LINKING CHANGE TO SUCCESS OF ORGANIZATIONS: A CASE STUDY OF KENYA REVENUE AUTHORITY

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LINKING CHANGE TO SUCCESS OF ORGANIZATIONS: A CASE STUDY OF KENYA REVENUE AUTHORITY

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Abstract

Purpose: The study focused on linking change to success organization in the case of Kenya Revenue Authority.

Methodology: A case study design was adopted. The population entailed 180 employees in management at KRA. A sample of 20% of the management employees was considered representative. Therefore, 36 managers were selected using a stratified systematic sampling technique where every fifth (5th) manager in the list obtained from the department was included in the sample. Primary data was collected by the use of a questionnaire. Secondary data involved collection of already processed information such as KRA performance reports for the fiscal year 2004/2005, 2006/2007 and 2007/2008. The data collected was analysed by use of correlation analysis.

Results: The type of change observed at KTRA was strategic change as opposed to evolutionary change. In addition, the management of KRA believed that people are rational and will follow their self-interest once it is revealed to them. A strong positive correlation was found to exist between the reform costs and the performance variables. Consequently a positive movement in the cost element of the reform initiatives was accompanied by a positive movement in the performance and vice versa. It was also noted that the costs of the reform /change initiatives were positive correlated with each other. Furthermore the three performance variables had a strong positive correlation with each other. Finally, it was observed that the significant sources of resistance were related to both the formulation and implementation stages of change management

Unique contribution to theory, practice and policy: The study recommended that the sources of resistance to change be addressed in order to boost the performance of KRA in terms of revenue collection and soft performance such as employee satisfaction and morale as well as customer satisfaction. The researcher suspects that the impressive performance of KRA is also attributed to good economic performance. Consequently, it is recommended that further research into the relationship between economic indicators such as interest rates, inflation rates, gross National product and KRA performance.

Keywords: *change management, reforms, strategic change, costs, performance*

1.0 BACKGROUND OF THE STUDY

Way back when (pick your date), senior executives in large companies had a simple goal for themselves and their organizations: stability. Shareholders wanted little more than predictable earnings growth. Because so many markets were either closed or undeveloped, leaders could deliver on those expectations through annual exercises that offered only modest modifications to the strategic plan. Prices stayed in check; people stayed in their jobs; life was good (Jones, 2004).

Market transparency, labor mobility, global capital flows, and instantaneous communications have blown that comfortable scenario to smithereens. In most industries and in almost all companies, from giants on down, heightened global competition has concentrated management's collective mind on something that, in the past, it happily avoided: change. Successful companies, as Harvard Business School professor Rosabeth Moss Kanter argued in 1999, develop "a culture that just keeps moving all the time." This presents most senior executives with an unfamiliar challenge. In major transformations of large enterprises, they and their advisors conventionally focus their attention on devising the best strategic and tactical plans. But to succeed, they also must have an intimate understanding of the human side of change management that is, the alignment of the company's culture, values, people, and behaviours, to encourage the desired results. Plans themselves do not capture value; value is realized only through the sustained, collective actions of the thousands perhaps the tens of thousands of employees who are responsible for designing, executing, and living with the changed environment *(Ibid).*

Long-term structural transformation has four characteristics: scale (the change affects all or most of the organization), magnitude (it involves significant alterations of the status quo), duration (it lasts for months, if not years), and strategic importance. Yet companies will reap the rewards only when change occurs at the level of the individual employee. Many senior executives know this and worry about it. When asked what keeps them up at night, CEOs involved in transformation often say they are concerned about how the work force will react, how they can get their team to work together, and how they will be able to lead their people. They also worry about retaining their company's unique values and sense of identity and about creating a culture of commitment and performance. Leadership teams that fail to plan for the human side of change often find themselves wondering why their best-laid plans have gone awry. No single methodology fits every company, but there is a set of practices, tools, and techniques that can be adapted to a variety of situations (ibid).

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

1.1 Problem Statement

A 2006 Gallop Organisation survey showed that in any average company only 21% are actively "engaged" in their work and support the company. Another 61% are "not engaged" or just don't

care about their job or the company. And 18% are actively "dis-engaged" and working against the interests of the company, whether they realize it or not. Change management in organizations is about to be faced by this new critical challenge. Over and above the fact that the above statistics are realistic, the current escalation in financial and social pressures is making change programs twice as dangerous to proceed with. According to an article by Johnston (2006), titled "Change management_ new risk and challenges", senior management who have done their homework already know that 70% of organizational change or cultural change programs fail to meets the requirements of the project targets. Most just fail completely and nothing changes at all. Yet we still pursue change without understanding the basic core necessities of successful change.

The case study, Kenya Revenue Authority (KRA) is an organization which has been on the spotlight for instituting changes in the way revenue is collected and tax laws are administered. To achieve performance targets stipulated in its performance contract and its balanced score card, changes in its tactics and operational guidelines have been necessary. However, KRA has on several occasions failed to beat its revenue collection target. In additional, other dynamic indicators such as customer satisfaction survey and employee morale are still to be exceeded. Probably, one of the reasons to the above situation is resistance to change and loopholes in the change management process. Kiremi (2006) carried out a study titled "an analysis of the attitudes towards performance contracting in Kenyan parastatals: a special focus on KRA" and concluded that majority of the staff was aware of the goals that were intended to be achieved through the introduction of performance targets. Anita (2005) in her study titled "service delivery through e-governance" analyzed e-governance use among parastatals and concluded that its implementation was hampered by unrealistic and overambitious goals and time frames. This study focused on change management in KRA after noting that change management was a concept mostly advocated and applied for in the private sector firms and ignored in government and parastatals. In additional, no research was identified to have been carried out in this area and this begs the question of what is the link between change and performance in parastatals.

1.2 Research Objectives

i.   To determine the change management strategies employed by KRA and their effectiveness
ii. To document performance of KRA
iii. To establish whether a relationship exists between change and organization success

2.0 LITERATURE REVIEW

One meaning of "managing change" refers to the making of changes in a planned and managed or systematic fashion. The aim is to more effectively implement new methods and systems in an ongoing organization. The changes to be managed lie within and are controlled by the organization. (Perhaps the most familiar instance of this kind of change is the "change control" aspect of information systems development projects.). However, these internal changes might have been triggered by events originating outside the organization, in what is usually termed "the environment." Hence, the second meaning of managing change, namely, the response to changes over which the organization exercises little or no control (e.g., legislation, social and political upheaval, the actions of competitors, shifting economic tides and currents, and so on).

Researchers and practitioners alike typically distinguish between a knee-jerk or reactive response and an anticipative or proactive response.

The process of change has been characterized as having three basic stages: unfreezing, changing, and re-freezing. This view draws heavily on Kurt Lewin's adoption of the systems concept of homeostasis or dynamic stability. What is useful about this framework is that it gives rise to thinking about a staged approach to changing things. Looking before you leap is usually sound practice. What is not useful about this framework is that it does not allow for change efforts that begin with the organization in extremis (i.e., already "unfrozen"), nor does it allow for organizations faced with the prospect of having to "hang loose" for extended periods of time (i.e., staying "unfrozen").

In other words, the beginning and ending point of the unfreeze-change-refreeze model is stability which for some people and some organizations is a luxury. For others, internal stability spells disaster. A tortoise on the move can overtake even the fastest hare if that hare stands still. A very useful framework for thinking about the change process is problem solving. Managing change is seen as a matter of moving from one state to another, specifically, from the problem state to the solved state. Diagnosis or problem analysis is generally acknowledged as essential. Goals are set and achieved at various levels and in various areas or functions. Ends and means are discussed and related to one another. Careful planning is accompanied by efforts to obtain buy-in, support and commitment. The net effect is a transition from one state to another in a planned, orderly fashion. This is the planned change model.

At a conceptual level, the change problem is a matter of moving from one state (A) to another state (A'). Moving from A to A' is typically accomplished as a result of setting up and achieving three types of goals: *transform*, *reduce*, and *apply*. Transform goals are concerned with identifying differences between the two states. Reduce goals are concerned with determining ways of eliminating these differences. Apply goals are concerned with putting into play operators that actually effect the elimination of these differences (see Newell & Simon). As the preceding goal types suggest, the analysis of a change problem will at various times focus on defining the outcomes of the change effort, on identifying the changes necessary to produce these outcomes, and on finding and implementing ways and means of making the required changes. In simpler terms, the change problem can be treated as smaller problems having to do with the how, what, and why of change.

The change problem is often expressed, at least initially, in the form of a "how" question. How do we get people to be more open, to assume more responsibility, to be more creative? How do we introduce self-managed teams in Department W? How do we change over from System X to System Y in Division Z? How do we move from a mainframe-centered computing environment to one that accommodates and integrates PCs? How do we get this organization to be more innovative, competitive, or productive?

Organizational change is an empirical observation in an organizational entity of variations in shape, quality or state over time (Van de Ven and Poole, 1995), after the deliberate introduction of new ways of thinking, acting and operating (Schalk, Campbell, & Freese, 1998). The general aim of organizational change is an adaptation to the environment (Barr, Stimpert, & Huff, 1992; Child and Smith, 1987; Leana & Barry, 2000) or an improvement in performance (Boeker, 1997; Keck & Tushman, 1993). This definition encompasses many situations that should be

distinguished by applying certain dimensions to establish 'typologies or scope of change'. The scope of changes can be defined along a continuum starting in low scope or evolutionary changes to high-scope or strategic ones. However, Tushman (1993) argued that it is always important to keep in mind that real changes are not a pure type but a mixture.

First and foremost, evolutionary, incremental, or first order changes is described as small changes that alter certain small aspects, looking for an improvement in the present situation, but keeping the general working framework (Blumenthal & Haspeslagh, 1994; Goodstein and Burke, 1991; Greiner, 1972; Levy, 1986; Mezias & Glynn, 1993; Nadler & Tushman, 1989; 1990). The second type of changes is strategic, transformational, and revolutionary or second orders ones. They are radical transformations, where the organization totally changes its essential framework (Blumenthal & Haspeslagh, 1994; Ghoshal & Bartlett, 1996; Goodstein & Burke, 1991; Marshak, 1993; Nadler & Tushman, 1989, 1990), looking generally for a new competitive advantage (Hutt, Walker, & Frankwick, 1995) and affecting the basic capabilities of the organization (Ruiz & Lorenzo, 1999).

According to Ansoff (1990), resistance is a phenomenon that affects the change process, delaying or slowing down its beginning, obstructing or hindering its implementation, and increasing its costs. In addition, resistance is any conduct that tries to keep the *status quo*, that is to say, resistance is equivalent to inertia, as the persistence to avoid change (Maurer, 1996; Rumelt, 1995; Zaltman & Duncan, 1977). So, inertia and thus resistance are not negative concepts in general, since change is not inherently beneficial for organizations. Even more, resistance could show change managers certain aspects that are not properly considered in the change process (Waddell & Sohal, 1998).

This research follows Rumelt (1995), and divides the sources of resistance into five groups. Although Rumelt (1995) insists that inertia is a problem in the strategy formulation stage as well as in the implementation one, he does not distinguish the five groups of sources of inertia according to both stages. This study has tried to make this distinction and suggest that the first, second and third group are sources of resistance that appear during the formulation stage, because they deal with factors that complicate the situation's analysis and the evaluation of the various change alternatives. Groups four and five correspond to the implementation stage, since they are an obstacle once the change strategy is already formulated.

Regarding the first group of sources of resistance, change starts with the perception of its need, so a wrong initial perception is the first barrier to change. This study calls this first group 'distorted perception, interpretation barriers and vague strategic priorities'. It includes: (a) myopia, or inability of the company to look into the future with clarity (Barr *et al*., 1992; Krüger, 1996; Rumelt, 1995); (b) denial or refusal to accept any information that is not expected or desired (Barr *et al*., 1992; Rumelt, 1995; Starbuck *et al*., 1978); (c) perpetuation of ideas, meaning the tendency to go on with the present thoughts although the situation has changed (Barr *et al*., 1992; Krüger, 1996; Rumelt, 1995; Zeffane, 1996); (d) implicit assumptions, which are not discussed due to its implicit character and therefore distort reality (Starbuck, Greve & Hedberg, 1978); (e) Communication barriers, that lead to information distortion or misinterpretations (Hutt *et al*., 1995); and (f) organizational silence, which limits the information flow with individuals who do not express their thoughts, meaning that decisions are made without all the necessary information (Morrison & Milliken, 2000; Nemeth, 1997).

The second main group of sources of resistance deals with a low motivation for change. This study has identified five fundamental sources: (a) direct costs of change (Rumelt, 1995); (b) cannibalization costs, that is to say, change that brings success to a product but at the same time brings losses to others, so it requires some sort of sacrifice (Rumelt, 1995); (c) cross subsidy comforts, because the need for a change is compensated through the high rents obtained without change with another different factor, so that there is no real motivation for change (Rumelt, 1995); (d) past failures, which leave a pessimistic image for future changes (Lorenzo, 2000); and (e) different interests among employees and management, or lack of motivation of employees who value change results less than managers value them (Waddell &Sohal, 1998).

The lack of a creative response is the third set of sources of resistance. There are three main reasons that diminish the creativeness in the search for appropriate change strategies: (a) fast and complex environmental changes, which do not allow a proper situation analysis (Ansoff, 1990; Rumelt, 1995); (b) reactive mind-set, resignation, or tendency to believe that obstacles are inevitable (Rumelt, 1995); and (c) inadequate strategic vision or lack of clear commitment of top management to changes (Rumelt, 1995; Waddell and Sohal, 1998).

Implementation is the critical step between the decision to change and the regular use of it at the organization (Klein & Sorra, 1996). In this stage, two more resistance groups can be found. The first of them deals with political and cultural deadlocks to change. It consists of: (a) implementation climate and relation between change values and organizational values, considering that a strong implementation climate when the values' relation is negative will result in resistance and opposition to change (Klein & Sorra, 1996; Schalk *et al*., 1998); (b) departmental politics or resistance from those departments that will suffer with the change implementation (Beer and Eisenstat, 1996; Beer *et al*., 1990; Rumelt, 1995); (c) incommensurable beliefs, or strong and definitive disagreement among groups about the nature of the problem and its consequent alternative solutions (Klein & Sorra, 1996; Rumelt, 1995; Zeffane, 1996); (d) deep rooted values and emotional loyalty (Krüger, 1996; Nemeth, 1997; Strebel, 1994); and (e) forgetfulness of the social dimension of changes (Lawrence, 1954; Schalk *et al*., 1998).

Last but not least, a set of five sources of resistance with different characteristics may be bunched together around the last group of sources of resistance: (a) leadership inaction, sometimes because leaders are afraid of uncertainty, sometimes for fear of changing the *status quo* (Beer and Eisenstat, 1996; Burdett, 1999; Hutt *et al*., 1995; Kanter, 1989; Krüger, 1996; Maurer, 1996; Rumelt, 1995); (b*)* embedded routines (Hannan and Freeman, 1984; Rumelt, 1995; Starbuck *et al*., 1978); (c) collective action problems, specially dealing with the difficulty to decide who is going to move first or how to deal with free-riders (Rumelt, 1995); (d) lack of the necessary capabilities to implement change – capabilities gap – (Rumelt, 1995); and (e) cynicism (Maurer, 1996; Reichers, Wanous, & Austin, 1997).

Burnes (2004) in his article "Kurt Lewin and the Planned Approach to Change: A Re-appraisal" argues that the work of Kurt Lewin dominated the theory and practice of change management for over 40 years. However, in the past 20 years, Lewin's approach to change, particularly the 3-Step model, has attracted major criticisms. The key ones are that his work: assumed organizations operate in a stable state; was only suitable for small-scale change projects; ignored organizational power and politics; and was top-down and management-driven.

The works of Litwin and Burke (1992) on a causal model of organizational performance and change provide a model of organizational performance and change, by exploring at least two lines of theorizing –organizational functioning and organizational change. The authors go beyond description and suggest causal linkages that hypothesize how performance is affected and how effective change occurs. Change is depicted in terms of both process and content, with particular emphasis on transformational as compared with transactional factors. Transformational change occurs as a response to the external environment and directly affects organizational mission and strategy, the organization's leadership, and culture. In turn, the transactional factors are affected-structure, systems, management practices, and climate. These transformational and transactional factors together affect motivation, which, in turn, affects performance.

Another relevant study titled "Empirically testing the impact of change management effectiveness on company performance was done by Guimaraes and Armstrong (1998). The authors of this article assert that, the literature is abundant with articles extolling the importance of change as a necessity for business survival and growth.. However, despite the importance of the topic, the authors argue that existing literature contains little empirical evidence.

3.0 RESEARCH METHODOLOGY

A case study design was appropriate for this study. The population used in this study entailed all employees in management at KRA. These were 180 as indicated by information obtained from the Human Resource department. A sample of 20% of the management employees was considered representative. Therefore, 36 managers were selected using a stratified systematic sampling technique where every fifth (5th) manager in the list obtained from the department was included in the sample. Primary data was collected by the use of a questionnaire and was the main data used in the research. Secondary data involved collection of already processed information such as KRA performance reports for the fiscal year 2004/2005, 2006/2007 and 2007/2008. This was mainly used a source of literature review and was sourced from libraries, internet and journals. The data collected was analysed by use of correlation analysis in an effort to link change management initiatives with organization success. In addition, general data such as demographics was analysed by use of descriptive statistics such as means and percentages. The data was then presented using tables, graphs and charts.

4.0 RESULTS AND DISCUSSIONS

4.1 Response Rate

A response rate of 100% was achieved. Consequently, 36 questionnaires were included in the data analysis.

4.2 General Information

Findings in this study indicate that the majority of the respondents, 47%, were from the domestic taxes department. The rest of the findings were presented in table 1

Table 1: Respondents Department

Department	Population	Respondents department	% response
Customs department	40	8	22%
Domestic taxes	60	12	33%
Road taxes	30	6	17%
IT department	20	4	11%
Audit, assurance and investigations	30	6	17%
Total	180	36	100%

According to this study, the majority of respondents were male. The female respondents were 39%.This finding indicates that KRA is still male dominated field.

Table 2: Gender

Gender	Frequency	% response
Male	22	61%
Female	14	39%
Total	**36**	**100%**

The majority of respondents, 72%, indicated that they had university level education. Furthermore, 6% had college level education and 22% had post graduate level education. The findings were presented in table 3.

Table 3: Highest level of education

Highest level of education	Frequency	% response
Secondary level	0	0%
College level	2	6%
University level	26	72%
Post graduate level	8	22%
	36	**100%**

The majority of respondents, 75%, in this study indicated that they had been in current employment for 3 to 5 years. Meanwhile, 17% had been in current employment foe more than 5 years, 6% had been in current employment for 1 to 2 years and 3% had been in current employment for less than one year. The findings were presented in table 4.

Table 4: Number of years in current employment

Number of years in current employment	Frequency	% response
less than one year	1	3%
1 to 2 years	2	6%
3 to 5 years	27	75%
More than 5 years	6	17%
Total	**36**	**100%**

4.3 Change Management Strategies Used

The majority of respondents, 72% indicated that the type of change observed was strategic, transformational or second order change. However, 22% indicted that the change observed was evolutionally first order change while 6% indicted that both changes were being observed.

Table 5: Type of Change

Type of change	Frequency	% Response
Evolutionary /Incremental/First order change	8	22%
Strategic change/transformational/ Second order change	26	72%
A mixture of both	2	6%
Total	**36**	**100%**

The majority of respondents, 56% indicated that the management believed that people are rational and will follow their self-interest once it is revealed to them.

Table 6: Management attitude/beliefs towards human resource

Attitude/beliefs towards work force	Response	% response
People are rational and will follow their self-interest — once it is revealed to them.	20	56%
People are social beings and will adhere to cultural norms and values.	4	11%
People are basically compliant and will generally do what they are told or can be made to do.	9	25%
People oppose loss and disruption but they adapt readily to new circumstances.	3	8%
Total	**36**	**100%**

The majority of respondents, 75%, indicated that change at KRA was based on the communication of information and the proffering of incentives. Meanwhile, 14% indicated that change at KRA was based on redefining and reinterpreting existing norms and values, and developing commitments to new ones, 8% indicated that change at KRA was based on the exercise of authority and imposition of sanctions. However, the minority indicted that change at KRA was based on building a new organization and gradually transferring people form the old one to the new one.

Table 7: Change Management Strategy

Change management strategy	Response	%Response
Change is based on the communication of information and the proffering of incentives.	27	75%
Change is based on redefining and reinterpreting existing norms and values, and developing commitments to new ones.	5	14%
Change is based on the exercise of authority and the imposition of sanctions.	3	8%
Change is based on building a new organization and gradually transferring people from the old one to the new one.	1	3%
Total	36	100%

4.4 Linking Change Management to Organization Success/Performance

The total revenue collected by Kenya Revenue Authority in the fiscal years 2004/2005, 2005/2006, 2006/2007 and 2007/2008 was Kshs 229.276 billion, Kshs 252.23 billion, Kshs 360.2 billion and KShs 433.9 billion respectively. The customer and employee satisfaction index was 61%, 65%, 68% and 68% for the four fiscal years respectively. The level of certification of the ISO certification was at 25% level, 50% level, 75% level and full ISO certification in the fiscal year 2007/2008. The costs associated with this performance areas are as shown.
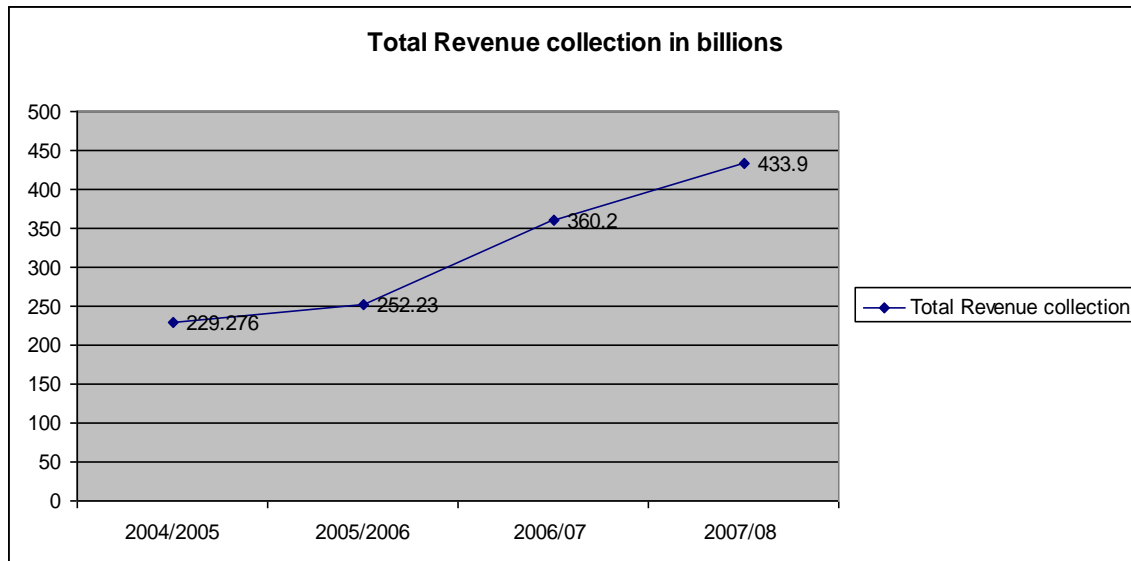

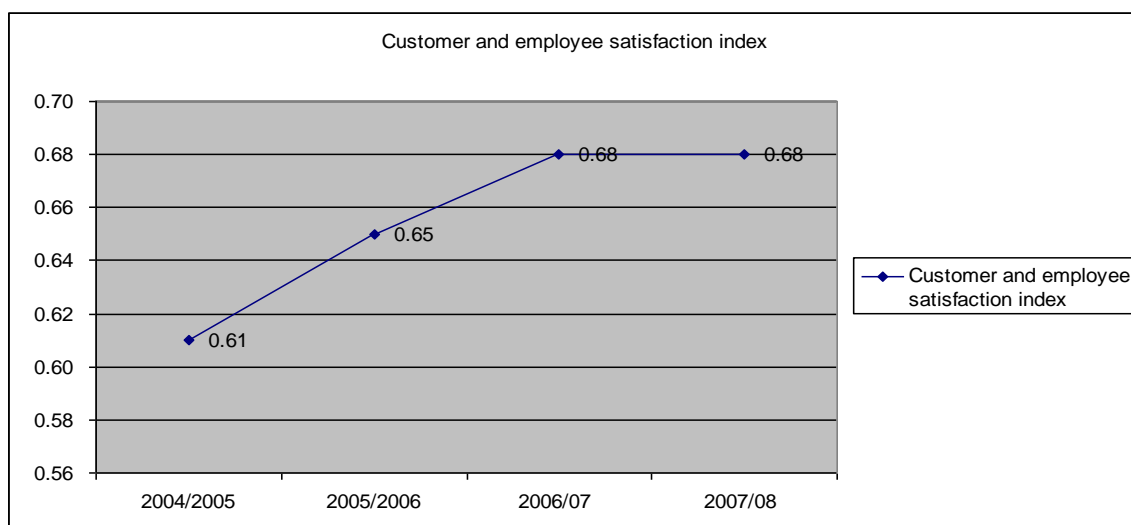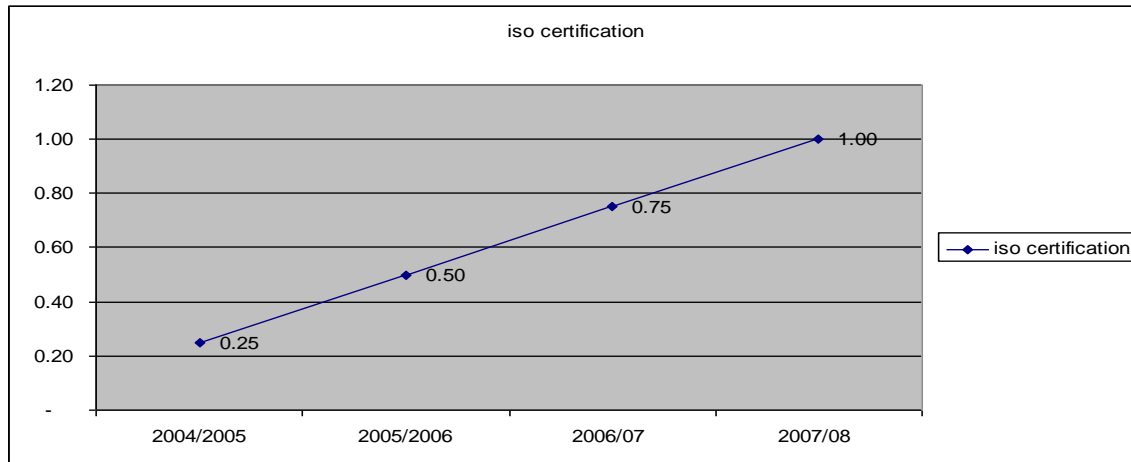**Figure 1: Total Revenue Collection**

Figure 2: Customer and Employee Satisfaction Index

Figure 3: ISO Certification

Table 8: Cost and Performance Data of KRA for the Last Four Fiscal Years

Year	Domestic costs in	Road costs in billion	Processes cost in billions	Training costs in billions	Automation costs in billions	Total Revenue collection in billions	Customer & employee satisfactio	ISO certification (%)
2004/05	0.695	0.645	0.0525	0.05	0.25	229.276	0.61	0.25
2005/06	0.74	0.7	0.0545	0.063	0.28	252.23	0.65	0.50
2006/07	0.76	0.72	0.061	0.65	0.32	360.2	0.68	0.75
2007/08	0.87	0.78	0.067	0.72	0.52	433.9	0.68	1.00

The average costs of domestic and customs department reform initiatives over the four fiscal years was Kshs 0.7663 billion. Cost associated with road taxes reforms amounted to an average of Kshs 0.7112 billion over the four fiscal years. The rest of the costs and performance averages are given in table 9.

Table 9: Average Cost and Performance for the Last Four Fiscal Years

Descriptive Statistics

	Mean	Std. Deviation	N
DOMESTIC	.7663	.07432	4
ROAD	.7112	.05573	4
PROCESS	.0588	.00659	4
TRAINING	.3708	.36403	4
AUTOMATE	.3425	.12176	4
REVENUE	318.9015	95.58250	4
SOFTPERF	.6550	.03317	4
ISOCERTI	.6250	.32275	4

4.5 Correlation analysis

According to the study, domestic and custom department reform costs ,road taxes reform costs, business process and infrastructure reform costs, training and change management costs and business automation costs, were all positively correlated /associated to revenue collections, soft performance and ISO certification. These findings were supported by strong positive correlation coefficients of .930, .781 and .947 for domestic reform cost against the three performance variables, .936,.897 and .984 for road tax reform cost against the three performance variables,.998,.862,.980 for business process cost against the three performance variables. The rest of the correlation coefficients are presented in table 10.

This can be interpreted to mean that when any of these costs were noted to increase, an increase in performance (revenue, soft performance and ISO certification) was also observed. On the other hand, if these costs decreased, a notable decrease in the performance (revenue, soft performance and ISO certification) was also observed. It was also noted that the various costs associated with the strategic reforms were positively correlated with each other.

This can be interpreted to mean when one cost increased, another cost was noted to increase and vice versa. Finally, the three performance variables namely revenue collection, soft performance and ISO certification were also positively correlated. Therefore, this can be interpreted to mean that when one performance variable increased, the other performance variables also increased and vice versa.

Table 10: Correlation Coefficients

Correlations

		DOMESTIC	ROAD	PROCESS	TRAINING	AUTOMATE	REVENUE	SOFTPERF	ISOCERTI
DOMESTIC	Pearson Correlation	1	.973*	.952*	.806	.987*	.930	.781	.947
	Sig. (2-tailed)	.	.027	.048	.194	.013	.070	.219	.053
	N	4	4	4	4	4	4	4	4
ROAD	Pearson Correlation	.973*	1	.952*	.841	.925	.936	.897	.984*
	Sig. (2-tailed)	.027	.	.048	.159	.075	.064	.103	.016
	N	4	4	4	4	4	4	4	4
PROCESS	Pearson Correlation	.952*	.952*	1	.948	.938	.998**	.862	.980*
	Sig. (2-tailed)	.048	.048	.	.052	.062	.002	.138	.020
	N	4	4	4	4	4	4	4	4
TRAINING	Pearson Correlation	.806	.841	.948	1	.787	.967*	.875	.921
	Sig. (2-tailed)	.194	.159	.052	.	.213	.033	.125	.079
	N	4	4	4	4	4	4	4	4
AUTOMATE	Pearson Correlation	.987*	.925	.938	.787	1	.915	.689	.901
	Sig. (2-tailed)	.013	.075	.062	.213	.	.085	.311	.099
	N	4	4	4	4	4	4	4	4
REVENUE	Pearson Correlation	.930	.936	.998**	.967*	.915	1	.870	.975*
	Sig. (2-tailed)	.070	.064	.002	.033	.085	.	.130	.025
	N	4	4	4	4	4	4	4	4
SOFTPERF	Pearson Correlation	.781	.897	.862	.875	.689	.870	1	.934
	Sig. (2-tailed)	.219	.103	.138	.125	.311	.130	.	.066
	N	4	4	4	4	4	4	4	4
ISOCERTI	Pearson Correlation	.947	.984*	.980*	.921	.901	.975*	.934	1
	Sig. (2-tailed)	.053	.016	.020	.079	.099	.025	.066	.
	N	4	4	4	4	4	4	4	4

*. Correlation is significant at the 0.05 level (2-tailed).

**. Correlation is significant at the 0.01 level (2-tailed).

4.6 Sources of Resistance to Change

The majority of respondents, 61%, 58%, 64% indicated that myopia or inability of the company to look into the future with clarity, denial or refusal to accept any information that is not expected or desire, communication barriers distortion or misinterpretations respectively were highly significant source of resistance to change at KRA.
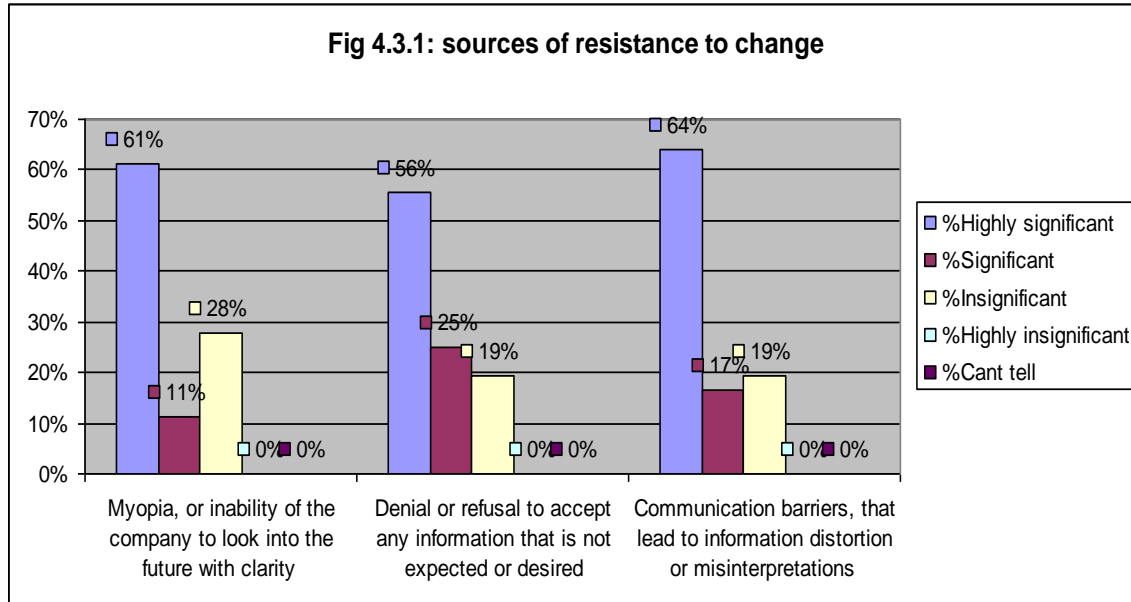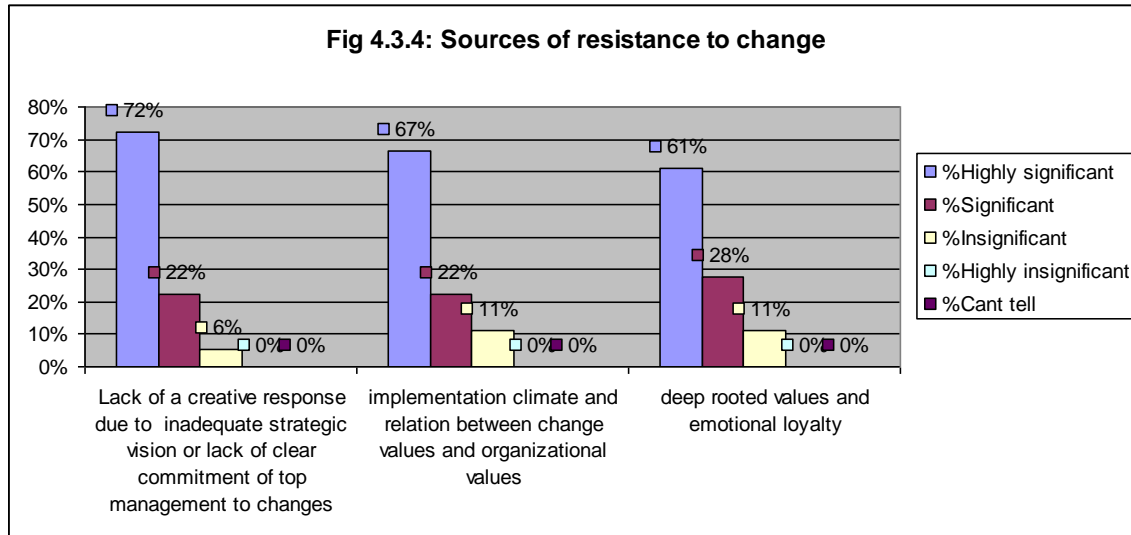
Figure 4: Sources of Resistance to Change

Majority of respondents, 50%, indicated that organizational silence which limits the flow of information from individuals who do not express their thoughts. Furthermore, the majority, 50% and 56% indicated that low motivation due to direct costs of change and low motivation due to cannibalization cost respectively were significant sources of resistance to change at KRA.
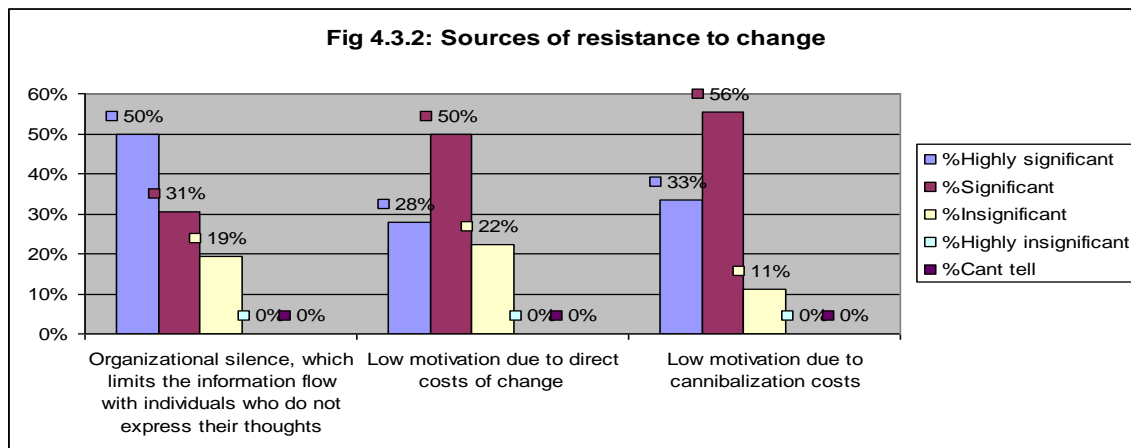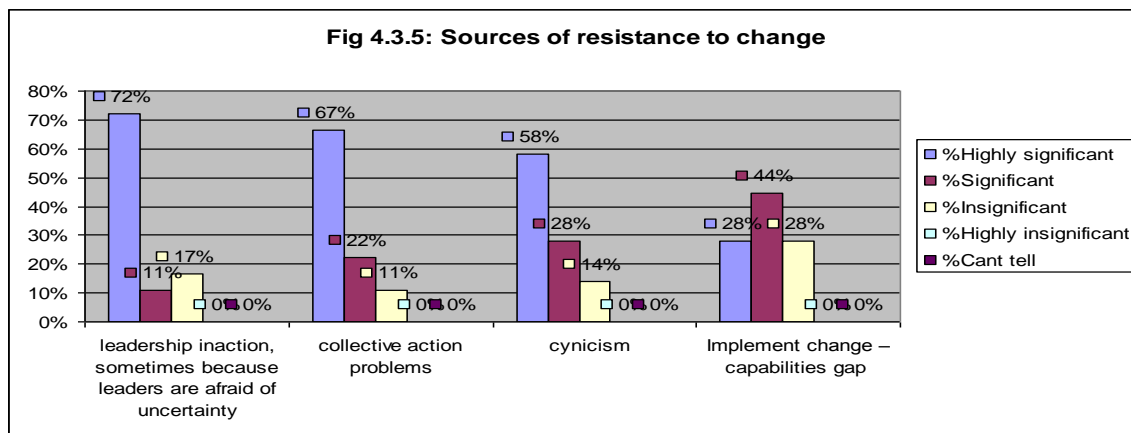

Figure 5: Sources of Resistance to Change

According to this study, the majority of respondents, 72%, 67%, and 61% indicated that lack of a creative response due to inadequate strategic vision, implementation climate and relationship between change values and organizational values, deep rooted values and emotional loyalty respectively were highly significant sources of resistance to change at KRA.

Figure 6: Sources of Resistance to Change

The majority of respondents,72%,67%,58% indicated that leadership inaction sometimes because leaders are afraid of uncertainty, collective action problems, cynicism respectively were highly significant sources of resistance to change at KRA. Furthermore, the majority, 44%, indicted that implement change-capabilities gap was significant source of resistance to change to KRA.

Figure 7: Sources of Resistance to Change

5.0 DISCUSSION CONCLUSIONS AND RECOMMENDATIONS

5.1 Findings

One of the objectives of this study was to determine the change management strategies adopted by KRA. As indicated in this study by the majority, the type of change observed at KTRA was strategic change as opposed to evolutionary change. In addition, the management of KRA believed that people are rational and will follow their self-interest — once it is revealed to them. Consequently the management adopted a change management based on the communication of information and the proffering of incentives. According to Bennis, Benne & Chin (1969), this

change management strategy is referred to as the empirical–rational approach to change management.

The second objective in this study was to establish the performance trend of KRA. Three performance variables were identified namely total revenue collection, soft performance (employee and customer satisfaction) and ISO certification. According to this study, the total revenue collected by Kenya Revenue Authority in the fiscal years 2004/2005, 2005/2006, 2006/2007 and 2007/2008 was Kshs 229.276 billion, Kshs 252.23 billion, Kshs 360.2 billion and KShs 433.9 billion respectively. The customer and employee satisfaction index was 61%, 65%, 68% and 68% for the four fiscal years respectively. The level of certification of the ISO certification was at 25% level, 50% level, 75% level and full ISO certification in the fiscal year 2007/2008.

The third objective in this study was to establish whether a relationship existed between change initiatives and organization success as measured by the performance. A strong positive correlation was found to exist between the reform costs and the performance variables. Consequently a positive movement in the cost element of the reform initiatives was accompanied by a positive movement in the performance and vice versa. It was also noted in this study that the costs of the reform /change initiatives were positive correlated with each other. Furthermore the three performance variables had a strong positive correlation with each other. Finally, it was observed that the significant sources of resistance were related to both the formulation and implementation stages of change management

5.2 Conclusions

Based on the findings, the study concluded that the change management strategy applied by KRA can be described as empirical-rational. Furthermore, the researcher concludes that there exists a positive relationship between reform/change initiatives and organizational success of KRA.

5.3 Recommendations

The study recommended that the sources of resistance to change be addressed in order to boost the performance of KRA in terms of revenue collection and soft performance such as employee satisfaction and morale as well as customer satisfaction

5.4 Suggestions for Further Studies

The researcher suspected that the impressive performance of KRA is also attributed to good economic performance. Consequently, it is recommended that further research into the relationship between economic indicators such as interest rates, inflation rates, gross National product and KRA performance.

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