

## **IMPLEMENTATION OF NATIONAL TAX POLICY AND ORGANIZATIONAL PERFORMANCE OF THE KENYA REVENUE AUTHORITY**

**Lucy Obuya Nyasuna<sup>1</sup> and Prof. David M. Minja<sup>2</sup>**

1. Postgraduate Student, Department of Public Policy and Administration, Kenyatta University

2. Professor, Department of Public Policy and Administration, Kenyatta University

### **ABSTRACT**

The present study sought to establish the effect of implementation of national tax policy on the organizational performance of the KRA. More specifically, the link between resource allocation, coordination of roles and feedback mechanisms on organizational performance of the KRA were explored. The study was guided by RBV, resource dependence theory and the institutional theory. The design for adoption being descriptive survey, 97 employees responsible for implementation of the national tax policy from KRA Headquarters was targeted. Since the population was small, census was adopted. Information was gathered through a close structured questionnaire containing close ended items designed on a 5-point Likert scale. A pilot study was conducted among 10 employees working at KRA being equivalent to 8% of the study sample and they were excluded from the final study and the results were used to determine reliability. Content validity was ensured through supervisor and two industry experts in the field of public policy. Data and gathered information was analyzed using means, standard deviations and regression analysis and presented in form in tabular and figure form. Diagnostic tests were performed in advance to validate regression analysis assumptions. The findings were that 49.6% change in organizational performance of KRA can be explained by a change in the national tax policy. Furthermore, coordination of roles ( $\beta=0.333$ ,  $p<0.05$ ) had the greatest positive and significant effect on organizational performance of KRA followed by resource allocation ( $\beta=0.289$ ,  $p<0.05$ ) and lastly feedback mechanisms ( $\beta=0.243$ ,  $p<0.05$ ) respectively. The study conclude that successful implementation of a national tax policy is a significant driver of organizational performance. It was recommended that finance managers working at KRA should exercise prudence in the allocation of the available financial resources. Adequate budget should be set aside carrying out the implementation of the national tax policy. The senior managers working at KRA should have a fully operational department that will be responsible for coordinating all matters of implementing the national tax policy. Managers responsible for executing the national tax policy at KRA should provide timely feedback on the progress made in the implementation endeavors.

**Key words:** national tax policy, coordination of roles, resource allocation, feedback mechanisms, KRA

## INTRODUCTION

### Background to the Study

One far reaching goal of the organization is having in place relevant mechanisms to achieve superior organizational performance (AL-Dahiyat, 2020). Depending on the nature of organization whether private, non-governmental organizations (NGOs) or public enterprises, the goals of organizational performance may vary. This proposed study will be conducted in the content of a government agency which is designed to meet specific objectives of organizational performance. However, achieving superior organizational performance depends on among other things, effective formulation and implementation of national tax policies in an economy. Implementation of a national tax policy (NTP) entails translation of the objectives into concrete reality (Xin & Siyu, 2022).

The link between implementation of NTP and organizational performance has gathered momentum globally, regionally and locally. Among three Swedish countries, Strehlenert, Hansson, Nyström and Hasson (2019), noted that efficiency, effectiveness and innovation ability of a tax collection agency in the country is strongly influenced the existing national tax policies that have been successfully implemented by the country. Among European Nation (EU) countries, Ferber (2021) noted that resource allocation, coordination of roles and clear feedback mechanisms are salient aspects of national tax policy implementation that can positively influence the capacity of a revenue collection agency to meet its tax revenue targets.

Within the context of Spain, Xin and Siyu (2022) argued that sound and effective implementation of a national tax policy is critical in driving how a government revenue gathering agency realizes its mandates. Evidence in the United States of America (USA) by Streeter (2022) that successful implementation of a national tax policy depends on a number of factors chief ones being adequacy of resources, clarity of roles and responsibilities of implementers and well-established feedback mechanisms. In China, empirical evidence indicate that sound implementation of a national tax policy depends on among other issues like how the policy is formulated, designed and the effectiveness of various feedback mechanisms. The study conducted among OECD countries indicated relevant aspects like policy design, effective resource allocation and feedback mechanisms for increased operating efficiency (OECD, 2018).

In Africa, evidence from Nigeria by Obembe, Adenipekun, Morakinyo and Odebunmi (2022) provide an indication that poor design, an overlap of roles demonstrated by weak framework involved in the execution of the NTP was key challenges that contributed to failure of implementation efforts. Similar evidence in Nigeria by Inyang, Otuagoma, Jadi, Nwafor, Umagu-Udemeobong and EkweMike (2022) indicated that poor implementation processes of the national tax policy including limited laws to govern tax avoidance have contributed towards poor organization performance of a government revenue gathering agency in Nigeria. Other evidence in Nigeria by Akomolafe, Odutola, Adekunle, Olusesi and Sadiq (2020) indicate that limited awareness on the national tax policy was significantly linked with its implementation to foster positive organizational performance of a revenue gathering tax agency. According Tom Bassey (2019), proper and sound design of a tax policy is key in enhancing performance of a revenue collection agency.

Therefore, a synthesis of the literature from the global and regional analysis above provides a clear indication that efficiency, effectiveness and innovation ability of a tax collection agency

(Strehlenert et al., 2019), resource allocation, coordination of roles and clear feedback mechanisms (Ferber, 2021, Streeter 2022), policy design (OECD, 2018) as well as the tax avoidance laws (Inyang et al., 2022) are important constructs of the implementation of any national tax policy. The present study will focus on resource allocation, coordination of roles and feedback mechanisms since they have widely featured in the public policy literature hence making it easier to obtain relevant information on the same.

Resources include people, finances, relevant technologies and physical facilities that are required to support the activities conducted during implementation of a policy (Streeter, 2022). During the implementation of any policy, different parties are in place and they are required to ensure that they effectively coordinate their roles and responsibilities to ensure successful process (Ferber, 2021). Constant feedback between employees is critical in ensuring the entire process of implementation of any policy flows smoothly (OECD, 2018). Feedback mechanisms therefore aim at promoting continuous monitoring, control, progress reporting and response to corrective interventions during the execution of the NTP. Resource allocation needed for successful implementation of the NTP on the other hand is strongly influenced by availability and adequacy of funds, staff competence and adequate technologies (Streeter, 2022). Coordination of roles would cultivate sense of team work, collaboration and information sharing while overcoming role overlap to support successful implementation of a national tax policy (Ferber, 2021).

In Kenya, efforts are currently in place by the National Treasury and the Kenya Revenue Authority (KRA) to ensure a national tax policy that was drafted in 2022 by the national treasury. This policy was implemented in response to challenges such as inability of KRA to meet revenue collection targets which is a key organizational performance issue (Osore, 2023). Successful implementation of this national tax policy would contribute towards solving current taxation challenges like a rise in informal sector that is hard to be taxed, regulations that are unpredicted (Maweje & Odhiambo, 2020). The key emphasis of this policy is its contribution to the level of efficiency and effectiveness of the tax system in Kenya through an improvement in tax gathering mechanisms (Republic of Kenya, 2021).

Before this national tax policy was drafted with efforts in place to ensure its successful implementation, Nyaga (2019) indicate that Kenya has made significant progress to implement tax reforms as important aspects of national tax policy. This assertion was buttressed by Kanyi and Kalui (2014) who identified relevant tax reforms that have been implemented by KRA as tax administration as well as tax enforcement reforms. According to Karingi, Wanjala, Nyamunga, Okello, Pambah and Nyakang' (2005), there has been successful implementation of the said tax reforms in Kenya. This implies that if adequate resources are allocated with clear roles by those involved in the implementation process and sound feedback mechanisms would increase chances of its successful implementation. Hence, it is imperative to have in place a determination of the implementation of the NTP and its contribution towards organizational performance of KRA hence the motivation for the proposed study.

### **Statement of the Problem**

Organizational performance of KRA has been a key challenge evidenced by failure to meet revenue collection targets. The government expects to use the tax revenues collected by KRA to fund budgetary deficits. Failing to meet the set revenue targets by KRA has piled a lot of pressure to borrow. Currently, the level of external debt for the government of Kenya is alarming and if necessary, steps have like enhancing organizational performance of KRA is not undertaken. Successful implementation of a national tax policy can set clear and realistic goals and targets that can go a long way to enhancing organizational performance of government agencies like KRA.

The existing studies include Ferber (2021) who focused on EU countries and not in Kenya and hence creating contextual gap. Akomolafe et al (2020) focused on small and medium enterprises (SMEs) in Nigeria away from Kenya leading to contextual gap. Kanyi and Kalui (2014) used tax revenue as the dependent variable thus creating conceptual gap. Nyaga (2019) adopted desk review methodology that entailed an appraisal of relevant secondary data and publication unlike the present study that will also entail field work hence methodological gap. Thus, against the aforementioned gaps, the present study sought to establish the effect of implementation of national tax policy on organizational performance of KRA.

### **Objectives of the Study**

The following specific objectives guided the study:

- i. To establish the effect of resource allocation on organizational performance of the Kenya Revenue Authority
- ii. To analyze the effect of coordination of roles on organizational performance of the Kenya Revenue Authority
- iii. To determine the effect of feedback mechanisms on organizational performance of the Kenya Revenue Authority

### **Research Hypotheses**

The following hypotheses were tested in the present study:

- H<sub>01</sub>:** resource allocation has no effect on organizational performance of the Kenya Revenue Authority
- H<sub>02</sub>:** coordination of roles has no effect on organizational performance of the Kenya Revenue Authority
- H<sub>03</sub>:** feedback mechanisms have no effect on organizational performance of the Kenya Revenue Authority

## **REVIEW OF RELATED LITERATURE**

### **Resource Allocation and Organizational Performance**

In a study that was conducted by Ali, Ogolla and Nzioki (2022), resource allocation and performance in the cement manufacturing entities in Kenya were examined. The study targeted 209 staff from five key firms involved in manufacturing of cement while 137 were sampled through stratified random method. Gathering of information was done supported by questionnaire. After processing the obtained information, it was noted that allocation of resource positively contributes towards organizational performance. The study indicated that availability and adequacy of funds are critical aspects during resource allocation which contribute towards superior performance at firm level. However, this study was done among cement manufacturing firms while the focus of the proposed study would be on KRA.

Wanjiku (2022) determined how strategy implementation through resource allocation affected performance of county assemblies in Kenya. The anchoring theory was RBV. Information was obtained in its primary nature as guided by the questionnaire. The processing of the obtained data indicated that resource allocation is a positive and significant predictor of performance at a firm level.

Gitau, Abayo and Kibuine (2020) did a study whose focus on resource allocation, communication of strategies and the link with performance borrowing evidence from supermarkets in Nairobi. Among the anchoring theory was RBV and the embraced design was descriptive in nature.

Information from participants was obtained from primary sources and after processing, it emerged that control and monitoring of strategies greatly led to performance at an organizational level accompanied by communication and allocation of resource. However, this study focused on supermarkets that are private based while KRA which is a state agency will be of big focus in the proposed study.

Sadiq (2019) carried out an inquiry on the strategy to allocate resources and its link with performance of Water Service Boards in Kenyan context. The key aspects of resource allocation covered include staff development, financial resources, infrastructure development and technological resources. Senior, middle and junior staff formed the targeted population of the study. The gathered and processed information showed that the independent variables were significant predictors of performance at firm level.

Omollo, Ngacho and Onyango (2017) were interested in establishing the effect of resource allocation on performance of companies involved in processing of sugar in Nyanza. In particular, the study focused on Sony Sugar Ltd. Information gathering was done through questionnaire. A total of 994 staff of the said firm were targeted from which 329 were sampled. It was noted after processing of information that enhancement and strengthening of resource allocation programs has positive implication on performance of the firm.

### **Coordination of Roles and Organizational Performance**

Vem, Samson, Nkup and Jamoke (2022) analyzed the implication of coordination flexibility and its mediating link in strategic orientation and performance of innovation among SMEs within context of Nigeria totaling to 400 entities. Information was obtained from owners of these enterprises supported by structured questionnaire. After processing the obtained from respondents, it was noted that coordination flexibility in skills of staff in an organization significantly results into better performance at firm level.

Darham, Johannes, Edward and Yacob (2022) studied the effect of coordination and performance at an organizational level borrowing evidence from Bungo Regency Government. Quantitative approach guided by survey was adopted. In total, 136 participants formed the sample of the study and the analysis entailed testing of the formulated hypotheses. The methodology embraced during analysis was structural equation modeling (SEM). The analysis of the gathered information showed that coordination has a direct interaction with performance at firm level. It was further noted that effective coordination promote teamwork, information sharing and its effectiveness highly dependents on role clarity.

Siddique, Procter and Gittel (2019) did an analysis of relational coordination and its interplay with performance at firm level. The study focused on a well-established financial service provider firm in Pakistan. Survey approach was embraced guided by information obtained through questionnaire. The processed evidence from the gathered data indicated that relational coordination was a key predictor as far as performance at firm level was concerned. Unlike this study whose focus was on relational coordination, the focus of the proposed study will be on coordination of roles.

Nurrochmawardi, Subyantoro and Wahyuni (2018) focused on team coordination and performance at firm level with task complexity as a moderator variable. Information was obtained through questionnaire hence it was primary in nature. Moderated Regression Analysis (MRA) was the technique adopted to carry out the analysis of findings. After processing of the gathered information, it was discovered that coordination of teams positively contributes towards



performance of an enterprise. The present study build on these findings to explore how coordination of roles leads top successful implementation of National Tax policy in Kenya.

### **Feedback Mechanisms and Organizational Performance**

Johnson, Johnson and Dave (2023) dis an analysis of performance feedback in enterprises. The focus was providing a clear understanding of performance feedback, its various forms and key attributes. The study noted it is of essence to have a clear comprehension of how feedback operates at a firm level. The study indicated that provision of feedback provides an opportunity for the firm to carry out continuous monitoring, report progress and have in place relevant responsive mechanism.

Nikolić, Perić and Bovan (2020) conducted a study on feedback as program adopted by managers in organizations. The study hypothesized that feasibility of any performance management process is strongly hinged on feedback mechanisms in place. The survey indicated that effectiveness of feedback is strongly reliant on employees having right and clear goals and effective actions aimed at ensuring the goals. It further emerged that feedback has potential of encouraging good interaction between staff and managers in organizations. However, this study did not link feedback with performance, a gap that were filled by the present study.

Tagliabue, Sigurjonsdottir and Sandaker (2020) studied the implication of feedback on citizenship behavior of employees in firms while taking a systematic literature review approach. In this study, peer-reviewed inquiries on feedback were established as 12 in number. Min, Oh and Brower (2021) conducted an examination of feedback dynamics and the interplay with improvement in performance. The study was conducted in Korea and the processed evidence showed that feedback contributes towards ensuring corrective interventions are effective at an organizational level.

### **Theoretical Review**

The resource-based view, resource dependence theory and institutional theory underpinned the inquiry.

#### **Resource Based View**

Wernerfelt (1984) developed this theory and it requires an organization top leverage resource in implementation of policies. Barney (1991) categorized resources into capabilities, processes, knowledge and assets that are in place in the firm. These resources also cover capabilities at an organizational level as well as specific competencies like knowledge of employees, reputation at an organizational level and equipment (Lockett, Thompson & Morgenstern, 2009). Through productive and effective utilization of resources, an organization is in a better position of achieving competitive advantage and thus superior performance (Kraaijenbrink, Spender & Groen, 2010).

Penrose (1959) noted that firms can grow and achieve better performance when there is adequate bundle of resources in place. The resources that a firm owns are critical ion helping and supporting better performance outcomes (Madhani, 2010). RBV indicates that resources at firm level play an instrumental role in achieving growth at firm level. This theory indicates that firms which allocate adequate resources have greater probability of strengthening and enhancing the implementation of policies (Newbert, 2007).

The limitations arising from this theory can be drawn from its assumptions that resources in this theory should be valuable, rare and imitable. However, these assumptions may not be tenable in an

increasingly turbulent environment where the operations of the firm can easily be copied by competitors. Another assumption of this theory is theory which also form its weaknesses its over-emphasis on internal as opposed to external issues as enablers of competitive advantage and thus growth (Kraaijenbrink, Spender & Groen, 2010).

KRA's organizational performance is the key dependent variable in the present inquiry. However, gaining competitive advantage and thus organizational performance require finances, people, technologies and other physical assets. Thus, this RBV was used to support how deployment of the said resources would enhance competitive advantage and thus organizational performance of KRA.

### **Resource Dependence Theory**

The proponents of this theory were Pfeffer and Salancik (1978) and it argues that in any undertaking look for the case of the implementation of the national tax policy, parties need to collaborate and dependent on one another. The theory predicts a high level of dependence between the firm and its resource bundles. The theory is premised on the assumption that firms cannot be self-sufficient in their own independently but rather, they rely on others especially when seeking to exploit some given resources (Cao & Zhang, 2010).

Access and utilization of external resources play an instrumental tactical and strategic role under this resource dependence theory at firm level. The theory is premised on a number of assumptions including the fact that external linkages with other organizations and the strategies in place (Carter & Rogers, 2008). The environment which an organization derives its resources also contains other firms and enterprises. Resource allocation guided and underpinned by this resource dependence theory.

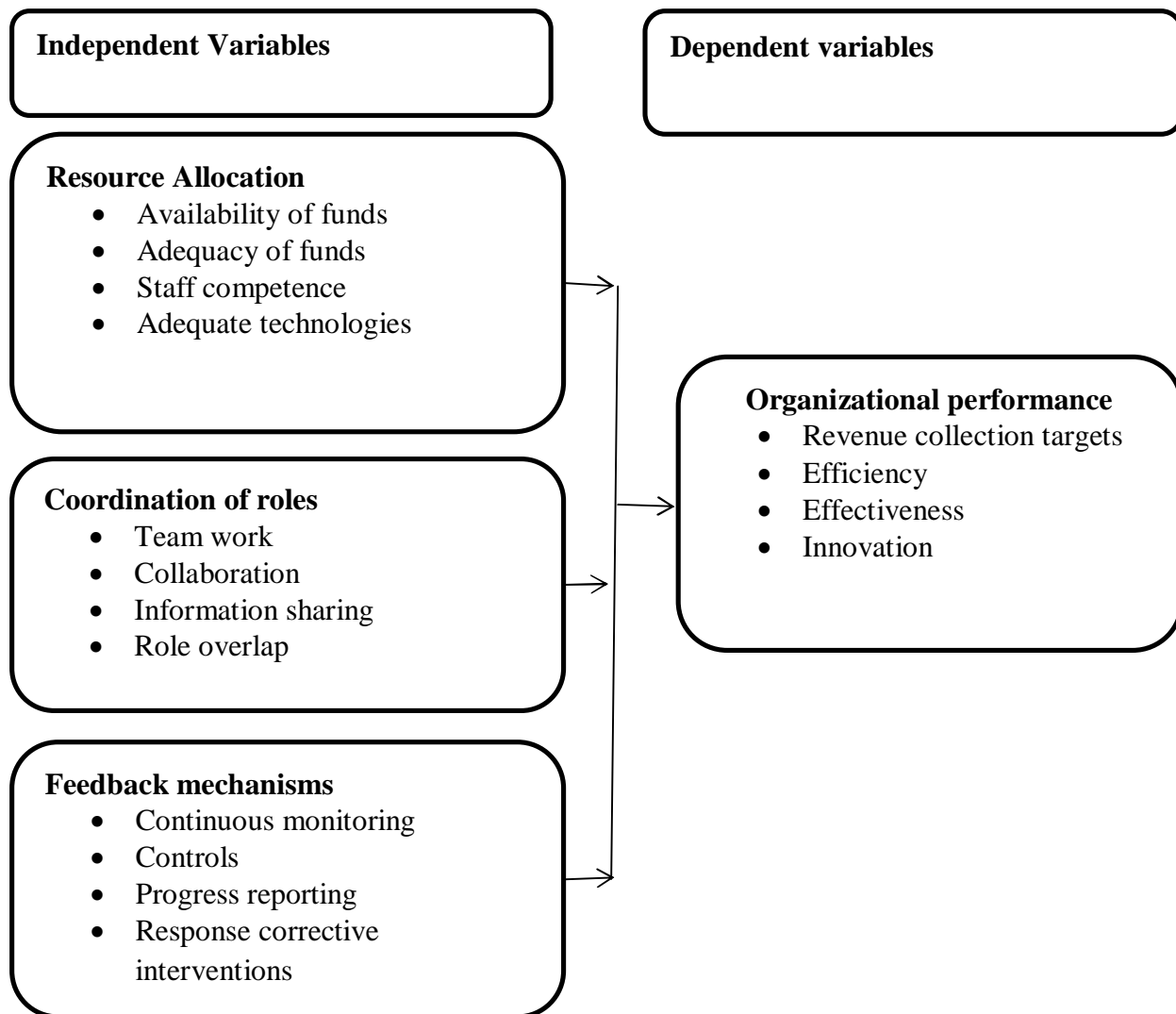
### **Institutional Theory**

Scott (1987) came up with theory and its main focus is on providing an explanation of how the surroundings at an organizational level affect passing and receipt of information during policy implementation. The theory argues that some established procedures are critical in determination of the flow of information during policy implementation (Lawrence & Shadnam, 2008). The theory provides revelation of how information flow in the structure of the firm affects coordination of various activities for realization of goals (Tina-Dacin, Goodstein & Richard-Scott, 2002). Institution as used in this study includes specific procedures and policies in an organization. Communication is regarded as critical for effective policy implementation (Suddaby, 2010).

This theory has one major assumption of the fact that organizations are institutions that are influenced by the existing social structures within the environment (Scott, 1987). Through communication, it is possible to disseminate knowledge that is critical for successful policy implementations (Scott, 2005). Communication structure plays a key role in implementation of policies. Amenta and Ramsey (2010) favored institutional theory as an agent of change needed for effective implementation of policies. This theory underpinned the variable of coordination that require constant communication. The theory advocates for steady communication and information flow for successful policy implementation.

## Conceptual Framework

Figure 1 gives study link in the variables



**Figure 1: Conceptual Framework**

In Figure 1, three independent variables are resource allocation, coordination of roles and feedback mechanisms while organizational performance is the study dependent variable. Thus, the study seeks to establish how resources allocation, coordination of roles and feedback mechanisms affect organizational performance.

## RESEARCH METHODOLOGY

### Research Design

Descriptive survey design was adopted to achieve the established objectives. According to Bougie and Sekaran (2019) and Harris et al. (2019), descriptive survey design provides an accurate description of the variables without manipulation. Thus, this design was used to reveal the current state of national policy implementation and performance of KRA.



### **Target Population**

The human resource records at KRA indicate a total team of 97 employees responsible for implementation of the national tax policy and this formed the target population of the proposed study.

### **Sampling Techniques and Sample Size**

This was a census study and according to Dźwigoł (2019), this is ideal when population is lower than 200 elements. Thus, all the 97 respondents from KRA were included in the study.

### **Research Instrument**

Information in its primary form was gathered with the aid of the questionnaire which was structured into five sections covering general information, resource allocation, coordination of roles, feedback mechanisms and organizational performance in sections A, B, C, D and E respectively. The questionnaire had close ended questions to support standardization of responses from participants in the study and its design was on a 5-point Likert scale.

### **Pre-testing**

As recommended by Kara (2020), 1-10% of study sample can take part in pilot test. In this study, 10 employees working at KRA being equivalent to 8% of the study sample helped to pilot test the tool.

### **Validity**

In this study, validity of the questionnaire was tested by two experts from the field of public policy and administration and the supervisor who helped in reviewing its contents. At the end of this review, any suggestions raised were addressed before proceeding to the field to obtain information. For the purpose of determining validity, factor analysis was adopted in this study. Table 3.2 below gives the findings of the commonalties for the three key independent variables that were adopted in this study.

### **Reliability**

Cronbach Alpha values from pilot test outcomes were determined. According to Ghauri, Grønhaug and Strange (2020), such Cronbach Alpha values above 0.7 provide an indication that the study tool is designed on a reliable scale.

### **Data Analysis**

SPSS aided processing of information descriptively and inferentially and presented in tabular format. The following was the regression model that helped in analysis:

$$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \varepsilon$$

Where Y is organizational performance

$B_0$  = Constant

$\beta_1$ ,  $\beta_2$ , and  $\beta_3$  are Coefficients

$\varepsilon$  = error term

$X_1$  = Resource allocation

$X_2$  = Coordination of roles

$X_3$  = Feedback mechanisms

$\varepsilon$  = error term

## DATA ANALYSIS AND DISCUSSION

### Response Rate

From the 97 respondents that were administered with questionnaire from KRA, 81 of them were dully filled in and returned for the purpose of carting out analysis in the present study. This was equivalent to a response rate

**Table 1: Response Rate**

	<b>Response</b>	<b>Non response</b>
Response	81	83.5%
Non response	16	16.5%
<b>Total</b>	<b>97</b>	<b>100.0</b>

Table 1 indicate the response rate as 83.5%, which was adequate and consistent with the assertion by Yin (2017) that an above 80% rate is excellent to support analysis in a survey study.

### Descriptive Statistics

In order to provide an accurate description of the study variables, the researcher computed values of means and standard deviation

### Resource Allocation

Table 2is an overview of findings of descriptive statistics on resource allocation which was one of the objective variables that guided the present study:

**Table 2 Resource Allocation**

	<b>Mean</b>	<b>Std. Dev</b>
Funds have been set aside by the national treasury to implement the NTP	3.87	.657
I believe that the funds set aside to implement the NTP are adequate :	3.75	.769
I know that staff dedicated towards implementation of the NTP in Kenya have required academic qualifications	3.79	.887
I believe that the staff involved in the implementation of the NTP have requisite experience	3.63	.976
Relevant technologies have been deployed to support the implementation of the NTP	3.78	.773
<b>Average</b>	<b>3.76</b>	<b>812</b>

Table 2 indicate the overall value of mean as 3.76, this implies that respondents who took part in this study were effective in the allocation of the resource bundles they had been bestowed with. More specifically, respondents were in agreement that funds had been set aside by the national treasury to implement the NTP (M=3.87, SD=0.657) besides knowing that staff dedicated towards implementation of the NTP in Kenya had the required academic qualifications (M=3.79, SD=0.887). This means that setting side adequate funds and having in place a committed and dedicated staff were important aspects of resource allocation that were evident at KRA and which were performed by the respective staff. The finding agrees with Ali et al. (2022) who shared that availability and adequacy of funds are critical aspects during resource allocation which contribute towards superior performance at firm level.

The findings in Table 2 further indicate that respondents were in agreement that relevant technologies had been deployed to support the implementation of the NTP (M=3.78, SD=.773) and that they believed that the funds set aside to implement the NTP were adequate (M=3.75, SD=.769). Respondents of the study further indicated that they believed in staff involved in the implementation of the NTP had requisite experience (M=3.63, SD= .976). This implies that technologies, funds and employees were important resources that were allocated by KRA towards the implementation of the national tax policy and organizational performance of KRA. These findings are echoed by the resource based view developed by Wernerfelt (1984) that require firms to leverage bundles of resources they have to achieve established goals and hence performance. The findings further agreed with Omollo et al. (2017) who were of the view that enhancement and strengthening of resource allocation programs has positive implication on performance of the firm.

### Coordination of Roles

The findings of descriptive statistics on coordination of roles as another independent objective variable of the study were established and presented as shown in Table 34.3.

**Table 3: Coordination of Roles**

	Mean	Std. Dev
I belief support of team work will lead to successful implementation of the NTP in Kenya	3.89	.987
I know that teamwork will create synergy to enhance successful implementation of the NTP in Kenya	3.74	.764
I am sure that collaboration among staff will support successful implementation of the NTP in Kenya	3.93	.753
I know that timely information sharing will lead to successful implementation of the NTP in Kenya	3.77	.986
There are clear roles between the team involved in the implementation of the NTP in Kenya	3.71	.876
<b>Average mean score</b>	<b>3.81</b>	<b>.873</b>

Table 3 gives an overall value of mean as 3.81, this implies that respondents were in agreement on various statements that had been developed and presented on coordination of roles as the objective variable that guided this study. The finding is supported by Vem et al. (2022) who noted that coordination flexibility in skills of staff in an organization significantly results into better performance at firm level. Table 4.3 further indicate that most of respondents were sure that collaboration among staff would support successful implementation of the NTP in Kenya (M=3.93,

SD=.753), they believed that support of team work would lead to successful implementation of the NTP in Kenya (M=3.89, SD=0.987) and that they knew that timely information sharing would lead to successful implementation of the NTP in Kenya (M=3.77, SD=.986). This means that coordination of roles at KRA was featured with collaboration, team work and information sharing. This finding agree with Darham et al. (2022) who noted that effective coordination promotes teamwork, information sharing and its effectiveness highly dependents on role clarity.

The study further indicated that respondents knew that teamwork would create synergy to enhance successful implementation of the NTP in Kenya (M=3.74, SD=0.764) and that were clear roles between the team involved in the implementation of the NTP in Kenya (M=3.71, SD=0.876). This implies that coordination of roles at KRA was supported by team work, clarity of the assigned roles. The finding is consistent with Nurrochmawardib et al. (2018) who focused on team coordination and performance at firm level with task complexity as a moderator variable. After processing of the gathered information, it was discovered that coordination of teams positively contributes towards performance of an enterprise.

### Feedback Mechanisms

An overview of the descriptive statistics finding is as presented in Table 4.

**Table 4: Feedback Mechanisms**

	Mean	Std. Dev
Continuous status monitoring will lead to successful implementation of the NTP in Kenya	3.86	.776
Continuous monitoring will identify deviations from the implementation of the NTP in Kenya	3.79	.987
There are adequate controls to ensure successful implementation of the NTP in Kenya	3.77	.885
Progress reporting will track the achievements realized in the implementation of the NTP in Kenya	3.88	.765
Relevant response mechanisms have been put in place to enhance successful implementation of the NTP in Kenya	3.93	.863
<b>Average</b>	<b>3.85</b>	<b>0.855</b>

Table 4 indicate the overall value of mean as 3.85, this means that respondents were in agreement that in deed, there exited effective feedback mechanisms at KRA as far as implementation of a national tax policy at KRA was concerned. This finding agree with Johnson et al. (2023) who did an analysis of performance feedback in enterprises. The focus was providing a clear understanding of performance feedback, its various forms and key attributes. The study indicated that provision of feedback provides an opportunity for the firm to carry out continuous monitoring, report progress and have in place relevant responsive mechanism.

It was noted that relevant response mechanisms had been put in place to enhance successful implementation of the NTP in Kenya (M=3.93, SD=.863), progress reporting would track the achievements realized in the implementation of the NTP in Kenya (M=3.88, SD=.765) besides the fact that continuous status monitoring would lead to successful implementation of the NTP in Kenya (M=3.86, SD=.776). it was also shown that continuous monitoring would identify

deviations from the implementation of the NTP in Kenya ( $M=3.79$ ,  $SD=.987$ ) and that there were adequate controls to ensure successful implementation of the NTP in Kenya ( $M=3.77$ ,  $SD=.885$ ). This means that encouraging feedback mechanisms contributed to timely reporting and continuous state of monitoring. The finding is echoed by Johnson et al. (2023) in an analysis of performance feedback in enterprises. The study indicated that provision of feedback provides an opportunity for the firm to carry out continuous monitoring, report progress and have in place relevant responsive mechanism

### Regression Results

Regression analysis was performed to establish the effect of implementation of national tax policy and organizational performance of KRA. The findings of model summary were determined and summarized as shown in Table 5.4.5.

**Table 5: Model Summary**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.725 <sup>a</sup>	.525	.496	1.53430

The findings in Table 5 show the value of adjusted R-square as 0.496, this means that 49.6% change in organizational performance of KRA can be explained by a change in the national tax policy. Thus, there are still other additional factors aside from the implementation of the national tax policy that future studies should see to enable.

**Table 6 Analysis of Variance**

	Sum of Squares	df	Mean Square	F	Sig.
Regression	15.052	3	5.017	68.785	.000 <sup>b</sup>
Residual	12.619	173	.073		
<b>Total</b>	<b>28.671</b>	<b>80</b>			

Table 6 indicate the value of F calculated as  $F=52.086$ , this implies that on overall, the model adopted in this study was significant. The values of regression beta coefficients and significance were determined through p-values and the findings are as presented in Table 7.

**Table 7 Coefficients and Significance**

	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	6.519	2.311		2.821	.007
Resource allocation	.289	.081	.111	3.568	.029
Coordination of roles	.333	.068	.048	4.897	.031
Feedback mechanisms	.243	.035	.693	6.856	.000

The findings in Table 7 results into the following fitted model:

$X_1$ = Resource allocation

$X_2$ = Coordination of roles

$X_3$ = Feedback mechanisms

The findings in Table 7 were that when all factors are held constant, a unit increase in resource allocation other factors held constant would lead to 0.289-unit improvement in the organizational performance of KRA. At 5%, it was evident that resource allocation had significant effect on organizational performance as an outcome variable of the study. The finding agrees with Ali et al. (2022), who studied the link between resource allocation and performance in the cement manufacturing entities in Kenya were examined. After processing the obtained information, it was noted that allocation of resource positively contributes towards organizational performance.

Table 7 further show that an increase in coordination of roles with other factors held constant would lead to .333-unit increase in the organizational performance of KRA. With significance level of 5%, it was shown that coordination of roles was a significant enabler of organizational performance at KRA ( $p < 0.05$ ). The finding agree with Vem et al. (2022) who analyzed the implication of coordination flexibility and its mediating link in strategic orientation and performance of innovation among SMEs within context of Nigeria totaling to 400 entities After processing the obtained from respondents, it was noted that coordination flexibility in skills of staff in an organization significantly results into better performance at firm level.

The study was set out to analyze the effect of feedback mechanisms on organizational performance of the Kenya Revenue Authority. Based on the finding of regression analysis, the study documented the p-value as  $p < 0.05$ , this means that the variable was significant. Hence, it can be deduced that feedback mechanisms are significant predictors of organizational performance of KRA. The finding is consistent with Johnson et al. (2023) who did an analysis of performance feedback in enterprises. The focus was providing a clear understanding of performance feedback, its various forms and key attributes. The study indicated that provision of feedback provides an opportunity for the firm to carry out continuous monitoring, report progress and have in place relevant responsive mechanism.

### Hypotheses Testing and Discussion

The study formulated a number of hypotheses that were tested through regression analysis and Table 8 is a summary of the key observations:

**Table 8: Summary of Hypotheses Tested**

Hypothesis	P-Value & beta coefficient	Deduction/inference
H <sub>0</sub> 1: resource allocation has no effect on organizational performance of the Kenya Revenue Authority	$p < 0.05$	Reject H <sub>0</sub> 1
H <sub>0</sub> 2: coordination of roles has no effect on organizational performance of the Kenya Revenue Authority	$p < 0.05$	Reject H <sub>0</sub> 2
H <sub>0</sub> 3: feedback mechanisms have no effect on organizational performance of the Kenya Revenue Authority	$p < 0.05$	Reject H <sub>0</sub> 3

From Table 8 and especially in regard to the first hypothesis, the study observed that resource allocation had p-value as  $p < 0.05$  and hence it was significant. It can then be inferred that resource allocation was a significant predictor variable. Thus, resource allocation has significant effect on organizational performance of KRA. These findings concur with the resource based view theory as developed by Wernerfelt (1984) that implicitly require organizations to effectively allocate the



resources they have in place to achieve superior performance and thus sustaining their competitive edges.

In regard to the second hypotheses, the p-value is given as  $p < 0.05$ , thus variable was also significant. Hence, it was deduced that coordination of roles had significant effect on organizational performance of KRA. This finding agree with the institutional theory that was developed by Scott (1987) where an organization is believed to be made up some component that collectively create an institution. Effective coordination of roles assigned by staff working with components in this institution is what therefore entails institutional theory.

For the last hypothesis, it was clear that the p-value was  $p < 0.05$  hence the variable was significant. Thus, it was inferred that feedback mechanisms were significant as far as organizational performance of KRA was concerned. The result also concurs with the institutional theory as developed by Scott (1987) where it is clear that effective functioning of the key elements of an institution require timely sharing of the feedback.

## **SUMMARY, CONCLUSION AND RECOMMENDATIONS**

### **Summary of the Findings**

The summary of the analyzed findings is as presented in subsections below:

#### **Resource Allocation**

The study sought to establish the effect of resource allocation on organizational performance of KRA. The findings of the study were that respondents who took part in this study were effective in the allocation of the resource bundles they had been bestowed with. More specifically, respondents were in agreement that funds had been set aside by the national treasury to implement the NTP besides knowing that staff dedicated towards implementation of the NTP in Kenya had the required academic qualifications. The findings further indicate that respondents were in agreement that relevant technologies had been deployed to support the implementation of the NTP and that they believed that the funds set aside to implement the NTP were. Regression results were that resource allocation ( $\beta = 0.289$ ,  $p < 0.05$ ) had positive and significant effect on organizational performance of KRA.

#### **Coordination of Roles**

The second objective of the study was to establish the effect of coordination of roles on organizational performance of KRA. Results of the study were that respondents were in agreement on various statements that had been developed and presented on coordination of roles as the objective variable that guided this study. The findings of the study further showed that most of respondents were sure that collaboration among staff would support successful implementation of the NTP in Kenya they believed that support of team work would lead to successful implementation of the NTP in Kenya and that they knew that timely information sharing would lead to successful implementation of the NTP in Kenya. At 5%, the key observation made was that strengthening coordination of roles can lead to an improvement in organizational performance of KRA. From regression analysis, coordination of roles ( $\beta = 0.333$ ,  $p < 0.05$ ) had the greatest positive and significant effect on organizational performance of KRA.

## **Feedback Mechanisms**

The last objective of the study was to determine the effect of feedback mechanisms on organizational performance of KRA. The study showed that respondents were in agreement that in deed, there existed effective feedback mechanisms at KRA as far as implementation of a national tax policy at KRA was concerned. It was noted that relevant response mechanisms had been put in place to enhance successful implementation of the NTP in Kenya, progress reporting would track the achievements realized in the implementation of the NTP in Kenya besides the fact that continuous status monitoring would lead to successful implementation of the NTP in Kenya. Taking into consideration 5%, it was clear that feedback mechanisms has significant effect on organization performance of KRA.

## **Conclusion**

The study has made significant theoretical contribution toward understanding of the resource based view and the resource dependence theory. In particular, the resource based view has led to the understanding the resources possessed by the firm are critical in influencing performance of an organization. In terms of resource dependence theory, the study has contributed to the understanding that possession of strategic resources can be a source of power and interlinkages between firms. Organizations can grow and achieve better performance when there is adequate bundle of resources in place. The resources that a firm owns are critical ion helping and supporting better performance outcomes. RBV indicates that resources at firm level play an instrumental role in achieving growth at firm level. This theory indicates that firms which allocate adequate resources have greater probability of strengthening and enhancing the implementation of policies.

This study was set out to establish the effect of implementation of national tax policy and organizational performance of KRA. The study has contributed towards understanding that effective implementation of a national tax policy depends and is strongly influenced by adequate allocation of resources, coordination of roles and cultivation of feedback mechanisms. In other words, successful execution of a national tax policy of a country.

## **Recommendations of the Study**

Resource allocation has been identified a key variable affecting organizational performance at KRA. Thus, it can be recommended that finance managers working at KRA should exercise prudence in the allocation of the available financial resources. Adequate budget should be set aside carrying out the implementation of the national tax policy.

The study noted that coordination of roles had significant implication on organizational performance. Thus, it is recommended that senior managers working at KRA should have a fully operational department that will be responsible for coordinating all matters of implementing the national tax policy.

It emerged after analysis hat feedback mechanisms also had significant effect on organizational performance of KRA. Based on the findings, it is recommended that managers responsible for executing the national tax policy at KRA should provide timely feedback on the progress made in the implementation endeavors. There is need for free flow of information during the implementation of the national tax policy period.

**REFERENCES**

- Akomolafe, J. A., Odutola, O. A., Adekunle, D. S., Olusesi, H. O., & Sadiq, M. O. (2020). Inadequate Awareness of National Tax Policy and Its Effect on Non-Regulated Sector of Nigeria Economy (A Study of Small & Medium Enterprises and Traders in AdoOdo/Ota Local Government Area) *Journal of Business and Management* 22(2), 28-35
- AL-Dahiyat, M. A. (2020). Measuring the strategic performance of higher education institutions: A balance scorecard approach. *Academy of Accounting and Financial Studies Journal*, 24(1), 1-14.
- Ali, M. A. H., Ogolla, D., Nzioki, S. (2022). Influence of resource allocation on organizational performance of cement manufacturing firms in Kenya. *International Academic Journal of Human Resource and Business Administration*, 4(1), 198-207.
- Amenta, E., & Ramsey, K. M. (2010). Institutional theory. *Handbook of politics: State and society in global perspective*, 15-39.
- Amenta, E., & Ramsey, K. M. (2010). Institutional theory. *Handbook of politics: State and society in global perspective*, 15-39.
- Anamanjia, S., & Maina, R. (2022). Strategic alignment and performance of Kenya Revenue Authority. *International Academic Journal of Innovation, Leadership and Entrepreneurship*, 2(2), 297-338.
- Bassey, E. (2019). Review of the Nigerian Tax Policy's Impact on the Finance Act 2019 Edet Jr, Bassey, Review of the Nigerian Tax Policy's Impact on the Finance Act 2019 (May 30, 2020). Available at SSRN: <https://ssrn.com/abstract=3614532>
- Bougie, R., & Sekaran, U. (2019). *Research methods for business: A skill building approach*. John Wiley & Sons
- Camilleri, M. A. (2021). Using the balanced scorecard as a performance management tool in higher education. *Management in Education*, 35(1), 10-21.
- Darham, D., Johannes, J., Edward, E., & Yacob, S. (2022). The Effect Of Coordination On Organizational Performance Through Public Service Motivation And Organizational Commitment As An Intervening Variable. *International Journal of Business And Economy*, 4(2), 97-112.
- Dźwigoł, H. (2019). Research methods and techniques in new management trends: research results. *Virtual Economics*, 2(1), 31-48.
- Eden, L., & Nielsen, B. B. (2020). Research methods in international business: The challenge of complexity. *Journal of International Business Studies*, 51(9), 1609-1620.
- Fellows, R. F., & Liu, A. M. (2021). *Research methods for construction*. John Wiley & Sons.
- Ferber, M. (2021). Report on the impact of national tax reforms on the EU economy. Retrieved at [https://www.europarl.europa.eu/doceo/document/A-9-2021-0348\\_EN.html](https://www.europarl.europa.eu/doceo/document/A-9-2021-0348_EN.html)
- Ghauri, P., Grønhaug, K., & Strange, R. (2020). *Research methods in business studies*. Cambridge University Press.

- Gichanga, J. K. (2019). *Influence of Business Process Re-engineering on Performance: a Case of Kenya Revenue Authority in Kenya* (Doctoral dissertation, University of Nairobi).
- Gitau, P. W., Abayo, R., & Kibuine, M. (2020). Influence of organizational resource allocation and strategy communication on organizational performance of selected supermarkets in Nairobi County. *International Journal of Research and Innovation in Social Science*, 4(8), 331-300.
- Harris, D. E., Holyfield, L., Jones, L., Ellis, R., & Neal, J. (2019). Research methods. In *Spiritually and Developmentally Mature Leadership* (pp. 57-65). Springer, Cham.
- Inyang, E. O., Otuagoma F., , Jadi. M. B., Nwafor, C. B., , UmaguUdemeobong, B., & EkweMike, C. (2022). Effect Of Tax Policy Changes On Revenue Generation In Nigeria. *Journal of Positive School Psychology*. 6(6),
- Johnson, D. A., Johnson, C. M., & Dave, P. (2023). Performance feedback in organizations: Understanding the functions, forms, and important features. *Journal of Organizational Behavior Management*, 43(1), 64-89.
- Kanyi, P., & Kalui, F., (2014). The Effects Of Tax Policy Reforms On Tax Revenue In Kenya. *Strategic Journal of Business and Change Management*. Vol. 2 (31), pp 601-620,
- Kara, H. (2020). *Creative research methods: A practical guide*. Policy Press.
- Karingi, S., Wanjala, B., Nyamunga, J., Okello, A., Pambah, P., & Nyakang' o, E. (2005). Tax Reform Experience in Kenya. Macroeconomics Division Kenya Institute for Public Policy Research and Analysis
- Kraaijenbrink, J., Spender, J. C., & Groen, A. J. (2010). The resource-based view: A review and assessment of its critiques. *Journal of management*, 36(1), 349-372.
- Lawrence, T. B., & Shadnam, M. (2008). Institutional theory. *The international encyclopedia of communication*.
- Lockett, A., Thompson, S., & Morgenstern, U. (2009). The development of the resource-based view of the firm: A critical appraisal. *International journal of management reviews*, 11(1), 9-28.
- Madhani, P. M. (2010). Resource based view (RBV) of competitive advantage: an overview. *Resource based view: concepts and practices*, Pankaj Madhani, ed, 3-22.
- Mawejje, J., & Odhiambo, N. M. (2020). The Dynamics of Fiscal Deficits in Kenya: A Review of Reforms, Trends, and Determinants. *African Journal of Business & Economic Research*, 15(2).
- Min, B. H., Oh, Y., & Brower, R. S. (2021). The effects of diverse feedback dynamics on performance improvement: a typology of performance feedback signals. *Administration & Society*, 53(1), 123-157.
- Newbert, S. L. (2007). Empirical research on the resource-based view of the firm: an assessment and suggestions for future research. *Strategic management journal*, 28(2), 121-146.
- Nikolić, T. M., Perić, N., & Bovan, A. (2020). The role of feedback as a management tool in performance management program. *Calitatea*, 21(177), 3-8.

- Nthenge, M. (2020). *Automation activities, capacity building and revenue collection performance at Kenya Revenue Authority* (Doctoral dissertation, Kenya School of Revenue Administration\_Moi University).
- Nurrochmawardi, M., Subyantoro, A., & Wahyuni, P. (2018). Effect of Team Coordination on the Performance that Moderated by Complexity of Tasks of Working Team at the Office of Public Works, Housing, and Settlement Area in the Regency of Sleman. *International Journal of Computer Science and Network*, 7, 1-5.
- Nwaolisa, E. F., & Kasie, E. G. (2012). The Effect Of Poor Implementation Of Tax Policies On Developing Economies: A Study Of Nigerian Economy, (1999-2010)
- Nyaga, J. N.(2019). Effect Of Tax Policy Reforms on Public Revenue Growth in Kenya
- Obembe, T. O., Adenipekun, A. B., Morakinyo, O. M., & Odebunmi, K. O. (2022). Implications of national tax policy on local pharmaceutical production in a southwestern state Nigeria – qualitative research for the intersection of national pharmaceutical policy on health systems development *BMC Health Serv Res.* 22: 264.
- OECD. (2018). Tax Policies For Inclusive Growth In A Changing World . OECD report to G-20 Finance Ministers and Central Bank Governors, July 2018 retrieved at <https://www.oecd.org/g20/>
- Omollo, N. F., Ngacho, C., & Onyango, Y. J. (2017). Determining the effects of resource allocation on the performance of south Nyanza sugar company limited, Kenya. *International journal of social science and information technology*, 3(9), 2514-2520.
- Osore, K. (2023). Revitalising Kenya's Tax System: Introducing the National Tax Policy and Its Transformative Impact. Retrieved At <https://vellum.co.ke/r>
- Peoples Republic of China. (2022). The national tax system makes effort to ensure that the new combined tax policy comes into effect. Retrieved at <http://www.chinatax.gov.cn/eng/c101269/c5173786/content.html>
- Pfeffer, J., & Salancik, G. R. (1978). *The external control of organisations: A resource dependence perspective*. Harper & Row.
- Rafiq, M., Zhang, X., Yuan, J., Naz, S., & Maqbool, S. (2020). Impact of a balanced scorecard as a strategic management system tool to improve sustainable development: measuring the mediation of organizational performance through PLS-smart. *Sustainability*, 12(4), 1365.
- Republic of Kenya (2021). National Tax Policy. Retrieved at <https://www.treasury.go.ke/wp-content/uploads/2022/07/DRAFT-NATIONAL-TAX-POLICY-16.06.-2022-.pdf>
- Sadiq, A. M. (2019). Effect of Resource Allocation Strategy on the Performance of Water Services Boards in Kenya. *Academy of Management Journal*, 37(3), 580-599.
- Scott, W. R. (2005). Institutional theory: Contributing to a theoretical research program. *Great minds in management: The process of theory development*, 37(2), 460-484.

- Siddique, M., Procter, S., & Gittell, J. H. (2019). The role of relational coordination in the relationship between high-performance work systems (HPWS) and organizational performance. *Journal of Organizational Effectiveness: People and Performance*, 6(4), 246-266.
- Streeter, J. L.(2022). How Do Tax Policies Affect Individuals and Businesses? <https://siepr.stanford.edu/publications/policy-brief/>
- Strehlenert, H., Hansson, J., Nyström, M. E. & Hasson, H. (2019). Implementation of a national policy for improving health and social care: a comparative case study using the Consolidated Framework for Implementation Research.
- Strijker, D., Bosworth, G., & Bouter, G. (2020). Research methods in rural studies: Qualitative, quantitative and mixed methods. *Journal of Rural Studies*, 78, 262-270
- Suddaby, R. (2010). Challenges for institutional theory. *Journal of management inquiry*, 19(1), 14-20.
- Tagliabue, M., Sigurjonsdottir, S. S., & Sandaker, I. (2020). The effects of performance feedback on organizational citizenship behaviour: a systematic review and meta-analysis. *European Journal of Work and Organizational Psychology*, 29(6), 841-861.
- Taouab, O., & Issor, Z. (2019). Firm performance: Definition and measurement models. *European Scientific Journal*, 15(1), 93-106.
- Thanem, T., & Knights, D. (2019). *Embodied research methods*. Sage.
- Tina Dacin, M., Goodstein, J., & Richard Scott, W. (2002). Institutional theory and institutional change: Introduction to the special research forum. *Academy of management journal*, 45(1), 45-56.
- United Nations Economic Commission for Africa (2023).Tax policy and performance in Africa. Retrieved at [https://www.uneca.org/sites/default/files/chapterimages/era2019\\_eng\\_Chapter\\_3.pdf](https://www.uneca.org/sites/default/files/chapterimages/era2019_eng_Chapter_3.pdf)
- Van Weele, A. J. (2018). *Purchasing and supply chain management* (7th ed.). Cengage Learning.
- Vem, L. J., Samson, N., Nkup, Y. N., & Jamoke, A. I. (2022). Does Coordination Flexibility Mediates the Relationship Between Strategic Orientation and Innovative Performance?. *International Journal of Business, Management and Economics*, 3(2), 128-148.
- Wanjiku, L. N. (2022). *Implementation Of Strategies And Performance Of County Assemblies In Kenya* (Doctoral Dissertation, Kenyatta University).
- Wernerfelt, B. (1984). A resource-based view of the firm. *Strategic management journal*, 5(2), 171-180.
- Xin ,F., & Siyu, T. (2022). The Impact of Tax Policy on Performance of Green Energy in Power Industry. 7th International Conference on Advances on Clean Energy Research, ICACER 2022 April 20–22, 2022, Barcelona, Spain