EFFECT OF STRATEGIC RESPONSES ON KENYA REVENUE AUTHORITY OPERATIONAL PERFORMANCE

BY

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NOVEMBER, 2013
Declaration

Declaration by the Candidate

I hereby declare that this research project is my original work and has not been submitted to any other university for the award of a degree.

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Dedication

This research project is dedicated to my family. To my dear wife Mercy and our sons Ryan and Dylan who endured many days of my absence as I tried to complete this assignment.
Acknowledgement

I have a special appreciation to God for life and the good health he gave me throughout this assignment. Though him all things are possible.

I wish to acknowledge the invaluable support of my dear wife Mercy and our sons Ryan and Dylan who endured many days of my absence as I tried to complete this assignment. To my parents, brothers and sisters, your words of encouragement moved mountains, and to my friends, who contributed in various ways, love you all.

I have a special mention for my supervisor, Mr. Rugami Maina for his patience and advice throughout. I am greatly indebted to him for his guidance, support and the timely comments to this project. To the teaching fraternity, your words of encouragement and pieces of advice were very crucial.
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### Abbreviations

<table>
<thead>
<tr>
<th>Acronym</th>
<th>Full Form</th>
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<tbody>
<tr>
<td>CRM</td>
<td>Customer Relations Management</td>
</tr>
<tr>
<td>FIEs</td>
<td>Foreign Investment Enterprises</td>
</tr>
<tr>
<td>ICT</td>
<td>Information and Communication Technologies</td>
</tr>
<tr>
<td>KRA</td>
<td>Kenya Revenue Authority</td>
</tr>
<tr>
<td>ROA</td>
<td>Return on Assets</td>
</tr>
<tr>
<td>ROE</td>
<td>Return on Equity</td>
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<tr>
<td>ROI</td>
<td>Return on Investments</td>
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<tr>
<td>SOEs</td>
<td>State-Owned Manufacturing Enterprises</td>
</tr>
<tr>
<td>SPSS</td>
<td>Statistical Package for Social Sciences</td>
</tr>
<tr>
<td>VESI</td>
<td>Vietnam Employee Survey Instrument</td>
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DEFINITION OF KEY TERMS

Financial Performance- A subjective measure of how well a firm can use assets from its primary mode of business and generate revenues. This term is also used as a general measure of a firm's overall financial health over a given period of time, and can be used to compare similar firms across the same industry or to compare industries or sectors in aggregation.

ICTs- It refers to technologies that provide access to information through telecommunications. It is similar to Information Technology (IT), but focuses primarily on communication technologies. This includes the Internet, wireless networks, cell phones, and other communication mediums.

Operational Performance- The alignment of the various business units within a company in order to ensure that the units are helping the company achieve a centralized set of goals.

Response- an act of responding

Strategy- Strategy is the management’s game plan for strengthening the performance of the enterprise. It is the direction and scope of an organization over the long-term: which achieves advantage for the organization through its configuration of resources within a challenging environment, to meet the needs of markets and to fulfill stakeholder expectations (business growth, financial performance and market leadership)

Strategic responses- Strategic response refers to a reaction that is well planned and directed towards a particular change that has occurred or is expected to occur. They are the game plans aimed at strengthening performances adopted by an organization in responding to the environmental challenges.

Training- in simple terms training is an activity that changes people’s behavior. Increased productivity is often said to be the most important reason for training.
Abstract

Certain strategic responses argue that a firm’s superior performance mostly results from its strategic choice that provides the firm a better positioning in the industry structure. The purpose of this study was to establish the effect of strategic responses such as ICT development, staff training, customer relationship management and strategic alliances on operational performance of Kenya Revenue Authority. The research design used for this study was descriptive survey design. The population of this study was top management, middle management and supervisory employees of Kenya Revenue Authority and who have been with the institution for a minimum period of one year. Data was collected by use questionnaires. The questionnaire consisted of structured closed ended statements. Data was analyzed mainly by use of descriptive and inferential statistics. Descriptive statistics included mode, mean, median, standard deviation. Inferential statistical techniques like correlation and regression coefficients were used to draw a causal relationship between the various strategic responses and performance. Data was presented by use of graphs, pie charts and tables. Correlation results indicated that ICT, staff training, customer relationship management and strategic partnership practices in KRA positively affects performance. Further regression results indicated that customer relationship management and strategic alliance were significant with positive correlations. The latter implied that an increase in effectiveness of ICT, staff training, customer relationship management and strategic partnership practices will lead to an increase in KRA’s performance. The study provided recommendations to the management of Kenya Revenue Authority to put more emphasis on staff training and continuously carry out training to employers through seminars or other professional interaction programs to facilitate employees to maintain high competency in their field of specialization. KRA needs to align its strategic alliance in accordance to the objective it needs to. In addition, that clear reporting lines should be put in place to avoid miscommunication. Further recommendation for KRA and other public institution have to emphasize on the need to develop their technology and customer relationship management with the objective of increasing their revenues.
CHAPTER ONE: INTRODUCTION

1.1 Background

To succeed in an industry, an organization must select a mode of strategic behavior which matches the levels of environmental turbulence, and develop a resource capability which complements the chosen mode (Acur and Englyst, 2006). Manimala (2011) and Aboagye-Debrah (2007) identify three distinct modes of strategic behavior. The first group of strategic behavior consists of organizations that are reactive and driven by their environment. A second group is pre-emptive and seeks to anticipate future events and prepare for them while the third group exhibits the most aggressive stance; not only do they seek to identify future scenarios, they actually work to bring these about. The classification of strategic behavior is supported by several theories which include the resource dependence theory, the institutional theory and a continuum of theories that border between resource dependency and institutional theories. In line with these theories, one can identify the context and content in which certain strategic responses and behaviors are appropriate.

Firstly, the activity-position view argues that the firm’s superior performance mostly results from its strategic choice that provides the firm a better positioning in the industry structure (Porter, 1980; 1985; 1991; 1996; Ghemawat & Rivkin, 2001). Porter (1980) argues that the strategic choice is determined by a range of competitive forces: the bargaining power of customers, the bargaining power of suppliers, and the intensity of rivalry amongst firms in the industry, the threat of substitute products, and the threat of new entrants into the industry. Thus, in this view, competitive advantage is achieved by fitting the role that can meet the industry-specific position. In particular, Porter (1996) emphasizes that competitive advantage resides in business activities and activity systems, rather than firm resources.

Secondly, the resource-based view holds that dissimilar resource endowments result in distinctive competitive advantage and different performances between firms (e.g., Barney, 1991; Wernerfelt, 1984; Peteraf & Barney, 2003). According to this view, the
primary resources regarding a firm’s competitive advantage include its physical assets, financial capital, human resources, organizational systems, technology and knowledge, and intangible assets (e.g., trademark, patent, copyright, and goodwill). In particular, Barney (1991) indicates that a firm’s sustained competitive advantage results from its strategic resources that are valuable, rare, imperfectly imitable, and non-substitutable. This view focuses on a firm’s internal attributes, especially its strategic resources (Peteraf & Barney, 2003).

1.1.1 Strategic Response

Strategy is the management’s game plan for strengthening the performance of the enterprise. It is the direction and scope of an organization over the long-term: which achieves advantage for the organization through its configuration of resources within a challenging environment, to meet the needs of markets and to fulfill stakeholder expectations (business growth, financial performance and market leadership). It is a framework that guides those choices that determine the nature and direction of an organization (Hooley, Peircy, & Nikolaud, 2008). Without a strategy, the management has got no roadmap to guide them.

Kim and McIntoch (2002) assert that rapid technological change, easier entry by foreign competitors, and the accelerating breakdown of traditional industry boundaries subject firms to new, unpredictable competitive forces. Contemporary firms, operating in dynamic market contexts, often deal with these contingencies by implementing strategies that permit quick reconfiguration and redeployment of assets to deal with environmental change. Manimala (2011) asserted that strategic responses to environmental changes were mainly around improving quality and productivity, reducing costs, restructuring and culture-building, rather than finding partnerships and assistance from across the newly opened boundaries. The findings suggest that competition does have an impact on self-improvements and that the primary impetus for strategy making is from one’s own internal strengths than from the environment.
A company has competitive advantage whenever it has an edge over its rivals in securing customers and defending against competitive forces (Thompson & Strickland, 2002). Sustainable competitive advantage is born out of core competencies that yield long-term benefit to the company. Prahalad and Hamel (1990) define a core competence as an area of specialized expertise that is the result of harmonizing complex streams of technology and work activity. They further explain that a core competence has three characteristics first it provides access to a wide variety of markets, secondly it increases perceived customer benefits and lastly it is hard for competitors to imitate. Sources of competitive advantage include high quality products, superior customer service and achieving lower costs than its rivals. The strategy of an organization involves matching its corporate objectives and its available resources. In this development of strategy, managers are concerned with reconciling the business the organization is in with the allocation of resources. This allocation process is concerned with the general purposes of an organization, whether it is part of the grand plan, the overall objectives or a strategy designed to keep the organization in business (Tim and Hannagan, 2005).

1.1.2 Kenya Revenue Authority

Kenya Revenue Authority (KRA) was formed in 1995 as a semi-autonomous government agency with the overall objective to provide operational autonomy in revenue administration. The Commissioner General is the Chief Executive, and reports to an independent Board of Directors. However, the Minister for Finance is responsible for policy direction, since KRA is an agent of the Government of Kenya. During its formation KRA brought together the then Departments of Income Tax, Value Added Tax, Customs and Excise which were departments from the Ministry of Finance as well as the Road Transport Department which was from the Ministry of Transport.

During its earlier years of its inception KRA faced daunting challenges in terms of poor operating procedures and undocumented internal business processes. It also faced poor and inadequate use of ICT in its operations. There were also challenges of a negative corporate culture, lack of integration and collaboration among the revenue collecting departments, poor work ethic from its workforce leading to poor levels of integrity
among staff and a poor public image from external publics. The non integration of departments lead to lack of a common corporate culture, lack of synergy in operations and duplication of efforts and structures due to poor organization structure based on tax heads rather than on functional lines. A June 2002 report by Transparency International – Kenya ranked KRA 14th out of a sample of 50 public institutions on corruption, this meant that the organization was facing serious staff integrity challenges.

1.2 Statement of the Problem

To succeed in an industry, an organization must select a mode of strategic behavior which matches the levels of environmental turbulence, and develop a resource capability which complements the chosen mode (Acur and Englyst, 2006). A company has competitive advantage whenever it has an edge over its rivals in securing customers and defending against competitive forces (Thompson & Strickland, 2002). Sustainable competitive advantage is born out of core competencies that yield long-term benefit to the company.

Several studies on strategic responses of organizations have been conducted. These studies include, Oliver (1991) who offered a typology of strategic responses that vary in active organizations: from resistance, passive, conformity to proactive manipulation. However, the study did not address the strategic responses that are adopted by KRA in Kenya and the impact of such strategies on the performance. Munir, Baird and Perera (2011) conducted a study on the strategic responses adopted by the banking sector but failed to address the strategic responses adopted by KRA in Kenya and the impact of such strategies on the performance of the organization.

Local studies such as Mutua (2010) dwelt on strategic responses by the deposit protection fund (DPF) board to changes in the external environment. The study had gaps since it did not link strategic responses to the performance of KRA in Kenya. Njihia (2009) investigated the strategic responses of Kenya Commercial Bank limited to changes in the Kenyan banking industry but ignored the strategic responses adopted by KRA in Kenya and the impact of such strategies on the performance of the firm. Other

Although the above reviewed studies made important contributions on various aspects on organizations, they suffer from conceptual and contextual gaps since they did not address the adoption of strategic responses by Kenya revenue authority and the impact of such strategies on the performance. This is the research gap that this study wishes to address. The study sought to determine answers to the following question; what is the effect of strategic responses on the operational performance of Kenya revenue authority?

1.3 Research Objective

The general objective of this study was to establish the effect of strategic responses on the operational performance of Kenya Revenue Authority.

1.3.1 Specific Objectives

The study pursued the following specific objectives

i. To establish the effect of staff training on the operational performance of Kenya Revenue Authority

ii. To determine the effect of ICT deployment on the operational performance of Kenya Revenue Authority

iii. To establish the effect of customer relations management on the operational performance of Kenya Revenue Authority

iv. To determine the effect of strategic partners’ management on the operational performance of Kenya Revenue Authority
1.4 Research Questions

i. What is the effect of staff training on the operational performance of Kenya Revenue Authority?

ii. Does ICT deployment influence the operational performance of Kenya Revenue Authority?

iii. How does Customer relations management influence the operational performance of Kenya Revenue Authority?

iv. To what extent does strategic partners’ management influence the operational performance of Kenya Revenue Authority?

1.5 Scope of the Study

The study focused on Kenya revenue authority. The study targeted all the management and supervisory cadre employees at Kenya Revenue Authority.

1.6 Significance of the Study

The study is of importance to the management and staff of the KRA as it gives feedback on their effectiveness of the implemented strategies in achieving intended goals and objectives. It is also useful to members of other tax authorities, agencies and public organizations intending to implement strategy planning in their organizations.

To KRA stakeholders and other members of the public to warrant their continued support and help steer the Kenya Revenue Authority to greater heights. The study findings may also help the government regulators and the policy makers as they can use the finding as reference for policy guidelines on strategic responses in the public institutions and parastatals. They will be able to use the findings of the study to formulate viable policy documents that effectively will in turn boost productivity. These may relate to regulating those aspects that threaten to adversely impact on the operations and development of such organizations.
Finally to academicians and other researchers will find this study useful as a point of reference and indeed to add to the existing body of knowledge by further research on this area.
CHAPTER TWO: LITERATURE REVIEW

2.1 Introduction

The chapter discusses the theoretical review and the frameworks that explain the effect of strategic responses on the performance as well as the empirical studies that have been done on the area both in the private as well as the public sector. A conceptual framework is then developed from a review of existing studies.

2.2 Theoretical Literature

This section reviews theoretical foundations that discuss and explain strategic responses. The theories assist in appreciating how various strategic responses affect the performance of firms specifically in Kenya Revenue Authority. The theories discussed are the resource based theory, systems theory, institutional theory and agency theory.

2.2.1 Institutional Theory

The basic concepts and premises of the institutional theory approach provide useful guidelines for analyzing organization-environment relationships with an emphasis on the social rules, expectations, norms, and values as the sources of pressure on organizations. This theory is built on the concept of legitimacy rather than efficiency or effectiveness as the primary organizational goal (Doug and Scott, 2004). The environment is conceptualized as the —organizational field, represented by institutions that may include regulatory structures, governmental agencies, courts, professionals, professional norms, interest groups, public opinion, laws, rules, and social values. Institutional theory assumes that an organization conforms to its environment. There are, however, some fundamental aspects of organizational environments and activities not fully addressed by institutional theory that make the approach problematic for fully understanding credit reference bureaus and their environment: the organization being dependent on external resources and the organization’s ability to adapt to or even change its environment (Doug and Scott, 2004).
Researcher such as Meyer and Rowan (1991), DiMaggio and Powell (1983) are some of the institutional theorists who assert that the institutional environment can strongly influence the development of formal structures in an organization, often more profoundly than market pressures. Innovative structures that improve technical efficiency in early-adopting organizations are legitimized in the environment. Ultimately these innovations reach a level of legitimization where failure to adopt them is seen as "irrational and negligent" (or they become legal mandates). At this point new and existing organizations will adopt the structural form even if the form doesn't improve efficiency.

2.2.2 Resource Dependency Theory

The failure of the institutional theory to fully explain the dependency of organization on external resources and the organization’s ability to adapt to or even change its environment leaves rooms for a better theory, the resource dependency theory. Resource dependence theory has dealt more aggressively with these two issues. It proceeds from the indisputable open-systems proposition that organizations are not able to internally generate all the resources and/or functions required to maintain themselves and therefore must enter into exchange transactions and relations with elements in the environment to ensure a stable flow of resources and services. Further, resource dependence theory provides a wide range of possible adaptation strategies. However, resource dependence theory does not consider the issue of social and cultural mood in the organizational environment, which is an issue that is addressed by institutional theory (Pfeffer and Salancik, 1978).

2.2.3 Agency Theory

Agency theory addresses the Agency issue in which one party (the principal) delegates work to another (the agent), who performs that work (Jensen & Meckling, 1976). There is an agency relationship when the actions of one individual affect both his welfare and that of another person in an explicit or implicit contractual relationship. The individual who undertakes the actions is the agent and the person whose welfare (utility), measured
in monetary terms, is affected by the agent's actions is called the principal (Akaranga, 2010).

The typical case of agency relationship is the one that exists between an employer (the principal) and his employee (the agent). In an agency relationship, the principal wants the agent to act in the principal's interest. However, the agent is expected to have his own interest and consequently, he may not act in the principal's best interests. An agency relationship is a contract under which one or more persons (the principal), engage another person (the agent) to perform some service on their behalf which involves delegating some decision making Authority to the agent. If both parties to the relationships are utility maximizers, there is a good reason to believe that the agent will not always act in the best interests of the principal (Jensen & Meckling, 1976).

Then, the principal's problem is consequently to design an incentive contract that induces the agent to undertake actions that will maximize the principal's welfare. However, both the principal and agent are confronted with uncertainty. This uncertainty may appear in various ways. First, the principal is uncertain about actions undertaken by the agent and/or information held by the agent. The mainstream-economic theory terms the principal's uncertainty state asymmetric information. There is a state of asymmetric information because the agent holds information that the principal does not have.

Second, uncertainty bears on the outcomes of the agent's actions. An agent is uncertain about the outcomes of his actions. For the principal, this latter phenomenon manifests itself more precisely in the fact that the principal is uncertain about the causality between agent's actions and the outcomes. This state of uncertainty and the resulting state of asymmetric information that exists between the principal and his agent impose certain constraints which complicate the forming of the contract (Artley, 2001; United Nations, 1999; Akaranga, 2010)

2.2.4 Systems Theory

Systems theory springs from biology and its content free and applicable to many fields of study. Systems theory can be defined as a working hypothesis, the main function of
which is to provide a theoretical model for explaining, predicting, and controlling phenomenon (Bertalanffy, 1962). One common element of all systems is described by Kuhn (1974) as knowing one part of a system enables us to know something about another part. The information content or a piece of information is proportional to the amount of information that can be inferred from the information (Kuhn, 1974). Systems can be either controlled (cybernetic) or uncontrolled. In controlled systems information is sensed, and changes are effected in response to the information. Kuhn (1974) refers to this as the detector, selector, and effect or on functions of the system.

The detector is concerned with the communication of information between systems. The selector is defined by the rules that the system uses to make decisions and the effect or is the means by which transactions are made between systems. Communication and transaction are the only intersystem interactions. Communication is the exchange of information, while transaction involves the exchange of matter-energy. All organizational and social interactions involve communication and/or transaction.

Kuhn's model stresses that the role of decision is to move a system towards equilibrium. Communication and transaction provide the vehicle for a system to achieve equilibrium. "Culture is communicated, learned patterns... and society is a collective of people having a common body and process of culture". A subculture can be defined only relative to the current focus of attention. When society is viewed as a system, culture is seen as a pattern in the system. Social analysis is the study of communicated, learned patterns common to relatively large groups (of people) (Kuhn, 1974).

2.3 Empirical Literature Review

This section reviews literature from prior scholars regarding the effect of financial performance on shareholders’ value from various contexts
2.3.1 Staff Training and Organization Performance

Ng and Siu (2004) collected data on 800 state-owned manufacturing enterprises and non-state-owned manufacturing enterprises from a survey in Shanghai to assess the effects of training on firm performance. The study by Ng and Siu (2004) estimated the impact of training on firm performance in SOEs and non-SOEs. They found that managerial training had a positive and significant effect on sales in both SOEs and non-SOEs. However, technical training made no contribution to firm productivity. The study also indicated that training objectives have three major dimensions, namely enhancing working relationships, tackling skill deficiencies, and skill development. In addition, SOEs tend to focus more on skill development whereas non-SOEs concentrate on enhancing both working relationships and skill development.

Thang and Quang (2005) used data from a study of 137 cross-sector enterprises to estimate the impact of training on firm performance. The survey was conducted in 2003. They found that there was a positive association of training with market share and organizational performance. In a follow-up paper, Thang and Quang’s (2005) indicated that (FIEs) tended to provide more on-the-job training than other types of enterprises. However, off the job training was preferred less by FIEs than by SOEs.

Thang, Thu and Buyens (2008) studied the impact of training programmes on firm performance by using the data from the VESI 2007. From a survey of 196 companies, the major findings indicated that the companies which implemented training in 2006 had increased sales and productivity (0.18 percent) in manufacturing companies. In addition, manufacturing companies which implemented training programmes after 2005 increased of 0.32 percent in total sales and productivity per year between 2005 and 2006. However, the authors found no statistically significant effect on 2005-2006 percentage change in sales and productivity of nonmanufacturing companies if these companies provided training after 2005. The survey result also shows that manufacturing companies have been solely focusing on training for technical engineers. The econometric analysis method in this study which assisted the authors in overcoming the limitations of estimation depends on the accuracy of the assumption regarding the cost
of training and the accuracy of the subjective estimates of firm performance (Bartel, 2000).

Omole (2004) and Akintayo (2011) argue that in Nigeria for example, individual’s firms and companies have started making various attempts at training the required skilled manpower. Industries like the Nigerian Port Authority, Nigerian Telecommunication Limited and Banking industries have taken their turns to have their training schools. The author further contends that the Government and its various agencies, also realizing the importance of training, and has virtually set-up various training schools for human resource development. This is buttressed by the Nigerian National Policy on Education, Section 52, Sub-section 4 (2004) which states that; “For all classes of workers, different kinds of in-service training course, seminars, conference or workshops should be arranged on a continuing basis, so that all workers may attain greater proficiency in their works”.

On-the-job training, according to Akintayo (2011), Fajana (2004), Lyod and Reynolds (1994), is particularly for all levels of employees being employed to achieve certain specified organizational goals. The authors maintain that the individual employee becomes accustomed to the machinery and materials that he will use in his subsequent work and to learn in the same physical and social environment. The point of view of these authors tends to suggest that on-the-job training is a specific form of job instruction, geared toward imparting and acquiring those skills and attitudes needed by the workers to perform particular function effectively. On the other hand, the off-the-job training method as perceived by Zymelman (2000) differs from the former in that, it occurs in a location removed from production or a revenue earning environment. Thus, workers trained outside the working place tend to acquire skills for proficiency and effectiveness on the job (Olaniyi, 2006).

Emojong (2004) in his work; In-Service Training Programs and their effects on the performance of staff at the Uganda Revenue Authority, emphasized the need for on-job training, short seminars and team building workshops as programs that increase the employees performance. Without the right training, employees can be the organization’s
biggest liability. Trained effectively, however, they can become a firm’s biggest asset (Bartram and Gibson, 2008). Rosner (2009) adds another ingredient for success – support after training. He states, “The most effective programs train workers in new behaviors and then train managers to support employees as they apply learning daily (Rosner, 2009). Support and endorsement from management can greatly enhance training results. One can conclude that training is not always the answer, and when it is the answer, it has to be the right training.

A number of studies indicate that employee training has a positive impact on corporate performance. They generally test the hypothesis that, by improving the competency of employees, training also improves their productivity, which is reflected in an improvement in the firm’s performance. Betcherman, McMullen and Davidman (2008) concluded that firms that have training programs tended to perform better in terms of productivity, revenues, profitability, viability and prospects. Saks et al. (2008) also found a positive relation between training and productivity, profit, revenue and client satisfaction, a relation that is more significant when the training is accompanied by incentives for the employees.

A number of researchers (Barrett and O'Connell (2001); Faems, et al. (2005); Zwick (2006) have tried to estimate the impact of training on productivity, whereas other researchers have studied the effect of training on sales (Ahmad and Schroeder (2003); Rodriguez and Ventura (2003); Garcia (2005). For instance, whereas Barrett and O'Connell (2001) found that training can have positive effects on productivity (value added per worker), Garcia (2005) demonstrated that training led to an increase in sales, quality and customer satisfaction.

Other previous studies have examined the influence of training on financial performance indicators such as ROI, ROA, ROE or market shares (Paul and Anantharaman (2003); Bernthal and Wellins (2006). For example, Paul and Anantharaman (2003) found that training had a positive and significant effect on ROI, whereas Bernthal and Wellins (2006) estimated impact of training on both ROA and ROE indicators. Most of these studies estimated the effects of training not only on financial performance, but also on
Various studies have examined the impact of training on non-financial performance as turnover, quality, absenteeism and customer satisfaction. With respect to turnover, Bishop (2007), in his study on newly hires showed that formal training led to lower labour turnover, whereas Krueger and Rouse (2008) reported that reading, writing and mathematics training had a positive effect on turnover. A majority of other studies also found that training had a positive effect on labour turnover. These results suggest that turnover has a powerful effect on employer decisions to provide training to employees. High turnover implies that investment in training for their employees is inefficient because many of those trained moved to other companies. Thus, companies may pay quite a high price for this turnover in terms of lower sales.

Other studies have estimated the impact of training on quality, absenteeism, and customer satisfaction. One possible explanation why these non financial performance indicators were more popular is that when considering the competitive advantages that a firm is thought to possess people usually think about high quality or justifying the customer's needs. Thus, many studies have tried to measure firm performance by these indicators, for instance, Ghebregiorgis and Karsten (2007) and Krueger and Rouse (1998) demonstrated that training had a strong effect on absenteeism rate reduction. Aragon- Sanchez, Barba-Aragon and Sanz-Valle (2003), and Katou and Budhwar (2007) found that training has a positive effect on quality, whereas Ely (2004) reported that training has a significant and positive effect on customer satisfaction.

To summarize, it is not surprising that firms invest in training in order to improve both financial and non-financial performance. However, when these studies measure the impact of training on non-financial performance by a subjective method (e.g., workers' reactions to the training, impact of training on workers' behaviour), the results of these studies may not be totally accurate.
2.3.2 ICT Deployment and Organization Performance

Information and Communication Technologies (ICTs) may be viewed in different ways. The World Bank defines ICTs as “the set of activities which facilitate by electronic means the processing, transmission the customer populace as one system, there is simulated division of labour among bank branches with its associated positive impact on productivity among the branches. Furthermore, as it curtails customer travel distance to bank branches it offers more time for customers’ productive activities. Technological innovation such as the use of computer automation and electronic banking influences speed of bank services delivery, enhanced management decision making and saving time (Alu, 2002).

Information and Communication Technology has provided self-service facilities (automated customer service machines) from where prospective bank customers can complete their account opening documents direct online. It assists customers to validate their account numbers and receive instruction on when and how to receive their cheque books, credit and debit cards (Agboola, 2001). Thus, Technological Innovation deals with the Physical devices and software that link various computer hardware components and transfer data from one physical location to another (Laudon and Laudon; 2001 & 2010).

Over the years, technology in business has been changing rapidly as the global environment becomes highly competitive and innovative. The use of Information Communication Technology (ICT) has become very vital to all organizations that intend to remain competitive in the market. In the words of Cravens (2000), the drivers of change in today’s world include, deregulation, global excess capacity, global competition, changing customer expectations, ICT, demographic shifts and changing work and lifestyles. These changes have led organizations to embark on activities that will provide a source competitive advantage and embrace the usage of ICT (Kevin, 2006).
ICT is clearly considered as a key growth area in this century, specifically, in a dynamic business and highly competition environment which requires utilizing advanced ICT to improve efficiency and cost effectiveness, and to present high quality products and services to their customers (Allen and Morton, 2004). Recently, the term of ICT has expanded to include the role of ICT tools not just inside the company but outside the company, for example, UNDP report, 2001, claimed that ICT is considered as a tool of marketing and contacting customers and looking for possible customers, as well as presenting ICT services is distinguished as a potential service for customers (Werthner, and Klein, 2005).

According to Gholami et al. (2008) ICT is also considered as a key enabler for globalization, facilitating worldwide flows of information, capital, ideas, people and products. Some researchers such as (Christensen, 2000; Doganis, 2001; Werthner and Klein, 2005) have tried to combine the previous definition by considering ICT as a group of elements (hardware, software, and people) that should be working together in the process to present the benefits to the organization in the form of information, product or services and so on. Laudon and Laudon (2007) assert that ICT includes all the technology that facilitates the processing, transfer and exchange of information and communication services. It is considered as a subject of expertise that links information technology (computers and applications) and telecommunication networks (intranet and internet), that lets people and computers interrelate irrespective of physical location. Werthner and Klein (2005) conclude that the ICT term contains hardware, software, networks and people that should be integrated as a one unit by linking each one to the other in a clear process to generate the information that helps the decision makers, producing product and services presenting, promotion, controlling and for achieving the organization’s aims and goals.

Information technology generates fundamental changes in the nature and application of technology in business (Gholami et al., 2008). Information Communication Technologies (ICT) can provide powerful strategic and tactical tools for organisations, which, if properly applied and used, could bring great advantages in promoting and
strengthening their competitiveness. The proliferation of the Internet, as a main stream communication media and as an infrastructure for business transactions has generated a wide range of strategic implications for businesses in general as well as for the travel and airline industries in particular (Li-Hua and Khalil, 2006). Internet technology and web based commerce have dramatically transformed the airline industry in the decade (Werthner and Klein, 2005). Information and Communication Technologies (ICT) have always played a predominant role in the airline sector (Poon, 2003) but with the advent of the Internet and open source technology their impact is becoming increasingly more crucial and evident (Buhalis, 2004; Jacobsen et al., 2008). Web distribution combined with cheaper and more flexible technologies allows new players on the market to implement effective low-cost direct distribution strategies and intensify competition in the sector (Dennis 2007; Buhalis and Law, 2008).

Adeosun et al. (2009) state that the use of ICT enables strategic management, communication, collaboration, information access, decision making, data management and knowledge management in organizations. ICT causes fundamental changes in the nature and application of technology in businesses. ICT can provide powerful strategic and tactical tools for organizations, which, if properly applied and used, could bring great advantages in promoting and strengthening their competitiveness (Buhalis, 2004). Hengst and Sol (2001), state that ICT enables organizations to decrease costs and increase capabilities and thus assist to shape inter organizational coordination. The use of ICT can assist to lower coordination cost and increase outsourcing in organizations. ICT is used to exchange information and it provides a medium for learning. Ramsey et al. (2003) note that organizations generally stand to gain from ICT in areas such as reduced transaction costs, information gathering and dissemination, inventory control, and quality control.

2.3.3 Customer Relations Management and Organization Performance

Having looked at the three words: Customer, Relationships, and Management that made the acronym CRM, what then is CRM? CRM is a new concept in marketing, argued to have replaced the database marketing of the 80’s. It is a business strategy that aims to
understand, anticipate and manage the needs of an organization’s current and potential customers. In their own view, Hair et al (2006) defined CRM as a combination of strategic, process, organizational, and technological change where by a company seeks to better manage its own enterprise around customer information. According to the authors, acquiring and deploying knowledge about customers and using this information across all areas of the business is the focus of CRM. Kotler and Keller (2006) see CRM as the process of managing detailed information about individual customers and carefully managing all customer touch points to maximize customer loyalty. A customer touch point according to the authors are any occasion on which a customer encounter the brand and product from actual experience to personal or mass communication to casual observation.

Implementing customer relationship management, Mihelis et al. (2001) as quoted by Onut et al. (2007) considers the implementation of CRM in the banking sector to be focused on the evaluation of the critical satisfaction dimensions and the determination of customer groups with the distinctive preferences and expectations in the private bank sector. Saleh et al. (2004) cited in Opara (2010) assert that banks have already began the process of deconstructing their business through horizontal process of outsourcing, involving two trends; deconstruction i.e. move away from monolithic organizations that undertake every activities towards networked’ models where a number of institutions (technology, communications) combine to deliver the overall offer to customers, centralization or work cross all segment, brands and competence.

The academic literature suggests that CRM offers firm strategic benefits, such as greater customer satisfaction and loyalty Kumar and Shah, (2004), higher response to cross-selling efforts Anderson, (1996), and better word-of-mouth publicity. Overall, there is a strong sense that CRM efforts improve firm performance. Boulding and colleagues (2005) note that CRM has the potential to enhance both firm performance and customer benefits through the dual creation of value. According to this view, CRM enables firms to augment the value they extract from customers, while customers gain greater value because firms meet their specific needs.
More recently, however, highly publicized failures of CRM implementation have led to skepticism among managers about its much-vaunted potential to generate firm value (Ryals 2005; Zablah, Bellenger, and Johnston, 2004). For example, one industry study reveals that the majority of CRM projects fall short of delivering strategic value because they fail to grow customer loyalty, revenues, and profits sufficiently (Thompson, 2005). Several articles in the business press refer to the inability of CRM implementation to generate firm value (Rigby, Reichheld, and Schefter 2002; Whiting, 2001). From the perspective of managers in firms that have implemented CRM, or plan to do so, these reports are disconcerting. As far as managers of firms that provide CRM technology and related services are concerned, reports that CRM efforts are not effective are particularly alarming. As such, exploration of the impact of CRM on different organizational performance measures is required to reassess its potential to create firm value and to justify the investments firms have made in this area.

Previous studies have examined the influence of CRM on intermediate metrics, such as customer satisfaction and loyalty (e.g., Jayachandran et al. 2005; Mithas, Krishnan, and Fornell 2005). However, the impact of CRM implementation on firm profitability has not received sufficient attention from academics (Kumar, 2008). More important, an examination of the influence of CRM on firm performance using longitudinal data has been lacking (Boulding et al., 2005), thus limiting researchers from making assessments about the causal relationship between CRM and firm profitability.

Firms that deploy CRM are expected to produce outputs that match consumer needs to a better degree than firms that use transactional marketing. These firms will build stronger relationships by customizing products using their superior customer knowledge. As such, firms that implement CRM may achieve greater customer satisfaction (Mithas, Krishnan, and Fornell, 2005) and higher rates of customer retention (Gustaffson, Johnson, and Roos, 2005). Consequently, these firms may also obtain a price premium and enjoy superior performance (Reinartz, Krafft, and Hoyer, 2004). In effect, even if firms that implement CRM face higher costs, their ability to provide products and
services that match customer needs in a superior manner enables them to generate higher profits.

The success of CRM in any organization depends on a number of factors. Several researchers and writers have highlighted some critical issues that underpin successful CRM. Ferrel and Hartline (2005) observe that employees are central to an effective CRM and as such firms must manage its relationships with their employees if they have any hope of fully serving customer needs and that this is especially important in firms where employees are the eyes of customers. In examining further how to make CRM effective, identifies five levels as critical factors for achieving successful CRM. These are managerial commitment, employee commitment, culture change, resources and technology.

Elmuti, Jia and Gray (2009) conducted a study on Customer Relationship Management strategic application and organizational effectiveness show the result from surveyed 500 financial service providers in the United States that 79% of the respondents agreed that the greatest barrier of CRM success comes from lack of leadership and management skill, while 64% of respondents agreed on poor data quality and inadequate data concerning their customer, competitors and markets, and 51% of respondents reported on top management support respectively. Moreover, it is a clearly indicate that most of the organizations were less understanding of the requirements and benefits of CRM by different functional managers in the surveyed firm (Elmuti, Jia and Gray, 2009).

### 2.3.4 Strategic Partners’ Management and Organization Performance

Govindarajan and Trimble (2012) view strategy formulation and execution as an analytical, data-driven process that rigorously identifies customer needs, differentiates the company from rivals, and maximizes profits. Cocks (2010), argues that strategy formulation is usually regarded as the exclusive domain of senior management because it rewards creativity. Effective strategy execution rarely gets as much attention as formulation yet experienced managers appreciate that well crafted visions and strategic plans are useless if they cannot be effectively executed.
Tsiakkiros and Pashiardis (2002) observe that changing trends within the business environment affect the performance of organizations and therefore, have a bearing on how strategies are formulated and executed by organizations. Craig (2011) supports these views that to be successful, a business manager must find a fit between what the business environment dictates and what the firm provides. Kaplan et al. (2008) view strategy development process as a “black box” that produces a strategy to be implemented using strategy maps and balanced scorecards. They observe that while the actual selection of a strategy remains an art, it should be governed by a systematic process. It is one that defines the organization’s purpose and goals and carefully examines the external and internal environment to identify opportunities and constraints regarding that strategy. The best formulated strategies may fail to produce superior performance for the firm if they are not success-fully implemented. Drawing a line between strategy formulation and execution almost guarantees failure (Martin, 2010).

Hrebiniak (2006) posits that although formulating a consistent strategy is a difficult task for a management team, making that strategy work, is even more difficult. Strategy execution is a key challenge for today’s organizations due to emerging opportunities and challenges within the business operating environment. There are many factors that influence the success of strategy implementation, ranging from the people who execute the strategy to the systems or mechanisms in place for coordination, control and support (Li et al., 2008).

Thompson and Martin (2010) observe that today, companies have found that they can realize many of the benefits associated with vertical integration by entering into long term-term cooperative relationships with companies in industries along the value added chain. Examples of strategic cooperative relationships are strategic alliance, mergers, acquisition and joint ventures. These are strategies where foreign companies act as primary vehicles for entering foreign markets and perhaps use alliances as an ongoing strategic arrangement aimed at maintaining or strengthening competitiveness. Local examples are Kenya Airways and KLM, Sky team alliances, and the Jomo Kenyatta University and Kenya Institute of Management alliances. Kenyan firms that merged to
exploit strategic opportunities are the Crown Paints Company Ltd that merged with Berger Paint Ltd to become Crown Berger Paints Ltd.

A firm with strong advantage-creating tendencies (innovative and proactive) will be better able to utilize the diverse resource potential available through network ties. These innovative and proactive firms are recognized by their ability to continuously experiment with new products and technologies and stay alert to the changes in their environments. They also have greater experience in developing new resource configurations than less innovative and proactive firms (Ireland, Covin, & Kuratko, 2009). Building on this argument, Zaheer and Bell (2005) tested the interaction between innovative capabilities and sparse network structure in explaining firm performance and found that highly innovative firms with access to many structural holes outperform rivals. This suggests that more innovative and proactive firms will be better able to utilize the access to diverse information provided by sparse network structures, and will thus perform better in the future. Thus, in this case, the network rich with structural holes complements and enhances the firm’s advantage-creating tendencies.

A research by Dyer (1997) and Dyer and Nobeoka (2000) have examined the network of relationships that automakers in the U.S. and Japan have established in order to remain competitive. Their research also has shown that the automotive industry exhibits the characteristics of a strategic network. For example, there is much long-term contracting and many close relationships between the automakers and suppliers. There is a high level of technology and information transfer between firms, for example the exchange of engineers between firms. Clearly the automakers are the most powerful members of the network and shape the direction of the whole network.

2.4 Conceptual Framework

According to Kombo and Tromp (2009), a concept is an abstract or general idea inferred or derived from specific instances. A conceptual framework is a set of broad ideas and principles taken from relevant fields of enquiry and used to structure a subsequent presentation. Mugenda and Mugenda (2003) and Smith (2004), define a conceptual
framework a hypothesized model identifying the model under study and the relationship between the dependent and independent variables. Kothari (2004) defines an independent variable also known as the explanatory variable is the presumed cause of the changes of the dependent variable, while a dependent variable refers to the variable which the researcher wishes to explain. Below is a figurative representation of the variables explored by this study.

![Conceptual Framework](image)

**Figure 2.1: Conceptual Framework**

Source: Author, 2013
CHAPTER THREE: RESEARCH METHODOLOGY

3.1 Introduction

This chapter covers the methods used to capture the data for the research. It details the research design, population, sample and sampling techniques, data collection instruments, data collection procedures and data analysis.

3.2 Research Design

Research design has been defined by various scholars and the definitions seem to move towards the same direction. Beck (2003), Lavrakas (2008) and Kothari (2004) define research design as the overall plan for obtaining answers to the questions being studied and for handling some of the difficulties encountered during the research process. It is therefore the arrangement of conditions for collection and analysis of data in a manner that aims to combine relevance to the research purpose with economy in procedure.

This study adopted a descriptive survey design. Descriptive survey was conducted to describe the present situation, what people currently believe, what people are doing at the moment and so forth (Baumgartner, Strong and Hensley 2002). According to Kothari (2004), descriptive survey design includes surveys and fact finding enquiries of different kinds. The major purpose of descriptive research design is description of the state of affairs as it exists at present (Kothari, 2004).

3.3 Population

Burns and Grove (2003) and Mugenda and Mugenda (2003) describe population as all the elements that meet the criteria for inclusion in a study. Population is therefore the entire group of individuals, events or objects having a common observable characteristic.

KRA has 4633 estimated employees. The population of this study was the top management, middle management and supervisory employees of Kenya Revenue Authority and who have been working for a minimum period of one year. This was to
ensure that they understand the operations and have gone through a one year cycle of performance contract. There were about 725 employees in these three strata.

3.4 Sampling Technique and Sample size

According to Polit and Beck (2003), a sample is a proportion of population to be researched while Kothari (2004) defines a sample as the selected respondent representing the population. This study used both stratified sampling and simple random sampling. The employees were stratified into three strata of top management, middle management and supervisory employees. Within each stratum, simple random sampling was used to identify individual employee respondents.

The target sample size for this study was 108 employees. The target sample was 15% of the population/employees and since this is a descriptive study, according to Mugenda and Mugenda & Mugenda (2003) and Gay (1981) 10% of the accessible population is considered as adequate sample for descriptive studies.

Table 3.1: Sample Matrix

<table>
<thead>
<tr>
<th>Strata</th>
<th>Population</th>
<th>Sample</th>
<th>Percentage Sample</th>
</tr>
</thead>
<tbody>
<tr>
<td>Top Management</td>
<td>35</td>
<td>5</td>
<td>15</td>
</tr>
<tr>
<td>Middle Management</td>
<td>215</td>
<td>32</td>
<td>15</td>
</tr>
<tr>
<td>Supervisory</td>
<td>475</td>
<td>71</td>
<td>15</td>
</tr>
<tr>
<td>Total</td>
<td>725</td>
<td>108</td>
<td>15</td>
</tr>
</tbody>
</table>

Source: KRA Report, 2012

3.5 Data Collection Instruments

This study used primary data which was collected through use of a questionnaire. A questionnaire is a pre-formulated written set of questions to which the respondents record the answers usually within rather closely delineated alternatives. A likert scale questionnaire was used. Likert scale is an interval scale that specifically uses five anchors of strongly disagree, disagree, neutral, agree and strongly agree. The likert measures the level of agreement or disagreement. Likert scales are good in measuring
perception, attitude, values and behaviour. The likert scale has scales that assist in converting the qualitative responses into quantitative values (Mugenda & Mugenda, 2003, Upagade & Shende, 2012, Zikmund, Babin, Carr & Griffin, 2010). Primary data is described by Louis et al. (2007) as those items that are original to the problem under study.

3.6 Data Collection Procedures

Burns and Grove (2003) define data collection as the precise, systematic gathering of information relevant to the research sub-problems, using methods such as interviews, participant observations, focus group discussion, narratives and case histories. Initially the researcher used self introductions and also used internal informants. The questionnaires were sent to the respondents under a questionnaire forwarding letter accompanied by an introduction letter from the University. The researcher made follow ups and the fully completed questionnaires were picked from the respondents later by use of a research assistant.

3.7 Pilot Test

Pilot study has been described by various authors as an exercise that ensures that errors are restricted at a very little cost. Kothari (2004) describes a pilot survey as a replica and a rehearsal of the main survey. Newing (2011) states that the importance of field pilot cannot be over emphasized; you will always find that there are questions that people fail to understand or interpret in different ways, places in the questionnaire where they are not sure where to go next, and questions that turn out simply not to elicit useful information. The subjects participating in the pilot study were not included in the final study to avoid survey fatigue. A pilot study was conducted in order to establish the validity and reliability of data collection instruments.

3.7.1 Validity

According to Mugenda and Mugenda (2003), validity is the accuracy and meaningfulness of inferences, which are based on the research results. In other words
validity is the degree to which results obtained from the analysis of the data actually represent the phenomenon under study. Validity exists if the data measure what they are supposed to measure. In order to test and enhance the validity of the questionnaire, the researcher selected two Assistant Commissioners randomly and discussed the contents of the questionnaire. This aimed at assessing the content validity of the questionnaire. The comments from the two Assistant Commissioners were reviewed and incorporated to enhance the validity of the questionnaire.

3.7.2 Reliability

Reliability is the consistency of a set of measurement items (Cronbach, 1951). Reliability is the consistency of measurement, or the degree to which an instrument measures the same way each time it is used under the same condition with the same subjects. In short, it is the repeatability of measurement. A measure is considered reliable if a person's score on the same test given twice is similar. Ten questionnaires were piloted by issuing them to employees who were not included in the final study sample. The ten questionnaires were then coded and responses input into SPSS which were used to generate the reliability coefficient. The researcher used the most common internal consistency measure known as Cronbach’s Alpha (α) which generated by SPSS. The recommended value of 0.7 was used as a cut–off of reliability for this study which is comparable to 0.812 which was generated from the ten questionnaires.

3.8 Data Analysis and Presentation

Data Analysis is the processing of data to make meaningful information (Sounders, Lewis and Thornbill, 2009). After data was collected through questionnaires, it was prepared in readiness for analysis by editing, handling blank responses, coding, categorizing and keying into Statistical Package for Social Sciences (SPSS) computer software for analysis. SPSS was used to produce frequencies, descriptive and inferential statistics which were used to derive conclusions and generalizations regarding the population.
A multiple linear regression model was used to test the significance of the influence of the independent variables on the dependent variable. The multiple linear regression model is as below.

\[ Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + e \]

Where:

\[ Y = \text{Organizational performance} \]
\[ X_1 = \text{Staff training} \]
\[ X_2 = \text{ICT deployment} \]
\[ X_3 = \text{Strategic partners’ management} \]
\[ X_4 = \text{Customer relations management} \]
CHAPTER FOUR: DATA ANALYSIS, FINDINGS AND DISCUSSION

4.1 Introduction

This chapter contains the data analysis of the study. The data is presented in the form of diagrams and tables. The data has been analyzed using descriptive statistics to generate frequencies of responses and inferential statistics to determine the relationship of the variables under study.

4.1.1 Response Rate

The target sample was 108 managerial employees in Kenya Revenue Authority; however, the duly completed and returned questionnaires were 55 which convert to 51% response rate. According to Mugenda and Mugenda (2003) 50% response rate is adequate for analysis in descriptive study.

4.2 Characteristics of Respondents

This section consists of information that describes basic characteristics such as years of work experience, education level of the respondents and their position in KRA.

4.2.1 Respondents Working Experience

Results in Figure 4.1 indicated that 40% of respondents had worked in KRA for 2 to 5 years. Results further revealed that 33% had worked in KRA for 6 to years. Twenty percent (20%) of respondents had worked in KRA for over 10 years while 7% had worked in KRA for less than 1 year. The findings imply that majority of respondents had more than 2 years’ experience and this may have a further implication on their ability to understand strategic issues.
4.2.2 Level of Education

Results in Figure 4.2 indicated that 53% of respondents have university degrees while those with postgraduate degrees constituted 25% of the respondents. Results further revealed that 22% have attained college level certification. The findings imply that there is high number of professionals in KRA given the high qualification of the majority of the respondents.
4.2.3. Position in KRA

Results presented in Figure 4.3 show the position of the respondents in KRA. Majority are from the middle level management who constituted of 49% of the sample. Further, 33% held supervisory positions with another 18% as top managers. Therefore majority responses were received from the supervisory and middle management officials of KRA.

![Position at KRA](image)

Figure 4.3: Position at KRA

4.3 Descriptive Results

This section presents the descriptive results where the factors affecting operational performance in KRA are measured.

4.3.1 Performance of Kenya Revenue Authority

Results on Table 4.1 shows that KRA has experienced an increase in employees over the last years as indicated by 91% response rate. Ninety five (95%) of the respondents indicated that KRA has experienced an increase in the total revenue collected over the last years. Further results indicate that KRA has experienced an increase in its total assets as supported by 81% agreed responses. Tax revenue is a key indicator of performance for KRA as indicated by 64%. Results further shows that motivated
employees are important for better performance of a firm and that strategic plan is important in directing the overall performance of KRA as represented by 86% and 82% respectively. The mean of the responses indicated from the results was 3.87 which means that the respondents were agreeing on most of the statements while the standard deviation was 0.73 which indicates that the answers received were closer to the mean.

**Table 4.1: Performance**

<table>
<thead>
<tr>
<th>Statement</th>
<th>Indicator</th>
<th>Strongly disagree</th>
<th>Disagree</th>
<th>Neutral</th>
<th>Agree</th>
<th>Strongly Agree</th>
<th>Mean</th>
</tr>
</thead>
<tbody>
<tr>
<td>KRA has experienced an increase in employees over the last 5 years</td>
<td>Frequency</td>
<td>0</td>
<td>0</td>
<td>5</td>
<td>41</td>
<td>9</td>
<td>4.07</td>
</tr>
<tr>
<td></td>
<td>Percentage</td>
<td>0.00%</td>
<td>0.00%</td>
<td>9.10%</td>
<td>74.50%</td>
<td>16.40%</td>
<td>4.07</td>
</tr>
<tr>
<td>KRA has experienced an increase in total revenue collected over the last 5 years</td>
<td>Frequency</td>
<td>1</td>
<td>2</td>
<td>0</td>
<td>43</td>
<td>9</td>
<td>4.04</td>
</tr>
<tr>
<td></td>
<td>Percentage</td>
<td>1.80%</td>
<td>3.60%</td>
<td>0.00%</td>
<td>78.20%</td>
<td>16.40%</td>
<td>4.04</td>
</tr>
<tr>
<td>KRA has experienced an increase in assets over the last 5 years</td>
<td>Frequency</td>
<td>0</td>
<td>2</td>
<td>8</td>
<td>38</td>
<td>7</td>
<td>3.91</td>
</tr>
<tr>
<td></td>
<td>Percentage</td>
<td>0.00%</td>
<td>3.60%</td>
<td>14.50%</td>
<td>69.10%</td>
<td>12.70%</td>
<td>3.91</td>
</tr>
<tr>
<td>Tax revenue is a key indicator of performance for KRA</td>
<td>Frequency</td>
<td>1</td>
<td>7</td>
<td>12</td>
<td>33</td>
<td>3</td>
<td>3.54</td>
</tr>
<tr>
<td></td>
<td>Percentage</td>
<td>1.80%</td>
<td>12.50%</td>
<td>21.40%</td>
<td>58.90%</td>
<td>5.40%</td>
<td>3.54</td>
</tr>
<tr>
<td>Motivated employees are important for better performance of a firm</td>
<td>Frequency</td>
<td>2</td>
<td>2</td>
<td>4</td>
<td>42</td>
<td>5</td>
<td>3.84</td>
</tr>
<tr>
<td></td>
<td>Percentage</td>
<td>3.60%</td>
<td>3.60%</td>
<td>7.30%</td>
<td>76.40%</td>
<td>9.10%</td>
<td>3.84</td>
</tr>
<tr>
<td>Strategic plan is important in directing the overall performance of KRA</td>
<td>Frequency</td>
<td>2</td>
<td>3</td>
<td>5</td>
<td>37</td>
<td>8</td>
<td>3.84</td>
</tr>
<tr>
<td></td>
<td>Percentage</td>
<td>3.60%</td>
<td>5.50%</td>
<td>9.10%</td>
<td>67.30%</td>
<td>14.50%</td>
<td>3.84</td>
</tr>
</tbody>
</table>

**4.3.2 Staff Training and Performance**

Eighty nine percent (89%) represent that every new employee receives induction training. Ninety one (95%) responses represents that learning about the duties of the job
is included in the induction training. On the job training is important and effective in improving employee performance as indicated by 96% response level. Further results 92% agree that training programs have helped inculcating the sense of team work. The organization offers short training in form of seminars and staff exchange programs with other regional revenue improves work knowledge and productivity as supported by 94% and 87% agreement level. Ninety four percent (94%) agree that through training programs, morale in the organization has improved. Results from the correlation and regression analysis indicate that study staff training has positive effects on performance. This is presented by its positive correlations of 0.753. The results from this analysis show the importance of staff training in improving performance of KRA. On a five point scale the mean of the responses indicated from the results was 4.02 which mean that the respondents were agreeing on most of the statements while the standard deviation was 0.59 which indicates that the answers received were not dispersed far from the mean. These findings confer with those of Emojong (2004). Emojong found out that in his work; In-service training programs and their effects on the performance of staff at the Uganda Revenue Authority emphasized the need for on-job training, short seminars and team building workshops as programs that increase the employees’ performance. The results further agree with Betcherman, McMullen and Davidman (2008) who concluded that firms that have training programs tended to perform better in terms of productivity, revenues, profitability, viability and prospects. Saks et al. (2008) also found a positive relation between training and productivity, profit, revenue and client satisfaction, a relation that is more significant when the training is accompanied by incentives for the employees.
### Table 4.2: Staff Training and Performance

<table>
<thead>
<tr>
<th>Statement</th>
<th>Indicator</th>
<th>Strongly disagree</th>
<th>Disagree</th>
<th>Neutral</th>
<th>Agree</th>
<th>Strongly Agree</th>
<th>Mean</th>
</tr>
</thead>
<tbody>
<tr>
<td>Every new employee receives induction training</td>
<td>Frequency</td>
<td>1</td>
<td>1</td>
<td>4</td>
<td>44</td>
<td>5</td>
<td>3.93</td>
</tr>
<tr>
<td></td>
<td>Percentage</td>
<td>1.80%</td>
<td>1.80%</td>
<td>7.30%</td>
<td>80.00%</td>
<td>9.10%</td>
<td>3.93</td>
</tr>
<tr>
<td>Learning about the duties of the job is included in the induction training</td>
<td>Frequency</td>
<td>0</td>
<td>1</td>
<td>2</td>
<td>41</td>
<td>11</td>
<td>4.13</td>
</tr>
<tr>
<td></td>
<td>Percentage</td>
<td>0.00%</td>
<td>1.80%</td>
<td>3.60%</td>
<td>74.50%</td>
<td>20.00%</td>
<td>4.13</td>
</tr>
<tr>
<td>On the job training is important and effective in improving employee performance</td>
<td>Frequency</td>
<td>0</td>
<td>1</td>
<td>1</td>
<td>46</td>
<td>7</td>
<td>4.07</td>
</tr>
<tr>
<td></td>
<td>Percentage</td>
<td>0.00%</td>
<td>1.80%</td>
<td>1.80%</td>
<td>83.60%</td>
<td>12.70%</td>
<td>4.07</td>
</tr>
<tr>
<td>Training programs have helped inculcating the sense of team work</td>
<td>Frequency</td>
<td>0</td>
<td>1</td>
<td>2</td>
<td>41</td>
<td>11</td>
<td>4.13</td>
</tr>
<tr>
<td></td>
<td>Percentage</td>
<td>0.00%</td>
<td>1.80%</td>
<td>3.60%</td>
<td>73.20%</td>
<td>19.60%</td>
<td>4.13</td>
</tr>
<tr>
<td>The organization offers short training in form of seminars</td>
<td>Frequency</td>
<td>1</td>
<td>1</td>
<td>1</td>
<td>45</td>
<td>7</td>
<td>4.02</td>
</tr>
<tr>
<td></td>
<td>Percentage</td>
<td>1.80%</td>
<td>1.80%</td>
<td>1.80%</td>
<td>81.80%</td>
<td>12.70%</td>
<td>4.02</td>
</tr>
<tr>
<td>Staff exchange programs with other regional revenue improves work knowledge and productivity</td>
<td>Frequency</td>
<td>1</td>
<td>4</td>
<td>2</td>
<td>44</td>
<td>4</td>
<td>3.84</td>
</tr>
<tr>
<td></td>
<td>Percentage</td>
<td>1.80%</td>
<td>7.30%</td>
<td>3.60%</td>
<td>80.00%</td>
<td>7.30%</td>
<td>3.84</td>
</tr>
<tr>
<td>Through training programs, morale in the organization has improved</td>
<td>Frequency</td>
<td>1</td>
<td>0</td>
<td>2</td>
<td>45</td>
<td>7</td>
<td>4.04</td>
</tr>
<tr>
<td></td>
<td>Percentage</td>
<td>1.80%</td>
<td>0.00%</td>
<td>3.60%</td>
<td>81.8%</td>
<td>12.70%</td>
<td>4.04</td>
</tr>
</tbody>
</table>

#### 4.3.3 Information and Communication Technology and Performance

Results on the effect of ICT in KRA’s performance indicate that the organization has invested in a management information system which is easy to use and has enabled the minimization of administrative costs as represented by 92% and 93% respectively. Eighty nine percent agreed responses from the respondents indicate that the
organizations management information system is compatible with other systems. The management information system is flexible enough to support the growth of the firm and that it has been crucial in delivering innovative customer services as indicated by 91% and 86% respectively. Results further indicate that the management information system of KRA has been crucial in assisting employees to enhance their performance and productivity as supported by 95% agreement level. The mean of the responses indicated from the results was 3.90 which means that the respondents were agreeing on most of the statements while the standard deviation was 0.73 which indicates that the answers received were closer to the mean. The results of these study further support the findings of Adeosun et al. (2009) who state that the use of ICT enables strategic management, communication, collaboration, information access, decision making, data management and knowledge management in organizations which is just the overall performance.
Table 4.3: ICT and Performance

<table>
<thead>
<tr>
<th>Statement</th>
<th>Indicator</th>
<th>Strongly disagree</th>
<th>Disagree</th>
<th>Neutral</th>
<th>Agree</th>
<th>Strongly Agree</th>
<th>Mean</th>
</tr>
</thead>
<tbody>
<tr>
<td>The organization has invested in a management information system which is easy to use</td>
<td>Frequency</td>
<td>1</td>
<td>2</td>
<td>1</td>
<td>47</td>
<td>4</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Percentage</td>
<td>1.80%</td>
<td>3.60%</td>
<td>1.80%</td>
<td>85.50%</td>
<td>7.30%</td>
<td>3.93</td>
</tr>
<tr>
<td>The organization has invested in a management information system which has enabled the minimization of administrative costs</td>
<td>Frequency</td>
<td>1</td>
<td>3</td>
<td>0</td>
<td>46</td>
<td>5</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Percentage</td>
<td>1.80%</td>
<td>5.50%</td>
<td>0.00%</td>
<td>83.60%</td>
<td>9.10%</td>
<td>3.93</td>
</tr>
<tr>
<td>The organization’s management information system is compatible with other systems</td>
<td>Frequency</td>
<td>1</td>
<td>5</td>
<td>0</td>
<td>45</td>
<td>4</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Percentage</td>
<td>1.80%</td>
<td>9.10%</td>
<td>0.00%</td>
<td>81.80%</td>
<td>7.30%</td>
<td>3.84</td>
</tr>
<tr>
<td>The management information system is flexible enough to support the growth of the firm</td>
<td>Frequency</td>
<td>1</td>
<td>4</td>
<td>0</td>
<td>46</td>
<td>4</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Percentage</td>
<td>1.80%</td>
<td>7.30%</td>
<td>0.00%</td>
<td>83.60%</td>
<td>7.30%</td>
<td>3.87</td>
</tr>
<tr>
<td>The management information system of the firm has been crucial in delivering innovative customer services</td>
<td>Frequency</td>
<td>1</td>
<td>7</td>
<td>0</td>
<td>43</td>
<td>4</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Percentage</td>
<td>1.80%</td>
<td>12.70%</td>
<td>0.00%</td>
<td>78.20%</td>
<td>7.30%</td>
<td>3.76</td>
</tr>
<tr>
<td>The management information system of KRA has been crucial in assisting employees to enhance their performance and productivity</td>
<td>Frequency</td>
<td>1</td>
<td>2</td>
<td>0</td>
<td>40</td>
<td>12</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Percentage</td>
<td>1.80%</td>
<td>3.60%</td>
<td>0.00%</td>
<td>72.70%</td>
<td>21.80%</td>
<td>4.09</td>
</tr>
</tbody>
</table>

37
4.3.4 Customer Relationship Management and Performance

Seventy one percent shows that customer relationship management strategy enables the organization to analyze the customer profiles. Fifty nine percent indicate that strategy helps KRA to identify the most profitable customer and prospects. Results further shows that customer relationship management enables KRA to discover new tax clients, and increase revenues as well as improving the overall image of KRA over time. This is represented by 51% and 53% agreement level. CRM has enabled KRA to provide better customer service as supported by 71% agreement responses. The mean of the responses indicated from the results was 3.23 which mean that the respondents were agreeing on most of the statements while the standard deviation was 1.10 which indicates that the responses were dispersed further from the mean which further means that the answers received were varied. These descriptive results on customer relationship management support those of Kumar and Shah, (2004), and Anderson, (1996), who show that there is a strong sense that CRM efforts improve firm performance. Boulding and colleagues (2005) also note that CRM has the potential to enhance both firm performance and customer benefits through the dual creation of value. According to this view, CRM enables firms to augment the value they extract from customers.
Table 4.4: Customer Relationship Management and Performance

<table>
<thead>
<tr>
<th>Statement</th>
<th>Indicator</th>
<th>Strongly disagree</th>
<th>Disagree</th>
<th>Neutral</th>
<th>Agree</th>
<th>Strongly Agree</th>
<th>Mean</th>
</tr>
</thead>
<tbody>
<tr>
<td>CRM strategy enables the organization to analyze the customer profiles</td>
<td>Frequency</td>
<td>3</td>
<td>11</td>
<td>2</td>
<td>37</td>
<td>2</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Percentage</td>
<td>5.50%</td>
<td>20.00%</td>
<td>3.60%</td>
<td>67.30%</td>
<td>3.60%</td>
<td>3.44</td>
</tr>
<tr>
<td>CRM strategy helps KRA to identify the most profitable customer and prospects</td>
<td>Frequency</td>
<td>4</td>
<td>18</td>
<td>0</td>
<td>29</td>
<td>2</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Percentage</td>
<td>7.50%</td>
<td>34.00%</td>
<td>0.00%</td>
<td>54.70%</td>
<td>3.80%</td>
<td>3.13</td>
</tr>
<tr>
<td>CRM enables KRA discover new tax clients, and increase revenues</td>
<td>Frequency</td>
<td>5</td>
<td>21</td>
<td>1</td>
<td>25</td>
<td>3</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Percentage</td>
<td>9.10%</td>
<td>38.20%</td>
<td>1.80%</td>
<td>45.50%</td>
<td>5.50%</td>
<td>3</td>
</tr>
<tr>
<td>CRM has assisted in improving the image of KRA over time</td>
<td>Frequency</td>
<td>2</td>
<td>23</td>
<td>1</td>
<td>26</td>
<td>3</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Percentage</td>
<td>3.60%</td>
<td>41.80%</td>
<td>1.80%</td>
<td>47.30%</td>
<td>5.50%</td>
<td>3.09</td>
</tr>
<tr>
<td>CRM enables the organization to provide better customer service</td>
<td>Frequency</td>
<td>2</td>
<td>11</td>
<td>3</td>
<td>37</td>
<td>2</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Percentage</td>
<td>3.60%</td>
<td>20.00%</td>
<td>5.50%</td>
<td>67.30%</td>
<td>3.60%</td>
<td>3.47</td>
</tr>
</tbody>
</table>

4.3.5 Strategic Partner’s Management and Performance

Results on the effects of strategic partner’s management on performance indicate that KRA has formed strategic alliances with the banks and mobile telecommunications as supported by 94% and 95% agreed responses. Results further indicate that strategic alliances formed have helped in streamlining tax revenue collection and in improvement
of the KRA’s overall performance. This results are supported by agreement response level of 64% and 98% respectively. All respondents (100%) agreed that strategic alliances enable KRA discover new taxable citizens, and increase revenues. The mean of the responses indicated from the results was 3.97 which mean that the respondents were agreeing on most of the statements while the standard deviation was 0.68 which indicates that the answers received were closer to the mean. These descriptive results agree with those of Thompson and Martin (2010) observe that today, companies have found benefits by entering into long term-term cooperative relationships with companies in industries along the value added chain. The findings of the study further by Dyer (1997) and Dyer and Nobeoka (2000) have examined the network of relationships that automakers in the U.S. and Japan have established in order to remain competitive. Their research also has shown that the automotive industry exhibits the characteristics of a strategic network. For example, there is much long-term contracting and many close relationships between the automakers and suppliers. There is a high level of technology and information transfer between firms, for example the exchange of engineers between firms, thus improving importance.
Table 4.5: Strategic Partner’s Management and Performance

<table>
<thead>
<tr>
<th>Statement</th>
<th>Indicator</th>
<th>Strongly disagree</th>
<th>Disagree</th>
<th>Neutral</th>
<th>Agree</th>
<th>Strongly Agree</th>
<th>Mean</th>
</tr>
</thead>
<tbody>
<tr>
<td>KRA has formed strategic alliances with the banks</td>
<td>Frequency</td>
<td>1</td>
<td>2</td>
<td>0</td>
<td>50</td>
<td>2</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Percentage</td>
<td>1.80%</td>
<td>3.60%</td>
<td>0.00%</td>
<td>90.90%</td>
<td>3.60%</td>
<td>3.91</td>
</tr>
<tr>
<td>KRA has formed strategic alliance with mobile telecommunications</td>
<td>Frequency</td>
<td>1</td>
<td>1</td>
<td>1</td>
<td>41</td>
<td>11</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Percentage</td>
<td>1.80%</td>
<td>1.80%</td>
<td>1.80%</td>
<td>74.50%</td>
<td>20.00%</td>
<td>4.09</td>
</tr>
<tr>
<td>Strategic alliances formed have helped in streamlining tax revenue collection</td>
<td>Frequency</td>
<td>0</td>
<td>19</td>
<td>1</td>
<td>25</td>
<td>10</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Percentage</td>
<td>0.00%</td>
<td>34.50%</td>
<td>1.80%</td>
<td>45.50%</td>
<td>18.20%</td>
<td>3.47</td>
</tr>
<tr>
<td>The strategic alliances have improved the KRA performance</td>
<td>Frequency</td>
<td>1</td>
<td>0</td>
<td>0</td>
<td>48</td>
<td>6</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Percentage</td>
<td>1.80%</td>
<td>0.00%</td>
<td>0.00%</td>
<td>87.30%</td>
<td>10.90%</td>
<td>4.05</td>
</tr>
<tr>
<td>Strategic alliances enable KRA discover new taxable citizens, and increase revenues</td>
<td>Frequency</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>36</td>
<td>19</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Percentage</td>
<td>0.00%</td>
<td>0.00%</td>
<td>0.00%</td>
<td>65.50%</td>
<td>34.50%</td>
<td>4.35</td>
</tr>
</tbody>
</table>

4.4 Inferential Statistical Analysis

Inferential analysis was conducted to generate correlation results, model of fitness, and analysis of the variance and regression coefficients.

4.4.1 Pearson’s Bivariate Correlation Analysis

The Pearson’s Bivariate analysis sought to find whether there was any significant relationship between the independent variables; staff training, ICT development,
customer relationship management and strategic partnership with the dependent variable; strategic performance of KRA. The results of this relationship are presented in Table 4.6. Pearson’s Bivariate results shows that staff training, ICT development, customer relationship and strategic partnership were significant in determining the performance of KRA as its value was 0.000 a value lower than the conventional p value 0.05. The results further show that all the variables had strong and positive correlation, staff training (0.753), ICT development (0.632), customer relationship management (0.539) and strategic partnership (0.411) respectively. This means that an increase in either of the variables positively influences KRA’s performance. The results on the positive relationship between staff training and performance support the findings of Thang and Quang (2005) who’s survey of 137 cross-sector enterprises found a positive association of training with market share and organizational performance. The results of the study further confer with Ng and Siu (2004) a survey in Shanghai whose objective to assess the effects of training on firm performance. They found that managerial training had a positive and significant effect on sales in both SOEs and non-SOE. In addition to this previous study, another study by Thang, Thu and Buyens (2008) who studied the impact of training programmes on firm performance by using the data from the VESI 2007. Their results confer with those of this research as their conclusions were that the companies which implemented training in 2006 had increased sales and productivity (0.18 percent) in manufacturing companies.
Table 4.6: Bivariate Correlation Analysis

<table>
<thead>
<tr>
<th>Variable</th>
<th>Correlation</th>
<th>Performance Mean</th>
<th>Staff Training</th>
<th>ICT Development</th>
<th>Customer Relationship</th>
<th>Strategic Partnership</th>
</tr>
</thead>
<tbody>
<tr>
<td>Performance</td>
<td>Pearson Correlation</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Sig. (2-tailed)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Staff Training</td>
<td>Pearson Correlation</td>
<td>0.753</td>
<td>1</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Sig. (2-tailed)</td>
<td>0.000</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>ICT Development</td>
<td>Pearson Correlation</td>
<td>0.632</td>
<td>0.134</td>
<td>1</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Sig. (2-tailed)</td>
<td>0.000</td>
<td>0.331</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Customer Relationship</td>
<td>Pearson Correlation</td>
<td>0.539</td>
<td>0.713</td>
<td>0.058</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Sig. (2-tailed)</td>
<td>0.007</td>
<td>0.000</td>
<td>0.675</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Strategic Partnership</td>
<td>Pearson Correlation</td>
<td>0.411</td>
<td>0.149</td>
<td>0.686</td>
<td>0.528</td>
<td>1</td>
</tr>
<tr>
<td></td>
<td>Sig. (2-tailed)</td>
<td>0.040</td>
<td>0.279</td>
<td>0.000</td>
<td>0.000</td>
<td></td>
</tr>
</tbody>
</table>

4.4.2 Regression Analysis

Table 4.7 shows fitness of the regression model in explaining the study phenomena, Staff training, ICT development, customer relationship management and strategic partnership. This is supported by coefficient of determination also known as the R square of 65.2%. This means that staff training, ICT development, customer relationship management and strategic partnership explain 55.9% of the variations in the dependent variable which is performance in KRA. This results further means that the model applied to link the relationship of the variables was satisfactory.
### Table 4.7: Model Fitness

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Coefficient</th>
</tr>
</thead>
<tbody>
<tr>
<td>R</td>
<td>0.808</td>
</tr>
<tr>
<td>R Square</td>
<td>0.652</td>
</tr>
<tr>
<td>Std. Error of the Estimate</td>
<td>0.17613</td>
</tr>
</tbody>
</table>

In statistics significance testing the p-value indicates the level of relation of the independent variable to the dependent variable. If the significance number found is less than the critical value also known as the probability value (p) which is statistically set at 0.05, then the conclusion would be that the model is significant in explaining the relationship; else the model would be regarded as non significant.

Table 4.8 provides the results on the analysis of the variance (ANOVA). The results indicate that the overall model was statistically significant. Further, the results imply that the independent variables are good predictors of procurement performance measurement. This was supported by an F statistic of 23.45 and the reported p value (0.000) which was less than the conventional probability of 0.05 significance level.

### Table 4.8: Analysis of Variance

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Sum of Squares</th>
<th>Df</th>
<th>Mean Square</th>
<th>F</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regression</td>
<td>2.911</td>
<td>4</td>
<td>0.728</td>
<td>23.457</td>
<td>0.000</td>
</tr>
<tr>
<td>Residual</td>
<td>1.551</td>
<td>50</td>
<td>0.031</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>4.462</td>
<td>54</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Regression of coefficients results in Table 4.9 shows that there is a positive relationship between staff training, ICT development, customer relationship management, strategic partnership and organization performance. These was supported by beta coefficients are 0.752, 0.028 0.114 and 0.146 respectively. These results shows that a unit change in either of the variables will definitely lead to a positive change in performance of KRA. The results from the table below also indicate that staff training, customer relationship
management and strategic partnership were statistically significant in measuring performance as it had a probability of 0.000, 0.032 and 0.016 which is lower than the probability conventional of 0.05. ICT was the only insignificant variable whose p value was 0.542 a value higher than the 0.05 conventional value. The findings that ICT is not significant in explaining performance in KRA is not consistent with argument of Werthner, and Klein, (2005) who see ICT as a tool of marketing used in contacting customers and in looking for possible customers, further the argument presented by Allen and Morton (2004) who view ICT as a factor that improves efficiency and cost effectiveness, and in presenting high quality products and services to customers.

Table 4.9: Regression of Coefficients

<table>
<thead>
<tr>
<th>Variable</th>
<th>Beta</th>
<th>Std. Error</th>
<th>T</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Constant</td>
<td>1.825</td>
<td>0.426</td>
<td>4.282</td>
<td>0.000</td>
</tr>
<tr>
<td>Staff training</td>
<td>0.752</td>
<td>0.084</td>
<td>9.01</td>
<td>0.000</td>
</tr>
<tr>
<td>ICT development</td>
<td>0.028</td>
<td>0.046</td>
<td>0.614</td>
<td>0.542</td>
</tr>
<tr>
<td>Customer relationship</td>
<td>0.114</td>
<td>0.052</td>
<td>2.202</td>
<td>0.032</td>
</tr>
<tr>
<td>Strategic partnership</td>
<td>0.146</td>
<td>0.059</td>
<td>2.488</td>
<td>0.016</td>
</tr>
</tbody>
</table>
CHAPTER FIVE: SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

This chapter addresses the summary of the findings, the conclusions and the recommendations. This was done in line with the objectives of the study.

5.2 Summary of Findings

5.2.1 Staff Training and Performance

One of the objectives of the study was to assess the impact of staff training on performance of KRA. The correlation results indicate that staff training positively affects performance. This therefore means that continuous training of workers either on the job or off the job training schedule tends to improve performance of KRA. These results are further supported by a majority of respondents who indicated that; every new employee receives induction training and learns about the duties of the job, the organization offers short training and other staff exchange programs which improves knowledge, productivity and increases morale.

5.2.2 ICT Development and Performance

Another objective of the study was to assess the effect Information communication technology (ICT) development on the performance of KRA. Correlation results indicated that ICT is a key factor that affects performance positively. The findings were further supported by a majority of respondents who indicated that the organization has invested in a management information system which is easy to use, the organization has invested in a management information system which has enabled the minimization of administrative costs, the organizations management information system is compatible with other systems and flexible enough to support the growth of the firm, the management information system of KRA has been crucial in delivering innovative customer services and that it has been crucial in assisting employees to enhance their
performance and productivity. However, regression and correlation results further show that ICT development is not a statistically significant variable in determining KRAs performance.

5.2.3 Customer Relationship Management and Performance

The results on the objective of whether customer relationship management affected performance indicate a positive relationship between the two. This correlation results implied that an increase in the effectiveness of customer relationship management will lead to an improvement in KRA’s performance. The findings of the significance of customer relationship in determining the performance of KRA is supported further by respondents agreement on that CRM strategy enables the organization to analyze the customer profiles as well as to identify the most profitable customer and prospects. Respondents supported further that CRM enables KRA discover new tax clients, improve its image and increase revenues at the same time provide better customer service.

5.2.4 Strategic Alliances and Performance

One objective the study was to determining whether strategic alliances determine performance. Regression results indicate that strategic partnership affects performance positively. This is evident from the positive correlation results found from the analysis. Further descriptive results on views of respondents bring out the importance of strategic partnership. These results indicate that strategic alliance if not well strategized and implemented will negatively affect the performance of KRA. The findings of the significance of strategic alliance is further supported facts agreed by the respondents on that; KRA has formed strategic alliances with the banks and mobile telecommunications, this strategic alliances formed have helped in streamlining tax revenue collection, discovering new taxable citizen, increasing revenues and improving the overall performance of KRA.
5.3 Conclusions

High performing firms tend to commit resources to strategic alliances, promoting staff training, engaging technology in their operations and customer relationship management. From the study findings, conclusions made were that staff training is effective in determining performance and proper execution of the same leads to improved productivity and increases employee knowledge as well as their morale to work.

ICT development in KRA management information system is compatible with other systems and flexible enough to support the growth of the firm crucial in assisting employees to enhance their performance. However it is not a significant factor in determining performance of KRA. Adoption of ICT development practices by KRA has increased the access to useful information about best practices of operation. ICT development is important as it enables time saving of operations and increase public access of information. Through ICT KRA has been able to increase their level of transparency.

KRA has formed strategic alliances with the banks and mobile companies, which have helped in streamlining tax revenue collection, discovering new taxable citizen, increasing revenues and improving the overall performance of KRA. The strategic alliance formed by KRA has enabled the ease in service delivery to the public. Through strategic partnership access to KRA’s market is fastened which increases the overall revenue.

Customer relationship management has enabled KRA discover new tax clients, improve its image and increase revenues at the same time provide better customer service. These results show the growing importance of CRM. The application of CRM has moved KRA to a better position upon which their performance has increased loyalty and commitment to the public.
5.4 Recommendations

The study makes the following recommendations based on the objectives of the study;

For KRA’s performance to be more successful, it has to emphasize more on staff training and continuously carry out training to employers through seminars or other professional interaction programs to facilitate employees to maintain high competency in their field of specialization.

KRA needs to align its strategic alliance in accordance to the objective it needs to. The strategic alliance that KRA has formed with other companies need to be maintained properly and is effectively carrying out the duties as per KRA’s objectives. In addition, clear reporting lines should be put in place to avoid miscommunication. Further recommendation for KRA and other public institution have to emphasize on the need to develop their technology and customer relationship management. ICT development is of core importance to many organizations in need of growing successfully and improves efficiency in operations and in serving clients. Customer relationship management and development should be taken seriously by organizations with the intention of gaining greater market share and increase their revenues.

5.5 Limitations of the Study

One limitation was that there was resistance from the employees because of the perception that the results of the study could be used to inform management of departmental weaknesses. To address this, the respondents were assured of their anonymity and they were informed that the findings were for academic purposes only. This assurance was provided to the employees because the accuracy of the results depended on the honesty of the respondents.
5.6 Areas for Further Studies

A replica of the same study is suggested within the private sector in order to draw comparisons on the range of strategic responses that are available between state corporations like KRA and private limited companies. Kenya is a member of the East African community and there is a target of achieving a customs union and these calls for establishing a similar study among the other revenue authorities of the East Africa regions. Such a study will bring out the various strategic responses of all revenue authorities and the findings will come in handy at the time of customs integration. Further studies could also consider other factors such as leadership, and organization culture in determining performance of companies.
REFERENCES


Rosner, R. (2009). Training is the answer … but what was the question? Workforce, 78, 42-50.


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APPENDICES

Appendix 1: Introduction Letter

Date: ………………..

Dear Respondent,

RESEARCH QUESTIONNAIRE FOR KRA EMPLOYEES

I am a graduate student of Master of Business Administration at Kenyatta University, Mombasa Campus. I am carrying out a study on the effect of strategic responses on performance of Kenya Revenue Authority.

It would be of great value if you could share your wealth of knowledge by completing the attached questionnaire. Your answers will be handled with highest anonymity and confidentiality; this will be achieved by no indication of names. Kindly return the completed questionnaire to me.

Regards,

Martin Kairu
Appendix II: Questionnaire

This questionnaire is divided into three short sections that should take only a few moments of your time to complete. Please respond by ticking the appropriate box or filling in your answers in the blank spaces provided. This is an academic exercise and all information collected from respondents will be treated with strict confidentiality.

Thank you very much for your cooperation

SECTION 1: BASIC INFORMATION

1. Position in your department
   a) Top management
   b) Middle Management
   c) Supervisory

2. Level of education
   a) College
   b) University
   c) Post graduate

3. How long have been employed by KRA
   a) less than 1 year
   b) 2 to 5 years
   c) 6 to 10 years
d) Over 10 years

SECTION 2: STRATEGIC MANAGEMENT PRACTICE AND PERFORMANCE

Section A: Performance

This Section is concerned with assessing the performance of KRA. Please mark (x) in the box which best describes your agreement or disagreement on each of the following statements.

<table>
<thead>
<tr>
<th>Statement</th>
<th>Strongly disagree</th>
<th>Disagree</th>
<th>Neutral</th>
<th>Agree</th>
<th>Strongly agree</th>
</tr>
</thead>
<tbody>
<tr>
<td>KRA has experienced an increase in employees over the last 5 years</td>
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<tr>
<td>KRA has experienced an increase in total revenue collected over the last 5 years</td>
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<tr>
<td>KRA has experienced an increase in assets over the last 5 years</td>
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<tr>
<td>Tax revenue is a key indicator of performance for KRA</td>
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<tr>
<td>Motivated employees are important for better performance of a firm</td>
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<tr>
<td>Strategic plan is important in directing the overall performance of KRA</td>
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</tbody>
</table>
**Section B: Staff Training and Performance**

This subsection is concerned with investigation of whether staff training influences performance of KRA. Please mark (x) in the box which best describes your agreement or disagreement.

<table>
<thead>
<tr>
<th>Statement</th>
<th>Strongly disagree</th>
<th>Disagree</th>
<th>Neutral</th>
<th>Agree</th>
<th>Strongly agree</th>
</tr>
</thead>
<tbody>
<tr>
<td>Every new employee receives induction training</td>
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<tr>
<td>Learning about the duties of the job is included in the induction training</td>
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<tr>
<td>On the job training is important and effective in improving employee performance</td>
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<tr>
<td>Training programs have helped inculcating the sense of team work</td>
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<tr>
<td>Through training programs, morale in the organization has improved.</td>
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<tr>
<td>Staff exchange programs with other regional revenue improves work knowledge and productivity</td>
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<tr>
<td>The organization offers short training in form of seminars</td>
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</tbody>
</table>
Section C: ICT Deployment and Performance

This subsection is concerned with investigation of whether ICT deployment influences Performance of KRA. Please mark (x) in the box which best describes your agreement or disagreement.

<table>
<thead>
<tr>
<th>Statement</th>
<th>Strongly disagree=1</th>
<th>Disagree=2</th>
<th>Neutral=3</th>
<th>Agree=4</th>
<th>Strongly agree=5</th>
</tr>
</thead>
<tbody>
<tr>
<td>The organization has invested in a management information system which is easy to use</td>
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<tr>
<td>The organization has invested in a management information system which has enabled the minimization of administrative costs</td>
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<tr>
<td>The organizations management information system is compatible with other systems</td>
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<tr>
<td>The management information system is flexible enough to support the growth of the firm</td>
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<tr>
<td>The management information system of the firm has been crucial in delivering innovative customer services</td>
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<tr>
<td>The management information system of KRA has been crucial in assisting employees to enhance their performance and productivity</td>
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</tbody>
</table>
What new technologies has KRA invested in?  

Section D: Customer Relationship Management and Performance

This subsection is concerned with investigation of whether CRM influences KRA performance. Please mark (x) in the box which best describes your agreement or disagreement.

<table>
<thead>
<tr>
<th>Statement</th>
<th>Strongly disagree</th>
<th>Disagree</th>
<th>Neutral</th>
<th>Agree</th>
<th>Strongly agree</th>
</tr>
</thead>
<tbody>
<tr>
<td>CRM strategy enables the organization to analyze the customer profiles</td>
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<tr>
<td>CRM strategy helps KRA to identify the most profitable customer and prospects,</td>
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<tr>
<td>CRM enables the organization to provide better customer service</td>
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<td>CRM has assisted in improving the image of KRA over time</td>
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<tr>
<td>CRM enables KRA discover new tax clients, and increase revenues</td>
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</tbody>
</table>
Section D: Strategic Partner’s Management and Performance

This subsection is concerned with investigation of whether strategic partners management influences performance of KRA. Please mark (x) in the box which best describes your agreement or disagreement.

<table>
<thead>
<tr>
<th>Statement</th>
<th>Strongly disagree</th>
<th>Disagree</th>
<th>Neutral</th>
<th>Agree</th>
<th>Strongly agree</th>
</tr>
</thead>
<tbody>
<tr>
<td>KRA has formed strategic alliances with the banks</td>
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<tr>
<td>KRA has formed strategic alliance with mobile telecommunications</td>
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<td></td>
</tr>
<tr>
<td>Strategic alliances formed have helped in streamlining tax revenue collection</td>
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<tr>
<td>The strategic alliances have improved the KRA performance</td>
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<tr>
<td>Strategic alliances enable KRA discover new taxable citizens, and increase revenues</td>
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</tbody>
</table>

What other factors have influenced performance of KRA?

Explain.................................................................................................................................................................
..............................................................................................................................................................................
..............................................................................................................................................................................
..............................................................................................................................................................................

Thank you for your time participation.