead to a failure of organizational change (Regar, Mullane, Gustafson, and DeMarie, 1994). Hence, it is not surprising that much research has been devoted to examining the ways in which resistance to change can be minimized.

What is resistance to change? Despite a large body of research on resistance to change, it is difficult to find a definition of resistance. According to Lewin (1951), who was one of the first authors to use the notion of resistance to change, the status quo represents the equilibrium between the forces supporting change and the barriers to change. Some difference between these forces is therefore required to generate the "unfreezing" that initiates change. To make the change permanent, "refreezing" at the new level is required. In this sense, resistance, which is a system phenomenon, is part of the change process.

Many studies have posited that resistance to change is negative and should be removed or minimized. For instance, Coch and French (1948: 521) defined resistance to change as "a combination of an individual reaction to frustration with strong group-induced forces." Agócs (1997: 918) defined institutionalized resistance as "the pattern of organizational behavior that decision makers in organization employ to actively deny, reject, and refuse to implement, repress or even dismantle change proposals and initiative." Interestingly, Lewin (1951) suggested that it is easier to lower resistance to change than to increase support for change. Consequently, one may argue that it is not necessary that a factor that lowers resistance to change will increase support for change. In this sense, resistance to change and support for change should not be the same construct.

Even managers resist change, particularly strategic change. "History is littered with managers apparently unable to adapt to new and threatening circumstances, and suffering the penalty of dismissal " (Whittington, R., 1993, p.122).As such, resistance to change is one of the greatest obstacles to successful I implementations to of strategic changes. It is

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important to note that the people resisting don't see what they are doing as resistance-they often see it as survival. Resistance to change is a reaction to the way a change is being led. But there are no born ''resistors' 'out there waiting to ruin otherwise perfect plans .People resist in response to something. Because of this, managing resistance to change requires tact and patience.

2.6 Causes of Resistance to Change

Fear of the unknown: During organizational change processes, employees tend to create their own perspectives and interpretations of what is likely to occur, what others are thinking, and how they themselves are perceived. If information about the change is limited or unclear, then evidence of employees' own perspectives and interpretation of the change is more likely to be observed. The majority of people tend to be afraid of moving from the known to the unknown. Organizational change may entail moving employees from the known sphere to the unknown sphere. Employees who do not have information about the change and are afraid of the unknown tend to have a negative response to the change. Erez, Earley and Hulin (1985) found that participative goal setting resulted in higher goal acceptance than goal assignment and that when a variance in individual goal acceptance existed; the performance of participative goal setting groups was higher than that of an assigned goal setting group.

Loosing of control of decision-making process: According to the self-interest model, (Thibaut and Walker, 1978), which is based on social exchange theory. An organization's decisions and actions have implications for employees. Therefore, employees want to gain control over the decision-making, and thus exert their influence on major decisions.

Employees tend to expect to have their opinions considered and, without the opportunity to express their opinions, they may feel uncomfortable with the change. Based on organizational justice theories, limited opportunities in participating in the decision-making processes may result in several perceptions, e.g., perceived lack of procedural justice in the decision-making process, perceived unfairness of the outcomes, and perceived low organization support.

Loss of power: Research in a variety of settings has revealed a consistent view of power. In particular, several studies have noted that loss of power is associated with resistance to change (Agócs, 1997; Trader-Leigh, 2002). This study therefore examines whether there is a relationship between perceived change in power and reactions to change. The term "power" can be seen in a wide range of disciplines: for example, political science, organization theory, sociology and psychology.

The concepts of power and influence seem to have been used almost interchangeably. For example, legitimated power is one form of influence, and individuals develop power to have control in order to meet organizational and personal objectives (Pfeffer, 1981). In organizational settings, power is generally associated with a position in an organization; that is, a higher level of a hierarchical position in an organization, a higher level of power is associated with it. In this view, any change in an organization that affects a power or hierarchical structure in an organization may have a significant impact on employees. It has been well argued that employees may have a set of personal goals (e.g., career goals) that is not necessarily coherent or aligned with that of an organization.

Employee's goals: An effort to implementing organizational change may negatively affect the attainment of the employees' personal goals. Consequently, these employees may attempt to resist the change. Exchanges of benefits or favors among individuals induce the imbedded obligation (Gouldner, 1960). Based on the norm of reciprocity, employees tend to respond positively to favorable treatments from their employer, or they feel obliged to help those who helped them, implying a positive norm of reciprocity (Gouldner, 1960). These perceptions may induce employees to resist the change. Using a case study, O'Brien (2002) reported that employees' direct participation in change processes positively influence their acceptance of change. Hence, it is plausible that perceived participation in a decision-making process may influence employees' reactions to change.

Unfavorable treatments from their employer: On the other hand, employees tend to respond negatively to unfavorable treatments from their employer or feel obliged to retaliate against those who injured them, implying a negative norm of reciprocity in which individuals retaliate to the injuries or the negative benefits enacted by others (Gouldner, 1960). The process that forms governance of the norm of reciprocity consists of three components: (1) equivalence, which is the extent to which the amount of return almost equates to what was received; (2) immediacy, which is the time period between repayment and receipt of favors; and (3) interest, which is the motive of the partner in making the exchange of benefits (Gouldner, 1960).

Psychological contract: Using the rationale behind the social exchange theory and the norm of reciprocity, I argue that employees whose power falls because of organizational

change may develop a belief that the organization has mistreated them and thus feel obliged to return negative treatment to the organization. The perceived fall in power because of the change may also be viewed as a breach of psychological contract, which refers to an employee's beliefs about the terms and conditions of the exchange agreement between himself or herself and the organization (Robinson, Kraatz, and Rousseau, 1994). In this context, an employee may feel that the organization breaches the psychological contract when it has failed to fulfill one or more of the perceived obligations comprising the psychological contract (Morrison and Robinson, 1997).

The psychological contract literature examining implications of psychological contract breach on employees' attitudes and behaviors (Robinson, 1996; Robinson and Morrison, 1995; Robinson and Rousseau, 1994) suggests that the breach of psychological contracts often results in a wide range of negative consequences such as declined job satisfaction or declined trust in the organization. In line with this argument, employees who have a perception that they have, or will have, more power as a consequence of organizational change tend to view this perceived gain in power as a benefit provided by the organization and thus feel obliged to return a favor to the organization by providing support for change.

2.7 Minimizing Resistance to Change

Several researchers in management science have indicated that fairness of organizational policies and procedures exerts an impact on people in organizations (Adams 1965; Gopinath and Becker, 2000; Thibaut and Walker, 1975). The literature dealing with (1) how employees react to inequitable processes and outcomes and (2) how they try to

establish equitable conditions suggests that perceptions of fairness of organizational decision-making processes have significant effects on employees' attitudes and behaviors. For instance, empirical research has shown that perceived justice of the organization's decision-making process exerts an effect on employees' reactions to strategy implementation (Kim and Mauborgne, 1993) and pay raise decisions (Folger and Konovsky, 1989). Perceptions of fairness have been found to be positively associated with employees' organizational commitment (McFarlin and Sweeney, 1992) and job satisfaction (Conlon and Fasolo, 1990).

There are two forms of justice in the social psychology literature: procedural justice and distributive justice. Procedural justice refers to decision control and process control in determining fairness (Thibaut and Walker, 1975) and deals with the fairness of a procedure or set of procedures (Tyler, 1994) whereas distributive justice refers to the perceived fairness of resource allocations or outcomes (Moorman, 1991). Distributive justice theory has been used to study various organization phenomena such as the conflict resolution process (Karambayya and Brett, 1989) and work group incentive pay plans (Dulebohn and Martocchio, 1998). In addition to its root in social psychology literature, distributive justice is also grounded in equity theory, which suggests that outcomes are fair when individuals form beliefs that the outcomes are consistent with their inputs (Folger and Cropanzano, 1998). Past research suggests that participation in decision-making process is related to a variety of work-related attitudes and decisions.

In order to cope with the external and internal pressures, organizations have been forced to become more innovative in ways of doing their things faster to meet more customer

demand and have more products that cut a profitable market niche. Organizations have to be constantly on the alert to anticipate change and implement it to the end (Mintzberg, 1987). The capacity to anticipate change and manage adaptation to it in a timely and acceptable way is one of the key success factors for competitiveness and wealth creation of organizations and economies as a whole. For organizations to remain truly competitive over time as the environment changes, Ross et al (1996) argue that they have to learn, adapt and reorient themselves to the changing environment. The process they argue has to be deliberate and co-coordinated leading to gradual or radical systemic realignments between the environment and a firms' strategic orientation that results in improvement in performance and effectiveness.

Aosa (1992) observes that a mismatch between the environment and the organization brought about by failure to respond to changes in the environment creates a strategic problem. A strategic problem requires strategic response (Ansoff and McDonnel, 1990). In addition, Pierce and Robinson (1988) define strategic response as the set of decisions and actions that result into formulation and implementation of plans designed to achieve a firm's objectives, while Porter (1991) notes that organizations need to know the underlying sources of competitive pressure to develop an actionable strategic agenda.

2.8 Summary

This literature highlights that employees orient their reactions to change towards the actions of organizations. In spite of a large body of normative techniques for managing change, there is a lack of empirical studies of their application. There is no empirical evidence suggesting that the techniques proposed in literature influence employee

reactions to change and the success of such change initiatives. This study contributes toward filling this gap in knowledge by answering the following questions: 1) what people management practices is used by KRA in implementing strategic change? (2) What factors influence the choice of people management practices during change implementation in the Kenya Revenue Authority, (3) what were the reactions of the KRA employees to change management?

CHAPTER THREE: RESEARCH METHODOLOGY

3.1   Research Design

The research design is survey since it is focused on the employees of one organization, the Kenya Revenue Authority. It enabled the researcher to probe and obtain an insight into the people management practices at the KRA during the process of strategic change. Young, (1960) and Kothari, (1990) concur that a case study often provides focused and valuable insights to phenomena that may be vaguely known and less understood.

3.2   Target Population

The target population of the study was four thousands and forty one employees (4041) who are based at the six (6) functional departments of the Authority namely; Road Transport Department, (RTD), Domestic Taxes Department Large Taxpayer Office, (DTD-LTO), Domestic Taxes Revenue Department, (DTDR), Investigations and Enforcement Department, (I&E), Customs Services Department, (CSD), and the Support Services Department, (SSD). (Obtained from the Human Resources database). Except from the headquarters which comprises of the Commissioner Generals office, all the functional departments are headed by Commissioners. The employees in the Authority are categorized into four major groups according to grades as shown in table one below. (Appendix III shows the Job tittles for each grade).

Table 1: Staff Categorization.

Category	Grades	Numbers (KRA)
Top Management	KRA 1-3	19
Middle Management	KRA 4-6	329
Supervisory	KRA 7-10	1540
Technical/Support	KRA 11-16	2153
Total		4041

3.3 Sampling

The sample of the study was obtained using stratified sampling technique where the population is divided into relatively homogeneous groups or sub groups called strata. In this study, the population is divided into four categories (as per table one) which forms the strata. A specified number of elements were then selected from each stratum at random. The samples were then combined to form an overall sample. The number of units from each stratum was obtained using proportionate allocation method as follows:

Step 1: The strata to be used are the four categories of employees according to grades.

Step 2: A random sample is selected proportionate to the size of the stratum in the

Population. In this case the random sample, n = 120

Step 3: N_i is selected such that

$Ni = N_i/N (n)$

Step 4: Workings

Table 2: Sample Selection

Proportion	Stratum	Population	Sample		
19/4041	N1	19	n1	0.564	1
329/4041	N2	329	n2	9.7605	10
1540/4041	N3	1540	n3	45.713	45
2153/4041	N4	2153	n4	63.934	64
	Total	4041			120

This shows that one officer may be selected from Top Management10 employees will be selected from Middle management, 45 from the Supervisory and 64 from the technical categories.

3.4 Data Collection

Primary data was collected using a questionnaire in Appendix A. Self administered questionnaires were delivered by hand to each respondent and collected later. For the Top management, an interview guide was used. The reason is that the employees in this group are very busy such that an interview was the most appropriate technique of obtaining relevant data. The questionnaire was used to capture both quantitative and qualitative data.

3.5 Data Analysis

The data collected was analyzed by categorizing, ordering and summarizing the statistics so as to obtain answers to the research questions. The analysis involved preparing the data by editing, coding and developing a structure by entering the data into the computer. Descriptive statistics were used to analyze the data on the people's management practices adopted by the Authority. This involved the use of the measures of central tendency such as the mean mode and standard deviation.

CHAPTER FOUR: DATA ANALYSIS, RESULTS AND DISCUSSION

4.1 Introduction

This chapter reports the findings and discussion of the results of the study. Section 4.2 discusses the people management practices used in implementing strategic change. Section 4.3 presents the strategic responses that took place in the Authority. Section 4.4 discusses the strategy support practices employed by the Authority.

4.2 Profile of the Respondents

The response rate achieved was 45% with a total of fifty three (53) employees completing the questionnaire.

Table 4.2.1 shows the distribution of the respondents per department.

Department							
Category	Road Transport	Custom Service	Investigation & Enforcement	Domestic Taxes large taxpayer Office	Domestic Taxes Revenue	Support Services	Total
Top Management	0	1	0	0	0	0	1
Middle Management	1	1	1	1	1	1	6
Supervisory	3	5	3	2	4	3	20
Technical Support	3	7	4	3	4	5	26
Total	7	14	8	6	9	9	53
Percentage	13.2	26.4	15.1	11.3-	17	17-	100

Source: Research Data

Most of the respondents were from Customs Services department with a percentage of 26.4 response rates followed by the Domestic Taxes Revenue and Support Services department with a response rate of 17 percent each. The lowest percent came from Domestic Large Taxpayer Office with a response rate of 11.3 %.

In terms of the category, most of the responses came from the technical and supervisory levels with 26 and 20 respondents respectively.

Table 4.2.2. Distribution of Respondents per Gender

Gender		
Category	Male	Female
Top Management	1	0
Middle Management	4	2
Supervisory	12	8
Technical	16	10
Total	33	20
Percentage	62.3	37.7

Source: Research Data

Table 4.2.2 shows that most of the respondents were male employees with a response of 62.3 percent as compared to 37.7 percent of the female staff. This also reveals the ratio of male to female employees in the Organization.

Table 4.2.3. Distribution of Respondents according to work experience

Level of work experience				
Category	Less than 2yrs	Less than 5yrs	Less than 10yrs	Above 10yrs	Total
Top Management	0	0	0	1	1
Middle Management	0	0	3	3	6
Supervisory	0	4	5	11	20
Technical	3	5	10	8	26
Total	3	9	18	23	53
Percentage	5.7	17	34	43.3	100

Source: Research Data

From the table, it can be seen that most of the respondents had an experience of over 10 years in the Organization. This shows that they have seen the Organization undergo most of the strategic change initiative as the Organization is fourteen years old.

4.3 People Management Strategies

The data was analyzed to show the manner in which communication as a strategy was employed in the Organization during the times of change. Communication in this context - is the passing on of information from change managers to the people who are impacted by the change.

The research was to establish the communication media that the management used to communicate change initiatives to the employees in the Organization. Respondents were asked to indicate the most used media that is used by the management when communicating changes in the Organization. Table 4.3.1 shows the finding.

Table 4.3.1 communication strategies and extent of use

Communication Media	Number of response (f)	Percentage	Cumulative percentage
Memos	25	32	32
Meetings	11	14	46
Seminars	6	8	54
Internal mail	36	46	100
Total	**78**	**100**	

Source: Research Data

From the table it can be seen that the most used medium of communication is the internal mail with a percentage of 46%. This shows that almost half of the respondents indicated that internal mail is the most used medium followed by internal memos. The least used media is seminars with 8 percent. This implies that the preferred mode of communication is mail. This implies that there is little interaction between the change managers and the employees as there is little interaction of people when mail communication is used.

Table 4.3.2 Frequencies of change progress updates

Frequency	Number of responses(f)	Percentage	Cumulative percentage
Daily	0	0	0
Weekly	5	6.5	6.5
Monthly	24	31.2	37.7
Quarterly	31	40.2	77.9
Bi-annually	17	22.1	100
Total	**77**	**100**	

Source: Research Data

The table shows that the frequency of change updates was done quarterly as indicated by its high cumulative frequency of 77.9 percent. No respondent indicated that daily updates were being given. This implied that employees could wait for about three months in order to get any update on the progress of the changes being undertaken by the Organization.

4.4 Strategic change responses

The strategic change response implies the nature of changes that took place as a result of the strategic changes in the Authority. The research was to establish the strategic responses that took place as a result of the numerous changes that have taken place. The respondents were asked to indicate what has been done to implement the changes in the Organization for example the merger of departments which were separate such as the Income Taxes department and the Value Added Tax departments that were joined to form the Domestic Taxes departs of Large Taxpayers Office and Revenue departments. Table 4.4.1 shows the finding of the study.

Table 4.4.1 Profile of the strategic change initiatives that occurred in the Authority.

Nature of change	Number of response(f)	Percentage	Cumulative percentage
Retrenchment	37	15.5	15.8
Mergers of departments	46	19.7	35.6
Acquisition of functions	43	18.5	54.1
Closure of sections/Departments	33	14.2	68.3
Structural	29	12.4	80.7
Relocation	45	19.3	100
Total	233	100	

Source: Research Data

The table shows that all the changes have taken in the Authority since the percentage distribution of the responses is not very wide with mergers of departments with the highest percentage of 19.7 percent and the structural changes with a percentage of 12.4. This indicates that the Organization as undergone numerous changes which in most cases will have occurred simultaneously. This means that the employees may have strained handling multiple changes at the same time.

4.5 Strategic support practices offered to employees by the Authority

This is to establish the level of employees that were mostly affected by the strategic changes and the strategy support practices offered by the management. Table 4.5.1 shows the staff categories and the extent of impact of the strategic changes.

Table 4.5. Employees and the level of impact of changes.

Category	Least impacted		Moderately impacted		Highly impacted	
	N	%	N	%	N	%
Top management	26	37.7	0	0.0	0	0.0
Middle management	20	29.0	4	23.5	13	25.0
Supervisory	14	20.3	7	41.2	17	32.5
Technical	9	13.0	6	35.3	22	42.3
Total	69	100	17	100	52	100

Source: Research Data

The table shows that most of the responses indicated that Top management were least impacted by the strategic change while the technical categories were highly impacted. This implies that the technical categories are the change implementers which the Top management initiate the changes.

Table 4.5.2 strategy support practice and the extent of use

Motivational Strategy	Number of Responses	Percentage	Cumulative percentage
Salary increase	35	25	25
Incentive compensation	1	0.7	25.7
Interpersonal relations	3	2.1	27.8
Job redesign	24	17.2	45.0
Team building	31	22.2	67.2
Job promotion	16	11.4	78.6
Relocation	30	21.4	100
Total	140	100	

Source: Research Data

It can be deduced from the table that salary increase was mostly used as the motivational strategy for the strategic change 25%, followed by team building and relocation of work location with 31 and 30 percent respectively. The least used motivational strategies are Incentive compensation and Interpersonal relations with 0.7 and 2.1 percent respectively. This implies that salary increase motivated employees to change.

CHAPTER FIVE: SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction.

This chapter summarizes, discusses and makes conclusion on the findings of the study in relation the objectives put forward in chapter two. It also discusses the recommendations of the study and shows suggested areas for further research.

5.2 Summary

This study sought to achieve three objectives. First, was to establish the people management strategies used by KRA in implementing strategic change, second was to identify the strategic change responses that occurred in the Kenya Revenue Authority and thirdly was to establish the strategy support practices to employees by the Authority.

The research showed that the people management strategies revolved around communication and re-assignment of functions strategies. Previous research work has shown that organizationally effective 'real managers' give more time to human resource and communication activities (cope 1989). Communication in the Authority during the times of change is important as it is likely to influence the perception of trustworthiness amongst internal and the external stakeholders. This study showed that the least used modes of communication was seminars and meetings as compared to the internal mails and memos which are highly used. Thus means that convened forums communication was in the Authority. The importance of convened forums communication is that it would have allowed employees to ask questions and management to explain and iron out as people tend to often fear and resist change.

There was also more preference for the Organization to provide change progress updates to employees on a monthly basis. Given levels of tension and anxiety that is often associated with change, monthly updates are far too long and weekly communications are preferred. Cope (1989) observed that not everyone believes open active interventions assist the change process. The more the change, the more stress people and organization will experience.

The strategic change responses towards the forces in the operating environment included closure and merger of departments such as the merger of the Income Tax Department with the Value Added Tax Department to form the Domestic Taxes Departments of Large Taxpayer Office and Revenue Departments. Even within departments, there were mergers of sections leading to job redefinition and redesign as processes changed. From the study it was evident that retrenchment took place in the in the Authority which was done during the early years of its formation as the organization was being shaped up and structures were being put in place.

It is evident from the study that the most impacted employees are in the technical and supervisory levels. This is because these are the categories who normally implement the change strategies as opposed to management who initiate and ensure that implementation takes place at whatever cost. It is also evident that the management has used salary increase as a motivational tool for strategy support. This shows that improved remuneration was pegged on results. Other strategy support practices employed by the Authority included team building, incentive compensation, job redesign and promotions.

5.3 Conclusions

The conclusion drawn from the research is that the change implementation in the Authority ignored some of the important aspects in people management and more emphasis is laid on the systems aspects of change. It is also important for the change managers to communicate messages of organizational crisis rational of change and cost of non compliance to the change .However, this was not done with the sensitivity that it deserves towards gaining behavioural alignment and development of trust. The insinuation is the employees are presented with a situation of believe it or not. This conclusion is further supported by the fact that most preferred modes of communication as indicated by the study were memos and internal mail which shows that there was little interaction between the employees and the change managers.

There must be mechanisms to monitor employees' responses to organizational change since this has an effect on the employee-employer trust relationship and trust is crucial for organizational success. Strategies must be redesigned to ensure that these responses unfold as appropriate as this will also extend to influence perceptions of trustworthiness amongst external stakeholders and members of the public at large.

5.4 Recommendations for Further Research

In this study, it is recommended that future researchers complement the questionnaire as a survey instrument with a face to face interview. This is especially the case when some respondents fail to answer all the questions posed in the questionnaire. A face to face interview would allow the researcher to probe the interviewee and to offer clarification and explanation where necessary.

The study employed tables and summary statistics only to analyze the data. Future studies should consider use of multiple regression analysis, where data allows unearthing the latent relationship among key variables such as the ones between chosen practices and factors influencing their choice. The motivation for such deeper analysis would determine how strong such relationships are.

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INTRODUCTION LETTER

Dear Sir / Madam,

This Questionnaire is designed to help carryout a **study of Employee Perception of the People Dimension in Change Management at the Kenya Revenue Authority"**.

My sincere request is to urge you respond to the questions sincerely. The research is carried out purely for academic purposes and all the information obtained from you will be treated with confidentiality it deserves. It is only the researcher and the project supervisor who will have access to the information given. Upon request, the summary of the results will be made to you after the information collected is duly analyzed.

Thank you very much for your valuable time and co-operation.

Yours faithfully,   Lecturer/ Supervisor

Mutwol. P, MBA Student   **Mr. Maalu**

School of Business,   **School of Business**

                                                          Department of Business Administration

                                                          University of Nairobi

QUESTIONNAIRE KRA STAFF(OTHER THAN MANAGEMENT)

Please freely answer the questions below. The information provided will be treated with the highest degree of confidence.

Personal details

1. Position in the Authority--

2. Department--

3. For how long have you been in the department?(Please tick)

    Less than 2 years   ( )
    Less than 5 years   ( )
    Less than 10 years   ( )
    Above 10 years   ( )

Strategic change responses

Please tick one or more of the following that best describes the nature of change that occurred in the Authority.

Retrenchment   ( )
Mergers of Departments   ( )
Acquisition of functions   ( )
Closure of sections/Departments ( )
Structural _   _ ( )
Relocation   ( )
If others please specify   --

People Management Strategies

1. Please indicate the communication media the Authority uses to first notify the employees of up coming changes, according to most used.

1= least used   5= most used

	1	2	3	4	5
Internal Memos	( )	( )	( )	( )	( )
Meetings	( )	( )	( )	( )	( )
Seminars	( )	( )	( )	( )	( )
Internal mail	( )	( )	( )	( )	( )

Any other specify   --

2. Please describe how much emphasis your organization put on the frequencies of change progress updates

1=least important   5=very important

	1	2	3	4	5
Daily	( )	( )	( )	( )	( )
Weekly	( )	( )	( )	( )	( )
Monthly	( )	( )	( )	( )	( )
Quarterly	( )	( )	( )	( )	( )
Bi-annually	( )	( )	( )	( )	( )

Others please specify---

3. How would you describe the importance of the following information in your communications?

1=least important   5=very important

	1	2	3	4	5
Sense of organizational crisis	( )	( )	( )	( )	( )
Rationale for strategic change	( )	( )	( )	( )	( )
Cost of non- compliance	( )	( )	( )	( )	( )

4. Please rate on a scale of 1 to 5 the extent to which the Authority considers the following objectives to be important when breaking the news of strategic change

1=least important   5=very important

	1	2	3	4	5
Gaining behavioral alignment	( )	( )	( )	( )	( )
Development of trust	( )	( )	( )	( )	( )
Achievement of higher targets	( )	( )	( )	( )	( )

5. Please tick the bracket that best describes how employees were impacted by changes undertaken by the Authority.

Layoff	( )
Relocated to new work stations	( )
Reassignment to other duties	( )

Others specify--

6. Please indicate on a scale of 1 to 5 where the highest (proportions of employees get impacted by strategic change.

1= Least impacted   5= Most impacted

	1	2	3	4	5
Executive (top management)	( )	( )	( )	( )	( )
Senior Management	( )	( )	( )	( )	( )
Middle management	( )	( )	( )	( )	( )
Supervisors	( )	( )	( )	( )	( )
Skilled (Technical)	( )	( )	( )	( )	( )
Unskilled	( )	( )	( )	( )	( )

Any other specify   ---

7. For each of the following descriptions of emotional reactions, please indicate the intensity to which employees expressed these reactions as a result of organizational strategic change.

1= Least expressed   5= Most expressed

	1	2	3	4	5
Anger as a result of long hours of effort	( )	( )	( )	( )	( )
Grief due to loss of status	( )	( )	( )	( )	( )

Fear of break-up of social groups   ( )   ( )   ( )   ( )   ( )

Loss of morale   ( )   ( ) ( )   ( )   ( )

Loss of loyalty   ( )   ( )   ( )   ( )   ( )

Any other specify   --

8. Please indicate the extent to which the use of the following strategies was emphasized by the change leaders to manage the emotional reactions.

    1= Least emphasized   5= Most emphasized

	1	2	3	4	5
Acknowledgement of the emotions	( )	( )	( )	( )	( )
Confidential counseling	( )	( )	( )	( )	( )
Coaching	( )	( )	( )	( )	( )
Seminars	( )	( )	( )	( )	( )

Any other specify   ---

9. Please indicate the importance of the initiatives that the Authority used to attain combination of skills, attitudes and experience required within the workforce for the new organization.

    1= Least important   5= Most important

	1	2	3	4	5
Training	( )	( )	( )	( )	( )
Hiring	( )	( )	( )	( )	( )
Sub contracting	( )	( )	( )	( )	( )
Outsourcing	( )	( )	( )	( )	( )

Any other specify   --

10. For each of the following please tick only one of the respective numbers to indicate the importance of the following aspects to the organization after the strategic change program

    1= Least important   5= Most important

	1	2	3	4	5
Reduce number of working shifts	( )	( )	( )	( )	( )
Reduce number of people per job function	( )	( )	( )	( )	( )

Improvement in productivity (Revenue)   ( ) ( ) ( ) ( ) ( )

Any other specify   ---

11. Out of the following strategy supportive motivational practices, describe to what extent the Authority used each one after the change program.

1= Less extent   5= High extent

	1	2	3	4	5
Salary increase	( )	( )	( )	( )	( )
Incentive compensation	( )	( )	( )	( )	( )
Interpersonal relationships	( )	( )	( )	( )	( )
Job redesign	( )	( )	( )	( )	( )
Job promotions	( )	( )	( )	( )	( )
Team building activities	( )	( )	( )	( )	( )
Office relocation	( )	( )	( )	( )	( )

Any other specify   ---

12 .Please tick the bracket that best describes the level of improvement on the following measures of performance after the change.

1= little improvement   5= highly improved

	1	2	3	4	5
On time processing of documents	( )	( )	( )	( )	( )
Defect rates (errors)	( )	( )	( )	( )	( )
Productivity	( )	( )	( )	( )	( )

Any other specify   ---

INTERVIEW GUIDE FOR TOP MANAGEMENT

Please freely answer the questions below. The information provided will be treated with the highest degree of confidence.

Personal details

4. Position in the Authority--

5. Department--

6. For how long have you been in the department? (Please tick)

          Less than 2 years   -------------------------------

          Less than 5 years   -------------------------------

          Less than 10 years   -------------------------------

          Above 10 years   -------------------------------

Strategic change responses

What changes have taken place in the authority since its inception?

Retrenchment   -------------------------------------

Mergers of Departments   -------------------------------------

Acquisition of functions   -------------------------------------

Closure of sections/Departments   -------------------------------------

Structural   -------------------------------------

Relocation   -------------------------------------

Others   -------------------------------------

1. How does the authority first notify the employees of upcoming changes?

Internal Memos   --

Meetings   --

Seminars   --

Internal mail   --

Others   --

2. How often does the authority notify employees if change progress updates?

Daily   --

Weekly   --

Monthly   --

Quarterly   --

Bi-annually   --

Others   ---

3. When communicating to staff, of what importance attached to the following information?

Sense of organizational crisis   --

Rationale for strategic change   --

Cost of non- compliance   --

4. To what extent does the authority consider the following objectives to be important when breaking the news of strategic changes?

Gaining behavioral alignment   --

Development of trust   --

Achievement of higher targets   --

5. Where employees impacted by changes undertaken by the authority?

Relocated to new work stations -------------------------------------

Reassignment to other duties -------------------------------------

Others specify -------------------------------------

6. Where was the highest proportion of employees impacted by strategic change?

Top management -------------------------------------

Middle management -------------------------------------

Supervisory -------------------------------------

Technical -------------------------------------

7. What is the intensity to which employees expressed the following reactions as a result of organizational strategic change?

Anger as a result of long hours of effort -------------------------------------

Grief due to loss of status -------------------------------------

Fear of break-up of social groups -------------------------------------

Loss of morale -------------------------------------

Loss of loyalty -------------------------------------

Others -------------------------------------

8 .To what extent did you (the top management) use the following strategies to manage emotional reactions?

Acknowledgement of the emotions -------------------------------------

Confidential counseling -------------------------------------

Coaching -------------------------------------

Seminars -------------------------------------

Others -------------------------------------

9. What importance did the authority use the following initiatives to attain combination of skills, attitudes and experience required within the workforce for the new organization after the change?

Training   ---

Hiring   ---

Sub contracting   ---

Outsourcing   ---

Others   ---

10. What was the importance of the following aspects to the authority after the strategic change program?

Reduction of number of working shifts   ---

Reduction of number of people per job function   ---

Improvement in productivity (Revenue)   ---

Others   ---

11. To what extent did the authority use each of the following strategy supportive motivational practices after the change programme?

Salary increase   ---

Incentive compensation   ---

Interpersonal relationships   ---

Job redesign   ---

Job promotions   ---

Team building activities   ---

Office relocation   ---

Others   ---

12 Which of the following measures of performance describe the level of improvement after the change?

On time processing of documents   ---

Defect rates (errors)   ---

Productivity   ---

APPENDIX 4

JOB TITLES.

Job title	Grade
Commissioner General	KRA 1
Commissioners	KRA 2
Senior Deputy Commissioners	KRA 3
Deputy Commissioners	KRA 4
Senior Assistant Commissioners	KRA 5
Assistant Commissioners	KRA 6
Principal Revenue Officers	KRA 7
Senior Revenue Officers	KRA 8
Revenue Officer 1	KRA 9
Revenue Officer 2	KRA 10
Revenue Officer 3	KRA 11
Assistant Revenue Officer 1	KRA 12
Assistant Revenue Officer 2	KRA 13
Office Assistant 1	KRA 14
Office Assistant 2	KRA 15
Office Assistant 3	KRA 16