

**CHALLENGES OF ONLINE SERVICE STRATEGY
IMPLEMENTATION AT KENYA REVENUE AUTHORITY**

BY

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**A Research Project Submitted in Partial Fulfillment of the
Requirement for the Award of Master of Business Administration
Degree, School of Business, University of Nairobi**

November 2012

DECLARATION

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

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ACKNOWLEDGEMENTS

I would like to thank my supervisor, Mr. Jeremiah Kagwe for his guidance, time and patience. Without him, I would not have gotten this far. To all the lecturers at the UON that I interacted with, I am grateful for the knowledge I have acquired. To my classmates and especially group members, I learnt a lot and I am indebted to you. To my colleagues; Jacob Aliet, Charles Borura, and Yvonne Wafula, thanks for the time and guidance.

DEDICATION

Isaiah 41:10 'Do not fear, for I am with you; do not anxiously look about you, for I am your God. I will strengthen you, surely I will help you, surely I will uphold you with my righteous right hand.'

This project is dedicated to my parents; Mrs. Nelly Achieng Obura and Mr. Andrew Osika Obura for teaching me the value of education early on in life and for supporting me in all that I have chosen to do.

To Miss. Shirley Anyango Otieno, for being my rock and for taking over some duties that allowed me to focus on the demands of completing this assignment, for encouraging me every step of the way, I am eternally grateful.

ABSTRACT

The principle objective of this paper is to identify the challenges KRA faced during the implementation of an Online Service Strategy and how it responded to the challenges. The qualitative case study made use of an interview guide and data was collected from core members of the team responsible for implementing the strategy. Using content analysis, responses were tabulated and weighted to determine key challenges and responses. The Findings indicate that KRA encountered a number of challenges with resistance to change, poor planning and poor infrastructure coming out as major challenges. Other identified challenges include lack of resources and over reliance on external consultants. KRA responded to the challenges by use of training, sensitization, stakeholder engagement in addition to investing in technology and best practices. A key conclusion of the study is that the supporting infrastructure must be in place before attempting to implement an Online Service Strategy. Additionally, stakeholders must be engaged to counter resistance and people with the requisite skills should be in charge of driving change of such magnitude and complexity.

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ABBREVIATIONS AND ACRONYMS

KRA - Kenya Revenue Authority

IT - Internet Technology

ICT - Information Communication Technology

Ebusiness - Electronic Business

Eservices - Electronic Services

Efiling - Electronic Filing

Epayments - Electronic Payments

RARMP - Revenue Administration Reforms and Modernization Programme

IMF - International Monetary Fund

BAP - Business Automation Project

DTD - Domestic Taxes Department

ITMS - Integrated Tax Management System

CEO - Chief Executive Officer

PRINCE2 - PProjects IN Controlled Environments 2

IBM - International Business Machines Corporation

HP - Hewlett-Packard Company

PMBO - Project Management Business Office

SDC - Senior Deputy Commissioner

BA - Business Analysis

QA - Quality Assurance

CHAPTER ONE: INTRODUCTION

1.1. Background to the Study

Creating a brilliant strategy is of no use if it is not executed successfully. Strategy failure can be attributed to the numerous challenges organizations can expect to encounter when translating strategies into concrete results. Musyoka (2011) notes that strategy implementation can pose a number of challenges while Beer and Eisenstat (2004) point out that every organization faces challenges in the execution of strategy. Strategy implementation challenges can be a result of factors in both the internal and external environment of the organization.

Kenya Revenue Authority (KRA) has four strategic goals outlined in its third corporate plan one of which involved improving and expanding taxpayer services (KRA, 2009). In a bid to offer more service options for taxpayers, KRA in its third corporate plan formulated an Online Service Strategy that involved the establishment of an online portal hosted on its website as a means to access some of KRA services. However, formulating a strategy has always been easier than implementing it correctly (Blahová & Knápková, 2010) and KRA faced challenges in implementing its Online Service Strategy.

1.1.1. Online Service Strategy

Recent advancements in Internet Technology (IT) and Information Communications Technology (ICT) have enabled electronic business (e-business) to become an important strategic tool. Numerous organizations have come up with strategies that take advantage of these improvements and have turned their traditional business strategy into e-business

(Ang & Husain, 2012). Online Service Strategy thus refers to this shift by organizations from a traditional paper based, face to face method of doing business to offering the same services electronically usually over the internet or by making use of ICT.

Online Services are a form of electronic-services (e-services) that are offered over the internet (Lindsay Pietroluongo, 2012). Jennifer Rowley in turn defines e-services as deeds, efforts or performances whose delivery is mediated by Information Technology. Ang and Husain (2012, pg. 366) define Online Services as “the integration of a company’s business, including products, procedures, and services, over the internet.” Such electronic services include the service element of electronic retailing, customer support, and service delivery (Rowley, 2006). Examples of online services in a tax administration context include electronic filing (e-filing) and electronic payments (e-payments).

An Online Service Strategy will involve the take up of online services and just like other strategies, it is bound to face challenges during implementation. Blahová and Knápková, (2010) posit that the road to successful strategy execution is full of potholes that must be negotiated for execution success. These challenges can be as a result of external or internal factors and will depend on the type of strategy, type of organization, and prevailing circumstances. Internal challenges occur when changes are made to the organization’s structure, processes, relationships and boundaries while external challenges are caused by changes in the macro-environment, industry forces and the operating environment (Musyoka, 2011).

An Online Service Strategy is bound to face the often quoted challenges of strategy implementation such as: a top-down or complacent upper management, unclear strategy and conflicting priorities, an ineffective senior management team, poor vertical communication, poor coordination across the enterprise and inadequate middle-manager and supervisor management skills (Beer & Eisenstat, 2000). Other often quoted challenges that such a strategy might come across include: poor prioritization, insufficient resources (financial, human, facilities, experience), resistance to change, unrealistic time frames, strategy and cultural/structural misalignment amongst others.

There are also challenges that will be unique to the particular strategy such as: Unreliable ICT infrastructure, poor computer literacy amongst intended targets, uncooperative stakeholders such as financial institutions and lack of political and technical support (Edwards-Dowe, 2008). Lack of technical expertise and the high level of complexity associated with implementation of an Online Service Strategy might also prove to be a major challenge. Introduction of online services also come with the added concerns of internet insecurity which might dissuade management from supporting the implementation of such a strategy (Abid, Rahim, & Scheepers, 2011). The risks associated with transforming from a traditional business strategy to a new strategy is also a major challenge when implementing an Online Service Strategy (Ang & Husain, 2012).

Organizations have a number of alternatives when it comes to responding to challenges faced in the execution of strategy, ranging from reductions in force to restructuring the organization so that it matches the strategy. The organizational culture should also be managed and aligned to the strategy being implemented in addition to the organizations hiring consultants or skilled personnel to drive the change if the strategy being

implemented is technical or new to the organization. The appointment of new management or an effective management to spearhead the change is very important so is the introduction of advanced technology or revamping product lines (Saulnier, n.d.).

When executing an Online Service Strategy, the following can prove useful in overcoming challenges unique to the strategy. Using the correct technology and skilled employees to accept, adopt, and drive the change is crucial according to Ang and Husain (2012) who also propose that staff who will effect or be affected by the strategy should be sensitized so that they can understand the reasons behind the strategy and the benefits to be derived from it. Having the correct IT infrastructure to support the proposed strategy will ease the process of implementation and the business model should also be compatible with the strategy being implemented. It is also important to set aside adequate financial resources and put in place managers who will put in time and commitment to the project (Abid et al., 2011).

Automation projects experience a lot of resistance due to fears of laying off redundant staff or agents who want to maintain the status quo for their own benefits. Resistance to change can be overcome by competent managers who understand the level of resistance being experienced and applying the appropriate remedy such as negotiating, educating to allay any misconceptions of the impending change and incorporating the people who will be affected by change into the process. Coercion can also be used if the resistance is stubborn or serves to maintain a status quo (Kotter & Schlesinger, 1979).

1.1.2. Tax Administration in Kenya

In developing countries, tax administration is done by semi-autonomous government revenue authorities. Autonomy in the context of public sector administration refers to “the degree to which a government department or agency is able to operate independently from government, in terms of legal form and status, funding and budget, and financial, human resources and administrative practices” (Crandall, 2010, pg. 2). Kenya adopted the Semi-Autonomous Revenue Agency tax administration model with the formation of KRA in 1995. Prior to this, tax matters had been handled under different departments in the Ministry of Finance.

Tax administration in Kenya is characterized by low compliance rates and the methods used to administer taxes are usually not efficient or effective (Lumumba, Wanjohi, Magutu, & Mokoro, 2010). Furthermore, Kangave (2005) points out the following unique challenges and constraints faced by developing countries including Kenya that require different approaches when coming up with and administering tax policy: Limited administrative capacity and expertise, weak tax administration, widespread evasion, corruption and coercion. Further, taxpayers tend to have low levels of literacy, low tax morale and a negative attitude towards the government.

Tax administration in Kenya has been undergoing reforms and modernization since 1986 with the hope that this would, among other things, enhance revenue collection, improve tax administration and reduce compliance and collection costs (Moyi & Ronge, 2006). However, studies that monitored tax revenue performance while indicating an increase in the revenue collected over the years show that KRA still faces challenges and

continuously falls short of the annual revenue targets. There are also concerns that Kenya remains amongst the most tax unfriendly countries in the world. This means there is still a lot to be done in the area of tax administration in Kenya which hopefully will be addressed by future reform initiatives.

1.1.3. Kenya Revenue Authority

KRA is the body responsible for the collection of taxes and duties in Kenya on behalf of the government. Established by an act of parliament on July 1st 1995 (CAP 469), KRA is supposed to promote compliance with Kenya's tax laws and ensure responsible enforcement thereby maximizing revenue collection at least possible cost (Lumumba et al., 2010). Information available on the KRA website lists the purpose of KRA as the assessment, collection, administration and enforcement of tax laws with professionalism governed by integrity and fairness. KRA administers different types of taxes under different laws (Acts) such as Income Tax, Value Added Tax, Customs Duties and Excise Tax among many others ("About Kenya Revenue Authority," 2011).

The KRA RARMP initiative was launched in 2004/05 as an offshoot of KRAs Second Corporate Plan and International Monetary Fund recommendations that included strategies to address the challenges KRA encountered towards meeting its mandate (Kenya Revenue Authority, 2009a). KRAs RARMP initiative encompasses seven projects: Customs reform and modernisation project, Domestic taxes reform and modernisation project, Road transport reform and modernisation project, Investigation & enforcement reform and modernisation project, Business automation project, Infrastructure development project and the Human resource revitalization project.

The Online Service Strategy falls under the KRA Business Automation Project (BAP). The BAP is a comprehensive automation initiative aiming to modernize and integrate business systems in use in the Authority in order to promote efficiency, effectiveness and to enhance tax compliance (Kenya Revenue Authority, 2009a). The ongoing project undertakes to provide seamless sharing of information across KRA and interconnectivity with external systems of stakeholders to enable integrated electronic processing of tax returns and efficient enforcement. The project will be enabled by the implementation of a number of reform initiatives one of which is the establishment of online services for taxpayers to access KRA services. Other initiatives include; improvements of the Authorities' ICT infrastructure and the implementation of Disaster Recovery and Business Continuity Plan (Kenya Revenue Authority, 2009b).

1.2. Research Problem

An Online Service Strategy relies heavily on the use of IT and ICT and this comes with unique challenges. Edwards-Dowe (2008) states that “The transition from a manual, paper driven return filing, payment and processing system to a modern electronic filing and payment system can be a daunting and intimidating task for many tax administrations” (Pg. 10). Furthermore, research carried out in 2003 points out that three out of ten Information Technology (IT) related projects fail (King, 2003). Bob Lewis (2003) states that on average, about 70% of all IT-related projects fail to meet their objectives.

Having recognized the fact that the first step to improving customer compliance is to facilitate them, KRA introduced online services to ensure that taxpayers have additional

service options to execute their tax obligations. Online services were first introduced in KRA in 2005 with the launch of SIMBA 2005 (an online value declaration customs system). This was followed by the development and implementation of the Integrated Tax Management System (ITMS) for the Domestic Taxes Department (DTD) in 2008. ITMS is an online system accessed through the KRA website. Online services offered under the ITMS system will form the focus of this paper.

A number of studies have been carried out identifying the challenges experienced by organizations in implementing strategy (Kiplangat, 2009; Mutuku, 2011; Ochieng, 2009). The focus of majority of these studies has been the implementation of strategy at the corporate and business unit level and they point out that indeed organizations can expect and will face challenges during strategy execution. KRA has also been the focus of a number of studies (Njuguna, 2011; M'mbui, 2011; Aliet, 2007; Borura, 2009; Moyi & Ronge, 2006). The studies covered a number of topics ranging from tax reforms, performance appraisal to Enterprise Resource Planning at KRA.

Given the recent emergence of Online Services as a strategic tool, the high failure rate and high cost of IT related projects and the public pressure that accompanies such projects when they are funded by tax payers, it is important to identify the challenges KRA encountered in the execution of its Online Service Strategy and how it responded to them. Thus this study sought to answer the following question: What challenges did KRA encounter when implementing its Online Service Strategy and how were they handled?

1.3. Research Objectives

1. To identify the challenges faced by KRA in the implementation of an Online Service Strategy.
2. To establish how KRA responded to the challenges.

1.4. Value of the Study

A good strategy is of no value unless it is well implemented to achieve the desired objectives (Musyoka, 2011). The effectiveness of strategy implementation has become more important and the findings of this study will provide further basis for research in addition to contributing to the existing body of knowledge for academicians that are conducting research in the area of strategy implementation.

The findings from this research will offer direction to policy makers in KRA as they undertake current and future reform initiatives that involve the use of IT as a strategic tool. Corporations contemplating similar projects will also benefit from this study as it will serve as a reference point. The study will prepare such organizations to the challenges they can expect to encounter while implementing similar strategy.

CHAPTER TWO: LITERATURE REVIEW

2.1. Introduction

The purpose of this chapter is to discuss available literature concerning the key concepts being researched. Strategic management and strategy implementation will be discussed in general followed by a discussion of the findings from previous research highlighting the possible challenges to be expected in strategy implementation and possible solutions to the challenges.

2.2. Strategic Management

Strategy as a practice and concept has been given a number of definitions over the years but the most quoted one follows. Johnson, Scholes, Whittington (2006) (As cited in Vergert, 2010) define strategy as “The direction and scope of an organization over the long term, which achieves advantage in a changing environment through its configuration of resources and competences with the aim of fulfilling stakeholder expectations” (Vergert, 2010, pg. 7). Strategic planning is the process by which an organization defines its strategy, or direction, and makes decisions on how to allocate its resources to pursue the agreed upon strategy.

While strategic planning as a process is easier to define, the same cannot be said of strategic management owing to the many and varied definitions available (Nag, Hambrick, & Chen, 2006). Schendel and Hofer (1979) (as cited in Nag et al., 2006) define strategic management as “ the process that deals with the entrepreneurial work of the organization, with organizational renewal and growth, and more particularly, with

developing and utilizing the strategy which is to guide the organization's operations” (Nag et al., 2006, pg. 35). Strategic management may also be defined as the analysis of internal and external environments of firms to maximize the utilization of resources in relation to objectives (Bracker, 1980). It therefore follows that strategic management can be defined as the process of formulating a strategy, planning for it, implementing it and evaluating it.

2.3. Strategy Implementation

Strategy implementation is the act of managing the current organization so that it evolves into the direction of the desired organization (Steijger, 2008). It is the process that turns strategies and plans into actions in order to accomplish strategic objectives and goals. It is also defined as the manner in which an organization should develop, utilize, and amalgamate organizational structure, control systems, and culture to follow strategies that lead to competitive advantage and a better performance. Noble (1999) defines strategy implementation as “the communication, interpretation, adoption, and enactment of strategic plans” (Noble, 1999, p. 120).

Also referred to as the execution phase, strategy implementation is widely perceived to be a significant determinant of how the strategy will perform and most failure can be attributed to this phase (Andrews et al., 2011; Dunlop, Firth, & Lurie, 2011). Not all formulated strategies are successfully implemented and this can be attributed to the challenges or obstacles that organizations can expect to encounter when implementing strategies. This calls for a planned approach to execution in order to attain strategic goals.

2.3.1. Challenges of Strategy Implementation

That any organization should expect challenges when implementing strategy is beyond doubt and has been the focus of a number of studies (Kiplangat, 2009; Musyoka, 2011; Mutuku, 2011). The challenges faced during strategy implementation phase can be a result of a number of factors both internal and external to the organization and will depend on the type of strategy, type of organization, and prevailing circumstances (Musyoka, 2011). Organizations implementing strategy in the public sector can expect to experience different challenges to those experienced by organizations in the private sector. This can be attributed to the ownership structure and the motives for choosing a certain strategy (Vergert, 2010). Likewise, an organization moving into a new market or introducing a new product would encounter challenges different from an organization investing in a new technology.

Beer and Eisenstat, (2000) while carrying out an in-depth analysis of the strategy efforts of 12 companies came up with the barriers to strategy implementation which they dubbed “The Silent Killers of Strategy Implementation and Learning”. The first barrier to successful strategy execution that they discovered is a top-down or laissez-faire senior management style. A top-down management style occurs when all decisions originate from the top and the individuals affected by change or who have to implement the strategy are not involved in decision making. A laissez-faire approach involves letting staff manage their own areas of business, this will only work if the staff are adequately experienced. Inadequate down-the-line leadership skills and development was also another strategy implementation killer mentioned in the research.

Unclear strategy and conflicting priorities where two or more strategies are competing for the same resources also poses a challenge to strategy execution according to Beer and Eisenstat (2000). When there is more than one strategy being implemented, the resulting factions around the two strategies will pull the organization in different directions. An unclear strategy on the other hand cannot be translated in actions or steps such that it is executed. An ineffective senior management team characterized by members of the top management team driving the change operating in their own silos and are unwilling to cooperate effectively for fear that they will lose their power is also another barrier to strategy execution. Lastly, poor communication and poor coordination across functions, business or borders were also cited as some of the killers of strategy implementation (Beer & Eisenstat, 2000).

Strategy implementation will involve a shift in the status quo signifying change. Whenever change is involved, there is bound to be one form of resistance or the other. This is one of the major challenges to strategy implementation (Aliet, 2007; Muriithi & Moyi, 2003). There are many reasons as to why people resist change. Shari Shang & Tim Su (2004) quoting the works of Kotter and Schlesinger list the most common reasons for resistance to change as: a desire not to give up something of value, a misunderstanding of the change and its implications, a belief that the change does not make sense for the organization and a low tolerance for change. It is important for change managers to identify the type and level of resistance they are dealing with and how to manage it as they go through the change process.

Resources are crucial to the implementation of strategy and therefore lack of resources will hamper the execution of strategy (Johnson & Scholes, 2002). Resources include:

funds, equipment, facilities, human skills and experience. Inappropriate systems can also cause strategy to fail during the implementation phase according to Musyoka (2011) who describes how wrong systems utilized during the process of operationalization, institutionalization and control of the strategy lead to failure of the strategy. She goes on further to point out that the structures, processes and boundaries that the organization operates in heavily affect the process of institutionalization and if they are not aligned to the strategy being implemented, the chances of successfully implementing the strategy are low.

Organizational culture can be defined as the collection of common values, policies, beliefs, traditions and attitudes that constitute a pervasive context for everything that is done and thought in an organization. A strategy cannot be successfully implemented if the organizational culture does not support the new strategy since the culture of the organization constitutes the main opposition to implementation (Musyoka, 2011). Additional implementation problems as identified by Hansen, Kryder, and Boyd (1998) include; failing to periodically alter the plan or adapt it to changes in the business environment, deviating from original objectives and lack of confidence about success.

Al-Ghamdi (2005) outlined the following strategy implementation barriers when studying the recurring implementation problems in the Saudi Arabian petrochemical industry:

Time constraints, major problems surfacing which had not been identified earlier, inadequate training and instructions being given to lower level employees, uncontrollable factors in the external environment (natural calamities, changes in the political environment), inadequate leadership and

direction provided by departmental managers, insufficiently defining key implementation tasks and activities, using inadequate information systems to monitor implementation, advocates and supporters of the strategic decision leaving the organization during implementation, overall goals not sufficiently being understood by employees, not clearly defining changes in responsibilities of key employees, key formulators of the strategic decision not playing an active role in implementation, problems requiring top management involvement not being communicated early enough, not rewarding people for executing the plan, lack of feelings of "ownership" of a strategy or execution plans among key employees and a lack of understanding of the role of organizational structure and design in the execution process (Al-Ghamdi, 2005, pg. 5).

Dunlop et al., (2011) posit that the root cause of ineffective implementation can be found in the following three areas: failure to adequately translate the strategy from the CEO's high-level ambition to specific actions the organization must take to make that ambition a reality, failure to appropriately adapt the strategy when conditions change, and a failure to put in place the organizational capabilities required to sustain the strategy after it is enacted (Dunlop et al., 2011).

2.3.2. Managing Challenges in Strategy Implementation

Despite the crucial role of strategy implementation, execution of strategy is often handled poorly by organizations and there exists many cases where well thought out strategies have not translated into success for the organizations (Blahová & Knápková, 2010). It can therefore be argued that the biggest challenge for organizations when it comes to

strategic management is execution leading to the question of how organizations can overcome the obstacles experienced in the execution of strategy. Existing literature that exposes the challenges encountered in the implementation of strategy propose a number of ways in which organizations implementing strategy can avoid or overcome the expected challenges.

Scanning the internal and external environment can point out threats that will impact the implementation of strategy. Planning will assist the organization set realistic, reasonable, and measurable goals that will give the implementation phase momentum. Proper strategy planning also involves coming up with a communication strategy that will counter resistance due to lack of knowledge or misinformation.

Resistance to change can be overcome by competent managers who understand the level of resistance they are experiencing. Kotter and Schlesinger (1979) propose the following ways of overcoming resistance to change: education and communication with the people who will be affected by the change, encouraging people to participate and become involved in the change initiative, listening to the real concerns of people affected, negotiation and agreeing to compromise if necessary use, of manipulation to “buy off” leaders of resistance and as a last resort, use of explicit and implicit coercion.

Musyoka (2011) points out that many challenges can be avoided if strategy implementation is linked to strategy development. If there is clear understanding of how the formulated strategy is connected to its implementation, there is less confusion on what needs to be done to materialize the strategy. She goes on further to stress the importance of structural organization when it comes to implementing strategy. She argues that the

structure of an organization should be consistent with the strategy being implemented. Al-Ghamdi (2005) also points out the importance of structure by stating that company management must ensure that the supportive structure is in place to provide employees with the needed training & instructions during implementation phase.

Dane (2010) proposes that leadership must limit the focus of the organization on two to three significant actions and agree on what those top two to three goals are. Next he proposes having clear communication so that the goals are clearly articulated to subordinates who should also be made aware of what their role in achieving that goal is. He also proposes the use of teamwork as a tool by suggesting that the senior leadership team has to identify the potential conflicts inherent in achieving the top goals and resolve them. Regular check-ins that provide a framework for ensuring that staff accomplishes their designated tasks and holding staff accountable for not achieving those tasks that they said they would is another means of ensuring that the plan's main goals get implemented (Dane, 2010).

The importance of leadership in determining the outcome of implementing strategy is mentioned in a number of studies (Beer & Eisenstat, 2000; Musyoka, 2011). Leadership can be simplified to mean getting people to do things willingly. The leader(s) of an organization must have the ability to convince the people implementing the strategy to buy into it. Johnson and Scholes (2002) directly link successful strategy implementation to the unique characteristics, orientation and actions of the CEO. This is especially the case if the strategy being implemented involves a major change (Musyoka, 2011).

Beer and Eisenstat (2000) propose that companies can become fast and agile and successfully implement strategy if the six silent killers of strategy are met head on and transformed into the following capabilities: Having a leadership style that embraces the paradox of top-down direction and upward influence, having clear strategy and clear priorities in addition to an effective top-management team whose members possess a general management orientation. Open vertical communication and effective coordination in the organization and lastly having a down the line leadership style that involves giving clear authority and accountability to middle-level managers that have the potential to develop leadership skill and a general-manager perspective will ensure that the strategy killers are overcome.

CHAPTER THREE: RESEARCH METHODOLOGY

3.1. Introduction

This chapter will provide detailed information that will explain and justify the choices of methodology approaches that have been adopted in order to answer the posed research question. The case study approach will be discussed, followed by a discussion detailing the source of data which will be collected by use of an interview guide. The use of an interview guide will be justified and the interviewees identified. Lastly, content analysis will be discussed as the preferred choice for data analysis.

3.2. Research Design

The study used the case study approach which is an ideal methodology when a holistic, in-depth investigation is needed (Feagin & Orum, 1991). A case study can be defined as the development of detailed, intensive knowledge about a single case or a number of related cases (Robson, 2002). Kalbasi (2007) observes that the case study approach has the considerable ability to generate answers to the question ‘why’ as well as ‘what’ and ‘how’ questions.

Furthermore, the research made use of a qualitative approach which is considered practical when a researcher wants to transform what has been observed, reported or registered into written words and not numbers.

3.3. Data Collection

Primary source for data for this study was obtained through interviews. When conducting case studies, interviews are the most important source of information (Yin, 2003). The interviews were standardized and open-ended to allow for comparable data to be collected while at the same time allowing for flexibility. A standardized open-ended interview allowed for new questions to be brought up during the interview as a result of what the interviewee said. Interviews were also used because of the relatively small number of respondents

The interview was administered to those who were involved in the implementation of the project and those who manage the live product, ITMS. Key managers (Deputy Commissioner – ICT Project Management Office, Senior Assistant Commissioner – ICT Project Management Office, Deputy Commissioner - Project Management Business Office and the team leaders who participated in the ITMS project from formulation to implementation were interviewed. The interview was also administered to the individuals (KRA Systems Analysts) who participated in the actual roll-out of the project. Lastly, the members of DTD help desk who assist the public on matters concerning online services were also interviewed.

3.4. Data Analysis

The type of data collected is what determines the type of analysis to be carried out. The study being qualitative made use of content analysis to determine the challenges that KRA faced in the implementation of online services and the responses to the challenges. Content analysis entails a systematic reading of a body of texts and reducing it to more relevant, manageable bits of data (Krippendorff, 2003).

A conventional approach to content analysis as described by Hsieh and Shannon (2005) was applied. Data from the interview was read to obtain a sense of the whole and to derive codes by highlighting the exact words from the text that appeared to capture key thoughts or concepts. The codes were then sorted into categories based on how the different codes were linked or related. Next, definitions for each category, code, sub-category were developed. To report the findings, examples for each category, code and sub-category were identified from the data (Hsieh & Shannon, 2005).

CHAPTER FOUR: DATA ANALYSIS AND INTERPRETATION

4.1. Introduction

This chapter focuses on the analysis and interpretation of data collected for this study. Data analysis entails breaking down data into constituent parts so that answers to research questions can be obtained while interpretation focuses on studying the data for the meaning and implications (De Vos, 1998).

4.2. Analysis

As stated in the first chapter, the goal of the study was to conduct research on challenges faced by KRA in the implementation of an Online Service Strategy and establish how KRA responded to the challenges. Twenty five individuals were requested for an interview and eighteen (72%) were available and interviewed in person using the interview guide attached. The respondents were chosen from a pool of individuals directly involved in the formulation, planning and implementation of the Online Service Strategy at KRA. This included: Deputy Commissioners, Senior Assistant Commissioners, team leaders and system analysts from various departments and sections in KRA. A letter of approval to conduct the study at KRA and a cover letter explaining the purpose of the research was forwarded to the respondents in advance.

The challenges are arranged into four categories for ease of presentation and interpretation referencing the challenges discussed in the literature review and additional challenges as mentioned by the respondents.

Table 1: Challenges Encountered.

	Category	Challenges
1.	Technical Challenges	Infrastructural challenges
2.		Internet security challenges
3.		Difficulty in data conversion
4.		Complex system
5.		Legal restrictions
6.		Inadequate system testing
7.		Fear of customization
8.		Process rework challenge
9.		High cost of technology
10.	Planning Challenges	Unrealistic timelines
11.		Scope creep
12.		Consultancy challenges
13.		Changeover processes
14.		Cost overruns
15.		Lack of implementation strategy
16.	Human Issues	Lack of skills
17.		Organizational Culture
18.		Change resistance
19.	Operational Issues	Third party challenges
20.		Excessive rules and regulations in government projects
21.		Lack of resources
22.		Delayed resolution of identified problems
23.		Inability to retain staff and transfers

4.3. Technical Challenges

The technical challenges category covers challenges that affect the technological side of the organization.

4.3.1. Infrastructural Challenges

Fourteen interviewees of the eighteen interviewed were of the opinion that suitable infrastructure was not in place to support the Online Service Strategy. The strategy involved introduction of internet based services that require internet access. Some KRA border stations do not have access to internet and so do a number of end users who rely on internet cyber cafes to access the internet. Respondents pointed out that the existing internet infrastructure was often unreliable with low bandwidth meaning that it could not handle the high traffic commonly experienced in KRA during due dates. Unstable power supply was also mentioned as a major challenge in implementing the Online Service Strategy especially in out stations.

4.3.2. Online Services Security Challenges

Results obtained indicate that a number of respondents felt that the security of services offered over the internet presented a major challenge to the implementation of the project. Some of the mentioned security risks by the interviewees included; exposure to hacking of the authorities systems, exposure to viruses that could stop services and compromise of data by unscrupulous individuals. Information obtained indicates that management was against the idea of moving services online because of the additional security headache associated with online services.

4.3.3. Difficulty in Data Conversion

Twelve of the eighteen interviewees mentioned data conversion as a challenge to the implementation of the strategy. Majority of the system analysts stated that converting the existing database of information which was in use in KRA into the online system was a key challenge. Data from years ago which needs to be moved from one database to the other or formatted for the current technology being implemented means the conversion of data which is still ongoing is a major challenge to the implementation of the strategy.

4.3.4. Complex System

Complexity of the resulting system was a challenge mentioned by 77 % of the respondents. The online forms that needed to be filled to get a service were markedly different from the manual forms and even registering for the service was a tedious process for those not familiar with the internet. From the interviewee's responses, it was possible to conclude that those who had previous experience using the internet were able to maneuver around the system but a majority found it difficult to use which could also point to the design of online services.

4.3.5. Legal Restrictions

The current law as it was in 2008 did not cover the validity of data submitted online. There were fears amongst tax payers that the information they submit online might not be accepted as being legally binding since the manual system relied on registers to show that indeed someone had submitted their returns. This presented a challenge in the implementation of online services and as it was, the services being offered were currently being offered under a legal vacuum. There is also no law that says a taxpayer has to submit returns online and 88 % of respondents mentioned this as a challenge.

4.3.6. Inadequate System Testing

Results obtained indicate thirteen of the eighteen respondents felt that there was inadequate system testing leading to the launch of online services that had a number of quality issues. This was a common response amongst the system analysts who mentioned that the services would occasionally hang costing tax agents revenue and causing major inconvenience to tax payers who could not access services especially toward deadlines when the system would be overwhelmed. The research attributed this to the limited time frame to implement the online system and the limited system analysis skills amongst the project team members.

4.3.7. Fear of Customization

KRAs Online Service Strategy that culminated in the implementation of ITMS involved developing software from scratch that would enable KRA to offer services online. 39 % of the respondents were of the opinion that this was a challenge that extended the length of implementing the strategy and cost the authority a lot of money. This was driven by the fear of customizing existing software according to the respondents.

4.3.8. Process Rework Challenge

The newly implemented online system (ITMS) required integration with a number of systems both internal and external. The external systems were different from the ones implemented by KRA in design and the internal ones were designed by different vendors. This posed a challenge according to 55 % of those interviewed and it necessitated wide consultations and reworking of the existing systems. The respondents also noted it was a challenge to rework the existing DTD services such that they could be offered online.

4.3.9. High Cost of Technology

Eleven interviewees mentioned the high cost of technology as being a challenge to the implementation of the strategy. This represents 61 % who felt that the high cost of acquiring the technology needed to offer online services hampered the process of implementation. The cost of buying servers, licenses, paying consultants and developers amongst other technological expenses was massive and necessitated a costly cost benefit analysis.

4.4. Planning Challenges

This category comprises those challenges that arose due to inadequate planning in terms of executing the strategy.

4.4.1. Unrealistic Timelines

All the participants stated that ITMS project went live on time; however this was due to pressure to go live on schedule which lead to quality issues. Consequently, the project had to be broken down in phases with the first phase being launched in December 2009 with limited functionality. A high percentage of the respondents (94 %) believe that the time frames given for implementing the strategy were not realistic pointing to poor or ambitious planning. The researcher concluded that given the way activities are carried out in the public sector differs from the private sector, the time frames for implementing the strategy were not realistic.

4.4.2. Scope Creep

Results obtained indicate that all the respondents were of the opinion that the objectives of shifting services from a manual system to an online system were partially achieved. It is currently possible to register as a tax payer and file returns online, this does not cover all the services previously offered in the manual system. 67 % of the respondents cited scope creep as the main challenge in fully implementing the strategy. The services to be moved online were not clearly defined and new requests were added as the strategy was being implemented. This meant the strategy had to be implemented in phases.

4.4.3. Consultancy Challenges

The data obtained from the interview points at having multiple consultants involved in the project as a challenge. Because of scope creep and unrealistic time frames, strategy implementation had to be broken down into phases which involved hiring multiple consultants for different phases. This presented a challenge in that the new consultants preferred to do things differently from the previous consultants. 56 % of the participants cited the problem of multiple consultants as a challenge.

4.4.4. Change Over Challenge

Breaking the project into phases presented a challenge in implementation. Some processes reminded manual to be implemented in the second phase while some shifted to the online system. 52 % of the respondents pointed to having parallel systems as being a challenge during the implementation of the strategy and hinted at a lack of change over strategy as the cause.

A number of respondents mentioned that skills transfer which is a part of the change over process presented a challenge to the implementation of the strategy. This is because the consultants who hailed from Chile were not native English speakers and it was therefore difficult to communicate with their Kenyan counterparts especially in regards to technical matters.

4.4.5. Cost Overruns

Cost overruns can be linked to poor planning and can be due to the underestimation of resources. Initially, the strategy which was externally funded had enough financial resources to begin with but scope creep and underestimation of the magnitude of the implementing such a strategy led to costs overruns. Eleven respondents were of the opinion that the budget set aside for implementation was adequate but that the implementation overshoot the budget by a wide margin leading to additional funds being sought.

4.4.6. Lack of Implementation Strategy

The lack of an official implementation strategy from the beginning of strategy formulation presented a challenge according to 48 % of the interviewees. A lot of focus was given to the strategy formulation thus corresponding to the premise that despite being an important part of strategic management, implementation phase is given less attention than the formulation phase. Lack of an official implementation strategy led to poor coordination of both teams and activities.

4.5. Human Challenges

The challenges that fall under the human challenges category are those related to the interpersonal skills of the individuals involved with the strategy implementation.

4.5.1. Lack of Skills

Lack of internal and external skills was an often quoted challenge with twelve respondents citing it. Participants were of the opinion that the low computer literacy level amongst tax payers was a major challenge to the implementation of the strategy. Lack of computer skills was also mentioned amongst internal staff reluctant to adjust to the new online services. The system analysts and project managers implementing the strategy had limited business analysis and project management expertise needed to implement a strategy of such magnitude and complexity leading to reliance on consultants. Training and developing the necessary skill amongst KRA staff to support the strategy was a major challenge to the Authority.

4.5.2. Organizational Culture

The respondents were asked what role organizational culture played during the implementation phase. Organization culture was mentioned by 50 % of the respondents as a hindrance to the implementation of the Online Service Strategy. The organizational culture of KRA was rooted in face to face transactions which fostered unethical acts and this was an impediment to the implementation of the Online Service Strategy. The research concluded that this led to internal resistance and lack of cooperation during implementation.

4.5.3. Resistance to Change

All the interviewees mentioned resistance to change as a major challenge during the implementation of the Online Service Strategy. The results confirm that resistance to change is one of the major challenges of strategy implementation. Internal resistance was displayed by employees who had vested interests in the manual system, senior management also had resistance to the strategy owing to the additional security challenges of offering services online and the high cost of such a strategy. It was also widely believed that computer based systems would lead to retrenchments. External stakeholders such as tax agents also exhibited resistance to the implementation of online services since it would lead to closing of loopholes previously used to commit fraud. Misinformation or the lack of adequate involvement of stakeholders also played a part in fuelling resistance to the implementation of online services.

4.6. Operational Challenges

Challenges categorized as being operational are those that affect the flow of information transactions within the organization.

4.6.1. Third Party Challenges

The implementation of the Online Service Strategy involved collaboration with third parties such as external government agencies and tax payers. This presented a challenge to the implementation of the strategy according to 39 % of the respondents. The new system was supposed to pick information from other agencies such as the National

Registration Bureau and the Registrar of Companies to compliment the information already at KRA. Some of this information was missing or incorrect. The software that tax payers and agents were supposed to install on their machines was also a challenge to third parties since data had to be uploaded in a certain format. Additionally, Tax payers had to learn how to use the system.

Individuals and companies submitting registration information to KRA so that they could use online services displayed some resistance because the system required a lot for information that could be deemed private. This in itself was a challenge mentioned by a number of respondents. That fact that the safety of the information submitted could not be guaranteed did not help the situation and there was reluctance to use the system when it was launched.

4.6.2. Excessive Rules and Regulations in the Public Sector

The public sector operates under strict rules and regulations such as the public procurement and disposal act of 2005 and rules concerning how money budgeted for and allocated has to be utilized within the financial year. Eight respondents felt that complying with many rules and regulations slowed down the implementation process and some activities had to be rushed to beat financial year deadlines meaning the quality of the end product was affected. The results indicate that excessive rules and regulations create a lot of red tape in the implementation of strategy in the public sector.

4.6.3. Inadequate Resources

Results reveal that lack of resources was a major challenge and was cited by thirteen of the respondents. This, according to the interviewees took the form of inadequate funding to fully implement the strategy, lack of committed human resources with the few available project team members having to do their daily duties in addition to implementing the strategy and lack of facilities in the form of technology and infrastructure to support an online service strategy.

4.6.4. Delayed Resolution of Identified Problems

Another challenge cited by the respondents was the delayed resolutions of identified problems. According to six of the individuals interviewed, reliance on foreign consultants meant support for the system implementation could not be offered in time since the consultants had other projects to work on and they were delays in receiving enhancements to the system. This means the manual system had to be relied on every time there was a serious problem in the online system. Red tape also played a role in delaying the resolution of identified problems because as an ISO certified organization, certain standards have to be followed before any change is implemented.

4.6.5. Inability to Retain Staff and Transfers

During the implementation of the strategy in 2009, KRA was not offering competitive salaries and this led to some staff involved in the strategy implementation leaving the organization. This presented a challenge to the strategy implementation according to five of the interviewees. The human resource policy at KRA requires that staffs are rotated

regularly for integrity purposes and to replace those who have left the organization for one reasons or the other. The transfer of key players in the strategy to other departments presented a challenge to its implementation.

4.7. KRA’s Responses to the Challenges

Table two shows the responses to the challenges mentioned in the previous section as mentioned by the respondents.

Table 2: Responses to Challenges

	Response to Challenges
1.	Build Capacity through Training and Sensitization
2.	Develop an ICT Security Policy
3.	Investment in Public Key Infrastructure Technology
4.	Enhancing Existing Laws to Legitimize Online Services
5.	Improved Planning and Coordination
6.	User Involvement in System Analysis and Requirements Definition
7.	Reducing Reliance on Consultants
8.	Placing Qualified Managers to Drive Change
9.	Embracing Best Practices
10.	Adopting New Tools and Technologies
11.	Streamlined Procurement Procedures
12.	Workshops and Meetings with Stakeholders
13.	Improved Infrastructure
14.	Establishment of a Call/Contact Centre
15.	Reducing Red Tape
16.	Dedicated Strategy Implementation Team
17.	Changing the Organizational culture

Build Capacity through Training and Sensitization

KRA embarked on training for staff involved in the implementation of the project and sensitization of staff and end users (taxpayers, tax agents and other third parties). ICT staff in KRA received trainings in the PROjects IN Controlled Environments 2 (PRINCE2) methodology of managing projects, Quality Assurance and Business Analysis. The trainings were meant to improve employee skills and empower them to implement the remaining phase of the strategy. The public and internal staff not involved in the implementation of the project were sensitized through tax clinics held countrywide on the importance of online services and benefits to be derived; this had the effect of dispelling fear and misconceptions and reduced resistance to the strategy. Advertisements were also carried out in the daily press and on the KRA website in the form of frequently asked questions regarding Online Services.

Develop an ICT Security Policy.

In handling the security challenges, KRA finalized and implemented an ICT security policy. The ICT security unit of KRA was charged with the developmental and implementation of an ICT security policy meant to cover all security aspects from user authentication, verification issues, and ensuring services offered online are secure amongst other ICT related security issues. The policy which has since been implemented outlined the technical security requirements that must be met by systems being implemented in KRA. The resistance arising from security challenges faced in implementing online services was thus minimized with the implementation of the policy.

Investment in Public Key Infrastructure Technology

In line with the ICT security policy that was implemented and for purposes of ensuring services offered online are secure, KRA has invested in aspects of public key infrastructure technology (PKI). PKI is a set of hardware, software, people, policies, and procedures needed to create, manage, distribute, use, store, and revoke digital certificates. PKI provides for ways in which users could securely interact with online services by authenticating a web service using a digital certificate and also securing the data being sent or being received using cryptography. The online services offered by KRA are currently certified by Thawte, a global certificate authority providing online security certificate products. This therefore means the challenge of providing secure online services was minimized.

Enhancing Existing Laws to Legitimize Online Services

Amendments were introduced in the Kenya communications Act following several sessions between the government, private sector, civil society and academia in 2006. The Kenya communications amendment act 2009 is meant to streamline and introduce the regulatory provisions in electronic transactions and broadcasting which were considered weak (Wanjiku, 2009). The amended act which was assented to in January 2009 has given KRA an upper hand in implementing its Online Service Strategy in that electronic transactions are currently recognized by law. This has also allayed the fears of tax payers who are now greatly encouraged to use the online services.

Improved Planning and Coordination

KRA adopted PRINCE2 as the de facto project management methodology in 2010. This has resulted in improvements in planning for the implementation of the second phase of the strategy. The methodology encompasses the management, control and organization of a project and has since ensured that the scope of the second part of the strategy was agreed upon before commencing with implementation. The methodology also provides for having a defined implementation plan that involves breaking down a project into stages which can then be controlled.

PRINCE2 methodology has also greatly improved planning in that it requires that certain documents, logs and lists are prepared and maintained. This include the project brief, project initiation document, risk logs, quality log, checkpoint report and a host of other documentation that greatly enhance the management of a project or strategy that is being implemented. The methodology further advocates for the creation of a project management support team that coordinates the project or strategy. Having a project support office in the Online Service Strategy implementation team eliminated the challenge of coordinating activities and teams involved in implementing the strategy.

User Involvement in System Analysis and Requirements Definition

Complexity of the system was a major challenge mentioned during the implementation of the online strategy. This could have been a result of not involving users in system analysis and requirements definition. KRA ensured that the second phase of implementation involves end users who are participating in system analysis so that a simpler iteration of online services can be offered.

Reducing Reliance on Consultants

The current performance contract signed between the commissioner general and the board of governors that trickles down to management requires that consultants partner with KRA staff to enable skills and knowledge transfer. The authority also encourages in house development for additional modules to the online system instead of relying on the consultants who developed the systems. This has been bolstered by sponsoring KRA staff to computer development and project management courses and hiring staff that have experience and expertise in implementing initiatives that are complex and massive in scale.

Placing Qualified Managers to Drive Change

KRA replaced majority of the project managers in charge of implementing its Online Service Strategy in a reshuffle that saw youthful project managers with the correct leadership and project management skills being put in charge. This speeded up the process of implementing change since identified problems were dealt with immediately and people were more cooperative and productive when working with the new project managers who were decisive and had the right skills to deal with challenges as they emerged.

Embracing Best Practices

KRA embraced best practices to tackle a number of challenges according to the respondents. In handling the transfer of managers and other personnel involved in the implementation of the strategy, KRA embraced best practices by ensuring every team member has an alternate who was abreast of all the activities going on in the

implementation. The implementation team members from the first phase were also carried over to the second phase of implementation and are not susceptible to transfers until the end of strategy implementation. KRA further embraced best practices and has since acquired professional services for the purposes of testing the modules that are being implemented. KRA is also in the process of establishing a disaster recovery and business continuity center such that online services will not be interrupted in the event of a catastrophe.

Adopting New Tools and Technologies

KRA has invested in new tools and technologies that will greatly enhance the quality of services provided online. Currently, KRA is acquiring and implementing an Information Technology service management tool from IBM for purposes of monitoring services. In order to address the challenge of inadequate system testing that negatively affected the quality of the online system, the authority has invested in the HP Quality Centre software which is considered the premiere quality assurance software that helps manage application quality and software quality assurance testing. Further, the authority has bought into the PKI technology in order to secure services offered online.

Streamlined Procurement Procedures

The procurement department in KRA which coordinates all procurement for the authority updated its policy in a bid to streamline procurement procedures and improve on the speed of procuring items. The procurement department currently has a schedule that outlines how long it will take for items or services to be procured depending on their costs and source of funding. Departments also have to submit their annual procurement needs within the stipulated times such that the issue of delayed procurement does not arise.

Workshops and Meetings with Stakeholders

In order to handle resistance from industry players such as tax agents and tax payers and to buy in their support, KRA organized workshops and joint meetings with stakeholders. The aim was to address their concerns and to reach a consensus on how best to address the issues. The tax education services were also expanded to include sensitization of other industry players such as cyber café owners and internet service providers who were to benefit from online services.

The Authority further operationalized its mobile taxpayer outreach unit with the purchase of the mobile tax payer bus which could be used for sensitization purposes as well as offering services in far to reach area.

Improved Infrastructure

In order to address the challenge of underperforming infrastructure, KRA has embarked on modernizing its existing IT infrastructure so that it can better accommodate the services offered online. KRA upgraded its database servers at the headquarters, installed power back up solutions for all its stations and installed VSAT links in the remote regions to connect them with the services offered at headquarters.

Improvements were also made to the database system underlying the online services in order to improve their performance especially during peak periods. Preparations are also underway to overhaul the database structure in order to enable the system to perform at optimum capacity. This is in addition to training database administrators in KRA in the relevant tools and systems in order to build in-house ICT capacity.

Establishing a Call/Contact Centre

To further address the challenges of online service usage, KRA established a twenty four hour contact centre where users could call for assistance concerning online services. Furthermore, KRA undertook capacity development of call centre agents and call centre quality assurance by training its call centre officers.

Reducing Red Tape

The Commissioner general in dealing with the issue of bureaucracy empowered the individuals in charge of implementing the strategy by promoting them to various acting capacities such that they had the authority to execute matters relating to the strategy execution. Internal restructuring resulted in the strategy implementation team reporting directly to the SDC Project Management Business Office (PMBO) who in turn directly reported to the Commissioner General. This means it was now easier to make management decisions and issues arising are dealt with in a timely manner.

Dedicated Strategy Implementation Team

A number of individuals were involved in the strategy implementation phase. These individuals had other duties apart from the implementation of the strategy but that has since change. The management at KRA formally nominated individuals to the team that was charged with implementing the second part of the strategy. The nominated individuals received training in business analysis, quality analysis and project management to acquire the necessary skills needed to implement the strategy..

Changing the Organizational Culture

The organizational culture at KRA which supported inefficient face to face interaction and presented integrity challenges was shifted using a number of tools. The corporate plans (3rd and 4th) were used to promote the vision of KRA, staff were sensitized on the new operating procedures and the benefits of shifting services online. Additionally, The tools used for providing manual services were systematically withdrawn forcing staff and taxpayers to embrace online services.

CHAPTER FIVE: SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1. Introduction

This chapter discusses the findings, makes recommendations for further research and concludes the study.

Online services are gaining traction as an alternative means of offering services and as such many organizations are embracing online services as a strategy to provide efficient and effective services. A study of literature covering strategy implementation and online services indicated that an implementation of such a strategy would be faced with challenges. This observation guided the case study which sought to identify the challenges faced by KRA when implementing its Online Service Strategy with the anticipation that the research would contribute to the responses organizations can employ to counter the identified challenges. Accordingly, the objectives of the study were to identify the challenges faced by KRA in the implementation of an Online Service Strategy, and establish how KRA responded to the challenges

5.2. Findings

This study set out to identify the challenges KRA faced in the implementation of its Online Service Strategy and also outline the responses that KRA developed to deal with the identified challenges in order to successfully implement the chosen strategy. In relation to the first objective of identifying challenges KRA faced in implementing its

Online Service Strategy, data analysis indicates that KRA encountered a number of challenges during the strategy implementation phase. The findings are thus in line with existing literature that indicates strategy implementation is a challenging task for organizations.

According to the findings, an organization is bound to encounter technical, human, planning and operational challenges when implementing an Online Service Strategy. To effectively implement the strategy, KRA has come up with a number of responses, some of which are proposed awaiting implementation in the second phase of executing the Online Service Strategy. For example, the study unearthed the importance of stakeholder buy in especially for government organizations that deal with a myriad of stakeholders that can have influence on the outcome of implementing such a strategy. KRA has since sought to engage stakeholders in workshops to discuss any emergent issues and find a common solution to them. Further KRA has undertaken to involve users in the system analysis and the definition of requirements.

The study observed that resistance to change is a major challenge especially where lack of awareness and vested interest exists. This is consistent with previous research. Many solutions exist to deal with resistance some of which have been applied by KRA. Coercion has been used in the forms of enhancing existing laws and phasing out the materials needed to file returns manually. Users have also been sensitized to raise awareness. Sensitization has also been used as a tool to manipulate the organizational culture while incorporating internal users in the second phase of strategy implementation has given them a sense of ownership and pride and has reduced internal resistance to some extent.

The management recognized the importance of planning and how it leads to successful implementation of strategy. This is supported by majority of the respondents who traced implementation problems to the lack of adequate planning which led to the rollout of an incomplete product. Consequently, KRA has adopted PRINCE2 methodology as the de facto project management standard. The structured methodology does not allow for scope to be expanded, requires a budget to be in place before hand and makes use of a formal implementation plan.

Existing literature suggests that management might need to recruit, select, train, discipline, transfer, promote and possibly even lay off employees to achieve the organizational strategic objectives. The findings of this study support that suggestion and KRA management has since embarked on training its officers in project management and BA and QA skills and a skilled workforce better placed to handle the challenges of implementing the strategy is emerging. Project managers have also been transferred and skilled managers are now in charge of facilitating strategy implementation.

It is also clear from literature and the findings of this study that inadequacy in the form of resources is often a big challenge during strategy implementation. The findings of this study indicate that infrastructure and a dedicated and qualified project team was missing at KRA. KRA has since invested in the proper infrastructure and technology in addition to training its officers to improve capabilities and competencies.

5.3. Suggestions for Further Studies

Given the emerging importance of technology in service delivery, it is prudent that further research is carried out in this area. While this study focused on KRA which falls

under the public sector, similar research could be carried out on an organization in the private sector. A cross-sectional study could be undertaken to allow comparisons on IT based strategy implementation between firms in the public sector since the study findings are based on use of a single case study. Research could also be conducted on the role of online services in offering efficient services.

5.4. Conclusion

Although the implementation of an Online Service Strategy at KRA has been considered successful, the challenges faced during implementation suggest that KRA can improve on the execution of such a strategy. Improving planning for and having a formal strategy implementation plan is the most important factor that the company should consider. The organization should also reduce reliance on consultants to build in house capacity and cut down on costs of implementing strategy. This can be achieved by empowerment of individuals involved in the strategy execution via trainings.

To reduce future challenges in the implementation of the strategy, KRA should partner with the relevant ministries and service providers to encourage the improvement of country wide IT infrastructure such that more taxpayers can access services via the internet. Further, the organization should ensure the product delivered is of the desired quality. In order to achieve this, KRA should make use of best practices.

Other factors that should be employed by organizations contemplating a similar strategy include the involvement of users and stakeholders in the strategy implementation to obtain good will and counter resistance. Finally, the company could make use of marketing and advertising as a strategic weapon to spread awareness of the availability of online services.

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APPENDIX : INTERVIEW GUIDE

Job Title of Respondent:.....

Role Played in ITMS implementation.....

1. KRA has shifted majority of Domestic Taxes Functions from a manual system to an Online System through the ITMS project with the aim of improving efficiency and effectiveness. Was this objective met? If no, explain why.
2. What are some of the benefits expected from moving services online? Have these benefits been realized? If no, explain why.
3. ITMS as a means of offering services online was meant to have a number of functionalities, as it is, have all the functionalities been implemented. If no, explain why.
4. How long was project implementation expected to take and was the project implemented on time? If answer is no, explain what could have caused the delay
5. How much of the budget for the project was set aside for implementation? Did the implementation exceed its budget? If yes, explain why.
6. Was commitment by all stakeholders a challenge to the implementation of an Online Services Strategy? If yes, what was done about it?
7. Do you think the organizational culture posed a challenge to the implementation of the Online Services Strategy? If yes, what was done about it?
8. Was the coordination across the different teams participating in implementation effective? If no, how was this dealt with?
9. Was there any resistance to the project? If yes, who was resisting the change and how was this dealt with?
10. What other challenges were experienced during implementation of Online Services Strategy?
11. How did KRA deal with the challenges mentioned in item 10 above?
12. Do you have any further information you would like to share about the challenges encountered in the ITMS project or how KRA responded to the challenges?