

**EFFECT OF CHANGE MANAGEMENT ON THE PERFORMANCE OF  
GOVERNMENT INSTITUTIONS IN RWANDA  
A CASE OF RWANDA REVENUE AUTHORITY**

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**ABSTRACT:** *The main purpose of this research project is to analyze the effect of change management on the performance of government institutions in Rwanda. Today government and private institutions are facing many challenges in many areas of operation, this is mainly due to stiff competition and lack of change or even failing to implement change if at all change has been introduced. Rapid environmental changes, competition to provide innovative products and services, changing customer and investor demands and globalization have become the standard backdrop for firms. To compete effectively, organizations must constantly improve their performance by reducing costs, enhancing quality, and differentiating their products and services. Sustained competitive advantage could be generated from a firm's human capital by designing strategic change management practices to diagnose a firm's strategic needs which are required to implement a competitive strategy and achieve operational goals. The study adopted survey research design and the target population of employees of RRA. Data was collected using questionnaires and interviews and analyzed using SPSS and Microsoft Excel. Basing on the data collected study concluded that all changes made in RRA in the past four years have been well planned and implemented. Most of employees in the institution have generally embraced the changes made in the organization and at the same time resulting into overall organizational performance.*

**KEYWORDS:** Change Management, performance

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## **INTRODUCTION**

Firm performance is positively impacted by the presence of change management practices which tend to create a significant contribution on organizational competencies, and this in turn becomes a great boost for further enhancing innovativeness. According to Horngren (2000) and Anantharaman (2003), organizations link the maximization of performance with change management practices. As a result of intensive competition, shorter product life cycles, volatile product and market environments, firms constantly search for newer sources of competitive advantage, one of the most important being change management practices, that has the potential to improve and determine an organization's fate ( Kelliher & Perrett,2001).

Organizations today have increasingly become aware of the importance of Change Management practices. This awareness in a system is a critical dimension in the performance of organizations (Rees, 2006). The real life experiences substantiate the assumption that no matter how sophisticated and modern the business activities of the organization may become, it will be extremely difficult to sustain its growth and effectiveness unless there are strategies that complement its operations.

Change Management practices is a recurring theme examined by academicians, consultants and practitioners. The frequent and uncertain changes, greater competition between firms, According to Armstrong (2009), Change Management (CM) emphasizes the need for the Change Management Plans and strategies to be formulated within the context of overall organizational strategies and objectives and to be responsive to the changing nature of the organization's external environment. It is an approach which requires interpretation and adaptation by practitioners to ensure the most suitable fit between business strategies and plans. Thus, the overall themes of Change management are the integration of all institutional functions, adherence to broad organization goals and responsiveness to the external environment (Armstrong, 2009).

There are a number of studies (Appelbaum, 2000; Huselid, 2005; Wright, 2005; Schuler and Jackson, 2001) focusing on the change management of business organizations because of their contribution in the global economy. The quest for change management has long been a central tenet of the field of strategic management (Armstrong, 2009). Within this field, the configurationally theory has emerged as a promising new framework for analyzing the sources and sustainability of management of change in the modern world. In Change Management, internal fit and external fit are the two main research streams. Organization characteristics, environmental characteristics also significantly influence firm performance. External environmental characteristics represent customer demands and nature of market competition which are important determinants of firm performance. These organizations need to respond to greater global imperatives and challenges to compete effectively in local and global markets. This study will focus on the fitness of Change Management and performance of Rwanda Revenue Authority. To better present the idea, this study adopted Change management Process as the research variable since it reflects government institutions needs and nature

### **Statement of the Problem**

According to Armstrong and Baron (2004), the practices of Change Management are concerned with how well changes are managed in organizations so as to achieve competitive advantage through the strategic creation of a highly committed and capable workforce. Effective Change Management Practices systematically organizes all individual to directly influence employee attitude and behavior in a way that leads business to achieve its competitive strategy (Huang, 2001). The firm can thus obtain a competitive advantage and thus achieve superior performance (Kelliher & Perret, 2001). There has been a debate by numerous researchers whether change

should always be positively related to firm performance. Although most of the studies speak of Change practices leading to performance, such a one-way line of causation is unsatisfied (Edwards & Wright, 2001). The usual key critique of Change management and organizational performance is that sound theoretical development that explains how such Change management practices operate is absent ((Becker & Gerhart, 1996). In an effort to address such theoretical developments in this area, researchers have proposed further studies to consider intermediate linkages between Change management and organizational performance (Ferris *et al.* 1998). Accordingly, a better understanding of the role of Change management in creating and sustaining organizational performance and competitive advantage should be achieved through further theoretical development and empirical evidence.

Today government and private institutions are facing many challenges in many areas of operation, this is mainly due to stiff competition and lack of change or even failing to implement change if at all change has been introduced.

### **Research Objective**

#### **General Objective**

The general objective of this study is to investigate the effects of change Management on performance of government institutions in Rwanda.

#### **Specific Objectives**

- i. To determine the impact of change management on the performance of RRA.
- ii. To examine the challenges of change implementation in RRA.
- iii. To examine the indicators of positive change for evaluation at RRA.

#### **Research Questions**

- i. What is the impact of change Management on the performance of RRA?
- ii. What are the challenges of change implementation in RRA?
- iii. What are the indicators of positive change for evaluation at RRA?

#### **Research Design**

The researcher followed quantitative and qualitative approaches. As regards the quantitative data, it includes the statistical data, to assess and analyze whether this institution was affected positively or negatively. Qualitative approach was followed to get responses from different respondents.

#### **Target Population**

This study is carried out to analyze the effects of Change Management on the performance of RRA. The study population comprised of 134 RRA staff employed in divisions that are closely related to the area of research such as institutional planning, IT, Tax departments and executive office.

### **Sample Design**

The sample size of this study was 100 respondents calculated on the base of Solvin's method.

### **Sampling Techniques**

The selection of the respondents was based on purposive sampling where data would be collected from respondents who have suitable information.

### **Data Collection**

#### **Data collection Instruments**

##### **Primary Data**

The primary data was collected through questionnaires to gather information on the effect of change management on performance of government institution for the Case of Rwanda Revenue Authority.

The researcher distributed questionnaires to selected sample and administer them to the respondents. Questionnaire is an instrument that consists of a set of questions to be responded by a group of people who are asked to answer in order to provide information on their own free will and time helped the researcher to get the level of knowledge, attitude, and perceptions of respondent on the research topic.

##### **Secondary data**

This refers to written material that may be used as a source of information related subjects to this research topic. This involves secondary analysis of documents which have been prepared approved and filed for future reference. Here the researcher used RRA records such as reports financial statements, textbooks and website.

##### **Data analysis**

The data collected was processed and analyzed. This involved data coding, editing and tabulation especially quantitative data. The purpose of all these is to make the information clear and understandable for other people. Qualitative analysis techniques were used. The Qualitative analysis techniques were complemented with some statistics that were mainly obtained from the secondary data that was obtained through documentary analysis from the case study organization.

### **DATA ANALYSIS, PRESENTATION OF FINDINGS**

#### **Profile of Respondents**

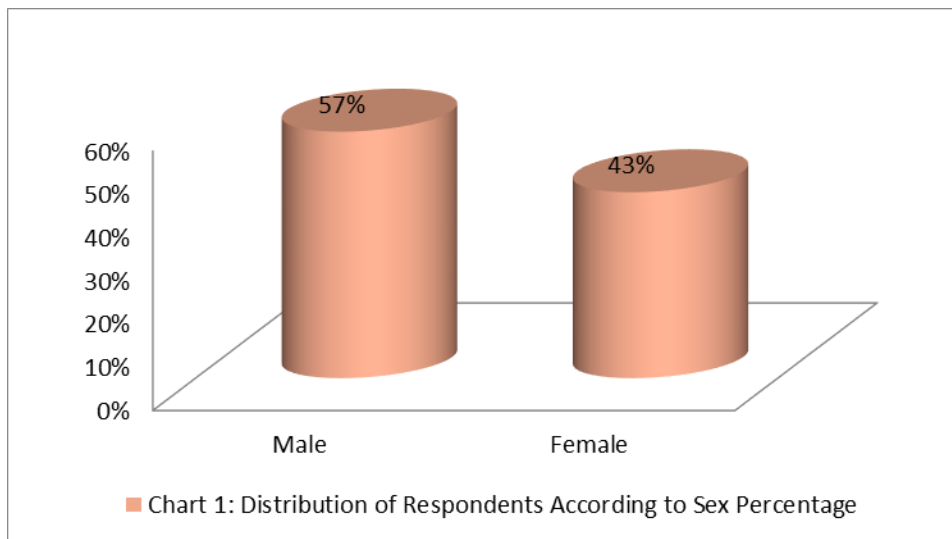
The researcher examines the characteristics of respondents in terms of sex, age, working experience/ number of years of employment in Rwanda Revenue Authority in general.

**Table 1: Respondents by gender**

Gender	Number of respondents	Percentage
Male	57	57%
Female	43	43%

**Source: Primary data 2015**

Table 1 show that the view of both males (57%) and females (43%) were considered by the researcher hence avoiding gender biased perceptions. This is also reflected in the fact that the percentage of female and males were almost at par. The majority of respondents were literate enough to understand the issues at hand and respond meaningfully to the questions asked.

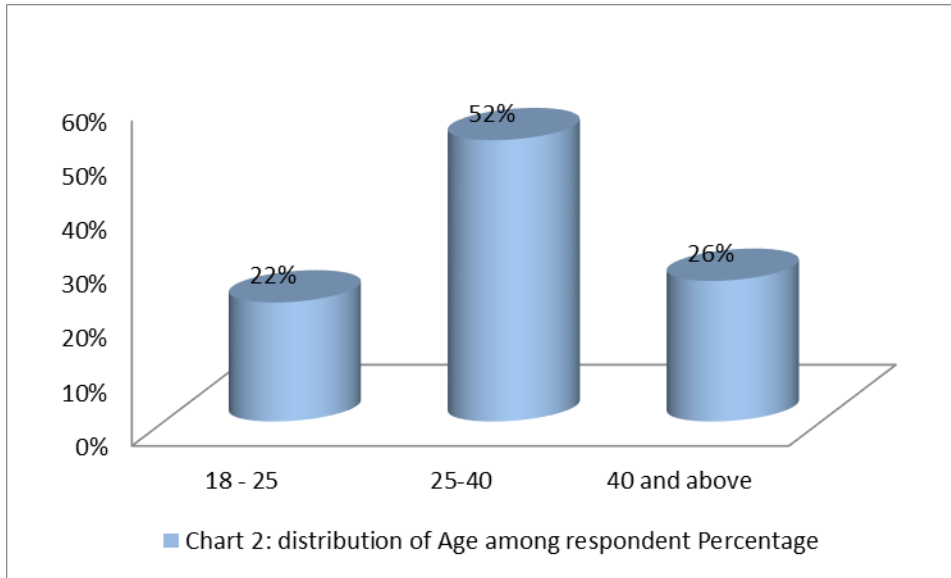


The table below shows the sex of the respondents. According to the above chart, 57% of the respondents were male and 43% female. This implies the consideration of gender in the employment and recruitment systems of RRA.

**Table 2: Respondents age group**

Age group	Respondents	Percentage
18-25	22	22%
25-40	52	52%
40 and above	26	26%

**Source: Primary data 2015**

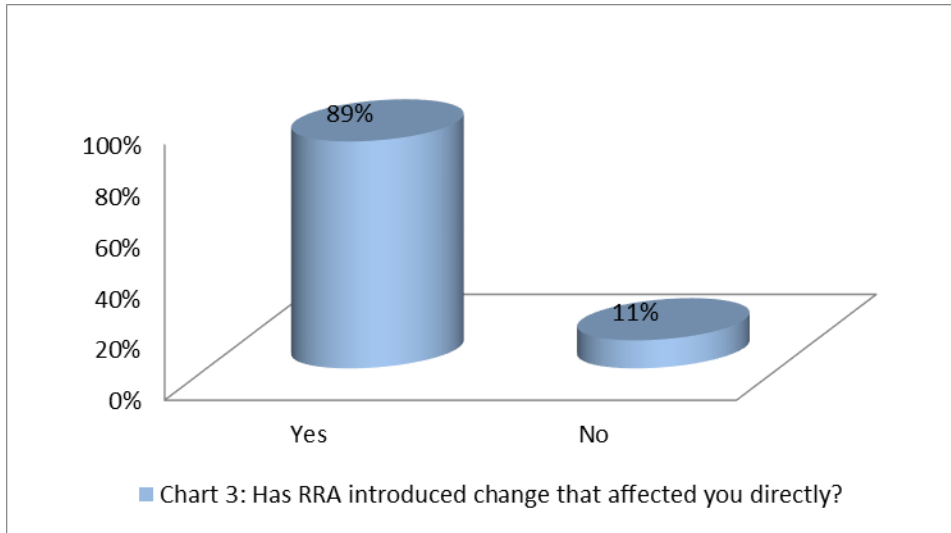


From table 2 above, the biggest percentage of respondents lie between the ages of (25-40) represented by 52% as extracted from the questionnaire. This implies that RRA has younger and energetic staff and that is among the factors that have led to fulfil its mandate. The other category lies under the ages of 40 and above which constitutes top management.

**Table 3: Has the RRA introduced changes that affected you directly?**

Have RRA introduced changes that affected you directly	Number of respondents	percentage
Yes	89	89%
No	11	11%

Source: Primary Data 2015



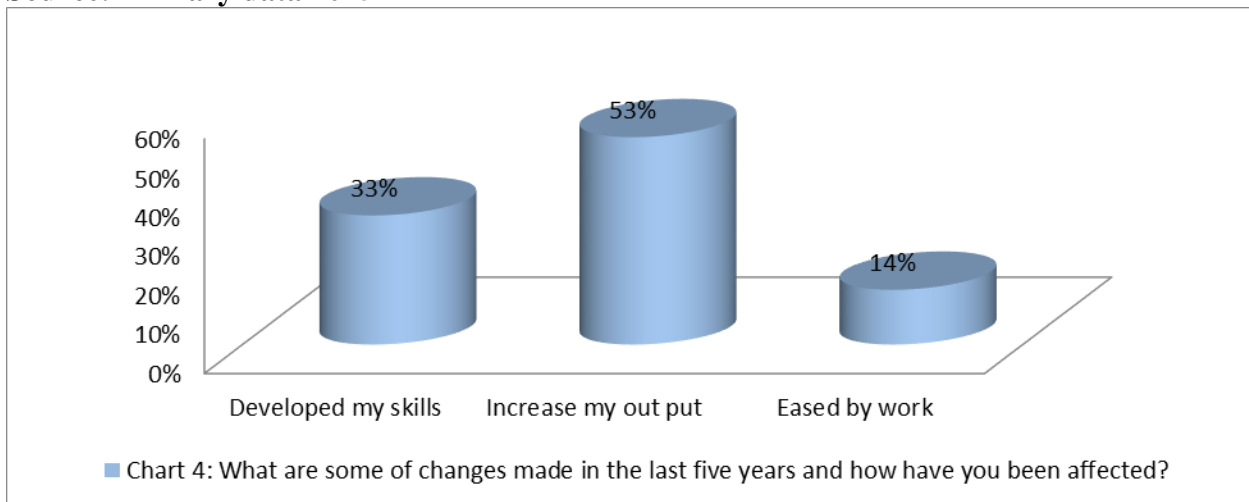
According to the respondents, RRA has introduced many changes that have impacted the employees significantly. 89% of the respondents strongly asserted that there has been paramount change that led to the outstanding performance of the institution.

The 11% who said no includes new staffs that are not familiar with organization and have not yet experienced with the setup of the institution

**Table 4: How the changed introduced by RRA affects the employees**

How the changes affected employees	Number of respondents	Percentage
Developed skills	33	33%
Increased output	53	53%
Eased work	14	14%

Source: Primary data 2015

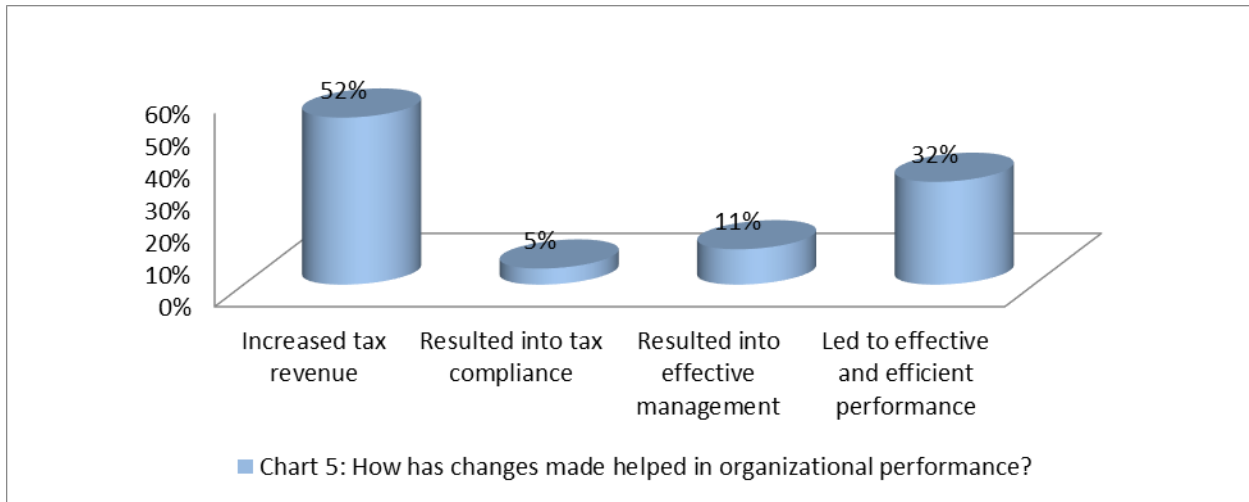


Change is constant process but considering the last five years lot of changes take place within the institution. The changes are in the areas of institutional development and have affected the employees in positive way in the following areas. 53% of employees said that the new changes brought within RRA improved their output and performance. Not only the performance and output improved but also development of skills and the work made easy by the changes that were brought in as indicated by the percentage of respondents 33% and 14% respectively.

**Table 5: How changes affected organizational performance?**

How changes affected organizational performance	Number of respondents	Percentage
Increased tax revenue	52	52%
Resulted into tax compliance	5	5%
Resulted into effective management	11	11%
Led to effective and efficient performance	32	32%

Source: Primary data 2015



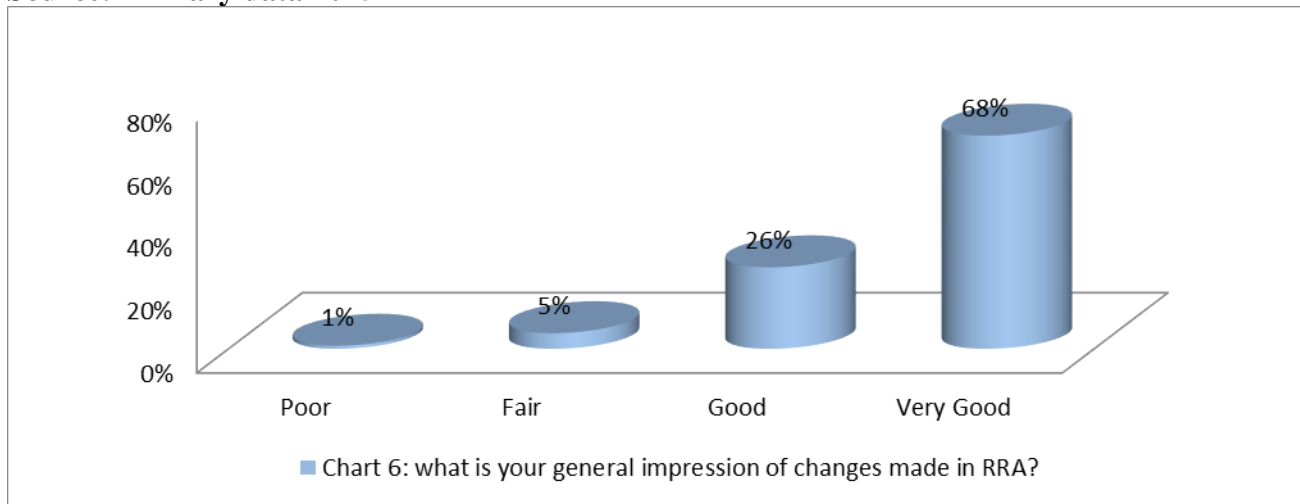
According to the respondents change has brought lot of good to the institution. The changes that were brought in helped in organization efficiency which increased the level of tax collection in effective and efficiency way. 52% of respondents strongly assert that the change brought in RRA has led to increased tax revenues. It has also lied down the performance strategy in that operationalization of the system was put in place. This led to effective and efficiency in performance as represented by 32% change did not affect only tax collection but also in operational management as represented by 11% of respondents. This has facilitated the smooth running of the institution.



**Table 6: General staff impression on the change brought by RRA**

General impression of change made by RRA	Respondents	Percentage
Very good	68	68%
Good	26	26%
Fair	5	5%
Poor	1	1%

Source: Primary data 2015

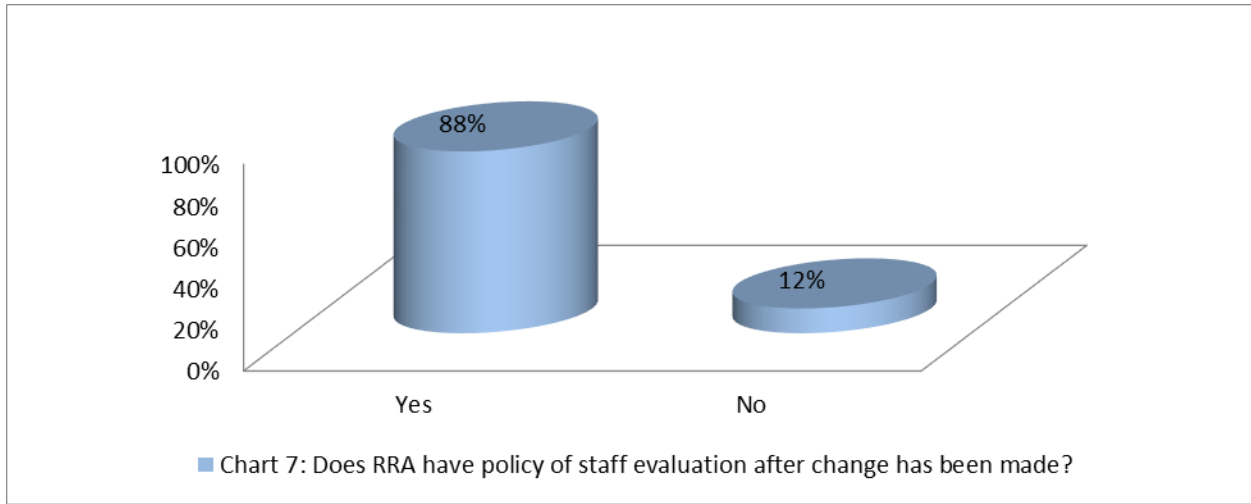


Generally all the employees have positive impression about change as they have general impression of 94% as good and very good combined. This is due to the fact that as seen from the previous tables, it has led to the increased tax collection, effective performance and

**Table 7: Existence of policies to evaluate staff after introducing certain changes in RRA**

Existence of policy to Monitor and evaluate staff after introducing certain changes	Number of Respondents	Percentage
Yes	88	88%
No	12	12%

Source: Primary data 2015

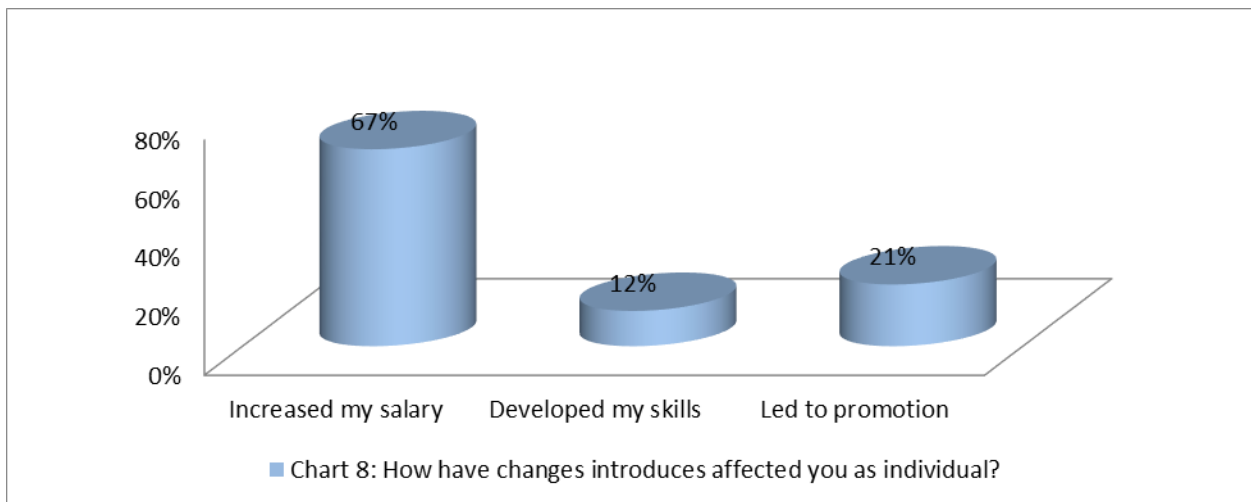


RRA has staff monitoring and evaluation policy as applied to many government institutions. 88% of employees agreed that after initiating change, the management has a monitoring and evaluation policy that shows how the performance improved after initiating the change. The 12% said no and most of them are new staff that was not hit by any change policy.

**Table 8: How changes introduced affected Respondents individually?**

How changes introduced affected you as individual	Number of respondents	Percentage
Increased salary	67	67%
Developed my skills	12	12%
Led to promotion	21	21%

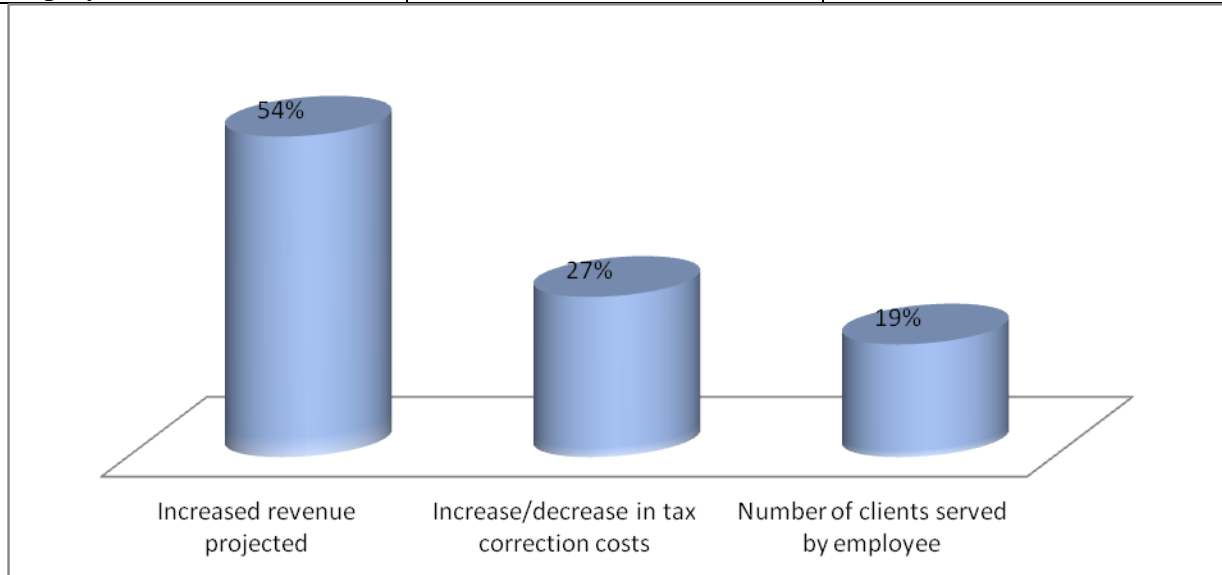
Source: Primary Data 2015



The change in the institution increased performance which subsequent leads to salary increments as depicted from the respondents 67%. It also leads to promotion as shown by the percentage 12%. This contributes to the overall performance of the institution.

**Table 8: Indicators of positive change for evaluation at RRA**

What are the indicators of positive change for evaluation at RRA?	Number of respondents	Percentage
Increased revenue projected	54	54%
Increase/decrease in tax correction costs	27	27%
Number of clients served by employee	19	19%



**Source: Primary Data 2015**

According to secondary data, there are different indicators to evaluate whether a certain change strategy has been implemented successfully. For the case of RRA, the evaluation is done through measuring the percentage increase/decrease in the amount of the revenue projected to be collected as presented by 54% of respondents. If there is an increase, it shows that the change strategy has positively impacted the organization and the reverse is true.

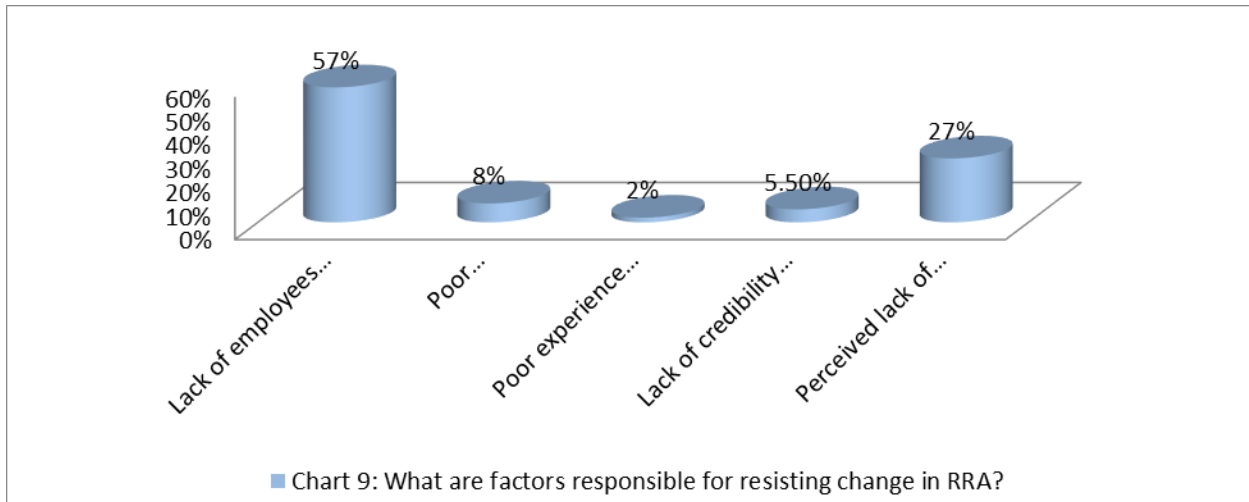
The cost associated with revenue collection also indicated that certain change management strategy adopted has also worked in favor of RRA as shown by 27% because the major principle

of taxation is to maximize revenues and minimize the collection costs. Last but not least, the number of customers served by the employee or time that it takes to serve a client can also be used by the RRA management to measure the results of certain change as indicated by the 19% of respondents.

**Table 9: Reasons for change resistance.**

Why change is resisted	Number of respondents	Percentage
Lack of employees involvement in change process	57	57%
Poor Communication about need for change	8	8%
Poor experience from previous change	2	5%
Lack of credibility for change agent	6	6%
Perceived lack of benefits in change	27	27%

Source: Primary Data 2015



57% of the respondents strongly assert that resistance to change is caused by the lack of motivation.

Other factors are poor experience, lack of credibility and poor management.

## CONCLUSIONS AND RECOMMENDATIONS

### Conclusion

This study focused on the assessment of the effects of change management on the performance of RRA. Basing on the data collected, all changes made in RRA in the past four years has been well planned and implemented. This is why most of employees in the institution have generally embraced the changes made in the organization and at the same time resulting into overall organizational performance.

Considering the general change benefits RRA has benefited from change through employing modern Technology, Training and developing its staff, modernizing legal instruments and developing new infrastructure and equipment.

### Recommendations

- i. For the organization to succeed, RRA management should educate its stakeholders (employees and taxpayers) about new policies, procedures and programs. Oppositions to change often reflect misunderstanding of the reasons for change and lack of stake holder's involvements in the change processes.
- ii. Organization must communicate a sense of urgency of change. Most people consider change uncomfortable and risky. Without a sense of urgency people tend to avoid change. To motivate the acceptability of change in an organization, it is necessary to make existing conditions seem more unnecessary than the proposed changes to be made.
- iii. Rwanda Revenue Authority must develop/ setup a team to support change because no single person can be able to manage change alone. Change implementation is better achieved when it involves a good representation of the entire community within the organization. It is very important to mention that putting in place a department that is in charge of change initiation, implementation and management would be so significant in proper handling of change related issues in Rwanda Revenue Authority.

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