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Strategic Capabilities and Performance of Kenya Revenue Authority, Kenya

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ABSTRACT

Resources endowment in an organization provides platform for competitive advantage. Thus, there is need for all corporations to evaluate their assets and skills and align them with sole purpose of transforming and achievement of organization goals and objectives. The government budget deficit or surplus magnitude has been the most likely single most important indicator used to assess the influence of government fiscal policy on an economy. This has been partly attributed to the various governments desire in positively responding to the ever changing demands of the clients and at the same time enhancing accelerated economic development and economic. Hence, this study sought to examine the effect of firm performance; a case of Kenya Revenue Authority. The study specifically focused on how marketing capabilities, market sensing capabilities, information technology capabilities and management capabilities influenced performance. The study was based on resources-based view and information technology diffusion theory. A descriptive research design was used. Target population comprised of 842 tax compliance officers. Stratified sampling was used to select 123 respondents from Nairobi region. Pilot testing was carried out in Thika sub County Kenya Revenue Authority offices among 12 compliance officers. Primary data was collected through issue of questionnaires among compliance officers. Reliability will be tested through use of Cronbach Alpha coefficient. Descriptive statistics that include mean, frequency, percentage and inferential statistics and standard deviation including regression and correlation analysis analyzed the data. The study discovered a positive and significant influence of marketing capabilities, market sense capabilities, information technology capabilities and management capabilities on performance. The study concluded that the organization with a strong marketing capability will enable the firm to achieve better targeting and positioning its brands relative to competing brands. According to the findings, the study concluded that the capacity to market sense has a favorable and significant impact on the quality of market entry, having information communication capabilities allows a company to acquire unique access to client information and preferences while also lowering future business search costs, management capacity is critical in inspiring employees to work harder, developing channels for bilateral communication, and allowing for employee engagement, recommendations, and criticism. The study recommended that the company should improve its marketing capabilities in key functional areas. The businesses improve their market sensing abilities by first comprehending each phase of their process, then critically reviewing their market learning capability, and then rectifying any learning deficiencies. The company's business performance can be improved by exploiting its information technology capabilities to generate revenues, lower expenses, or do both. Managers must ensure that employees are aware of the forces driving change, that they are included in the planning process, and that they are aware of how to work.

Key Words: *Strategic Capabilities, Market Sensing, Information Technology, Management Capabilities*

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1.0 Introduction

Tax is a levy or financial charge imposed by a state upon taxpayers who can be a legal entity or an individual with an aim of raising revenue to meet price of public services and goods provision to the citizens. Tax is the main government revenue source that is used to provide public services and good like infrastructure education, security, health care etc. Benchekroun and Vanlong (2018) notes that an efficient tax system should satisfy most taxation cannons. Tax should be levied in proportion to the revenue enjoyed under the protection of the state. These include; Diversity, Simplicity, Economy, Convenience, Certainty and Equality. In Kenya, tax classification is based on effect, base and rates. Kind, Koethenbuerger and Schjelderup (2018) observe that a number of studies on taxation subject imply that in many economies taxation remains an unresolved issue. Taxation is the single largest government revenue source in Kenya. Lerche (2019) posit that, between 1995 and 2004, of all government revenue averagely, 80.4 constituted per cent tax revenue. Kenya has moved over time to a high tax burden from a low tax burden country, even with this Kenyans haven't accepted the culture of paying tax. Studies show that, even from the global point of view, no one likes tax paying, not least because of public good involvement and there are incentives to free ride.

Cheng, Kadir and Bohari (2017) indicate that most Small and Medium Enterprises (SMEs) in Malaysia have some form of formal strategic capability. Moreover, in today's competitive market, SMEs are giving more attention to the environment scanning. Even with their benefit in the national economy, various problems are encountered by SMEs in Malaysia in their operations affecting their business activities and sustainability. Cheng, Kadir and Bohari (2017) further propose need for environment scanning with an aim to gather and analyze data from outside the company to assists the strategic planning efforts, help the managers to understand better the market development and help the management to plan the future course of action.

Umar, Muhammad and Hassan (2020) perceive that organization's longevity and performance in the Nigerian public sector is increased by strategic capability, thus argued that strategic capability should be adopted by public organizations and it is important in determining the strategic planning's overall effectiveness for an institution. Umar, Muhammad, and Hassan (2020) further postulate that strategic planning should be planned in such a way that it is flexible to accommodate unexpected changes and other unforeseen factors that can negatively influence strategic planning effectiveness. Therefore, strategic capability is being used by key government decision-makers precisely because of the drastic changes in the public sector which compel them to think strategically about government needs. Wakahia (2017) observes that commercial banks in Kenya compete and their services and products differentiation is quite shallow thus requiring strategic capabilities of all the operations and advise that organizations that are successful must be able to manage cultural change and deliver a high customer service level. An essential strategic planning practices concept is to understand that for the success of an organization, everyone must work in ensuring the goals of the team are met. Consequently, strategy planning and implementation, evaluation of different options, resource capabilities and environmental trends analysis and objective setting are involved in strategic planning.

1.1 Statement of the Problem

The government budget deficit or surplus magnitude has been the greatest likely the single most important indicator used to assess the influence of government fiscal policy on an economy (Saleh & Harvie, 2015). This has been partly attributed to the various governments desire in positively responding to the ever- going up populace demands and at the same time enhancing accelerated economic development and economic. Osoro (2016) observe that in order to supplement the government revenue, the Kenyan government introduced various taxes but the extent of tax compliance is low. This lowers the extent of Kenya Revenue Authority performance as occasioned by missed targets. Statistics on percentage of revenue collected as percentage of GDP indicates that in 2014 it was 16.9%, 2015 16.3%, 2016 16.2%, 2017 15.6% and 2018 15.1% (OECD, 2019). Abdul and Wang'ombe (2018) indicate in order to enhance tax compliance several measures has been adopted that include change of laws and policies aimed at enhancing tax compliance. For example, in 2016 value added tax withholding at 6 percent was introduced to enhance tax filling and payments. Despite of these measure KRA has not managed to meet its targets, this has led to adoption of alternative strategies for example monthly tax periods which are aimed at educating Kenyan on their mandate as tax payers. One of the challenges noted show that voluntary consent where tax payers willingly determine their tax liabilities and pay is giving space to some form of manipulation (Gangl, Hofmann, Kirchler & Hoffman, 2015). This means that all the taxes due in a particular time period including may be delayed or ignored all together leading to loss of revenue to the government.

A study by Seyhan, Ayas, Sonmez and Gurlu (2017) investigated the relationship between strategic capabilities and competitive performance and found that information technology capabilities and management related capabilities as dimensions of strategic capabilities have a positive effect on competitive performance. However, the respondents were purposively selected thus presenting a methodological gap. Chepkole and Deya (2019) study evaluated the effect of strategic capability on competitive advantage of information technology firms in Nairobi City County, Kenya and revealed that financial resource capability had a positive and significant influence on competitive advantage. However, the study focused on competitive advantage thus presenting a theoretical gap. Ndanu (2020) study examined the influence of strategic capabilities on organizational performance and found that information technology capability, human capital capability, networking capability, intellectual capability, and competitive advantage were adopted to a moderate extent. However, the study was a case of Private Universities in Kenya. Therefore, this study sought to investigate the influence of strategic capabilities on the performance of Kenya Revenue Authority, Kenya.

1.2 Objectives of the Study

The general objective is to examine how strategic capabilities influence performance of Kenya Revenue Authority.

The specific objectives were:

i. Evaluate how marketing capabilities influences performance in Kenya Revenue Authority.

ii. Determine the influence of market sensing capabilities on performance in Kenya Revenue Authority.
iii. Assess the influence of information technology capabilities on performance of Kenya Revenue Authority.
iv. Find out the influence of management capabilities on performance of Kenya Revenue Authority.

2.0 Literature Review

2.1 Theoretical Review

2.1.1 Resources Based Theory

Barney in the years 1991 came up with the Resource Based View theory; he argued that an organization utilizes the available resources for performance improvement and attainment of competitive advantage. Peteraf and Bergen (2003) posit that all firms are in competition of the market share and the success of it can only be achieved through optimal allocation of resources and organization capabilities. Moreover, past empirical findings have documented that there is need to evaluate organization sources of competitive advantage while holding all the other factors constant. Peteraf and Bergen argued that the advantage can originate from internal and external sources. According to Vijande et al., (2012), the RBV premise is that imperfect resources mobility and heterogeneity between firms is the reason for provision of superior customer value/relatively lower costs achievement by the firms which lead to superior financial performance and market shares that are dominant.

All organizations have heterogeneous resources which assist the management to fulfill the goal and vision of the organization (Melville et al., 2004). In telecommunication there is need for continued training of employees so as to harness their skills in relation to expected service delivery. Secondly, an organization ought to adopt market capabilities which are geared towards maximizing the market share and minimizing the attrition rates of the current number of customers. Finally, the management ought to be perceived as a pool of resources which are geared towards attained of organization competitive advantage. The theory does not take into account the dynamic marketing environment impact where firms are operating (Lengnick and Wolf, 1999). Priem and Butler (2001) posit that it fails in explaining the development and deployment of resources for competitive advantage achievement. Due to these shortcomings proponents of this theory developed the dynamic capabilities theory (Odhiambo, 2014). The theory is appropriate for the current study since firm performance can be influenced by information technology capabilities, management capabilities, market linking capabilities and market sensing capabilities.

2.1.2 Dynamic Capability Theory

Dynamic capability theory was founded by Teece, Pisano and Shuen in the year 1997, they consider dynamic capability as a firm's ability to integrate, build and reconfigure competences (external and internal) in addressing fast changing environments. The proponents of dynamic capability theory posit that competitive advantage of a firm is dependent on its ability in performing 5 primary functions: Integrate and coordinate resources and assets emerging from new resource base; embrace strategies of learning to ensure continuous development of skill for workers with additional skills to facilitate performance of duties effectively and efficiently; Deploy resources into new ventures; develop mechanism to make competitors unable to copy the firm's processes and systems and reconfigure, transform and recombine assets and resources for new resource base formation (Zollo &Winter, 2002). Dynamic capability theory viewed the sources of firms' competitive advantage as its ability to reconfigure, build and integrate external and internal competences in addressing fast changing environments (Teece, Pisano & Shuen, 1990, 1997). Dynamic capability is the ability of institutions in modifying, extending and creating their resource base and that it must be structured in an organization for them to be part of the routines of an organization fixed in the institution with time (Helfat et al., 2007). The theory basically assumes that: light is shed on short-term competitive positions that can take part in longer competitive advantage building thus leading to an organization's long-run survival.

According to Galvin, Rice and Liao (2014) in solving some of the RBV theory weaknesses, this theory was considered an alternative approach. Based on Teece, Pisano & Shuen (1997), DC theory provide processes that path-dependent allowing organizations cope with rapidly changing environments by reconfiguring, integrating and building their capabilities and resource portfolio. However, until the 1980s strategic management subject had been little interest. Barney (1991) sees a firm as a portfolio of human resources, intangible and tangible resources and capabilities: the capability of combining resources in a manner that is efficient and innovative in this view, sustainable competitive advantage is: when an organization implements a value that creates strategy not simultaneously implemented by current or potential competitors and when the competitors do not have the ability of coping this strategy's benefits and competitive advantage is when a value creating strategy not simultaneously implemented by current or potential competitors is implemented by an organization. This theory is relevant to the study as competitive advantage has a relation to the firm's resource stock responsiveness to increasingly turbulent environments, dynamic capabilities constitute strategic relevance to an organization. Dynamic capabilities are needed by organizations in markets characterized by change lower rates for keeping pace with competitive dynamics.

2.1.3 Information Diffusion Theory

Rodgers in the years 1962 founded the Information Diffusion Theory which seeks to explain the rate, why and how new ideas are spread in an organization. Moreover, he argued that the success of an innovation is attributed to adoption of appropriate communication mediums. In order for an innovation to be diffusive then it ought to satisfy the following four attributes; innovation which a unit of an item which is perceived as new (Rodgers, 2003). Secondly, there is need for appropriate communication channels which will ensure successful sharing of information among different players (Rodgers, 2003). Thirdly, there is need for an appropriate time frame within which the proposed innovation ought to be communicated to the relevant parties and finally the new development ought to operate in the social system which will adopt and accommodate it and consequently reap the benefit associated with a particular innovation. Although, companies continuously develop new products which are geared towards technological adoption there is need to sensitize the public in order to increase the chances of their adoption this is because the success of an ICT adoption is based on the opinion formed by the end users (Agarwal, 2000). The theory is fit for this current research as it is essential to adopt ICT in service delivery. This will increase organization performance since it will minimize operational costs. Moreover, the organization should communicate and sensitize all players involved in service delivery so that the new innovation can be easily incorporated in an organization.

2.2 Empirical Review

2.2.1 Market Linking Capabilities and Performance

Kabiru, Theuri and Misiko (2018) studied how Kenyan agricultural state-owned entities' performance is influenced by planning. Primary data was gathered from 42 state corporations, they used Descriptive research design. Analysis of quantitative data was through use of univariate, bivariate and multivariate statistics while qualitative data was thematically analyzed. Study findings documented significant influence of planning on organization performance though state owned organizations were not compliant with planning strategy that they had put in place. It was suggested that measures aimed at promoting women's rights be developed and evaluating compliance with strategies that had been put in place. Though the study was carried out in State Corporation its function differed from those of KRA hence the need to carry out a study skewed towards KRA. Further, the study did not jointly evaluate the effect of market linking, market sensing, information technology and management capabilities on firm performance hence the need for the current study.

Ogohi (2018) investigated the effect of marketing strategies on Nigerian firms' organization performance. Questionnaires were used in getting primary data from 213 respondents, descriptive research design used. Univariate, bivariate and multivariate analysis. Study findings documented positive and significant effect promotional strategies and organization performance. This study was limited to use of quantitative data though it may have had shortcoming associated with limited responses to information stipulated in questionnaires as compared to use of qualitative research tools that may allow collection of information not limited to questions though it may be inhibited by researchers interviewing techniques and capability. Ogunmokun and Tang (2012) investigated how Singapore based small and medium enterprises' organization performance was impacted by market planning behavior. The applied descriptive research design, primary data collected by issuing questionnaires. Analysis of quantitative data done by use of univariate, correlation and chi square analysis techniques. Study findings documented significant effect of market planning behavior on organization performance. The study focus was on SMEs whose market niche compared to Kenya Revenue Authority is smaller hence difficult to generalize the findings to KRA. Furthermore, the state of economic development in Singapore is different as compared to Kenyan perspective.

Adewale, Adesola and Oyewale (2013) investigated marketing strategy effect on small and medium enterprises performance in Nigeria. Primary data was gathered among 103 respondents whom were issued with closed ended questionnaires. Quantitative data was analyzed through use of univariate, bivariate and multivariate techniques. Multiple regression analysis documented positive and significant effect of product, promotion, place, price, packaging, after sale services and organization performance of SMEs in Nigeria. These findings may not be generalized in KRA since SMEs and KRA are guided by different motives with the former aiming at profit maximization and later on social economic role. Furthermore, this study considered single attribute of strategic capabilities unlike the current that will consider joint effect of market linking, market sensing, information technology and management capabilities on organization performance.

2.2.2 Market Sensing Capabilities and Performance

Lin and Huang (2012) did a study on how dynamic capabilities affects performance. Document content analysis was carried and secondary data was collected from past empirical and theoretical evidence. Past empirical studies agreed that there is need for corporations to develop market sensing strategies which would aid in consolidating and gathering information aimed at discovery of blue ocean market and competitive advantage. The study ought to have considered quantitative evidence that has documented how firm performance is affected by dynamic capabilities. Nyachanchu, Chepkwony and Bonuke (2017) study explored how dynamic capabilities affects performance in manufacturing companies in Nairobi County. Questionnaires were used in data collection. Stratified sampling technique was employed and 369 respondents were selected and the method of analyzing data was multivariate, bivariate and univariate techniques. The findings obtained the results of regressions showed as significant positive from sensing, seizing and reconfiguration capabilities on manufacturing company's performance in Nairobi County. These findings may not be generalized in KRA since it's meant to achieve social economic benefits as compared to manufacturing companies which are profit motivated.

Gunday, Ulusoy, Kilic and Alpkan (2011) investigated how firm performance was affected by innovation types. Selection of 184 respondents was done using simple random sampling. Correlation, inferential and descriptive analysis was used in data analysis. It was found that organization, product, marketing and process innovations significantly and positively impacted firm performance in Turkey. Since the study drew respondents from different sectors it was recommended that specific sectoral study ought to be done to examine innovation effect on firm performance. Moreover, geographical variations may lead to different findings between Kenyan and Turkish study. Rajapathrana and Hui (2018) studied impact of innovation capability, innovation types and firm performance amongst insurance-based companies in Sri Lanka. 379 managers hailing from insurance companies were selected by randomly sampling them. Semi structured questionnaire was utilized in collecting data. Descriptive and structural equation modelling was used in analyzing data. Innovation capability, innovation type and insurance performance had a significant and positive relationship. Nasution and Ahmad (2018) investigated the how organization performance in Indonesia was affected by customer relationship management. Exploratory design was adopted. 82 respondents were selected using stratified random sampling. Descriptive statistics, regression and correlation analysis analyzed the data. Study findings documented that customer relationship management practices such as training orientation, customer orientation and top management support positively and significantly affected organization performance. These findings may not be generalized in Kenyan perspective owing to differences in state of economic development. Also, regression modelling was adopted in absence of classical assumptions test.

2.2.3 Information Technology Capabilities and Performance

Rehman, Nor, Taha and Saad (2018) investigated how small and medium enterprises performance in Pakistan were impacted by information technology capabilities. In addition, moderating effect of corporate entrepreneurship was examined. Primary data collection was among 420 respondents who were selected through stratified sampling technique, they used cross sectional research design. Questionnaire was the main tool for data collection. For data analysis, Univariate, multivariate and bivariate techniques were utilized. Documentation was done that information technology capabilities have significant effect on small and medium enterprises performance. These findings may not be generalized into Kenyan Kenya revenue authority since it guided by different objective as compared to SMEs which are profit making entities. Also, the study should have complemented quantitative data through use of qualitative data.

Cemal, Busra, Bulent and Ali (2010) evaluated how National oil and multinational companies in Turkey were impacted by information technology investments. Specifically, the study examined the level of information technology investment, information technology usage, information technology perceptions and integration of information technology in decision making. A sample of 158 firms was considered through cluster sampling and questionnaires administered as tool for data collection. Multiple regression, descriptive statistics and bivariate analysis was used in analyzing the data. It was documented that level of information technology investment, IT perception, IT usage had positive and significant impact on firm performance. Owing to heterogeneity on state of economic development between Kenya and Turkey these findings may not be generalized in Kenyan perspective hence the need for localized to explore how firm performance is impacted by information technology.

Nada, Rusinah, Ibrahim and Mahmoud (2015) examined how innovation performance in private universities in Iraq is impacted by information technology. They selected 75 participants using simple random sampling and data collection by use of questionnaire. They adopted descriptive research design. Univariate, multivariate and bivariate analysis were adopted for data analysis. Study findings documented positive and significant impact of information technology on innovation in public universities in Iraq. There is need for localized study that would incorporate different types of information technology capabilities and examine their impact on firm performance. Mwithiga *et al.* (2017) investigated how Kenyan firm performance are impacted by information technology integration. Primary and secondary data was collected amongst commercial banks in Kenya. Multiple regression, correlation and descriptive statistics analyzed the data. Findings documented that information technology integration positively and significantly affected firm performance. Firm performance was significantly and positively impacted by business operational strategy. There is need for a study in government-based institution such as KRA to compare findings from private entities which are mostly guide by profit and wealth maximization principle. Bakran and Zumrut (2017) examined firm performance and the types of information technology capabilities. Through descriptive research design, the research investigated the effect of IT human resources, IT relationship resources, IT business experience and IT infrastructure. 150 respondents were selected and collection of data was done using structured questionnaires. Analysis followed univariate, bivariate and multivariate statistics. The findings documented that IT human resources, IT relationship resources, IT business experience and IT infrastructure had a significant influence on performance. There was need for the study to incorporate other forms of capabilities instead of evaluating the effect of information technology capability alone.

2.3.4 Management Capabilities and Performance

Fakhar, Rana, Ayesha and Lalarukh (2012) investigated how organization performance in Pakistan was influenced by organization culture. The study adopted meta-analysis of alternative conceptualization and measurement of organization culture. Document content analysis was the main approach of data collection and it documented that organization culture had influence on employee behavior, alteration of norms and minimized degree of absenteeism among employee. Furthermore, it was evidenced that those organizations in which employees were motivation their level of commitment was higher it impacted performance positively. This calls for examination of management capabilities adopted by Kenya Revenue Authority.

The effect of organization culture on organization performance in telecommunication industry was assessed by Ahmed and Shafiq (2014) study. Organization performance was measured using balance score card. Quantitative data collection was from 22 respondents. Univariate, multivariate and bivariate techniques analyzed data. Documented was that organization performance was affected by masculinity/femininity, individualism/collectivism, uncertainty avoidance and power distance. The study should have considered use of exploratory factor analysis prior to classical modelling so as to retain attributes that had the highest explanatory power on variables under examination. Also, the study should have considered other attributes of strategic capabilities rather than focusing on management capabilities. Chilla, Kibet and Musienga (2014) investigated the effect of organization culture and organization performance in hospitality industry and discovered organization culture had positively affected organization performance in hospitality. This was effect was positively moderated by adherence to organization vision and mission. Since, hospitality industries are anchored on profitability there is need for study that will consider from non-profit making entities such as KRA that is aimed at achieving social economic benefits.

Yamoah (2014) investigated the relationship between job performance and human resources capacity building. The study adopted meta-analysis technique and reviewed past literature through document content analysis. Past empirical studies supported the need for human capacity building since it created employee satisfaction. Furthermore, the degree of employee commitment in an organization increased with increased human capability development. Asgari and Amirnezhad (2015) investigate how performance of Khuzestan's social security organization was impacted by organization learning capabilities and human resources measures. Cross sectional research was adopted and primary data was collected among 220 who constituted target population through issue of structured questionnaires. Descriptive statistics, correlation, regression and structural equation modelling analysis were used in data analysis. The documentation was that Khuzestan's social security organization performance was significantly and positively impacted by human resources measures, organization learning capabilities. In comparison to KRA, which is designed to achieve social-economic advantages, these firms were profit-making entities.

3.0 Research Methodology

Descriptive research design was appropriate as it explained the how strategic capabilities have affected performance of Kenya Revenue Authority. Descriptive research design was employed because of it is capable aiding in consolidation of required information in any quantity and effectively. Also, it has the advantage of aiding in gathering of information in shortest time possible. Thirdly, descriptive research design would clearly clarify modernization of Kenya Revenue Authority (KRA) and effect it has on revenue mobilization (Cooper & Schnindler, 2013; Kothari, 2011; Bichanga & Aseyo, 2013). Population of the study comprised of 842 tax compliance officers in Nairobi City County. The region was selected since it is a cosmopolitan and has the highest number of taxpayers as compared to other regions.

Stratified sampling was adopted to select respondents from tax hubs in Nairobi region. According to Kothari (2011) stratified sampling is adopted when respondents can be clustered into different groups with unique features such as region. The sample size was achieved through the following formula:

$n = NC^2 \div (C^2 + (N-1) e^2)$

(note: n=sample; N=population; C=co-efficient ≤ 30%; e= error ranging from 2-5%). A 2.5% error margin was the basis for the determination of the sample size and 30% variation coefficient (Nassiuma, 2000).

n = 842*0.32 ÷ (0.32 +(841)*0.0252) = 123.

Closed ended and opened questionnaire was used in collecting primary data. Trained research assistants were employed who were deployed during data collection. Self-administration of questionnaires through drop and pick method was used during data collection to enhance maximum efficiency and response rate. Administration of questionnaires was done to respondents stationed in domestic tax department. These respondents were selected owing to their direct involvement in implementation of several tax issues which seek for information from several groups. All respondents were notified through human and resources department. Counter checking collected data in each questionnaire was done to assess completeness, coded then entered into Microsoft Access and later exported to SPSS. Inferential statistics and descriptive statistics were utilized in analyzing quantitative data. Descriptive statistics including mean and standard deviation analyzed quantitative data. Multiple regressions were adopted to establish how one variable influenced the other. Multiple regression equation was of the following: $Y = \beta_0 + \beta_1X_1 + \beta_2X_2 + \beta_3X_3 + \beta_4X_4 + \varepsilon$; Y = Firm Performance; β_0 = Constant Term; β_1, β_2, β_3 and β_4 = Beta coefficients; X_1= Market linking capabilities; X_2= Market sensing capabilities; X_3= Information Technology; X_4= Management Capabilities; ε = Error.

4.0 Data Analysis Results

Table 1: Analysis of Regressions

Model	R	R^2	Adjusted R^2	Estimated Std. Error
1	.943[a]	.890	.886	.171

Source: Field Data (2022)

As presented in Table 1, the value of R^2 which is 0.886 represents that contributing value of performance of Kenya Revenue Authority by the independent variables studied. This implies that the remaining 0.114 factor represent other variables not studied.

Table 2: Analysis of Variance

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regressions	25.957	4	6.489	222.463	.000[a]
	Residuals	3.209	110	.029		
	Total	29.165	114			

Source: Field Data (2022)

As illustrated in Table 2, the level of significance is at 0.000[a] which is below 0.05 an implication that the statistically signified that independent variable had an influence on dependent variable. In addition, the value of F at 222.463 is more than the 6.489 representing the tabulated value with an allowance of 5% error. This implies that the model was significant.

Table 3: Coefficients

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	0.766	.159		7.319	.000
	Marketing capabilities	0.707	.029	4.248	7.035	.000
	Market sensing capabilities	0.612	.023	1.185	4.865	.000
	Information technology capabilities	0.792	.037	1.863	1.291	.000
	Management capabilities	0.569	.032	2.333	8.410	.000

Source: Field Data (2022)

The results indicate that holding marketing capabilities, market sensing capabilities, information technology capabilities and management capabilities as the independent variables studied performance of Kenya Revenue Authority would be at a factor of 0.766. It was established that when marketing capability is increased by a single unit Kenya Revenue Authority performance will have been increased by 0.707 factor, when market sensing capability is increased by a single unit Kenya Revenue Authority performance will have been increased by 0.612 factor, when information technology capability is increased by a single unit Kenya Revenue Authority performance will have been increased by 0.792 factor and when management capability is increased by a single unit Kenya Revenue Authority performance will have been increased by 0.569 factor.

The equation of regression formed was as below:

$Y = 0.766 + 0.707X_1 + 0.612X_2 + 0.792X_3 + 0.569X_4$

Y = Performance of KRA

X_1= Marketing capabilities

X_2= Market sensing capabilities

X_3= Information technology capabilities

X_4= Management capabilities

The study revealed Kenya Revenue Authority performance was positively and significantly influenced by the marketing capabilities (t=7.035, <0.005). These findings are in agreement with Ogohi (2018) study that investigated the effect of marketing strategies on Nigerian firms' organization performance and study findings documented positive and significant effect promotional strategies and organization performance. The findings also collaborates with the findings of a study by Adewale, Adesola and Oyewale (2013) that investigated effects of marketing strategy and small and medium enterprises performance in Nigeria and these findings may not be generalized in KRA since SMEs and KRA are guided by different motives with the former aiming at profit maximization and later on social economic role.

The study established that Kenya Revenue Authority performance was positively and significantly influenced by the market sensing capabilities (t=4.865, <0.005). The results are in agreement with the findings of Rajapathrana and Hui (2018) study that studied impact of innovation capability, innovation types and firm performance amongst insurance-based companies in Sri Lanka and significant relationship was found in innovation capability, innovation type and insurance performance. The results are also in consistence to a research by Nasution and Ahmad (2018) on how organization performance in Indonesia was affected by customer relationship management and study findings documented that customer relationship management practices such as training orientation, customer orientation and top management support positively and significantly affected performance in organizations.

The study determined that Kenya Revenue Authority performance was positively and significantly influenced by the information technology capabilities (t=7.035, <0.005). These findings are supported by Nada, Rusinah, Ibrahim and Mahmoud (2015) study that examined how innovation performance in private universities in Iraq is impacted by information technology and study findings documented positive and significant impact of information technology on innovation in public universities in Iraq. The finding also agrees with a study carried out by Rehman, Nor, Taha and Saad (2018) that investigated how small and medium enterprises performance in Pakistan were impacted by information technology capabilities and it was found that information technology capabilities have significant effect on how small and medium enterprises performed.

The study determined that Kenya Revenue Authority performance was positively and significantly influenced by the management capabilities (t=1.291, <0.005). These findings are in line with Yamoah (2014) study that investigated the relationship between job performance and human resources capacity building and Past empirical studies supported the need for human capacity building since it created employee satisfaction. The result is also supported by Asgari and Amirnezhad (2015) study that investigated how performance of Khuzestan’s social security organization was impacted by organization learning capabilities and human resources measures and the documentation was that Khuzestan’s social security organization performance was significantly and positively impacted by human resources measures, organization learning capabilities.

5.0 Conclusion and Recommendations

5.1 Conclusion

The study concludes that an organization with great marketing capabilities will be able to better target and position its brands in comparison to competitors. Marketing qualities such as coming up with fresh business ideas and developing new products can help a company achieve long-term success. Marketing capability can assist firms in detecting and responding to market changes such as competitor moves, technological evolution and revolution, enabling firms to leverage the capabilities and resources of partners for value creation, and assisting firms in anticipating and anticipating customer explicit and latent needs. In addition, the capability to market sense positively and significantly affect the quality of market entry. Capability in sensing motivates a company to put forth effort in gathering market information, operating under varying conditions to outsmart competitors, establishing and maintaining cordial relationships with employees and customers, and incorporating inner strengths in conformity with external environments..

Moreover, in was concluded that information communication capability permits a company to acquire unique access to client information and preferences, as well as save down on future business search expenditures. This confidential knowledge can be a helpful resource for a company looking to grow into a new market without investing significant costs. Furthermore, management capability plays an essential role in motivating employees to work better, providing bilateral communication channels, allowing for employee engagement, comments, and criticism Personnel management has a tremendous impact on the corporate climate. Good practices in the area generate a sense of belonging, demonstrate the value of everyone to the organization, and demonstrate how much their job contributes to the achievement of business objectives.

5.2 Recommendation

First and foremost, firms ought to develop marketing capabilities in key functional areas. Within the firm, marketing procedures necessitate a number of unique competencies that enable the firm to carry out the actions required to move its products or services through the value chain. Firms should act based on their market knowledge, and market knowledge dissemination is strongly linked to the firm's ability to exploit new market possibilities in particular, as well as its overall innovation performance. Secondly, organizations should improve their market sensing abilities by first comprehending each phase of their process, then critically evaluating their market learning capabilities, and finally rectifying any learning impairments. Mastering each stage of the market-sensing capabilities model is therefore critical. The company should look for ways to improve how new knowledge is obtained, analyzed, interpreted, and distributed, as well as how it is used to make marketing decisions.

Thirdly, by using its IT capabilities, the company can improve their business performance by increasing revenues, lowering costs, or doing both. To gain a competitive advantage and improve service delivery to customers, the company should embrace IT tools and services. In addition, the firm should develop internal capacity to handle IT system policies and procedures in order to retain IT workers and develop backup plans. Fourthly, managers must ensure that employees are aware of the forces driving change, that they are involved in the planning process, and that they are aware of how to deal productively with resistance to change. Understanding what motivates people in the workplace, as well as the variables that contribute to people feeling demotivated, is crucial for managing performance at work. Managers should establish strategies to train staff and attempt to improve significant qualities for professional performance such as leadership, trust, communication, and time management, according to the report.

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