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# The Role of Technology Adoption, Tax Base Expansion, Taxpayers' Education, Customer Service, and Strategy Communication on the Organizational Performance of Kenya Revenue Authority

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### ABSTRACT

Organizational performance is vital for conceptual and empirical research in strategic management. Strategic choice serves as the link between the organization and the operational environment. In the unpredictable and competitive business environment, it is paramount for organizations to enforce strategic decisions that will direct them to cope with changes in the background and attain a competitive advantage. Kenya Revenue Authority (KRA), a government-owned organization mandated to collect, assess, and account for all revenues, has faced sincere challenges in its operations and management. This study aimed to investigate the influence of technology adoption, tax base expansion, taxpayers' education, customer service, and strategy communication on the performance of Kenya Revenue Authority. The guiding theories were the resource-based view theory, the balanced scorecard, and the dynamic capabilities theory. A descriptive survey research design was adopted, targeting 90 top and middle-level departmental employees as the unit of analysis. Proportionate stratified and random sampling was used as the sampling technique. The data collection instrument was a pilot-tested questionnaire for accurate measurement examination. The study findings revealed that the five independent variables explain 60.8% of Kenya Revenue Authority's performance, as shown by R squared. The study revealed that adopting technology and customer service had the most impact on KRA's performance. Tax base expansion, taxpayers' education, and strategy communication also had a significant impact on the organization's performance. The study recommends that for the organization to have continued improved performance, it should focus on enhancing its technological systems, expanding its tax base, providing efficient customer support, offering continued taxpayers' education, and ensuring proper and effective communication of its strategies to staff. The study also recommends that other government-owned companies, corporations or agencies that seek to improve performance should incorporate strategic choice in their operations.

## Introduction

The centrality of performance in strengthening the organizational ability to realize success in the various strategic goal areas has formed an aggressive theme in strategic management research. As affirmed by Fernando and Bandara (2020), it is through strategic choice that plausible decisions are put into practice to choose a particular option from multiple alternatives where performance can be met. For this reason, strategic choice brings forth the necessity of liberating decision-making. It is the process of choosing the most appropriate strategy from many alternatives to serve best the set agency or company objectives (Anning-Dorson, 2018). On the same note, strategies that an organization chooses to maintain, as Waddell et al. (2019) affirm, can also be affected by the different values and expectations of the decision-makers, which includes managers and others with the power to formulate a strategy. Therefore, it is paramount for organizations and agencies to decide the direction and scope as a given choice plays a significant part, and it is necessary to make them achieve the set goals. Gomez and Yasin (2017) note that strategy can only be pursued in two ways, which are internal and external development, and the outcome of these strategic choices is the excellent performance of an organization.

Therefore, organizations striving to meet the accomplishment of set goals should observe continuous performance as the fixed goal of the firm through strategic choices. Fernando and Bandara (2020) present a clear view of the underlying concept of strategic choice in an organization and its evolution over a given time. The authors attest that, for instance, in the 1950s, the concept was upheld as how agencies adhered to their mandate. On the same note, between the 1980s and 1990s, perception changed to the ability of environmental exploitation to use limited resources. The 1980s and 1990s brought about the realization that an organization or agency moves to the uttermost if it plays a pivotal role in adopting technology, expanding its base, and taking care of its customer needs (Iqbal, 2019).

Kenya Revenue Authority was established on 1<sup>st</sup> July 1995 under the Ministry of Finance by an Act of Parliament under Cap 469 in Kenyan Laws. The Act stipulates that the authority is mandated with revenue collection responsibility for the Kenyan government (Kenya Revenue Authority [KRA], 2018). Kenya Revenue Authority assesses and enforces laws that mutually relate to revenue and administers and creates organizational structures to maximize revenue collection. In its formation, KRA merged the departments of Value Added Tax, Income Tax, Customs, and Excise in the Ministry of Finance. Generally, to perform successfully in its set mission, KRA has its operations segmented into three: Customs, Domestic Taxes, and Support services.

Some of the reforms introduced since the establishment of the authority, as alluded to by Ombati's (2018) study, include the introduction of Value Added Tax (VAT) in 1990 in substitution of sales tax and the introduction of Electronic Tax Registers for VAT-registered taxpayers that positively keep tabs on the sales and a plausible part of curbing the evasion of paying VAT on the sales made. In November 2010, Turnover Tax (TOT) was also introduced for small and medium taxpayers for those with amounts between 350 and 750 million (Ombati, 2018). From its inception, KRA has been met with several internal and external challenges, including social, technological, and political challenges. These include incidences of tax evasion, poorly implemented strategies to facilitate taxpayers, the ever-widening informal sector, lack of adequate resources, and poor operating procedures. This scenario raises

significant and practical implications on the necessity for management to, without fail, search for improved strategic choices to enhance the organization's performance (KRA, 2018).

Researchers have presented a solid and convincing case for their choice of indicators to operationalize those with the capacity and potential to improve organizational effectiveness and efficiency to become a source of superior performance. Past research by Masaku (2019) has identified marketing strategies for various goals such as sales increase, acquiring new customers or expanding market share as a critical strategic choice with the potential to build organizational performance. As elaborated by Park and Yoon (2017), this can be achieved by providing taxpayer education, which creates awareness amongst taxpayers and provides them with the necessary information about their obligations, promoting compliance. Taxpayers' education transforms taxpayers' relationships with the taxman and benefits them collectively (Masaku, 2019).

Kyengo (2013) maintains that broadening the tax base influences tax collection and is more likely to lead to good performance in revenue collection authorities. This would imply that it would be essential to increase the revenue collection points to increase revenue collection. It will enable the creation of new taxable markets where tax collection systems are aligned to ensure compliance in professional sectors such as e-commerce development, m-commerce, and real estate.

The existing body of management literature, for instance, by Qadir and Ali (2017), informs that customer service facilitates communication between customers and the organization, which results in good relations and enables an organization to understand and meet the needs of its consumers. Good customer service provides firms value and endorsements, reduces employee turnover, and helps retain customers. This strategic choice has also been cited by Wang et al. (2016), who affirm that customer service is keen on the buyer's journey while doing marketing and the rate at which they adopt new services and features. Therefore, with excellent and commendable customer service, the company can maintain its customers through exemplary customer relations as well as their understanding in meeting their needs which results in good performance for the organization.

In the same vein, Otieno et al. (2015) state that superior performance by the organization is realized when the exchange of ideas, knowledge, information, and guidance is aided in strategic implementation through effective communication. Therefore, organizations should develop plausible communication channels for strategic choices to ensure the achievement of the set goals and objectives.

### **Statement of the Problem**

In all organizational endeavors, to a great extent, performance, according to Fernando and Bandara (2020), is the end product. For this reason, there is a need for the management to align its internal activities with the demands of the environment through supplementing strategies and activities in a way that will result in synergy for optimal performance. Organizations in the public are often dominated by performance challenges rooted in private sphere competitions, technological capacity, corruption, poor strategic choices, and human resource issues. Service delivery and the revenue performance of KRA have been raised as some of the challenges within the organization.

The dismal performance trend, for instance, two decades ago, in the financial year 1998/1999, where its revenue collection targets fell short; 2003/2004 financial year, where it failed to surpass its targets in revenue collection; 2017/2018 financial year where the organization collected Ksh.1.435 trillion against the set target of 1.5 trillion, financial year 2019/2020 where its revenue collection target was missed by Ksh.88.3 billion raises questions and calls for alternative measures to encourage determination and fostering of strategic choices to improve organizational performance (KRA, 2021).

The continued registration of shortfalls in revenue collection can be attributed partly to the lack of pivotal and proper choice of KRA internal processes to prevailing environmental conditions and coordination among the internal processes. This factor was noted in the 7<sup>th</sup> corporate plan in the organization that suggested the necessity of proper alignment of its culture and resources that can react efficiently to the country's economic performance changes, expansion of revenue collection points, knowledge sensitization to taxpayers and stakeholders relationship that affects its target in revenue collection (KRA, 2018).

An organization's capability to maintain its performance rests on its ability to present realistic alternatives and leverage multiplier effects. With the enhancement of performance in all activities undertaken by an organization, it is expected that improvement will be in both the services and activities it offers. The sustainable competitive advantage is brought up by the collective responsibility that yields the company's long-term benefits.

Several analysts have drawn distinctions in the strategic choice of an organization. Few researchers were in other nations and countries; hence, the findings did not apply to KRA in Nairobi. These researchers include Gomez and Yasin (2017), who recommended a strategic choice typology that fluctuates best in non-dormant organizations: from manipulation and resistance conformity to passive. However, this research failed to discuss the underlying choice of strategies applied by KRA and the results of the strategies employed in meeting objectives and set performance.

Gitaru (2017) assessed the influence on tax compliance through taxpayers' education in Kenya and failed to examine other strategic choice variables like strategy communication in an organization. Other scholars like Kondo (2015) examined how revenue can be enhanced for financial performance. Even though all the research mentioned above, among others, had a pivotal input in offering diverse firms' strategic choices, the influence of strategic choice in an organization like KRA needs to be primarily addressed. Thus, a gap emanates that this study discussed in depth. The study examined the strategic choice influence on organizational performance and how the variable indicators affected the performance in the case of Kenya Revenue Authority.

### **Objectives of the Study**

- 1) To establish the influence of technology adoption on the performance of Kenya Revenue Authority.
- 2) To assess tax base expansion's effect on the performance of Kenya Revenue Authority.
- 3) To determine how taxpayers' education influences the performance of Kenya Revenue Authority.
- 4) To find out the role of customer service on the performance of Kenya Revenue Authority.

- 5) To establish strategy communication's influence on the performance of Kenya Revenue Authority.

## Review of Literature

### Theoretical Review

Various authors advance different premises of organizational performance based on the theory adopted to describe it. Resource-based View Theory (RBV) was one of the theories adopted by the researcher in this study to describe the performance of Kenya Revenue Authority. The idea put forth by Grant (1991), the first assumption, stems from the fact that assets and competencies in an organization can be used to formulate strategies that would result in sustainable competitive advantages over a given time. Secondly, it is assumed that heterogeneity may exist within a firm on the bundles of resources it controls (Grant, 1991). There are three resource categories, namely organizational, human-capital and physical resources. The physical resources entail technology and access to the required raw materials and equipment. The human capital resources comprise human training, experience, intellect, and managers' acumen and experience within the organization (Barney & Mackey, 2016). The human capital resource view in this theory anchored the variable of taxpayers' education in the study.

According to Colbert (2004), well-organized resource management increases financial performance in a firm since it reduces unwanted costs, and the quality of products is kept constant. Therefore, according to the resource-based view theory, organizations should examine their internal opportunities using existing resources to find a competitive advantage rather than assessing a competitive environment. The approach was significant in the study since it focuses on a firm's resources and how they can be used to increase customer value.

The study also adopted the Balanced Scorecard (BSC) model developed by Kaplan and Norton in 1991. That comprises a planning strategy that enables firm directors and managers to examine the running of their business in monitoring, objectives attendance and activity planning and aligning team members. The main focus of measurement in BSC in business aspects includes processes in business finance, learning, growth, and customers (Kaplan, 2009). Under the business processes, the model assesses whether its performance in the internal systems is working and if the latter can be improved to increase profitability in the firm, according to Kaplan (2009). In the study, technology adoption was linked to internal processes in the metrics of BSC to shed a clear picture of the organization's projects and initiatives, creating a shorter turnaround time with more suggestive results.

Moreover, from the perspective of internal processes of the model, the theory was used to show how communication enables handling information to convert it to competitive and high-level advantage. Furthermore, according to the theory, customer concerns about using BSC fall in either time, cost or service performance. In this regard, the view helps to examine deliveries, sales, and products compared to critical purchases.

Further, the study adopted the dynamic capabilities theory rooted in the work of Teece et al. (1997), which evolved as a rejoinder of the resource-based view theory's inability to construct resources and abilities for either development or redevelopment for the rapidly changing environments as Arndt and Pierce (2018) inform. The dynamic capabilities theory approach incorporates rare, non-imitable, valuable, and non-substitutable resource attributes and



integrates and reconfigures the available resources and capabilities for the changing environments (Teece, 2018).

The theory posits that although organizational capabilities cannot be achieved and adapted to every environmental change, transforming and reconfiguring the intangible and tangible assets to create value significantly helps the organization remain effective and sustain performance (Arndt & Pierce, 2018). The theory is relevant to the study as an organization's performance relates to the firm's resource stock responsiveness. These capabilities are needed by organizations where the market is characterized by change and keeping pace with competitive and pivotal dynamics.

### **Empirical Review**

Empirically, several researchers have demonstrated the effect of technology, tax base expansion, taxpayers' education, customer service, and strategy communication choices on organizational performance. Lai (2017) studied the connection between performance and technology adoption in Kenyan firms. Findings established a positive and significant relationship between information sharing and the organization's performance.

Similarly, Nguyen et al. (2019) covered the technology alignment effect on the performance of organizations in Vietnamese manufacturing firms from 2011 to 2013. Findings stipulated that adopting technology in their firms improved performance in market shares. The investigation findings recommended improved technology adoption for a smooth flow of information to improve performance. Although the study was very informative on technology adoption's role in a firm's quality of services provision and relevance, the study could have been more extensive since the investigations focused on something other than a government organization.

The study by Kamau (2014) offers a comprehensive analysis of technology adoption tools to enhance compliance with tax in Kenya. This descriptive research employed a questionnaire as the data collection tool. Findings established a positive relationship between technology adoption and tax compliance level in KRA. Furthermore, results revealed that adopting technology has helped taxpayers comply with tax laws. It was also established that KRA had met some of its set targets with technology. This study, however, only focused on tax compliance as a measure of performance.

Numerous researchers have also documented the benefits of tax base expansion strategic choice to organizational performance. Ombati (2018) researched tax reforms influence on revenue collection efficiency in Kenya using the Karl correlation method for government agencies for 38 years, from 1980 to 2017. Findings highlighted different steps made regarding tax base expansion to increase tax collection, where tax reforms were the determinant factor highlighted. Other reforms in regards to tax base expansion, as discussed in the study, included the introduction of Value Added Tax (VAT) in 1990 in substitution of sales tax and the introduction of Electronic Tax Registers for VAT-registered taxpayers that positively keep tabs on the sales and a plausible part of curbing the evasion of paying VAT on the sales made.

Kyengo (2013) assessed how strategic response impacted KRA revenue collection. This study alluded that broadening the tax base influenced tax collection. The study recommended that it is paramount for KRA to put in place accountable procedures to improve and enforce all adopted strategies. However, a methodological gap emanated as a cross-sectional survey design

was used to analyze data different from this study, which employed a descriptive study design. Kenya Revenue Authority has continuously highlighted tax base expansion as one of its strategic thrusts in its corporate plans to ensure that the organization can achieve its targets. Tax base expansion focuses on different aspects of each program. For example, in the 7<sup>th</sup> corporate plan, tax base expansion focused on increasing active taxpayers' number from 3.94 million in 2018 to 7 million in 2025 through various initiatives (KRA, 2018).

Numerous researchers have examined the role of taxpayers' education in the performance of revenue collection organizations. In Nakuru County of Kenya, Omondi and Theuri (2019) assessed taxpayer's awareness impact on SMEs' compliance with tax. Taxpayer awareness measures were both training and administrative skills. The study found that in situations where traders possess taxpayer awareness, financial performance potential is much greater. The study recommended education and tax awareness for an overall positive impact among SMEs. Mozael (2015) also researched how training programs impact revenue authority performance in Uganda. The research study findings emphasized the need for job training and seminars as the strategic choices that positively affect the performance of employees.

Moreover, studies by Khan et al. (2015) and Qadir and Ali (2017) state that customer service facilitates communication between customers and the organization, which results in good relations and enables an organization to understand and meet the needs of its consumers. Therefore, with excellent and commendable customer service, the company can maintain its customers through exemplary customer relations as well as their understanding in meeting their needs which results in good performance for the organization. Further, Kafko's (2017) study recommended that all firms that focus on meeting their set objectives should consider a customer service orientation strategy as this leads to a performance increase.

A study by Wachira (2014) offers a comprehensive analysis of the influencing factors in implementing a strategic plan in KRA. The study informs that the key to organizational performance is communication. Communication should constantly be open and should flow between the different staff members. There is an exchange of ideas, knowledge, information, and guidance, which aids in strategic implementation, as the study informs. This is because communication occurs through either formal and informal or written means through the organization's structure, which facilitates strategic implementation of the appropriate methods for achieving set goals and objectives. Therefore, organizations should develop plausible communication channels to ensure the strategic implementation of complex plans and objectives.

## Method

A descriptive design was used to analyze data. The type of research design provides an accurate and detailed picture of a particular subject or population's characteristics and behaviors (Muathe, 2010). Through this design, the researcher could observe and collect data without the attempt of cause-and-effect relationship interferences. As such, the information gave an accurate picture of the situation at KRA.

The study targeted 180 departmental employees, 64 from top departmental staff, and 116 from middle-level departmental employees drawn from KRA's three central departments (SIRM, Revenue Operations, i.e., DTD & CBCD, and CSSD) as the target population. The target population is the entire set that is considered qualified with a specialized set of

characteristics, to which researchers are interested in generalizing and drawing conclusions, as affirmed by Muathe (2010).

The study used proportionate stratified and random sampling to divide the population into sub-groups and choose 50% of respondents. Sampling is choosing a segment from a given population to tell the number of items included as a sample (Andrew et al., 2019). Therefore, in the study, 50% of respondents in the two sub-groups gave 90 respondents as the research sample.

Primary data was collected by adequately prepared questionnaires to aid the process. In designing the questionnaire, the researcher first read the study literature to grasp the key strategic choice practices regarding each study variable. Guided by the literature concept, the researcher applied personal knowledge to develop five research questions under each variable. Also, to create valid and reliable questions to address the study objectives and place them in a useful manner to provide quantitative and qualitative data that is easily measured, the study instrument was divided into two distinct categories: closed-ended and open-ended. Closed-ended questions were used to gather quantitative data by measuring intensity, frequency, preference, or satisfaction level according to the study's variable indicators. While designing the closed-ended questionnaires, the study applied a five-point Likert scale where point 1 implied strong disagreement and 5 implied strong agreement. Using this scale in the study significantly standardized responses, making the analysis process easier.

Further, to get more detailed responses to the study and additional insights, each closed-ended question was supplemented with a single open-ended question to uncover new information or other perspectives of the respondents on the variables in their own words. Validity and reliability tests were done before the actual exercise of data collection in the field. Validity and reliability tests monitor any constraints respondents encounter while responding to questions raised in the questionnaire while in the field area (Muathe, 2010). The supervisor helped ascertain the validity of the content in the questionnaires and determined its adequacy by reviewing questionnaire items regarding the presented indicators in the conceptual framework. The reliability of the questionnaire was tested through pilot testing on 10% of the target population for internal consistency determination using Cronbach Alpha coefficient values in each variable. Mugenda and Mugenda (2003) describe the pilot test as a rehearsal and replica of the primary survey. The study adopted a threshold value of 0.70, indicating good reliability, as Mugenda and Mugenda (2003) noted. The overall Cronbach alpha coefficient for the study was 0.8.

After field data collection, their level of completion, edition, evaluation, classification, and coding for analysis purposes was done using quantitative and qualitative methods as endorsed by Muathe (2010). Qualitative data was measured in a non-numeric way, description through natural language, and analyzed through content analysis whereas quantitative data was measured arithmetically by analysis of mean, frequencies, and standard deviations, as Muathe (2010) suggests. Data collected was also analyzed in descriptive and inferential statistics. Descriptive statistics involved standard deviation and mean computation, as Muathe (2010) suggested, to describe the link between strategic choice and the performance of KRA. Inferential statistics applied correlation analysis and the multiple linear regression analysis model of the strategic choice and organizational performance and was linked with the model as detailed below;



$$Y = \alpha + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \beta_5 X_5 + \varepsilon$$

Y=Organizational performance

$\beta$ =Beta co-efficient

$X_1$  = Technology adoption

$X_2$ =Tax Base Expansion

$X_3$ =Taxpayers' education

$X_4$ =Customer service

$X_5$ =Strategy communication

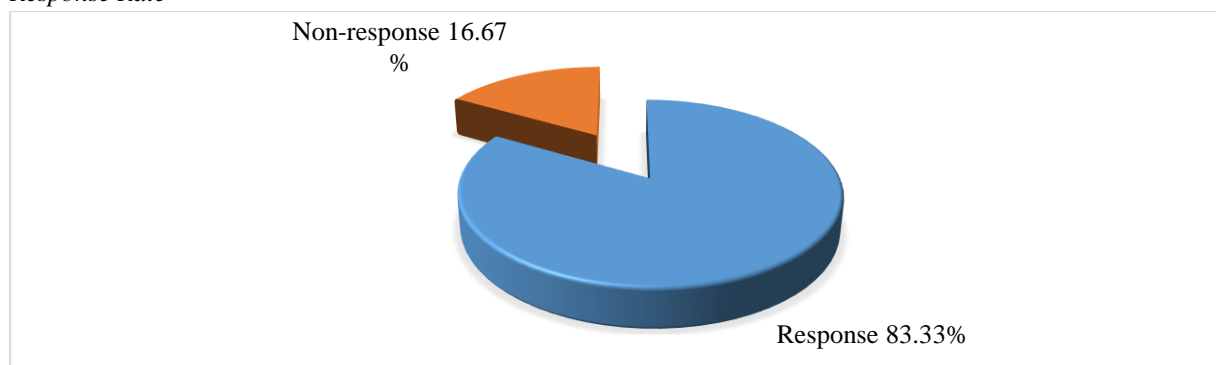
$\varepsilon$  =Error

## Results

The researcher administered 90 questionnaires to KRA departmental staff, where [Figure 1](#) gives details of the response rate.

**Figure 1**

*Response Rate*



Seventy-five questionnaires were filled and returned, representing an 83.33 % response rate, as indicated above. According to Dannels (2018), a response rate in a research study of above 70% is perfect for usage. Therefore, obtaining a response rate of 83.33% for the study was most relevant while drawing conclusions and findings generalization to the whole population. The high response rate was due to procedures of data collection where the researcher first notified the study sample respondents before collecting data and followed up to remind respondents. The study conducted correlation analysis to establish statistical significance and trends between the independent and dependent variables. The findings are presented in [Table 1](#).

As presented in [Table 1](#), the relationship between technology adoption and organizational performance was positive and significant, where  $r = .71$  and  $p\text{-value} < .001$ ; tax base expansion was strongly positive at  $r = .70$  and  $p\text{-value} < .001$ . Taxpayers' education had a significant link with organizational performance at  $r = .68$  and  $p\text{-value} < .001$ , customer service and organizational performance was strongly linked at  $r = .70$  and  $p\text{-value} < .001$ , while strategy communication had a positive and significant connection with organizational performance where  $r = .65$  and  $p\text{-value} < .001$ .

In coherence with interpreting the results, Huber (2004) elaborated linear relationship interpretations by ranking the data into weak, moderate or strong correlation relationships within the study variables. According to the author,  $r$  results that ranged from  $\pm 0.10$  to  $\pm 0.29$  are weak,  $\pm 0.30$  to  $\pm 0.49$  are moderately correlated and finally, where  $r$  was from  $\pm 0.5$  up to  $\pm 0.9$  in the results, they are strongly correlated. From the findings, all the results were above  $\pm$

0.5, indicating a strong significant relationship between all the study's independent variables and the dependent variable.

**Table 1**

*Correlation Matrix*

		Technology adoption	Tax Base Expansion	Taxpayers' Education	Customer Service	Strategy Communication	Org. Perform
Technology adoption	Pearson Correlation	1					
Tax Base Expansion	Pearson Correlation	.70**	1				
Taxpayers' Education	Pearson Correlation	.92**	.69**	1			
Customer Service	Pearson Correlation	.69**	.88**	.67**	1		
Strategy Communication	Pearson Correlation	.62**	.83**	.60**	.85**	1	
Organizational Performance	Pearson Correlation	.71**	.70**	.68**	.70**	.65**	1
	Sig. (2-tailed)	<.001	<.001	<.001	<.001	<.001	<.001
	N	75	75	75	75	75	75

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

The researcher also performed regression analysis to determine whether the core strategic choice variables (technology adoption, tax base expansion, taxpayers' education, customer service, and strategy communication) significantly impacted the performance of KRA. The results of regression analysis of the model summary, ANOVA, and regression co-efficient conducted, the research of the coefficient of determination, and the findings are indicated in Table 2.

From the findings, as indicated in Table 2, the coefficient of correlation was .78, and this revealed a strong and positive correlation. The results showed that the five independent variables in this study accounted for 60.8% of the variations in the performance of KRA. Other competencies outside the limit and scope of this research study would explain the residue effect of 39.2%.

**Table 2**

*Model Summary*

Model	R	R <sup>2</sup>	Adjusted R <sup>2</sup>	Std. Error of the Estimate
1	.78 <sup>a</sup>	.60	.58	.25

Note. a. Predictors: (Constant), Technology adoption, Tax Base Expansion, Taxpayers' Education, Customer service, Strategy communication

The study conducted a two-way ANOVA at a significance level of 5% to test the model fitness in estimating the ascendancy of independent variables on KRA performance. From the findings in Table 3, it was noted that statistics ( $F = 21.43$ ,  $p = < .001$ ) were realized, implying that the model was significantly applicable and fit in estimating the interaction between the strategic choice and the organization's performance.

**Table 3**

*Two-way ANOVA Results*

Model	Sum of Squares	Df	M	F	p
Regression	6.97	5	1.39	21.43	< .001b
Residue	4.49	69	0.06		
Total	11.46	74			

Note. a. Dependent Variable: Organizational Performance; b. Predictors: (Constant), Technology adoption, Tax Base Expansion, Taxpayers' Education, Customer service, Strategy communication

To describe the individual influence of each independent variable of strategic choice on the performance of KRA, the researcher generated the results in Table 4 from the SPSS tool.

The resultant equation became;

$$Y = 0.032 + 0.438X_1 + 0.163X_2 + 0.020X_3 + 0.246X_4 + 0.144X_5$$

Where Y= Organizational Performance,  $X_1$  = Technology adoption,  $X_2$  = Tax Base Expansion,  $X_3$  = Taxpayers' education,  $X_4$  = Customer service,  $X_5$  = Strategy communication.

According to Table 4 results, it was noted that when all the study variables were held constant (technology adoption, tax base expansion, taxpayers' education, customer service and strategy communication), the performance of KRA would be held at .03. When the other variables were held sustained, a shoot-up unit in technology adoption meant that the performance of KRA would be at .43 units. When all variables were held constant and there was an increase in tax base expansion, the performance of KRA would be at .16 units.

Moreover, from the findings, when there was an increase in taxpayers' education while the other variables were held constant, organizational performance would be at .02 units. When a single customer service unit increases, KRA performance would be at .24 units with the other variables constant. Also, escalating a single unit in strategy communication when the other variables were kept steady increased organizational performance by .14 units.

Findings also indicated a positive link between technology adoption and KRA performance, where the p-value was  $.04 < .05$ . Tax base expansion's p-value was  $.04 < .05$ , a signal that tax base expansion positively impacted the performance of KRA while taxpayers' education variable p-value was at  $.03 < .05$  having the same implication. The p-value for customer service was at  $.02 < .05$ ; this was a gesture that the variable positively influenced KRA's performance. The strategy communication variable had a p-value of  $.04 < .05$  displaying a positive and significant influence on KRA's performance.

**Table 4**

*Regression Coefficients*

Model	Unstandardized Coefficients		Standardized Coefficients	<i>t</i>	<i>p</i>
	B	Std. Error	$\beta$		
(Constant)	.03	.42		0.07	.04
TECH	.43	.22	.38	1.94	.04
TBE	.16	.20	.13	0.79	.04
TED	.02	.21	.01	0.09	.03
CUSVC	.24	.22	.20	1.11	.02
ST.COM	.14	.19	.11	0.74	.04

*Note.* a. Dependent Variable: Organizational Performance

## Discussion

From the findings in Table 1, there was an indication of a direct association between the independent and the dependent variables, meaning any of the independent variable's rise would lead to an organizational performance shoot-up. The findings were also consistent with Kondo (2015), who assessed the link between solid strategies and KRA performance and found that the organization's ability to use pivotal methods significantly influenced financial performance. It was also supported by Kyengo's (2013) research that recommended KRA put in place accountable procedures to improve and enforce all adopted strategies to improve its performance as they affected it.

The findings, as indicated in [Table 2](#), were supported by the survey by Gomez and Yassin (2017), who shared the strategic choices in a firm influence performance positively and significantly.

[Table 4](#) indicates a positive link between technology adoption and KRA performance agreed with Nguyen et al. (2019), who studied the technology alignment to Vietnamese manufacturing firms' performance and revealed that adopting technology in their firms improved performance in market shares. A study by Uchegbulam and Akinyele (2015) attested that lowering operating costs resulted from technology adoption, which was in line with this study.

The study by Kamau (2014), which offers a comprehensive analysis of technology adoption tools to enhance compliance with tax in Kenya, showed a positive relationship between the adoption of technology and the levels of tax compliance in KRA, which supported this study's results as compliance affected the organization's performance. The findings were per the expectation and consistent with the view held by Mutisya and Kinoti (2017), who reveal that for firms to sustain business efficiency and deliver quality services to many customers, they must invest in safe, accurate, and fast technology.

Ombati (2018) highlighted different steps made regarding tax base expansion to increase revenue collection, and the results are congruent with the study since tax base expansion was a key to organizational performance. Further, Kondo's (2015) research elicited that it would be essential to increase the revenue collection points to increase revenue collection, which reinforces the need for tax base expansion to improve KRA's performance. This was also alluded to by Kyengo's (2013) research on the influence of strategic response on revenue collection in Kenya Revenue Authority. This result is in line with most findings on revenue collection strategic thrusts. For instance, in Uganda, Mawejje and Munyambonera (2016) reported that tax base expansion creates an exemplary environment for new taxable markets to prosper and the existing ones to flourish. These results resonate with findings by other scholars, even in developed economies. For instance, Bartels and Jenderny (2015) found that Germany's tax base expansion perspective represents an economic practice that enhances fairness and equity in tax systems.

According to the findings, taxpayers' education variable positively impacted the performance of KRA. Kikuvi (2020) reviewed the influence of taxpayers' education on small and medium-sized enterprises (SMEs) compliance with Value Added Tax and from the study concluded that taxpayers' education positively impacts SMEs' VAT compliance which was in line with this study's proposition that taxpayers' education influenced KRA's performance.

This was also in line with sentiments held by Njoroge et al. (2015), who noted that education, as a human capital development asset, helped individuals to differentiate between the truths and fallacies and could be developed to improve performance in a firm. This study examined diversity in the workplace and the performance of an organization. It offered skills and knowledge which played a significant role in developing and preserving an organization. Holding the same idea, Mozael (2015) emphasized the need for job training and seminars as the strategic choices that positively impacted performance.

It was also observed that the customer service variable positively influenced KRA's performance. This relationship was significant, indicating that improving customer service leads to better performance of organizations. Kavulya et al. (2018) researched the influence of customer service and performance in Kenyan SACCOs, which indicated that SACCOs should

provide quality customer service to their customers and confidence will be created as a resultant factor, thus improving the performance of the SACCOs which is the same effect it would have on the performance of KRA.

The findings followed Qadir and Ali's (2017) quantitative study, which informed that customer service facilitated communication between customers and the organization, which resulted in good relations and enabled an organization to understand and meet the needs of its consumers. Customer service was keen on the buyer's journey during the marketing and the rate at which they adopted new services and features. Findings from Khan et al. (2015) study on the impact of customer service on the hotel industry's performance in India supported the results of the current research by putting forward that good customer service provides firms value and endorsements, reduces employee turnover and helps retain customers which is vital in measuring performance.

The strategy communication variable was also positively and significantly established as a determinant in the organization's performance. In this regard, therefore, positive influence linked to improvement in communication strategies led to an advance in the organizational performance of KRA. Huo et al. (2021) examined how communication and information-sharing strategies influenced the performance of manufacturing firms in China. The results indicated that all dimensions of the supply chain were improved with information sharing as a strategic choice in a firm's performance. The study also recommended that managers seek added advantages through information sharing and communication.

The current study's findings were also in tandem with the revelation of Shonubi and Akintaro (2016) that the key to organizational performance was communication and that for effectiveness in performance, clear ideas should always be embraced before any communication is done. Moreover, management should know the physical environment before communication is identified. Findings also attested that communication is a critical factor in strategy implementation at KRA from research based on factors influencing the implementation of a strategic plan in KRA done by Wachira (2014). These studies supported the view that strategy communication positively impacted KRA's performance.

Qualitative data from the study's open-ended questions was analyzed using content analysis. The type of questions was considered pivotal in obtaining in-depth information and views to allow the researcher to compare the literature review with respondents' opinions on the functions of organizational strategic choice and its contribution to the performance of Kenya Revenue Authority, thus making plausible conclusions and recommendations after data analysis. The coding analysis included each independent variable, open-ended questions categorization, assigning of descriptive labels, and, finally, thematic analysis.

After respondents' views were combined on the theme to explain other ways technology adoption had influenced the performance of KRA, some of the perspectives that were mostly highlighted included that technology had improved compliance, improved issue tracking, and facilitated tax base expansion. These findings were in unity with the study of Uchegbulam and Akinyele (2015), whose results revealed that adopting technology enabled a company to effectively deal with data and provide efficient, effective, and updated services based on customer needs.

On the open statement to mention other ways in which tax base expansion had affected the performance of KRA, most respondents attested that tax base expansion had led to the



introduction of new obligations, e.g., most of the respondents cited Income Tax-Rent Income, increased revenue collection, reduced tax evasion and avoidance and provided a fair business environment. Regarding other ways in which taxpayers' education had impacted the performance of KRA, most respondents indicated that taxpayers' education had increased civic education; for instance, some were specific and mentioned its influence on tax matters and increased voluntary compliance, while others indicated that it had led to enhanced taxpayers' trust in the authority. The findings were per the expectation and consistent with the view held by Kikuvi (2020) that taxpayers' education enables firms to comply with Value Added Tax, leading to performance.

On the question of other ways in which customer service had influenced the performance of KRA, most of the respondents who filled up the open-ended statements mentioned that it had led to improved service delivery due to the introduction of service centers; for instance, some respondents citing Huduma centers that cater to customer queries, improved service accessibility leading to increased compliance due to the access of tax-related information and enhanced revenue collection, where other respondents cited that it gave KRA an approachable view to taxpayers which had increased taxpayers confidence in the authority.

The last open-ended question statement was on other perspectives in which the performance of KRA has been influenced by strategy communication. Most respondents indicated that it had improved their understanding of organizational and corporate plans, increased staff dedication, and enabled them to work towards achieving their set targets. Other respondents stated that it has led to sealing gaps in communication breakdown within the authority.

## Conclusion

Firms seeking to improve their performance based on market share, cost saving, and compliance must adopt strategic organizational choices. Kenya Revenue Authority has adopted a core strategic choice to improve performance, including technology adoption, tax base expansion, taxpayers' education, customer service, and strategy communication. These have led to the improved version of the organization through research and coming up with plausible ways to increase compliance among taxpayers, like trainings as well as using customer-centric approaches like using technology and provision of quality service through customer service to boost taxpayers' perception of revenue collection and the authority at large.

On technology adoption, the research concludes that focusing on service quality, reducing firms' overall spending, and increasing the number of transactions within the concept of filing returns and tax payments results in extraordinary authority performance. In addition, the study concluded that implementing technology is pivotal to firms that were previously evading paying tax and substantially reduces corruption. All these technology adoption indicators collectively predict the performance of KRA.

The study also sought to determine ways in which tax base expansion strategy identifies new taxable markets for the organization to obtain revenue for the performance of KRA. Given the results obtained, the research study infers that KRA has designed strategies by formalizing sub-sectors and effectively administering taxes through, for instance, the introduction of an electronic Tax Invoice Management System (eTIMS) to enhance collection and compliance in VAT. The investigation, therefore, concluded that tax base expansion is a cardinal determinant

in the performance of KRA. Strategic choice relates to tax base expansion in revenue authorities since it is based on the decisions that determine a firm's future strategy in a dynamic process.

The study sought to assess how adopting taxpayers' education influences organizational performance in the case of KRA. The study suggests that taxpayers' education improves tax knowledge and training, enabling close relationship maintenance through administration skills. The investigation concluded that taxpayers' education is a significant determinant in revenue collection in the performance of KRA. The strategic choice of education brings a learning environment of policies and new forms of action.

The research also examined customer service's influence on organizational performance in the case of KRA. It was established that customer service and tax compliance were positively related. It was concluded that creating a sense of trust between taxpayers and the authority through the use of the right tools in terms of customer service, ensuring service responsiveness, and offering quality service boosts revenue administration, hence improving the performance of KRA.

Further, on strategy communication influence on KRA performance, it was noted that its incorporation was pivotal to KRA performance. Hence, a combination of all communication elements, information dissemination, and supportive communication avenues had a positive and significant effect on the performance of KRA. The study concluded that implementing and utilizing the strategic choice variables outlined in the investigation led to better performance for the Kenya Revenue Authority.

### **Policy Recommendations**

The researcher gives recommendations seeking to assist all managers and directors of Kenyan government-owned companies and corporations with the mandate to draft strategic plans, policies or regulations. These recommendations would be significant in enhancing the current knowledge base of these bodies. Grounded on the findings, the study implies that technology adoption, tax base expansion, taxpayers' education, customer service, and strategy communication positively and significantly influenced the performance of the Kenya Revenue Authority.

Therefore, the recommendations are that KRA management should include strategic choices in its strategic plans and the authority's structure to ensure high performance continues. Other government-owned corporations and companies should adopt strategic choices to improve their performance as well.

### **Limitations and Future Research Direction**

Since the research study explored ways strategic choice influences KRA achievements from a performance perspective, wider research involving other government-owned companies and corporations is recommended. This will significantly bring a better and broader understanding of the comparisons to be made together with the generalization of the results.

Future studies also should be conducted in different contexts like education sectors, hospitality, and management, among others, using different research methods to discover the effect of strategic choice from other points of view. The research further suggests research conduction related to the study using categorical or survey data. The correlation coefficient was

at .60, and a residue of 39.2%, which can be attributed to other variables beyond the research study scope that future practitioners and scholars should focus on.

## Declarations

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