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## Stakeholder Involvement and Performance of Projects at the Kenya Revenue Authority

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### **Abstract:**

*Kenya Revenue authority just like any other organization has projects that need implementation and performance. The Agency has invested in many projects to ease the process of revenue collection. Nonetheless concerns had been raised concerning implementation of several projects by Kenya Revenue Authority. Therefore, this study sought to determine the effect of stakeholder involvement in project planning on performance of projects at the Kenya revenue authority. A multiple linear regression model was used to show the relationship between stakeholder involvement in project planning and the performance of projects at the Kenya Revenue Authority. The entire data analysis process was aided by the use of the statistical package for social sciences. All inferences were made at 0.05 level of significance. The study also established that the performance of projects at the Kenya Revenue Authority was positively and significantly affected by the level of stakeholder involvement in planning in the authority. The study concluded that the involvement of stakeholders at the Kenya Revenue Authority was inevitable in the authority since it influenced the performance of the authority's projects. Given that the authority had embraced stakeholder involvement in its projects to a large extent, the study recommended that it was crucial for authority to sustain current efforts aimed at promoting stakeholder involvement across all its projects. The study recommended that the authority should review and enhance its stakeholder involvement framework or strategy so as to ensure that collective responsibility in planning was deeply entrenched in its culture. The study further recommended that the involvement of the authority's stakeholders in its projects should be balanced across all the project phases.*

**Keywords:** Project, project planning, project implementation, project performance

### **1. Introduction**

Project performance is mainly achieved when organization avoid project failure. The project should work within the stipulated cost, time and design (Flanagan and Norman 2003). According to Kululanga and Kuotcha (2010), Project performance minimizes risk and unforeseen events that may influence the maximization of profits. Project risk lie budget advantage, it is therefore noted that there are many models of project risk as risk management schemes. Cost, time and quality are the basic elements of effective project performance (Mohammed, 2002). Project effectiveness is measured by determining the quality of the performance offered. The specific order and mechanism of measurement should be clear, contain project design and contract documents. This study will measure project performance at Kenya Revenue Authority by defining cost, profitability, time and quality. Nyikal (2011) stated that project performance in Kenya is measured using stakeholder's satisfaction, project achievements and its quality.

Lekunze, (2001) conducted a study on the youth's and stakeholder's involvement in community water resource management. The study revealed that stakeholder participation is used by the intuition to determine project performance while youth's involvement crates a greater chance of institution success. Similarly, Atiibo (2012) conducted a study on challenges and impact that faces stakeholder involvement on project performance in Ghana. The study established that stakeholder's role definition was very important in determination of its operations. Poor commitment and anti-stakeholder's leadership were found to be the key challenges that affect the prosperity of organization project.

#### *1.1. The Kenya Revenue Authority*

Kenya Revenue Authority (KRA) was established by the Act of Parliament, Chapter 469 of laws of Kenya, effective from 1st July 1995 (KRA, 2018). Since its inception, KRA has invested a lot of resources in projects with the aim of improving the amount of revenue collection. Some of the projects so far in place at KRA include the implementation of the i-tax system, the opening up of the Kenya School of Revenue Administration (KESRA) and tax automation projects (KRA, 2018). These projects notwithstanding, KRA has consistently been unable to realize its revenue collection targets in the past decade. For instance, KRA missed its revenue target for the financial year 2016/17 by Kshs. 50 billion with a

collection of Kshs. 1.365 trillion against that targeted Kshs. 1.415 trillion. For the financial year 2017/2018, KRA failed to meet the revenue target by Kshs. 172.4 billion, where the collected revenue was Kshs. Kshs. 1.48 trillion against the targeted Kshs. 1.65 trillion (KRA, 2018).

This consistent failure to meet revenue target collection raises the question of whether the projects in place at KRA are effectively performing. This inability to meet revenue targets at KRA according to Manyasi (2012) can be attributed to failure of KRA to involve stakeholders in most of the projects formulated.

### *1.2. Statement of the Problem*

The various projects implemented by the tax authority were aimed at improving the collection and efficiency of the administration of these revenues, minimizing the costs associated with tax compliance besides enhancing tax compliance level (Migot& Paul, 2019). Nevertheless, concerns have been raised with regards to the realization of the authority's project goals and objectives. With regards to ICT strategy projects, the authority in its portal in 2013 noted that it had achieved greater ICT penetration among staff compared to previous years (KRA, 2013). Nonetheless, as argued by Roimen (2015) and Gitaru (2017), not all the authority's ICT strategy projects had been implemented smoothly as demonstrated by relentless complaints with regards to delays caused by the malfunctioning of the customs revenue collection system and the authority's failure to appropriately roll out crucial projects such as the electronic cargo tracking system (ECTS) and enterprise resource planning system (ERP) among others.

The first roll out of the integrated tax system projects was in September 2013 and by 2016, the projects had realized over Kshs 4 billion in cumulative Value Added Tax flagged off since 2013 (RoK, 2016). Despite the importance of these integrated tax projects, there were still major challenges facing the revenue collection process (RoK, 2016). The Kenya Institute of Public Policy Research and Analysis (2015) report indicated that developing countries recorded as little as 40% of their tax potential, and for Kenya Revenue Authority, the report indicated that tax compliance levels and tax collection had remained low and they were always below the KRA set targets. The Kenya National Bureau of Statistics (2016) report also indicated late filing in up to ninety percent of all filings indicating a success rate of only 33% of the i-tax projects at KRA. Although these projects have been implemented with the sole aim of strengthening revenue collection, KRA however has consistently failed to meet the targeted revenue collection on the basis of the actual amount collected. For instance, KRA failed to meet revenue collection targets by Kshs. 50 billion and Kshs. 172.4 billion for the financial years 2016/2017 and 2017/2018 respectively (KRA, 2017). This inability to meet the revenue collection target by KRA has resulted into criticisms on whether the projects put in place to performing well.

### *1.3. Objective of the Study*

- To determine the effect of stakeholder involvement in project initiation on performance of projects at the Kenya Revenue Authority.

## **2. Literature Review**

### *2.1. Resource Based View Theory*

This theory was developed by Penrose (1959). They argued that the best chance of achieving results lies within the organization. The theory noted that the best result can be achieved when the internal resources are utilized as opposed to external. The theory also explains that the organization has the power to control its internal resources rather than the external. Therefore, the theory advocates that organization should concentrate more on the efficiency of the internal processes. According to this theory, resources cannot be substituted and when they are correctly used, they produce value to customers.

Institutions which possess competitive advantage improve their performance Wenerfelt (2008). Therefore, this theory identifies resources as the major contributor to the success of organization. In other words, organization might have ideas of increasing efficiency but without the resources the argument cannot be supported. This theory was relevant to the study because it explained how resources could be utilized to increase performance. For example, Kenya Revenue Authority employee skilled personnel who help them to cope with the ever-changing technology to carry out their mandate. It also gives the knowledge on how to understand and archive competitive advantages. This theory also explained how organization can archive objectives. Thus, the theory provided strategic processes that the organization might use for planning process (Pearce, Robinson, &Mital, 2012). Therefore, this theory provided distinction between the developing ideas and the existing ones.

### *2.2. Empirical Literature Review*

Magassouba, Tambi, Alkhlaifat, and Abdullah (2019) explored the influence of stakeholders' involvement on development project performance in Guinea. The study was based on a review of available literature. As per the study, the advantage of involving stakeholders in project planning allowed project managers to strengthen the process of implementing the project process or its outcomes. They found that stakeholder involvement affected project goals during the planning phase, resource allocation, tasks specification and, in turn project performance. The study underscored that involving stakeholders in the planning of projects was a critical process as project planning, identifying the roles and responsibilities of all stakeholder and maintaining a warm working relationship with them were also generally suitable for project performance. The study concluded that the logic behind engaging stakeholders in planning stage was to deliver successful and sustainable projects through identifying, analyzing, scheduling, coordinating, controlling every factor that could influence project performance.

Wamugu and Ogollah (2017) analyzed the role played by stakeholder engagement on the performance of constituency development fund projects in Mathira East Constituency, Kenya. The study employed a descriptive research design. It was proven that the participation of stakeholders in project planning positively and significantly affected their performance. According to the study, involving stakeholders in the project planning process was associated with reduced distrust as far as the project process or outcomes were concerned, increased adherence to the project objectives and the processes involved as well as intensified credibility. All these advantages contributed positively to the general performance of the projects. Involving stakeholders in this process ensured that no conflicts occurred among different project parties since consensus had been reached on the project objectives and this led to quality project work. Involvement of stakeholders in resource specification on the other hand resulted to identification of quality materials required for project development which led to improved project quality. Furthermore, involving stakeholders in schedule planning led to completion of projects within the stipulated timeframe while with regards to resource planning and budgeting, effective utilization of resources used in executing the projects was achieved leading to thus lead to stakeholders' satisfaction.

Ouma and Mburu (2017) explored the role of stakeholders' involvement in the sustainability of CDF Projects in Kenya focusing on Nakuru Town East Constituency. Stakeholders' participation in project planning was found to have overall statistically significant influence on project sustainability. The study underscored that involving stakeholders in project planning strongly influenced the level of project ownership by beneficiaries and the costs involved. In their study, Cassia and Magno (2016) found that involving stakeholders in the planning of projects had direct impact on project goals, the allocation of resources and decision planning decisions all of which affected the overall performance of the projects.

Ahmad (2016) evaluated the level of stakeholder involvement during planning stage of construction projects in Pakistan. Available literature was reviewed. The study noted that such process assisted in the achievement of the defined project goals which in turn shaped the outcomes of the projects. The study demonstrated that involving stakeholders early enough in the project cycle and in particular, the planning of the projects helped the implementing organization to find superior solutions to underlying problems. It also helped in the alignment of project goals with the expectations of the stakeholders. The study concluded that involving stakeholders in planning the projects greatly contributed to the timely addressing or improvement in diverse project areas that affected the projects early enough which led to improvement in their performance

### 3. Research Methodology

The study was carried out using a descriptive survey research design. The study targeted 150 staff from project management and 26 finance departments at the KRA. The study used a census and thus 150 staff from finance and project management departments formed the sample size. Mugenda and Mugenda (2013) argued that it was fitting to consider a census where the targeted population was below 200 elements of which total number of staff in finance and project management in KRA are less than 200. The information gathered was quantitative as well as qualitative. Descriptive statistics such as mean, mode, and inferential statistics were used to interpret quantitative data. Content analysis was used to examine qualitative results. Graphs, pie charts, and tables were used to show quantitative data, while narratives were used to present qualitative data.

### 4. Data Analysis and Interpretation

The results in this section presents the descriptive results based on the level with which the respondents agreed with the statements presented to them. Mean and standard deviation were used for analysis. High mean indicates strong agreement with the statements presented to them and low standard deviation indicates low dispersion rate on the level of agreement. The participants answered the following questions relating to extent of involvement of stakeholders in project monitoring in KRA by using a Likert Scale. The findings were presented in means or average weights and standard deviations as provided in Table 4.1.

Statement	N	Mean	Dev
The authority adequately considers the input of its stakeholders When preparing its projects budgets. The authority's stakeholders always participate in scheduling And All the authority's stakeholders actively participate in specifying the expected project deliverables and the methods of achieving	120	4.200	0.805
The specification of resources needed across all the authority's Stakeholders.	120	4.050	0.765
The authority engages all its stakeholders in setting its project Objectives and goals.	120	3.558	0.818
Composite mean and standard deviation		3.893	0.477

Table 1: Descriptive Statistics on Stakeholder Involvement in Project Planning

The respondents on average agreed that KRA adequately considered the input of its stakeholders when preparing its projects budgets (M=4.200, SD=0.805), that the authority's stakeholders always participated in scheduling and estimating the required time for all its project activities (M=3.867, SD=0.819) and that all the authority's stakeholders actively participated in specifying the expected project deliverables and the methods of achieving them as shown by

( $M=3.792$ ,  $SD=0.685$ ). The respondents further agreed that the specification of the resources needed across all the authority's projects and their allocation was a collective effort that involved all stakeholders ( $M=4.050$ ,  $SD=0.765$ ) and that the authority engaged all its stakeholders in setting its project objectives and goals ( $M=3.558$ ,  $SD=0.818$ ). The composite mean of 3.893 implied that on average, the respondents were agreeing to the statements presented to them and hence, it can be said that KRA involved its stakeholders in project planning to a large extent. Magassouba et al. (2019) observed that involving stakeholders in the planning of projects was necessary to allow the project managers to strengthen the process of implementing projects or its outcome.

The respondents further indicated that stakeholder involvement in project planning positively contributed to performance of the projects since stakeholder input was integrated, incorporated and acted upon if brought in at the planning stage. The findings concurred with assertions by Atambo and Katuse (2016) that stakeholder involvement in project planning enabled project teams to oversee challenges, strengths, weaknesses, threats and opportunities in the project life cycle.

#### 4.1. Performance of Projects at KRA

Statement	N	Mean	Std. Dev
Projects at KRA are usually completed within the stipulated time.	120	3.675	0.871
Projects at KRA are at all times completed within the recommended project budgets.	120	3.758	1.100
Projects at KRA normally record high levels of user or stakeholder satisfaction	120	3.808	0.833
Projects implemented by KRA are highly sustainable.	120	3.925	0.413
Composite mean and standard deviation n=120	120	3.820	0.420

Table 2: Descriptive Statistics on Performance of Projects at KRA

The respondents assessed the performance of projects at KRA by indicating the extent they agreed or disagreed with a number of statements on project performance. The findings are given in Table 2. The study established that on average, the respondents agreed that projects at KRA were usually completed within the stipulated time ( $M=3.675$ ,  $SD=0.871$ ), that projects at KRA greatly adhered to the specified quality standards ( $M=3.933$ ,  $SD=0.847$ ) and that projects at KRA were at all times completed within the recommended project budgets ( $M=3.758$ ,  $SD=1.100$ ). The respondents also on average agreed that projects at KRA normally recorded high levels of user or stakeholder satisfaction ( $M=3.808$ ,  $SD=0.833$ ) and that projects implemented by KRA were highly sustainable as supported by ( $M=3.925$ ,  $SD=0.413$ ). The composite mean of 3.820 implied that the respondents on average were agreeing with the statements presented on project performance and that their responses were varied. Antill (2004) emphasizes the need for projects to come on schedule, on budget, to realize the deliverables originally set for it and for it to be accepted and used by the clients for whom the project was intended for.

## 5. Conclusions and Recommendations

### 5.1. Conclusions

Projects will always be welcome. Involving stakeholders in the entire project lifecycle positively influences project performance at Kenya Revenue Authority. The study concluded that the involvement of stakeholders at the planning was inevitable in the authority since it influenced the performance of the authority's projects. Based on the findings, it was further concluded most projects at KRA met expectations in terms of project performance when gauged from time, cost, quality and user satisfaction metrics.

### 5.2. Recommendations

The study recommended that it was crucial for KRA to sustain current efforts aimed at promoting stakeholder involvement across all its projects. The study recommends that the authority should review and enhance its stakeholder involvement framework or strategy so as to ensure that collective responsibility in planning was deeply entrenched in its culture. The study also recommends that in all project phases, the authority should ensure that stakeholder involvement is felt in all the relevant activities and processes involved. The involvement of the authority's stakeholders in its projects should be balanced across all the project phases.

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