EVALUATION OF STRATEGIC PLANNING AT KENYA REVENUE AUTHORITY

BY

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DECLARATION

I declare that this research project is my original work and any of its content has never been submitted to any other institution for the award of Masters, degree, diploma or certificate.

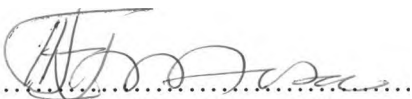Student   : **DORIS NAMAYI ORIKO**

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This project has been carried out by the student under my supervision and I confirm that it is being submitted to the university with my approval as the university supervisor.

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DEDICATION

To the Almighty God for this far He has brought me.

ACKNOWLEDGMENT

First and foremost, my gratitude goes to my supervisor Professor Aosa for his immense support and guidance throughout the project. Secondly, I am grateful to my lecturers who took me through the course work and also my fellow students for their encouragement and support. Last but not least, am grateful to my family. Special thanks to my mum and my guardian parents Mr. and Mrs. Ekwang' for the many sacrifices they made to see me through school.

ABSTRACT

All organizations are faced with challenges of strategic planning. Some from a desire to grasp new opportunities, and others to overcome significant problems (Johnson and Scholes, 2002). Strategy is a company's "game plan", it does provide a framework for managerial decisions. It reflects a company's awareness of how, when, and where it should compete; against whom it should compete; and for what purpose it should compete. Strategic planning components are linked together providing managers with a systematic method for formulating, selecting, implementing and evaluating strategies.

The purpose of this study was to establish the effectiveness of strategic planning at Kenya Revenue Authority. The study was based on the following objectives; to establish whether Kenya Revenue Authority has met its strategic goals or objectives as stated in the strategic plans; to establish factors that influence implementation of Kenya Revenue Authority's strategic plans and; to establish whether and how Kenya Revenue Authority carries out monitoring and evaluation of its strategic plans.

To meet the objectives of the study, case study design was adopted. The respondents were selected from the Top Management and the Research and Corporate planning section. Primary data was collected using an interview guide while secondary data was collected from strategic plans and annual reports. In data analysis, content analysis technique was used. The findings emerging the study concluded that KRA has met most of its strategic goals and objectives across the three strategic plans. Also the implementation of Kenya

Revenue Authority's strategic plans has been influenced by various factors which include external and internal factors and that KRA carries out monitoring and evaluation of its strategic plans.

On limitations, this study relied on self-reported and reflective recollection of the indicators of the constructs in this study by employees who volunteered their participation. Because of the perceptual nature of the data, there is the possibility of a percept-percept bias. Second, this study confines itself to a case study method, which leaves room for speculation with regard to causality among the variables. In addition, the sample of this study, consisting mostly of highly educated managers, is likely restricted to a certain group with similar demographic characteristics. Further, the sample size used in the study could be considered to be not representative enough.

To increase generalization of this study, more studies in various industries representing diverse demographic cohorts are needed. More specific, this study focused on knowledge workers with a higher educational level. The results might vary by the cohorts in different educational levels. More research in different educational backgrounds is recommended. The study recommended more longitudinal studies with comparison groups, so that causality can be fully established.

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LIST OF ABBREVIATIONS

BSC   Balance Score Card

COSIS   Customs Oil Stocks Information System

CSD   Customs Services Department

DTD   Domestic Taxes Department

DMC   Departmental Monitoring Committee

IT   Information Technology

ITMS   Integrated Tax Management System

M & E   Monitoring and Evaluation

MIS   Management Information Systems

KRA   Kenya Revenue Authority

KREISA   Kenya Revenue Authority Enterprise-wide Integrated Systems

                    Architecture

PESTEL   Political, Economic, Social, Technological, Environmental and Legal

QAP   Quality Assurance Programme

RADDEX   Revenue Authority Digital Data Exchange

RARMP   Revenue Administration Reform and Modernization Programme

R & CP   Research and Corporate Planning

RTD	Road Transport Department
SWOT	Strengths, Weaknesses, Opportunities and Threats
VFM	Value for Money

CHAPTER ONE: INTRODUCTION

1.1 Background of the study

All organizations are faced with challenges of strategic planning. Some from a desire to grasp new opportunities, and others to overcome significant problems (Johnson and Scholes, 2002). Strategy is a company's "game plan", it does provide a framework for managerial decisions. It reflects a company's awareness of how, when, and where it should compete; against whom it should compete; and for what purpose it should compete (Pearce and Robinson, 1991). Johnson and Scholes (2002) view strategy as the management's game plan for growing organizations, stocking out a market position, attracting and pleasing clients, competing successfully, conducting operations and achieving targeted objectives. The strategy an organization implements is an attempt to match the competences and resources of the organization to the opportunities found in the external environment (Johnson and Scholes, 2002)

Strategic Planning process focuses on critical issues and priorities above and beyond routine organization operations that facilitate efficient and effective service delivery (Austroads, 1998). Strategic planning is the process of determining the destiny of an organization and mapping the actions necessary to realize that goal. It involves seeking answers to the following questions: who are we? Where do we want to be? How can we get there? It is the process by which an organization conceives the future and takes the necessary steps to achieve that future. Strategic planning therefore requires the setting of clear goals and objectives (Thompson and Strickland, 1992).

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Strategic planning consists of several key components. These components are linked together providing managers with a systematic method for formulating, selecting and implementing strategies (Aldag and Stearns, 1987). It has five major stages namely; defining organizational purpose and mission, defining organizational goals, formulating organizational strategic plan, implementing strategic plan and evaluating and reformulating strategic plan (Thompson and Strickland, 1992)

The primary tasks of strategic planning are to understand the environment, define organizational goals, identify options, make and implement decisions and evaluate actual performance against target performance. Therefore, Strategic planning is not a new concept, it was conceived several decades ago and today majority of organizations both in the public and private sector are practicing it. Some organizations practice it because of the mere fact that others are practicing it, while others practice it because they understand it, know its importance and have proper mechanisms in place for its effective implementation and evaluation. This therefore calls for evaluation of strategic planning if an organization has to keep on track.

1.1.1 Evaluation of Strategic Planning

Strategic planning rests on the premise that the selected strategy will achieve the organizations goals and objectives (Rumelt, 2000). This achievement does not happen at once, it can be achieved in stages for example at the end of the planning period of the first corporate plan, if the results have not been achieved, and this plan is revised again in the light of the second corporate plan. Measures are put in place to ensure that these goals

and objectives are achieved. This is through evaluation of past assumptions, comparison of actual results with earlier hypothesis. Evaluation of strategic planning is an essential step in the process of guiding an organization (Rumelt, 2000). It requires a broad assessment of the extent to which new strategies would fit with the future trends and changes in the environment exploit the strategic capability of an organization and meet the expectations of stakeholders (Johnson and Scholes, 2002).

Strategy evaluation and control process is intended to serve as a mechanism for keeping the plan as closely to the desired results as possible. It is a mechanism for identifying and acting upon opportunities to improve the organizations overall effectiveness by improving management system and processes (Thompson and Strickland, 1992).Due to globalization and advancement in technology, today's strategies may not be viable tomorrow and thus necessitating adoption of new strategies. This therefore calls for continuous need to evaluate the processes and outcomes of the strategic plans over the planning periods.

1.1.2 Kenya Revenue Authority -

The Kenya Revenue Authority was established by an act of parliament (Cap 469) on July 1st 1995 for the purpose of enhancing the mobilization of Government revenue, while providing effective tax administration and sustainability in revenue collection as well as carrying out additional responsibilities mainly related to customs control KRA is required by statute to assess, collect and account for all revenues in accordance with specific laws set out in the first part of the first schedule of the Kenya Revenue Authority Act Cap 469 and the revenue provision of the second part of the first schedule; advice on matters

relating to the administration of and collection of revenue under the written laws or the specified provisions of the written laws and perform such other functions in relation to revenue as the minister(for Finance) may direct.

Kenya Revenue Authority's governance and management are organized as recommended by international best practice for semi autonomous revenue authorities. The board of directors is the Governing body of KRA as set out in the KRA act. The BOD is responsible for the review and approval of policies and monitoring the functions of KRA. The day to day management of the organization is the responsibility of the Commissioner General who is assisted by 6 Commissioners in charge of; Customs Service Department (CSD), Domestic Taxes, Large Taxpayer Office (LTO), Domestic Taxes, Domestic Revenue (DR)Road Transport Department(RTD), Investigation and Enforcement(I&E) and Support Services department (SSD) respectively. The Support Services Department includes; The Board Secretary Corporate and Administration (BSC&A), The Human Resources Department(HR), The Finance Department; The Internal Audit Department (IAD), The information Communication Technology Department(ICT), The Marketing and Communication Department (M&C). In addition there are five regional offices.-Southern, Central, Rift Valley, Western and Northern Regions.

Kenya Revenue Authority (KRA) has over the last seven years evolved from four distinct government departments and transformed itself into one of the most modern and more integrated revenue collection agency in the region. Revenue collection has increased from

Kshs. 122 billion at inception in 1995/96 to Kshs. 433.9 billion in financial year 2007/2008 and Kshs. 480 billion in 2008/09 third planning period and accounting for over 93% of the total Government revenue. These achievements are largely attributable to development and implementation of focused strategic planning and performance management system. The strategic objectives of the Kenya Revenue Planning have been based on the four perspectives of the Balanced Score Card (BSC). The use of the Balanced Score Card (BSC) as performance management tool provides the yardstick for performance benchmarks established. The BSC views the strategic objectives from the four perspectives; develop a dedicated and professional team, re-engineer business processes and modernize technology, improve and expand taxpayer services and enhanced revenue collection and strengthen enforcement.

KRA has continued to achieve commendable revenue growth despite the hostile economic and political environment. These achievements are mainly attributable to implementation of incremental revenue enhancement administrative measures. The Authority aims to surpass the set revenue targets at lowest cost over the planning period through better implementation of administrative measures to broaden the tax base and widen the tax net, improve voluntary compliance and development of better focused and targeted programs. The first strategic plan (2000/01-2002/03), was a milestone in adoption of formal strategic planning approach, and provided the framework for the authority to date. The strategic goals and objectives during the period included; improvement of service delivery, increase revenue yields, streamline tax collection, integration of common services to offer one stop facility, establish and revamp audit,

investigation and compliance programs, curb scourge of illegal drugs and trade and refocus strategies towards tackling tax evasion.

The second strategic plan (2003/04-2005/06) marked a major transformation in KRA's organizational structure, which was function-based and was progressing towards the private sector model of private customer segmentation. This helped clarify responsibility and accountability for improving taxpayer services, strengthening enforcement initiatives and continuing modernization efforts. The third strategic plan (2006/07-2008/09) focused on implementation of best Human Resource(HR) practices, modernizing IT systems for improved service and enforcement, improving service options to taxpayers, facilitating participation by all sectors and simplification of the tax process, broadening the tax base, improving compliance, improving enforcement and to deter tax and financial abuse, improving debt and refund management and tax exempt facilities, encouraging professional ethics and standards and improving expenditures and programme funding.

Efficient and effective processes are critical in achieving the set goals. Therefore, priority will be accorded to modification of business processes and procedures leading to a single view of the taxpayer. Functional integration and Computerization will be the key drivers to make this happen. The first phase will be to implement quick wins under the KREISA project before the full implementation of KREISA, which is an enterprise wide integrated system. These strategies will rationalize the Authority towards functional lines and integrated operations.

The importance of strategic planning is on its ability to facilitate an organization to win the war in the marketplace, gain sustainable competitive advantage and earn above average returns, to focus more attention to the external environmental factors, not just

confining to the internal problems. This is well articulated by Arieu (2007) who noted that "there is strategic consistency when the actions of an organization are consistent with the expectations of management, and these in turn are with the market and the context. Hence there is a continuous need to evaluate the process and outcomes of the strategic plans over the planning period ranging from 2001 to 2009 so as to determine whether corporate plans have adequately facilitated the meeting of management and the Government expectations and on the basis of the same make appropriate adjustment to the plans.

1.2 Statement of the Problem

Organization theory's view of planning states that planning before taking action improves the quality of most action and service delivery thereafter. Business planning facilitates organizing activity for faster decision making by identifying missing information without first requiring the commitment of resources. Planning provides tools for managing the supply and demand of resources in a way that avoids bottlenecks and it identifies action steps to achieve broader goals in a timely manner (Ansoff, 1991). For effective strategic planning, an organization has to have its goals and objectives right, carry out a SWOT analysis (Strengths, Weaknesses, Opportunities and Threats) and have a monitoring and control system in place for measuring the results. It is therefore necessary to in-build a regular process of evaluation in the strategic planning process to ensure that the activities relevant to the success of the plan are being executed and result in the desired outcome. The evaluation of the plans shows whether policies, instruments and process arrangements are contributing to the success of the plans. This insight moves the process forward in a new cycle, towards an adjustment of the strategy or the plan.

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Many organizations practice strategic planning but the effectiveness of implementation varies. Most past studies have concentrated on strategic planning (Kimemia, 2006) and implementation (Koske, 2003; Kimeli, 2008) but did not evaluate such plans to find out whether they are effective or not and therefore creating a gap. This therefore leads us to the question, "is strategic planning in Kenya Revenue Authority effective?"

1.3 Objectives of the study

a) To establish whether Kenya Revenue Authority has met its strategic goals or objectives as stated in the strategic plans.

b) To establish factors that influence implementation of Kenya Revenue Authority's strategic plans.

c) To establish whether and how Kenya Revenue Authority carries out monitoring and evaluation of its strategic plans.

1.4 Significance of the study

The study will be significant to Kenya Revenue Authority managers and staff as it will enable them to understand and appreciate the critical aspects of the strategic planning in the authority and seek ways to enhance the aspects facilitating planning , while taking appropriate measures to eradicate bottlenecks to the effective implementation of the strategic plans.

The research study will provide stakeholders with a basis of understanding strategic planning in the organization and seek ways of adopting best management practices to enhance the effective planning strategies in their respective areas hence contributing positively to the overall sector planning.

The study will provide background information to research organizations and scholars who may want to carry out further research in this area. The study will also facilitate individual Researchers to identify gaps in the current research and carry out research in those areas.

CHAPTER TWO: LITERATURE REVIEW

2.1 The concept of strategy and strategic planning

Strategy is a company's "game plan", it does provide a framework for managerial decisions. It reflects a company's awareness of how, when, and where it should compete; against whom it should compete; and for what purpose it should compete (Pearce and Robinson, 1991). Johnson and Scholes (2002) view strategy as the management's game plan for growing organizations, stocking out a market position, attracting and pleasing clients, competing successfully, conducting operations and achieving targeted objectives. The strategy an organization implements is an attempt to match the competences and resources of the organization to the opportunities found in the external environment (Johnson and Scholes, 2002).

Formal strategic planning seems to have begun in the 1950s in the United States of America (Aosa, 1992).. Later, in the 1960s studies carried out shows that strategic planning was being practiced in the US and abroad (Aosa, 1992).In the 1970s, writers criticized formal strategic planning because of oil crisis that disturbed the stable environment. The writers included Porter (1980); Mintzerberg (1985); Ansoff (1984) among others. The writers said that this could be improved (Aosa, 1992). Key features emerged that characterize good strategic planning which include; flexibility, adaptability, focuses on implementation, developing and enhancing competitive edge. These characteristics are still relevant today (Johnson and Scholes, 2002).

Strategic planning is the process of determining the destiny of an organization and mapping the actions necessary to realize that goal. It involves seeking answers to the following questions: who are we? Where do we want to be? How can we get there? It is the process by which an organization conceives the future and takes the necessary steps to achieve that future. Strategic planning thus requires the setting of clear goals and objectives (Pearce and Robinson, 1997).Strategic planning is concerned with the long term direction of an organization i.e. how it will perform in future, how it will deal with emerging technological changes and other external forces. (Thompson and Strickland, 1992).

Strategic planning consists of several key components. These components are linked together providing managers with a systematic method for formulating, selecting and implementing strategies. (Aldag and Stearns, 1987). It has five major stages namely; defining organizational purpose and mission, defining organizational goals, formulating organizational strategic plan, implementing strategic plan and evaluating and reformulating strategic plan. The purpose of strategic planning is, as Eadie (2000) suggests, maintaining a favorable balance between an organization and its environment over the long run. Strategic planning has been defined as "a disciplined effort to produce fundamental decisions and actions that shape and guide what an organization is, what it does, and why it does it" (Bryson 1995). It provides a systematic process for gathering information about the big picture and using it to establish a long-term direction and then translate that direction into specific goals, objectives, and actions. It blends futuristic thinking, objective analysis, and subjective evaluation of goals and priorities to chart a

future course of action that will ensure the organization's vitality and effectiveness in the long run; "at best ... permeates the culture of an organization, creating an almost intuitive sense of where it is going and what is important" (Osborne and Gaebler 1992, p 234).

Over the years a conventional strategic planning process has evolved, based on approaches developed by Bryson (1995), Nutt and Backoff (1992), and others (Koteen 1989), which typically involves clarifying mission and values, developing a vision of the future, analyzing external challenges and opportunities, assessing internal strengths and weaknesses, developing strategic goals and objectives, identifying strategic issues, developing and evaluating alternative strategies, and developing action plans. Yet, a lively debate continues regarding how to go about strategic planning in government in terms of scope (Kaplan and Norton, 1996; Ellingson and Wambsganss 2001), content (Hatry 2002), involvement and participation (Geletkanycz and Hambrick 1997; Markoczy 2001), and approach (Toft 1989; Roberts 2000).

Pearce and Robinson (1997) observed that the key task of strategic planning is thinking through the overall mission and vision of the business and answering questions such who are we? Where are we? Where do we want to be in future? And how do we get there? The right formulation of the mission statement will guide the organization to set goals and objectives which will provide basic direction and framework within which all the activities of the company will take place, (Kandie, 2001)

The most important issue, however, is putting plans into action. Strategic planning is an action-oriented type of planning that is useful only if it is carefully linked to implementation, and this is often where the process breaks down. Strategic plans have to be implemented carefully whereby the employees are informed of the changes and how they will affect them otherwise, may resisted by employees who feel threatened by change (Arnaldo and Nicolas,1996) or feel stymied by labor management conflicts (Donald et al 2001). Moreover, public managers may fail to link their strategic planning efforts to other critical decision making processes. Mintzberg (1994) is one of the most vocal critics of strategic planning precisely because organizations' planning activities are too often completely divorced from performance measurement and resource allocation.

"Strategic planning is the primary element but not the essence of strategic management, while the other components ...include implementation and evaluation" (Halachmi, et al 1993, p165). Consistent with this view, Nutt and Backoff (1992), Bryson (1995), and others have discussed the importance of implementing strategic plans by anchoring lower level planning processes in the strategic plans themselves. Thus, some organizations attempt to ensure their strategic plans drive decisions at all levels by requiring major divisions and sub units to develop their own strategic plans, annual plans, business plans, or action plans that support enterprise level strategic goals and objectives. Recently, Poister and Streib (1999) added performance management, providing direction and control over the work of managers and employees to ensure their efforts focused on achieving strategic goals and objectives.

2.2 Evaluation of strategic planning

According to Aldag and Stearns (1987), managers must continually monitor and correct, if necessary, the results of the implemented strategy to guide the organization activities toward achievement of goals. No strategic plan can predict with total accuracy the trends in the environment such as customer response to products, economic indicators, legislation, or competitive response. Throughout the implementation process, managers must acquire information on both the environment and activities within the organization. Managers must always keep in mind that the ultimate test of a strategic planning rests with how well the organization is able to achieve its designated goals. This means that managers have to set proper strategic goals or objectives, carry out a detailed SWOT analysis and have a proper system for monitoring and control to enable measurement of results as they achieved.

2.2.1 Strategic Goals or Objectives

According to Pearce and Robinson (1991), to achieve long-term prosperity, strategic planners commonly establish long-term objectives in profitability, productivity, competitive position, employee development, employee relations, technological leadership and public responsibility. Strategic goals or objectives of an organization are built around its vision and mission. The vision of an organization is where the organization would want to be in future while the mission is the means of getting to the 'dream' future.

According to Johnson and Scholes (2002) strategic objectives of an organization are long term. They cover a period of more than one year. Most organizations strategic plans cover three years and five years. Strategic objectives of an organization enable it to gain competitive advantage over its competitors. This implies that the organization has to outdo its competitors by implementing superior strategies so as to have a competitive edge in the market. Strategic objectives require an organization to match its resources and activities to the environment (strategic fit). This calls for carrying out a SWOT analysis so as to identify the strengths, weaknesses, opportunities and threats and deal with them accordingly. Strategic goals can at times require major resource changes in an organization. Resources may be taken from one section and channeled to another section for the purposes of attaining strategic goals. An organization is able to achieve its objectives better when it limits itself to a certain boundary, that is, it can implement its objectives in phases.

Thompson and Strickland (1992), state that developing a strategic vision and mission, establishing objectives and deciding on a strategy are basic directions. They map out where the organization is headed, its short term and long term performance targets and the competitive moves and internal action approaches to be used in achieving the targeted business results. Together they constitute a strategic plan for coping with industry and competitive conditions, the expected actions of the industry's key players and the challenges and issues that stand as obstacles to the companies' success. In the companies committed to regular strategy reviews and development of explicit strategic plans, the strategic plans may take the form of a written document describing   the industry's

economics, key success factors and drivers of change along with the company's strategic plan with its external and internal environment, (Safari, 2003).

2.2.2 Factors influencing implementation of the Strategic Plans.

Strategy implementation is considered to be the most critical phase in strategic planning. Most practioners have recognized that problems with implementation in most organizations have resulted in failed strategies and consequently failed companies (Kimeli, 2008). Most organizations fail to execute their strategic plans because they fail to take into account factors influencing the implementation of strategic plans and thus creating a gap. According to Kaplan and Norton (2006) most companies have what it takes to achieve their strategic plans. These authors advance the notion that, companies must be able to translate their strategy into explicit operational goals, employees must understand the extent and context and purpose of their work and can readily measure how well they are doing their jobs.

There are a number of factors that affect the implementation of the strategic plan which include the availability of the resources such as funding, adequate and appropriate human resources, internal processes and the external environment. These factors can be well dealt with through a proper SWOT analysis. Successful strategies are dependent on the organization having the internal strategic capability required for survival and success, (Johnson and Scholes, 2002). Availability of resources in an organization makes it have a competitive advantage over other organizations. In turn this helps explain how some businesses are able to achieve extra ordinary profits or returns compared to others. They

have resources or competences that permit them to produce at lower cost or generate a superior product or service at standard cost in relation to other businesses with inferior resources or capabilities. Resources can be tangible and intangible. Tangible resources are physical assets of an organization such as plant, machinery, labour and finance while intangible resources are non physical assets such as information, reputation and knowledge. Such resources are certainly important; but what an organization does- how it employs and deploys its resources its resources matters as much as the resources themselves. There would be no point having state of art equipment or valuable knowledge or a valuable brand if they were not used effectively. The efficiency and effectiveness of physical or financial resources , or the people in an organization , depends on not just their existence but how they are managed, the cooperation between people, their adaptability, their innovatory capacity, the relationship with customers and suppliers and the experience and learning about what works well and what does not (Johnson and Scholes,2002).

On a broader level, we think of the implementation of a strategic plan as a process whereby management has to "fit" the plan of several different aspects of the organization's operations. A number of fits are needed between strategy and organizational structure, skills and capabilities, allocation of resources, policies and procedures, values and culture, and budgets and programs (Aldag and Stearns, 1987). Organizations operate in uncertain world, the business environment. The environment encapsulates many different influences; the difficulty is making sense of this diversity. Complexity which arises because of many of the separate issues in the business

environment are interconnected for example a technological development such as information changes the nature of work which in turn changes lifestyles, which alters consumer behavior and purchasing patterns for many goods and services. Understanding these connections is important in building a strategic 'picture' of the business environment. Many managers feel that the pace of technological change and the speed of global communications mean mare faster change now than ever before (Johnson and Scholes, 2002).

Building partnerships with the private sector and the business community, along with collaborating with other government agencies is instrumental in developing and implementation of the strategic Plans. Involving relevant stakeholders throughout the strategic planning process is very important to broaden the support for policy and activities, to avoid conflicts and to generate as much support as possible for the implementation of the plan over time. Strategy should be developed through a system of consultations with different stakeholders, creating a wider platform for approval and shared responsibility with other stakeholders. Other added value of stakeholder involvement, include benefit from a wider field of expertise and creativity; an expected wider range of policy options to choose from, leading to more sustainable outcomes; more cost-effective solutions and predictable policy outcomes; less monitoring costs and risk of failure (Ramanujam and Venkatraman, 1987). The strategic plan envisions that attainment of excellent performance will be an indication of an experienced management team in the organizations supported by the experienced board of directors with appropriate and adequate skills to develop and implement well defined and achievable

business strategy; Capacity building is the essence of effective performance. Continuous learning helps staff keep abreast with new developments in the industry and best practices that may be applied in their work environment.

2.2.3 Monitoring and Control

Any effective plan must contain clear verifiable performance indicators and spell out an effective monitoring and evaluation framework. An organization therefore has to have a system of monitoring and control which identifies the key result areas and establish clear, measurable and verifiable performance indicators. Monitoring and controlling consists of those processes performed to observe project execution so that potential problems can be identified in a timely manner and corrective action can be taken, when necessary, to control the execution of the project. The key benefit is that project performance is observed and measured regularly to identify variances from the project management plan.

The basis for the information and control systems required to monitor the progress of the strategic agenda has to clearly defined (Arnaldo and Nicolas, 1996). Monitoring and controlling involves measuring the ongoing project activities (where we are), monitoring the project variables (cost, effort ...) against the project management plan and the project performance baseline (where we should be), identifying corrective actions to properly address issues and risks (How can we get on track again) and implementing the corrective action, (Thompson and Strickland,1992).

On process and analysis improvement, there is a need for an analysis of the value chain in order to determine the nature of the different activities comprising the value chain from
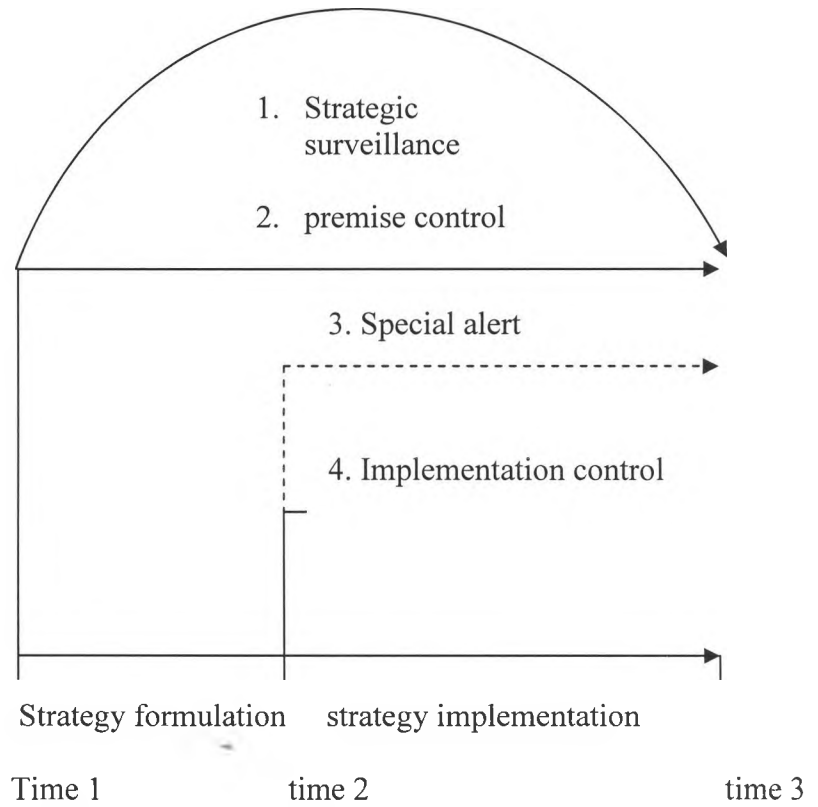
input to output. The analysis is also necessary to determine the possibilities for eliminating bottlenecks and inefficiencies. Furthermore, it determines the possibilities of improving the turnaround time of the process cycle and the timeliness thereof. I may also add that it determines the possibilities of improving the quality of the service and value for money by achieving the same or better result with fewer resources. Lastly, it determines if there is a difference in the costs of service delivery. Once these potential gaps and differences have been analysed, it provides the key for service delivery improvement. Another tool is performance management introduced by Poister and Streib (1999). This provides the opportunity to link individual performance with institutional performance. Institutional key performance areas (strategic and operational plans) should at the very least be linked with the key result areas in the performance agreements of senior managers. These in turn should be cascaded down into the key performance areas of subordinate staff. In defining key performance areas, emphasis should be placed on measurability. Progress with attaining goals linked to the operational plans and performance agreements of staff should be rigorously monitored and reported upon on a regular basis (Arnaldo and Nicolas, 1996).

2.3 Control Models.

The control of a strategy can be characterized as a form of "steering control". Ordinarily a good deal of time elapses between the initial implementation of a strategy and achievement of its intended results. Strategic controls are necessary to steer the firm through these events. They must provide the basis for adapting the firm's strategic actions

and directions in response to these developments and changes, (Pearce and Robinson, 1997). They can be summarized as;

Figure 2.3 Control strategies, Pearce and Robinson (1997).

1. Strategic surveillance
2. premise control
3. Special alert
4. Implementation control

Strategy formulation   strategy implementation

Time 1   time 2   time 3

Source: Adopted from G. Schreogg and H. Steinmann, "Strategic Control: A New Perspective," Academy of Management Review 12, no. 1(1997) page 96.

2.3.1 Premise Control

Every strategy is based on certain planning premises assumptions or predictions. Responsibility for monitoring these premises should be assigned to the person or department that has qualified source of information. Planning premises are primarily concerned with environmental and industrial factors. Premise control is designed to check systematically and continuously whether the premises on which the strategy is based on are still valid. If a vital premise is no longer valid, the strategy may have to be changed. The sooner an invalid premise can be recognized and rejected, the better are the chances that an acceptable shift in the strategy can be devised (Pearce and Robinson, 1997).

2.3.2 Implementation Control

Strategy implementation takes place as a series of steps, programs, investments and moves that occur over and extended time. Special programs are undertaken. Functional areas initiate strategy-related activities. Key people are added or reassigned, resources are mobilized. This type of control is the type of strategic control that must be exercised as those events unfold. Implementation control is designed to assess whether the overall strategy should be changed in the light of the results associated with the incremental actions that implement the overall strategy. Two basic types of implementation controls are; monitoring strategy thrusts and milestone reviews, (Pearce and Robinson, 1997). They view implementation controls as operational controls. To be effective, operational controls must take four steps; set standards of performance, measure actual performance, identify deviations from standards and initiate corrective action (Mintzberg, 1994).

2.3.3 Strategic Surveillance

By their nature, premise and implementation control are focused controls. Strategic surveillance is unfocused and long-term, (Thompson and Strickland, 1995). Organizations are environment dependent. No organization can exist without the environment for their survival and they need to scan the environment in an effort to spot trends and conditions that could eventually affect the industry and adopt to them (Thompson and Strickland, 1993; Aosa, 1992). Strategic surveillance is designed to monitor a broad range of events inside and outside the firm that are likely to affect the course of its strategy.

The basic idea behind strategic surveillance is that important yet unanticipated information may be uncovered by a general monitoring of multiple information sources. Strategic surveillance must be kept as unfocused as possible. It should be a loose "environmental scanning" activity. Trade magazines, The Wall Street Journal, trade conferences, conversations and intended and unintended observations are all subjects of strategic surveillance. Despite its looseness, strategic surveillance provides an ongoing, broad-based vigilance in all in all daily operations that may uncover information relevant to the firm's strategy (Pearce and Robinson, 1997).

2.3.4 Special Alert Control

Special alert control is a subset of premise, implementation and strategic surveillance. Special alert control is the thorough and often rapid reconsideration of a firm's strategy because of a sudden unexpected event for example a political coup, product poisoning drought and so on. Such happening should trigger an immediate intense reassessment of

the firm's strategy and its current strategic position. In many firms, crisis teams handle the firm's initial responses to unforeseen events that may have an immediate impact on its strategy. Increasingly, firms have developed contingency plans along with crisis teams to respond to such circumstance (Pearce and Robinson, 1997).

CHAPTER THREE: RESEARCH METHODOLOGY

3.1 Research Design

The research design here was a case study. Case studies place more emphasis on a full contextual analysis of fewer events or conditions. This enabled the researcher to have an in-depth understanding of the behaviour pattern of the subject matter. An emphasis on detail will provide a valuable insight for evaluation of strategies adopted (Cooper and Schindler, 2003).

3.2 Data Collection

The researcher used both primary and secondary sources to collect data. The primary data was used due to its credibility and ease of control over errors (Copper and Schindler, 2003). In this case, primary data was collected using interviews. A semi-structured interview refers to a context in which the interviewer has a series of questions that are in the general form of an interview schedule but where one is able to vary the sequence of questions. Also, the interviewer usually has some latitude to ask further questions in response to what are seen as significant replies (Bryman, 2004).

Seven respondents were used in this study and these were senior managers because strategic planning is done at the corporate level. The researcher interviewed one respondent from top management, two respondents from Research and Corporate Planning section who are charged with the responsibility of drafting and evaluating the corporate plans and four respondents from the other sections. Secondary data was also

used to supplement the primary data. This was collected from the relevant sources which include corporate plans, annual reports and newsletters.

3.3 Data Analysis

Data analysis for this case study sought to establish the effectiveness of strategic planning. This constituted establishing whether strategic objectives had been met, establishing factors that influenced implementation of strategic plans and establishing how the organization carries out monitoring and evaluation of its strategic plans. This was therefore a qualitative study and thus qualitative data analysis was used. This method constituted content analysis which was used to extract key themes, concepts and arguments. Content analysis has been successfully been used to conduct similar qualitative studies in the past. These include; Mugenda and Mugenda (2003), Odundo (2007) among others.

CHAPTER FOUR: DATA ANALYSIS, RESULTS AND DISCUSSION.

4.1 Introduction

This chapter documents and presents the analysis, interpretation and discussions on the responses by KRA to strategic planning. The study collected qualitative data. In this chapter the data is analyzed, interpreted and discussed. The chapter is organized into four sections according to the study. The response rate of the study was 5 out of the sampled 7 giving a response rate of 71%.

4.2 Demographic Information

4.2.1 Departments

The respondents were from the Research and Corporate Planning, Customs, Domestic Revenue- compliance, Domestic Revenue- audit and Large Tax Payers office. Four of the respondents were in top and middle level management while one was in research and corporate planning.

4.3 Responses from Top and Middle level managers

Respondents were asked to name the strategic goals and objectives as embodied in the strategic plans. Respondents said that strategic goals included; developing a well remunerated, professionally competent staff that internalises and puts into practice the core values of the organization, creation of an enabling work environment, full automation of the authority and ensuring the information technology in the Authority is fully integrated, minimising customer compliance costs and enhancing customer service,

completion of the transition to a fully functional organization and achieving revenue targets by rolling over uncompleted revenue mobilization initiatives, whilst pursuing new revenue and compliance initiatives to maturity. Further they said that strategic goals also involved developing a dedicated professional team, business process reengineering, improving service and enhancing revenue collection.

On their department's individual contribution to the overall objectives of KRA, one respondent from the Large Tax Payers Office-Policy said the section made policy decisions that were aimed at influencing tax collection. In the domestic revenue-compliance department, the respondent said the department was responsible for enhancing compliance by the taxpayer. Further, the customs department facilitated trade and enhanced revenue collection. Finally the domestic revenue- audit department assessed and collected revenue thus enhancing revenue collection.

On whether the strategic objectives were realistic/ achievable, all the respondents agreed since they are tailored to KRA. They are also practical. On the factors influencing implementation of strategic objectives, respondents gave factors such as adequacy of funding, internal processes, internal and external environment. They also said that commitment of the management was a factor influencing the implementation of the strategic objectives. When asked whether the authority had control over these factors, respondents said that KRA did not have control over the resources factor and also political environment. However, respondents said that the authority had control over internal processes and the internal environment.

On how they monitored and evaluated the attainment of strategic goals or objectives, respondents said that they held regular meetings to review the extent to which the goals were being met and also applied the National Monitoring and Evaluation System. Additionally, they also monitored though targets on revenue collection. On the challenges faced when monitoring and evaluating the attainment of strategic goals or objectives, respondents said that inadequate staff and resources especially for field level monitoring and evaluation was a challenge. In addition, respondents said that staff were yet to acquire all the skills in the M& E system while at the same time, some projects were not amenable to effective monitoring.

Respondents were required to give the performance indicators included in the monitoring and control system. From the responses, respondents said that the M&E System was capability of the system to assess progress towards pre-determined objectives, was able to monitor results based on clearly identified indicators that can be objectively assessed, was realistic in results chain from outcomes, outputs and activities, could verify results through documentation and appropriate results, ensured ownership by stakeholders both internal and external so as to maximize the feedback, enhanced continuous learning to allow for improvement and minimize repetition of mistakes.

On the first corporate plan, respondents said that KRA had achieved increased revenue collection, improved service delivery, refocused strategies towards tax evasion and curbing the scourge of illegal drugs and trade. On the achievements of the second

strategic plan, respondents said that the authority had enhanced revenue collection, improved service delivery, modernized internal processes and revitalized human resource. On the specific achievements of the third strategic plan, respondents said that under the human resource, KRA was able to implement two out of the three phases of a revised remuneration package, recruited 120 management trainees annually, introduced performance contracting and cascaded it throughout the management, and enhanced integrity through the implementation of the Corruption Prevention Plans and the setting up of an Internal Affairs Office.

On business re-engineering, information technology initiatives included the modernization of the Customs (CSD) SIMBA 2005 system and its rollout to the stations, introducing additional CSD systems including the (Customs Oil Stocks Information System) COSIS and the Valuation data base, acquisition of cargo X-ray scanners to assist in verification and detection, the automation of the Domestic Taxes Department (DTD) through Integrated Tax Management System (ITMS) and modernizing the Road Transport Department's (RTD) Vehicle Management System (VMS) to allow it to communicate seamlessly with the SIMBA 2005 system. Business processes were improved by implementing the (Revenue Authority Digital Data Exchange) RADDEX which allows for sharing of customs information with Kenya's regional partners, introducing self assessment declarations in customs management and initiating implementation of the one stop border post as part of the East African Trade and Transport initiative. During this period, KRA was also able to review the functional structure of several departments as well as achieve ISO 9001: 2000 certification. On taxpayers' services, KRA enhanced its information technology systems to facilitate

increased taxpayer participation. Taxpayer awareness initiatives were undertaken including education seminars and sector-based stakeholder lectures. The Taxpayers Charter was revised and uploaded on the KRA website. A Time Release Study (TRS) was carried out in 2007 to gauge the level of reduction in release time for imports following implementation of SIMBA.

On enhancing revenue collection and enforcement, the overall revenue targets for the 2006/07 to 2008/09 period were exceeded with revenues growing by 18.2, 20.4 and 14.7 per cent in 2006/07, 2007/08 and 2008/09 respectively, compared to targeted growth of 14.6, 10.1 and 11.5 per cent, respectively. KRA broadened the tax base by segmenting taxpayers and introducing the Turn Over Tax (TOT) to target the small taxpayers. Over 200,000 new taxpayers were recruited over the plan period. Compliance was enhanced through implementing the audit manual for Post Clearance Audit (PCA), introducing excise stamps on wines and spirits, enhanced use of risk profiling and stringent monitoring of district treasuries. Enforcement was improved through the development of an enforcement strategy, upgrading the Investigations and Enforcement (I&E) department, deploying additional enforcement tools such as scanners, electronic cargo tracking equipment and radiation detection equipment among others. A framework for risk profiling was implemented for management of tax refunds to accelerate refunds to compliant taxpayers.

The respondents said that they were satisfied with these achievements although they acknowledged that KRA could do more. Respondents were also asked to give the challenges that the authority faced when attaining these achievements. From the

response, the first corporate plan was faced by challenges like lack of enough resources especially funds and also lack of support from the mother ministry. In addition achievement was also hampered by hostile economic and political environment, high expectations among the stakeholders, computerization, and lack of competency based management practices that combine knowledge, skill and behavior. On the challenges faced by the authority in the attainment of the objectives in the second strategic plan, respondents gave such challenges as resistance to change by the staff and stakeholders, lack of institutionalized monitoring and evaluation system to monitor implementation, minimal staff rationalization and implementation of multi-skilling programme, integrity issues among staff, backlogs of VAT refunds, lack of an anti smuggling capability and a consistent enforcement approach to pursue non compliant taxpayers and poor staff communication channels.

In addition, respondents gave the challenges faced when attaining achievements in the third strategic plan. From the responses, failure of the training programme in adequately addressing skills gaps in specific areas including the petroleum sector, telecommunication among others, was cited. Further, challenges in filling the appraisal forms by staff causing delays in implementation of the recommendations, failure to implement the career development policy, inadequate remuneration and promotions, inadequate working tools and poor working environment at some stations, were cited.

To overcome these challenges, respondents said that for the 1st strategic plan, a revitalization of the workforce through review of terms and conditions of services, establishment of reviews, competency through training and career path development was needed. Further, business processes and procedures modification were necessary,

development of focused taxpayer programs geared at changing taxpayer attitudes towards tax administrators, better implementation of administrative measures to broaden tax base and widen the tax net. Further respondents said that the authority integrated VAT and income tax, Excise Duty Domestic into DTD, implementation of function based structure and the relevant institutional structures, further improvement of the level of computerization and develop and constantly review its human resource policies under the second strategic plan. In the third strategic plan, challenges have been overcome by operationalization of most projects under (Revenue Administration Reform and Modernization Programme) RARMP, the attainment of ISO 9001:2000 standards, disaster recovery and business continuity plan, provision of better working environment for its staff and provision of adequate funding for infrastructure.

4.4 Responses from Research and Corporate Planning Manager

On the role of the department in drafting strategic plans, the respondent said that they are charged with the responsibility of preparing the strategic plans and that they followed the following steps which included; collection and collating stakeholders' views:- both internal and external, utilization of other source of inputs, and technical inputs from KRA departments; reviewing of the previous Corporate Plan; analysis of views obtained; developing draft Corporate Plan; reviewing of findings and actual writing of report; presentation of draft Cooperate Plan to Top Man. For further input; presentation to the Board of Directors for further input and approval; final editing by an external editor; printing and production of copies; launch of the corporate plan; staff sensitization and

implementation; Monitoring and Evaluation; Preparation of M&E Report and; progress reports to Top Management for review and advice In addition, the respondent said that the section's mandate in drafting strategic plans included mapping out strategic directions for the three year period by identifying the key objectives and outcomes.

The respondent agreed that they had a guideline for drafting strategic objectives. He added that the guidelines were issued by the Ministry of State for Planning and National Development and Vision 2030 and then they were modified to suit KRA's needs. On how they were monitoring factors influencing implementation of strategic plans, the respondent said they carried out SWOT analysis and PESTEL analysis by looking at the operating environment. Through SWOT analysis, the strengths, weaknesses, opportunities and Threats of the Authority are analyzed while in PESTEL; the political, environmental, social, technological, economic and legal factors are analyzed.

On how the monitoring and control system works, the respondent said that financially, budgets are prepared. He said that budgets are used to allocate resources and coordinate how assets are deployed. Budgets compare actual results with performance standards. Budgets usually cover short-term (one year or less) and they cover several functional areas. Further, in non-financial areas, a Balanced Scorecard is used. The Balanced Scorecard is designed around the Strategic Plan. Additionally, the Balanced Scorecard will include critical financial measurements. Therefore, the Balanced Scorecard becomes the principal system for evaluation and control of the Strategic Plan.

On how each of the performance indicators included in the monitoring and control system is evaluated, the respondents said that this is possible through a feedback process

which consists of findings, conclusions, recommendations and lessons from the experiences. In addition, the Departmental Monitoring Committee (DMC) and the Research and Corporate Planning Department generate monthly, quarterly, semi-annual and annual reports against all the performance indicators after field audits and surveys. Further the respondent said that they undertake random physical verification of both adverse and outstanding performance and also send out questionnaires to the stake holders for review. The respondent also said they prepared a target results matrix.

- In case a particular performance indicator is not performing, the respondent said that the schedule is changed where the due date is pushed further. In addition, the respondent said that they change the tactics used in implement the strategy. Further the strategy could be changed and finally, a compromise could be reached on the objective. When asked how often the whole system of monitoring and control evaluated is, the respondent said that evaluation is conducted periodically to determine how close individuals are to attaining their objectives.

On the challenges faced when using the monitoring and control system that has been adopted by the authority, the respondent said that some of the challenges included; lack of clearly defined objectives and appropriate indicators of relevance, performance and success. This will limit the ability of monitoring and evaluation to provide critical assessments for decision-making, accountability and learning purposes; time constraints and the quality of monitoring and evaluation. Accurate, adequate information must be generated within a limited time frame. The respondent added that the challenge is greater for KRA. Evaluation conducted by external

consultants; lack of objectivity and independence of evaluators and their findings, evaluators could have their own biases or preconceptions and; inadequate feedback from monitoring and evaluation.

On how to overcome these challenges, the respondent said that any assessment of a programme or project, whether through monitoring or evaluation, must be made vis-à-vis the objectives, i.e. what the interventions aim to achieve. Indicators are the critical link between the objectives (which are stated as results to be achieved) and the types of data that need to be collected and analyzed through monitoring and evaluation. Further, accurate, adequate information must be generated within a limited time frame. In addition, composition of the evaluation team is important in ensuring a balance in views. It is also crucial that evaluators make a distinction between facts and opinions. External evaluators must seek clarification with the concerned parties on matters where there are seeming inconsistencies to ensure the accuracy of the information. This applies particularly to understanding the cultural context of the issues at hand. In cases where opinions diverge, the external evaluators must be willing to consider the views of others in arriving at their own assessments.

The respondent added that it was critical that relevant lessons be made available to the appropriate parties at the proper time. Without good feedback, monitoring and evaluation cannot serve their purposes. In particular, emphasis must be given to drawing lessons that have the potential for broader application, i.e. those that are useful not only to a particular programme or project but also to related interventions in a sector, thematic area or geographical location.

4.5 Discussion

The objective of the study was to find out if KRA is effective in its strategic planning. Most past studies have concentrated on strategic planning (Kimemia, 2006) and implementation (Koske, 2003; Kimeli, 2008) but did not evaluate such plans to find out whether they are effective or not. According to Aldag and Stearns (1987), managers must continually monitor and correct, if necessary, the results of the implemented strategy to guide the organization activities toward achievement of goals. From the research findings, it revealed that KRA has continually monitored and evaluated its strategic plans. From the study, KRA has met most of its strategic objectives in the three strategic plans though it has been faced with a number of challenges which are actually the factors that influence the implementation of its strategic plan and they include lack of funding, external environment, human resources and internal processes. This is in line with Johnson and Scholes (2002), who also cites availability of the resources such as funding, adequate and appropriate human resources, internal processes and the external environment. They said that these factors can be well dealt with through a proper SWOT analysis. Successful strategies are dependent on the organization having the internal strategic capability required for survival and success, (Johnson and Scholes, 2002). Availability of resources in an organization makes it have a competitive advantage over other organizations.

From the study, monitoring and evaluation in the authority is through the use of a balanced scorecard. This is in line with the study done by Mwangi (2006) on the Application of Balanced Scorecard in the Strategy Implementation at KRA. This finding is also in relation to Poister and Streib (1999), who cited performance management as a

method of monitoring and evaluation. They added that performance management provides the opportunity to link individual performance with institutional performance. Institutional key performance areas (strategic and operational plans) are linked with the key result areas in the performance agreements of senior managers. These in turn are cascaded down into the key performance areas of subordinate staff. In defining key performance areas, emphasis is placed on measurability. Progress with attaining goals linked to the operational plans and performance agreements of staff are rigorously monitored and reported upon on a regular basis, this is in agreement with Arnaldo and Nicolas (1996).

CHAPTER FIVE: SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1: Introduction

The general objective of this study was to evaluate strategic planning at Kenya Revenue Authority (up to the third strategic plan). This chapter provides the summary of findings, the conclusions derived and the recommendations suggested.

5.2 Summary of Findings

5.2.1 Kenya Revenue Authority's strategic goals and objectives

From the study, it emerged that KRA had met most of its strategic goals although there were some challenges. In the first corporate plan, KRA was able to accomplish much in terms of revenue, tax administration, service delivery, services integration, curbing illegal drugs and trade and tackling tax evasion. In the second strategic plan, KRA exceeded the revenue target in 2003/04 and 2004/05, restructured from a tax based to functional structure which increased service satisfaction to 69% in 2004/05 from 40% in 2003/04, in house modernization with the implementation of Simba 2005 System and revitalized the workforce through inculcating performance management. Under the third strategic plan, KRA was able to achieve successful implementation of capacity building initiatives among its employees, modernizing its IT systems, increasing service options for its clients and improved revenue growth of 17.2% over 2006/07 to 2008/09 exceeding the forecast rate of 12% contained in the Budget Strategy Paper 2006/07 to 2008/09.

5.2.2 Factors that influence implementation of Kenya Revenue Authority's strategic plans.

From the study, the first corporate plan was affected by suspension of program financing by the development partners while the prospects of revenue generation were unfavorable. In that period, the authority operated in a very dynamic environment including the emergence of trading blocs and the ratification of the World Trade Organization (WTO) which reduced the reliance on import duties. From the study, other factors included economic, political and technological challenges.

The study further established that under the second strategic plan, factors that influenced the implementation of KRA's strategic plan included the dynamics of a continuously changing operating environment including political, socio-economic, legal, human resources and information technology. Under the third strategic plan, the study established that funding, internal processes, internal environment and the external environment influenced the implementation of the strategic objectives.

5.2.3 Kenya Revenue Authority's monitoring and evaluation of its strategic plans.

From the study, KRA had carried out monitoring and evaluation of its three strategic plans. In the first corporate plan, monitoring and evaluation was carried out using the Balanced Scorecard model which targeted four areas which included revenue collection and finance, service delivery to taxpayers, internal processes and human resources. From

these areas, key result areas were identified and clear, measurable and verifiable performance indicators established.

Under the second strategic plan, monitoring and evaluation was carried out through a feedback process consisting of findings, conclusions, recommendations and lessons from experience. Further, to enhance the use of participatory monitoring mechanisms, the Departmental Monitoring Committee (DMC) and the Research and Corporate Planning Department (R&CP) were jointly charged with the implementation, monitoring and evaluation of the corporate plan with special emphasis on results based management laying the basis for substantive accountability and performance effectiveness. Consequently reports were prepared. In addition, the annual business planning and evaluation process was put in place. Under this each department, in consultation with its staff and R&CPD, developed an annual business plan under which it prioritized objectives and strategies set out in the plan's strategic direction. Progress on implementation was then monitored and reported on an ongoing basis to Top Management and the Board of Directors.

The R&CP ensured that the process underpins all activities and facilitates measurement of achievement of the plan's objectives. Internal Audit, Custom Clearance Audit, Control Verification Unit and other technical audits processes played a key role in ensuring that the systems, procedures and controls were of the highest standards. Value for money (VFM) function carried specific examination to ensure optimization of return on resources comprising the authority's input. A revamped MIS facilitated more effective sharing of information and better exploitation of available data. A rigorous evaluation of

resource allocation, as cost and performance geared towards better decision making on resources allocation was employed.

Under the third strategic plan, KRA put in place a monitoring and evaluation system. From this an M&E function was set up that was coordinated by new programmes office reporting to the Commissioner General. This department was responsible for preparing monthly, quarterly, semi annual and annual corporate plan monitoring timetables for all departments and producing standardized reporting formats after which they would submit them back to the programmes office for consolidation. These reports will then be submitted to the steering committee of the RARMP which had its mandate expanded to include report reviews.

5.3 Conclusion

From the findings of the study, KRA have met most of its strategic goals and objectives across the three strategic plans. This has seen the authority increase its revenue collections, improve service delivery; revitalize human resource capacity and efficient and effective internal processes through modernization. In addition, the implementation of Kenya Revenue Authority's strategic plan has been influenced by various factors which include external and internal factors. External factors include political, economic and technological factors while internal factors include internal processes, lack of funding, human resource and corruption among others. From the study, KRA carries out monitoring and evaluation of its strategic plans. This has been done through the use of a balanced score card, a feedback process and through a monitoring and evaluation system.

5.4 Recommendations

In view of the heavy investments involved in implementing projects, there should be adequate preparations and proper handover procedures before deployment of the projects. In addition, proper M&E mechanism should be instituted after deployment and be reviewed regularly to ensure implementation is on track.

KRA will need to keep three things in mind when implementing any of the strategies identified to meet its business priorities – budget, measurement and compensation. The authority will need a budget in which to measure against in determining financial success. However, this is set by the Ministry of Finance and therefore has no control. In addition to measuring financial success, the authority will need to review and/or rethink what traits, skills and behaviors it will need to attain success as an organization. Individual performance measurements will need to be closely aligned with strategic business priorities. Once this process has been accomplished, the authority will need to provide individual and team incentives for risk and growth, and budget accordingly. Part of the compensation process will also need to include performance objectives, measurements of success and timeframe for completion.

To set the performance objectives, tactical and action plans will need to be created and communicated to the staff. Tactical and action plans (operational controls) will be the tools used to attain the business priorities that have been established. Tactical and action plans will be used across all business disciplines –revenue, finance, marketing, human resources, etc. All plans of action must be reviewed and evaluated to ensure that the organization's business priorities are being met.

5.5 Limitations of the Study

In terms of methodology, this study has several potential limitations. First, this study relied on self-reported and reflective recollection of the indicators of the constructs in this study by employees who volunteered their participation. Because of the perceptual nature of the data, there is the possibility of a percept-percept bias. Second, this study confines itself to a case study method, which leaves room for speculation with regard to causality among the variables. Descriptive research would better substantiate the conclusions of this study. In addition, the sample of this study, consisting mostly of highly educated managers, is likely restricted to a certain group with similar demographic characteristics. Further, the sample size used in the study could be considered to be not representative enough.

In addition, Strategic Planning will not identify all critical issues related to the organization. Strategic Planning attempts to identify the most significant issues that will confront the organization. By focusing on major issues, strategic plans minimize the detail and thereby lessen the chances for successful implementation.

5.6 Suggestions for further research

To solve the limitations above, methodologically, further research needs to be based on objective indicators and multiple sources. In addition, there should be more longitudinal studies with comparison groups, so that causality can be fully established. Finally, to increase generalization of this study, more studies in various industries representing diverse demographic cohorts are needed. More specific, this study focused on knowledge workers with a higher educational level. The results might vary by the cohorts in different educational levels. More research in different educational backgrounds is recommended.

The findings of this research could be considered incomplete because of the possibility for other moderating and mediating variables in the relationships between the suggested constructs. Further research should continue to examine other personal dispositional difference factors and other contextual factors of the work environment.

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APPENDIX I: INTRODUCTION LETTER TO RESPONDENTS

Dear Respondent,

I am a MBA student at the University of Nairobi. In partial fulfillment of the course requirements, I am conducting a study **"Evaluation of Strategic Planning at KRA."** I would appreciate if you could spare a few minutes of your time to answer the questions that I will ask you using an interview guide.

The information in this interview guide will be strictly confidential. The information will not be used for any other purpose other than for this research. Your assistance in facilitating the same will be highly appreciated.

Thank you in advance.

Doris Namayi Oriko   **Prof. E. Aosa**

MBA Student   Supervisor

APPENDIX II: INTERVIEW GUIDE

Note: The information gathered from this interview will be treated with utmost confidentiality and will be used for academic purposes only.

(Research and Corporate Planning)

1. What is your role in drafting strategic plans?

2. What is your mandate as a section in drafting strategic plans?

3. Do you have a guideline for drafting the strategic objectives?

4. How do you monitor the factors influencing implementation of strategic plans at KRA?

5. What do you do to ensure that these factors do not hinder the implementation of strategic plan?

6. How does the system of monitoring and control operate?

7. How is each performance indicator included in the monitoring and control system evaluated?

8. In case a particular performance indicator is not performing, how is it corrected?

9. How often is the whole system of monitoring and control evaluated to ensure it remains effective?

10. What are the challenges faced when using the monitoring and control system that has been adopted by the authority?

11. How can such challenges be overcome?

12. What are the achievements that have resulted from strategic planning?

13. Are you satisfied with these achievements?

14. If no, what can the Authority do to ensure maximum achievements?

16. What are the challenges that the Authority faced when attaining the achievements?

17. How can it overcome these challenges?

18. Is there any other information you may want to share that I could have left out?

(Top management and middle level managers)

1. What are the strategic goals and objectives as embodied in the strategic plans?

2. What is your contribution as a section to the overall objectives of KRA?

3. Are the strategic objectives realistic/ achievable?

4. What are the factors that influence implementation of strategic objectives?

5. Does the authority have control over the mentioned factors?

6. How do you monitor and evaluate attainment of strategic goals or objectives?

7. What are the challenges faced when monitoring and evaluating the attainment of strategic goals or objectives?

8. What are the performance indicators included in the monitoring and control system?

9. Are the controls/ indicators embodied in the strategic plans proper?

10. If no, what can be done to the controls to make the system effective?

11. What are the achievements that have resulted from strategic planning?

12. Are you satisfied with these achievements?

13. If no, what can the Authority do to ensure maximum achievements?

14. What are the challenges that the Authority faced when attaining the achievements?

15. How can it overcome these challenges?

16. Is there any other information you may want to share that I could have left out?

THANK YOU FOR YOUR CO-OPERATION.