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CAUSES OF DELAY IN CLEARANCE OF GOODS AT THE PORT OF MOMBASA

TABITHA WANYAMA



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^{1*} Tabitha Wanyama

^{1*} Undergraduate student, Catholic University of Eastern Africa

*Corresponding Author's Email: twanyama@gmail.com

Abstract

Purpose: The study was an investigation into the challenges facing clearing and forwarding activities at the port of Mombasa.

Methodology: The study adopted an exploratory study design which was descriptive in nature. A population of 265 was used out of which a sample of 100 respondents was chosen. To select the 100 sampling units/respondents, the researcher used purposive sampling method. The data was collected using questionnaires which had both open and closed ended questions. The methods used in the analysis of the data were descriptive statistics such as percentages, frequencies, pie charts and cross-tabulation.

Results: Findings in the study indicated that some of the challenges facing clearing and forwarding processes at the port of Mombasa included poor education and training of clearing agents, abandonment of goods by agents due to poor pricing, lack of automation, low level mechanization, bureaucratic processes from governmental agencies and poor road network which causes congestion. In conclusion, the research identified that the challenges were both human resource oriented (inadequately skilled workforce) as well as systemic (resulting from a failure in the coordination between the various players in the clearing system).

Unique contribution to theory, practice and policy: It was recommended in this study that the various players such as KRA, KPA, governmental agencies, importer/exporters, clearing agents among others should improve their individual processes and efficiency to enhance coordination and faster clearing. It was recommended that a further study should be carried out by both the KPA and the KRA management involving a larger population and sample to reflect the strategies that other major ports in the world have undertaken to enable them ease the congestion at their ports so that they find out what factors need to be implemented to fasten the clearance. Further study should also include stakeholders outside the clearing and importers fraternity such as the government, and the community as a whole.

Keywords: *delay, clearance of goods, bureaucratic processes, clearing agents, systemic failure*

1.0 INTRODUCTION

Mombasa port is the heart of Kenya's commercial and cultural connections to other Indian ports. By the 15th century this important port was a thriving, sophisticated city with well-established trade routes to China, Persia, and India. It is an ideal base from which to explore Kenya's coast and is

also the gateway to Kenya and the neighboring countries of Uganda, Rwanda, Somalia, Ethiopia, Southern Sudan and Eastern Congo.

Over the centuries Mombasa has struggled with numerous foreign invaders and hostility. The Portuguese, the ferocious Zimba tribe and, the Omanis have laid claim to Mombasa since the 12th century. Officially this coastal strip still belonged to Zanzibar not until 1963 when Kenya attained independence. The British affirmed Mombasa's importance as east Africa's most vital port when they completed a railway in 1901 stretching from Mombasa to Uganda. Today the city remains one of Africa's major links to the world.

The Mombasa port has several comparative advantages over other East African ports which have contributed to its handling of the large volumes of imports and exports. These include: The sixteen deep water berths capable of handling vessels up to 25,000 dwt; It is one of the few ports in East Africa that promotes the development of facilities capable of handling large quantities of grain and fertilizer which are so vital for this part of the world; The presence of the great railway line from Mombasa provides all important links inland, increasing the strategic importance of the port; and High technological modern handling equipment that have attracted other East African countries with their own ports like Tanzania.

The mentioned advantages have given the port a tremendous growth in cargo traffic, for example, Uganda has remained among the biggest users' of the port, its traffic accounting for about 20 per cent of the total with 1.8 million tones, nearly double the million tones that passed through the port in 1999, accounting for 12.3 per cent of the traffic (Northern Corridor Forum meeting in Kampala, Uganda on 15th May 2006).

Liberalization of trade and presence of civil strife in neighboring countries as well as agricultural collapse due to dry weather has enhanced the cargo traffic within the port. The Port of Mombasa is managed by the KPA Board of Directors, under the chairman appointed by the Minister for Transport and Communications. For the port to achieve its desired objectives it's guided by its vision statement "to be among the top 20 ports in the world by the year 2010."

There are various activities that take place at the Port of Mombasa which includes: Pilot age of ships, berthing of ships, shore handling of cargo and management of all containers for efficient and effective Management of its operations and functions, the Mombasa port is divided into various departments; Merchant shipping department, Marine operations department and Container operations department. This has imports and exports sections. At the container operations department the management ensures that all the containers are properly sorted, tallied and stored.

For efficient operations and smooth clearance of goods at the port, the KPA works hand in hand with the KRA. KRA is a corporate body enacted by act of Parliament in July 1996. It is charged with the responsibility of collecting government revenues. It comprises of several departments namely: The domestic taxes department that deals with collection of income taxes, Value added tax department that deals with collection of value added taxes; Road transport department that deals with motor vehicle registration and licensing. Customs and Excise department that deals with collection of taxes on imported goods and exports; it also facilitates international trade and collects trade statistical data on behalf of the government. The customs and excise department is therefore

entrusted with the responsibility of documentation and clearance of all cargo in and out of the port. In the last three year period the imports through the port of Mombasa have increased tremendously. Thus any slight delay in documentation or clearance of cargo at the port can cause serious congestion of containers which in the long run may cause the importer or agent colossal amounts of money in terms of demurrages.

1.1 Statement of the Problem

Mombasa port handles large volume of imported goods for Kenya, its neighboring countries such as Uganda, Tanzania, Ethiopia and Sudan. For the past three years the volume of imports through the port, has increased from 6000 containers averagely per month to 11,000 containers, reflecting a growth rate of 45% (KRA publication, 2008).

Customs and Excise department of the KRA is charged with the responsibility of ensuring that the imports are cleared from the port within the stipulated period of seven days from the time the consignment arrives at the port (CAP 472). In the past three years, the department through its customer care desk, has received four hundred (400) cases of complaints from importers and customs licensed clearing Agents pertaining to the delays in the clearance of their containers. According to the complaints, it was taking about fourteen days to clear a consignment from the port.

In the year 2006, there were one hundred and fifty complains, in 2007 the number of complains rose to three hundred showing an increase of hundred percent (100%) and at the end of the year 2008 the number of complains had risen to four hundred reflecting 166.7% increase in the three year period (KRA Publication, 2008). In December, 2007 the major stakeholders who are the importers and clearing agents held a crucial meeting in Mombasa to deliberate on the delays in clearance and the subsequent colossal amounts of demurrages paid to KPA as a result of clearance delays. The same issue was also discussed in the East African countries meeting held in 3rd May 2007 in Nairobi.

This study therefore aimed at establishing the causes for the delays in the clearance of goods by the KRA at the port of Mombasa

1.2 Research Questions

- i. To what extent to did documentation procedures contribute to the delays in the clearance of imported goods?
- ii. How many customs officers were involved in verification and clearance of imported goods relative to the volume of imports?
- iii. To what extent did the verification methods used to verify different types of goods contribute to the delay in the clearance of imported goods at the Mombasa port?
- iv. Is the handling of goods at the port of Mombasa the cause of delay in clearance?
- v. Is the non-payment or delays in payment of the agency fee by the importers the cause of delay in the clearance of imported goods?
- vi. Could lack of knowledge or experience in clearing procedures be the cause for the delays in clearance of imported goods?

2.0 LITERATURE REVIEW

2.1 Documentation Procedure at Mombasa Port

According to Escoe (1998) documentation means anything written in any medium, policies, and procedures manuals or perhaps records. It originates from legal requirement, external customers users and certification auditors and examiners. A good documentation shows quality standards employee handbooks and safety programmes. International trade is flourishing today because traders have learned to manage and overcome the risks of importing. Imports risk management is based on documentary systems and customs which translate the rights, costs, and responsibilities of the import process into documentary equivalents (Jimenez, 1997).

A good documentation system should exhibit efficiency and should have means and ways of detecting forgery, alteration or simple misrepresentation. According to the KRA departmental instruction on verification (No. 8,) documents are lodged on line at the document processing centre for processing and collection of the relevant taxes before being re-routed to different releasing stations country wide for verification and release of goods (KRA Act, 1996).

The Management of KRA have been reviewing the process to ensure that goods are cleared on a timely basis and recent developments indicate that the documentation procedure (from the time of lodgment to the time of releasing of goods is much longer than the stipulated time). The entire process is supposed to take forty eight hours but many complaints have indicated delay in the processing and clearance of goods for a longer period of time, sometimes longer than two weeks.

2.2 Personnel involved in Verification Process

Verification is a procedure of confirming the contents and data entered on the import. Document form (C63), a commercial invoice, the contract, of sale, bill of lading, clean report of findings, insurance document, and payment related documents from the bank to ensure that they are correct. Farzin (1988) observes personnel are the qualified people who are involved in the verification of goods and documents. The Human Resources are identified and plans are made for satisfying those requirements. It is concerned with matching resources and needs in the longterm and addresses human resource needs in both quantitative (how many people) and qualitative (what sort of people). It also looks at the broader issues relating to the ways in which people are employed and developed in order to improve the organization's effectiveness (Ivancevich, 1994).

In the case of the KRA, the verification personnel are assigned the duties to ensure that imported goods are examined according to the laid down procedures. The competency and skills required for this activity should therefore be quite explicit to enable the appointed perform their duties efficiently. As per last year's financial budget 13th June 2004, it was noted that there was a significant increase in the volume of imported goods, compared to the previous years. Therefore it is management's duty to ensure that trained adequate staffs are availed to perform the required tasks. This notwithstanding, the advancement in technology which means that continuous staff development programs have to be in place to ensure that the staff are well equipped with modern techniques and equipment to facilitate their work.

According to the Kenya Time Release report for ports (November, 2004), it is clear that the Customs and Excise department has a significant role to play in expediting clearance of goods and simplifying clearance procedures to make it beneficial to their importers, exporters and national economies. This is so because it has a bearing on the efficiency of traders in meeting the challenges for better product quality, lower costs and faster delivery.

2.3 Verification Methods

Verification is the process of checking or confirming the truth or accuracy of something (Robinson, 1999). It is also considered the process of establishing the truth or correctness of, by examination or demonstration (Fowler, 2000). Goods imported in the country for either home (domestic) use or in transit to the neighboring countries are different in nature and this determines the type of verification a consignment will be subjected to.

According to the KRA departmental instruction (No. 6) goods are classified in three categories ranging from the riskiest, riskier and risk. The riskiest are subjected to 100% verification, the riskier 50% verification and the risk between 10-50%. The riskiest goods include electronics; used items, spare parts and motor vehicles while the riskier covers foodstuffs, cosmetics, alcohols and the rest of the goods fall under the risk category. The management is charged with the responsibility of ensuring that right methods are applied when verifying goods.

To address the problem of verification, Barn (1999) argues that an enhanced Risk technique is needed by all agencies involved to better identify those declaration that require a detailed examination and continue to develop dialogue with business community and jointly discuss improvement and promotion of procedures to avoid delays. The verification of these goods are done manually and with the large increase in volume of the imports which has been reported at the port, the verification officers are unable to perform their examination tasks efficiently and effectively. The department to achieve efficiency in the verification of goods and compete globally, modern techniques in verification of goods which are being used by fast developing ports should be adopted.

2.4 Handling Procedures

According to Smith (1997), adding value to a product or service helps to differentiate products from the competition and improves standards of customer service. By analyzing the products and service in your range you can add value and improve customers' perception of your organization. Ports Authority throughout the world are the handling contractor of the goods at the port and it is their duty to ensure that the goods are placed for verification by customs immediately the appointed clearing and forwarding agent pays their handling charges. The Ports Authority also off loads goods from the importing vessels, Stacks them, and loads them to trucks or railway wagons after clearance from the port (Rowland, 1986).

Customer service is an increasingly important factor both for competitive advantage and customer retention. Indeed the service element of many product offerings is sometimes the only aspect which distinguishes one organization's marketing efforts from those of another (Meldrum, 1995). Mombasa port has sixteen deep water berths capable of handling vessels up to 25000 dwt. Cranes and large grain silos. For the past three years the statistics from the Ministry of trade (volume 2)

of trade analysis has shown that the volume of goods at the port has gone up by 50% overstressing the use of the available facilities.

Importing vessels sometimes are forced to remain in the high seas for about two weeks waiting to offload the cargo. The war in the neighboring countries like Sudan and Somalia has contributed to the importation of large imports of grains which the available silos cannot accommodate. The cranes which are used in the offloading and loading of goods are old and they keep on breaking down now and then making the whole procedure of offering quality and effective service impossible, hence causing delay in the clearance of goods (Oloo et al., 2004).

The KPA in order to achieve customer satisfaction in service delivery so as to be able to compete globally, they need to purchase the modern equipment, provide their personnel with regular training on the machine operations, prepare an import sheet from the shipping agents showing the expected time of the vessels to avoid congestion. In a day-to-day dealing with companies customers assess satisfaction against a frequently changing kaleidoscope of attributes. For products these can be defined as “fitness for Use” (Lynch, 1995). Like other ports in the world the management should involve the other stake holders in the day to day running of the port to build team work to eradicate the bottlenecks that contribute to the delay in clearance of the cargo.

As Heller et al. (1998) put it, team work demonstrates the fundamental features; strong and effective leadership; the establishment of precise objectives; making decisions; communicating freely; mastering the requisite skills and techniques and fulfill the project in hand; provide clear targets for the team to work towards; and finding the right balance of people prepared to work for the common good of the team.

2.5 Non-Payment of the Agency Fee

An agent is any person who is authorized by the owner to carry out any transaction on his behalf while the agency fee is the charge that an agent charges the owner after carrying out a transaction (CAP 472). The choice of an efficient, caring, clearing and forwarding agent is of vital importance to any importer. Most importers are quite a distance from ports and airports and therefore they rely heavily on their agents to perform a number of tasks on their behalf (Rowland's, 1986).

To work well this requires close co-operation and communication between the importer and the agent. The forwarding of essential, original, clearing documents by the importer to the clearing agent as soon as they are released by the local bank enables the agent to prepare and lodge custom entries and thereafter pay any taxes. After the payment of duties the clearing agent pays such port charges as wharf age charges, handling charges and any port rent which may be due. The cargo may then be released to the clearing agent who forwards all necessary documents to the importer along with his invoice showing all charges for disbursements and fees.

According to Jimenez, (1997) clearing agent's fees raised on the importer are usually based on import duty, value added tax, freight, port charges, miscellaneous charges, transport charges, opening and repacking by customs, agent's fees, and insurance, handling charges, postage and telephone. In Kenyan ports, especially the port of Mombasa many cases have come up where the

clients refuse or delay to pay the clearing agents their fees after delivering the goods. This may happen when initially there was no formal agreement on the fee to be charged before the clearing procedure commences, or where the agent under quoted the agency fee and demands an increase in the fee before the clearing process ends when he realizes that he is not going to make any profit.

In the business world Ferrell et al. (2000) note that honesty and fairness relate to general moral attributes of decision makers, at minimum businesspeople are expected to follow all applicable laws and regulations, they should not knowingly harm customers, clients or employees through deception, misrepresentation, or coercion and at the same time they should not knowingly harm competitors. The appointed clearing and forwarding agents have the right to demand for the payment of their agency fees after clearing a consignment for a client and they should have professionalism in approaching the issue.

The main problem with the appointed clearing agents is that they don't have the standard rate of charging the clients. Some charge fees basing on the value of the goods while others charge a flat rate. Because of these regular occurrences of episodes the appointed clearing agents may clear the goods in time and hold them at the port deliberately waiting for the payment before delivery, hence causing delay. The clearing fraternity to create a good corporate image and facilitate the smooth clearance of imported goods; they should standardize their agency fee and promote the public relationship with their clients. The clients should also be ethical and honor their obligations in order to receive better services because the whole scenario in trade is to maximize profits.

2.7 Knowledge on Clearing Procedures

Formal procedures provide a ready-made framework for running an organization and can help an organization achieve its objectives by setting out certain etiquette. It is advocated and argued that when handling any crisis in management, knowledge on the topical issue should be the shielding tool (Hartel, 1994). When you are conversant with the procedure and the problem arises, you will always refer to it to help you uphold the rights of the participants and manage it effectively. Most of the formal procedures have a basis in law, or have been established by a governing body or a meeting of members; are to ensure that all of a company's shareholders are treated equally; all participants should have access to the rules governing procedures so that they are aware of their obligations and rights.

In the case of clearing fraternity all over the world, the world's Customs organization has set out rules, procedures and regulations which every clearing agent must familiarize with. The management of KRA is supposed to ensure that before a person is appointed as a clearing and a forwarding agent, must have certificates from recognized institutions or colleges of clearing and forwarding. There are cases where because of bureaucracy in the management system, unqualified agents have been licensed to operate. According to Ivanchevich (2000), the main goal of selection is to make accurate predictions about people.

The organization wants to make its best guess about who will be a successful clearing and forwarding agent. If these decisions are going to be correct, the techniques used for making them must yield reliable information. The unqualified agent will always make wrong declarations subjecting the documents to unwanted rejections. Therefore according to the time release study

report of November, 2004 release of goods from the port was inhibited by the slow documentation process hence contributing to the clearance delay. For efficient delivery of services, the management should put strict rules on the criteria of selecting the clearing and forwarding agents and introduce regular training programs on procedures for the stakeholders as stipulated in the KRA Tax Payers Charter, 2004.

2.8 Research Gap

Several studies have been carried in the area of clearing and forwarding. A study carried out by Akinyi (2007) aimed to determine the change management practices employed by KRA in the collection of custom duties. Akinyi (2007) concluded that human resource development, computerization and mechanization and the institution of performance contracts were some of the change management practices aimed at improving collection of custom duty and reforming the clearing and forwarding business. Ndinda (2008) also carried out a study on the growth of clearing and forwarding business and concluded that although the business had been affected by 2007 post-election violence, firms operating in the subsector experienced growth in terms of employees, assets and profitability for the year 2007/2008. However, none of these studies addressed the causes of delays in clearing and forwarding at the port of Mombasa. It is from this view, that the researcher obtained the research gap.

3.0 RESEARCH METHODOLOGY

The study adopted an exploratory study design which was descriptive in nature. The population of interest in this study targeted senior KRA management staff, both KRA staff at long room and Mombasa port, importers, licensed clearing agents and the KPA staff at Mombasa port. A population of 265 was used out of which a sample of 100 respondents was chosen. To select the 100 sampling units/respondents, the researcher used purposive sampling method. The data was collected using questionnaires which had both open and closed ended questions. The methods used in the analysis of the data were descriptive statistics such as percentages, frequencies, pie charts and cross-tabulation.

4.0 RESULTS AND DISCUSSIONS

4.1 Nature of Respondents

Forty five clearing agents and importers were selected for the research. The researcher targeted those agents and importers who were believed have wealthy of experience in the clearing industry hence perceived to have information and greater insights relating to the problems causing delays in clearance of consignments at the port of Mombasa and the findings are analyzed as below.

4.1.1 Experience of clearing agents

From the analysis, most of the respondents were those who had been in the industry between 10-13 years reflecting 66.7% followed by those who had worked between 7 – 9yrs, representing 22.2% and 5 of the respondents did not answer this question and this represented 11.1%. There were no respondents who had worked in the bracket of 1-6 yrs. The total number of agents interviewed was 45.

Table 1: Experience of Clearing Agents

Years	No. of respondents		Percentage of respondents
1 -3 years	0	0 4 – 6 years	0
7 – 9 years			10
10 – 13 years			30
Not returned			5
Total			45
			22.
			66.7
			11.1
			100

Source: research data 2008

4.1.2 Level of Education of the Clearing Agents and Importers

Table 2 shows the findings on the education level of clearing agents and importers operating at the port.

Table 2: Level of Education of Clearing Agents

Level of education	No. of respondents	Percentage
University Graduate	12	26.7
A' Level	15	33.3
O' Level	10	22.2
Standard Eight Leavers	8	17.8
Not been to school	0	0
Total	45	100

Source: Research data, 2008

From the above analysis 'A' Level respondents were the majority representing 33.3% followed by 12 respondents who were university graduates representing 26.7%, 10 respondents represented by 22.2%, 8 respondents who are standard eight leavers represented by 17.8% and lastly no respondents had never been to school.

4.1.3 Professional Status of the Clearing Agents and Importers Operating at the Port of Mombasa

From the data analysis, 25 of the clearing agents did not have any profession which represented 55.6 % while those who had professions were 20 representing 44.4%. Table 3 shows the professional status for both clearing agents and importers.

Table 3: Professional Status of Clearing Agents and Importers

Professional Status	No. of respondents	percentages
Professional	20	44.4
Non Professional	25	55.6
Total	45	100

Source; Research data, 2008

4.1.4 Types of Professions of the Clearing Agents and Importers

The data shows that 15 respondents have degrees in clearing and forwarding representing 33.3% of the professionals while 5 representing 11.1% have degrees in management and computer and 55.6 % had no profession.

Table 4: Types of Profession of the Clearing Agents and Importers

Types of Profession	No. of respondents	Percentages
Clearing and forwarding	15	33.3%
Management and computer	5	11.1%
Non Professionals	25	55.6%
Total	45	100%

Source; Research data, 2008

4.2 Kenya Ports Authority Staff at the Port

For purposes of this research ten (10) KPA respondents were selected. The criteria used in selecting the respondents were based on experience and the respondents' management position as the researchers' objective was to get as much information as possible. The findings were analyzed as below-

4.2.1 Education Level of the KPA Employees at the Port

From the above data, there is a clear indication that 4 of the respondents were graduates which represented 40%, 3 respondents were of A level education which represented 30%, while 2 respondents were of O' Level education representing 20% and one respondent indicated that he was a standard eight leaver representing 10% of the respondents while none indicated not to have gone to school.

Table 5: Education Level of KPA Employees

Education level	No. of respondents	percentages
University graduate	4	40
A' Level	3	30
O' Level	2	20
Standard Eight	1	10
Not been to school	0	0
Total	10	100

Source: Research data, 2008

4.2.2 Analysis on Profession of the KPA Staff

From the data analysis, 7 of the respondents indicated that they had professions representing 70% while 3 of the respondents said they did not have any profession reflecting 30% of the respondents.

Table 6: Profession of the KPA staff

Profession	No. of respondents	Percentages
Yes	7	70
No	3	30
Total	10	100

Source : Research data, 2008

4.2.3 Analysis on the Type of Profession held by the KPA Staff

Out of the 7 respondents who admitted that they had profession, were requested to indicate their areas of profession.

Table 7: Type of Profession held by KPA Staff

Type of Profession	No. of respondents	Percentages
Management	3	30
Cargo Handling	4	40
Non Professionals	3	30
Total	10	100

From the results above, it shows that four out of the seven respondents who indicated that they had professions were in cargo handling representing 40%, while three of them were in management representing 30%. The rest of the respondents had no profession at all and were not required to answer this part of the question

4.3 KRA staff in Mombasa Long room and at the port

4.3.1 Years of Service for KRA Staff

From the data analysis, majority of the respondents (20) who filled the questionnaire were in the age bracket of (17 – 22yrs) of service representing 44.5%. This was followed by 14 respondents who had worked for between (5 -10 years) representing 31.1%, 10 respondents had worked for

between (11 – 16) years representing 22.2% and only one respondent said he had worked for over 23 years representing 2.2% of the respondents.

Table 8: Years of Service for KRA staff

Years of Service	No. of Respondents	%
5 to 10 years	14	31
11 to 16 years	10	22
17 to 22 years	20	45
Over 23 years	1	2
Total	45	100

Source: Research data, 2008

4.4 Clearing Consignments from the Port

The table below shows data representing number of days it took to clear consignments from the port. From the above data, the highest number of respondents indicated that it took between five to six days to clear a consignment from the time of lodgment of import entry until the time the goods were cleared out of the port, whereby they represented 44.4% of the total respondents, 33.3% of the respondents said it took between 3 – 4 days to clear the goods out of the port, 6.7% said it took between one to two days, while 4.4% said it took less than one day and 11.1% over one week.

Table 9: Number of Days it took to Clear Consignments from the Port

Days	No. of respondents	Percentage
Less than one day	2	4.4%
1 to 2 days	3	6.7%
3 to 4 days	15	33.4%
5 to 6 days	20	44.4%
Over one week	5	11.1%
Total	45	100%

Source; Research data 2008

4.5 Policies of Charging Agency Fees

All the respondents indicated that they were aware of existence of policies pertaining to the charging of agency fees representing 100% of the respondents.

4.5.1 Payment of the Agency Fees

From the data above, 23 respondents representing 51.1% said that the agency fee is not paid on time while 17 of them representing 37.8% agreed that the agency fee is paid on time, while 5 of the respondents representing 11.1 % did not know whether they are paid on time or not

Table 10: Data on the Payment of the Agency Fees

Payment of agency fees	No of respondents	Percentage
Yes	17	37.8
No	23	51.1
Not aware	5	11.1
Total	45	100

Source: Research data, 2008

4.6 Suggestions on Measures to Improve the Clearing Industry

Data presented in the table below, provides various suggestions given by the respondents on the measures that could be taken to improve the clearing industry.

Suggestions

- i. All agents should go through clearing and forwarding training /courses
- ii. All agents must have education above standard 8 level
- iii. All agents should base their agency fees on 2.5% of the value of the goods in order to have a common playing ground

4.7 Handling Equipment, Customer Service and Storage Facilities

The following data shows the respondents' feeling concerning the equipment used in handling goods at the port. From the information obtained it shows that 5 out of the 10 respondents indicated that the equipment used in handling of the goods were average representing 50% of the respondents, 3 respondents said the equipment were efficient and this represented 30%, while 2 of the respondents representing 20% indicated that the equipment at the port were not efficient. There were no respondents who agreed totally with the equipment to be very efficient or even poor.

Table 11: Handling Equipment, Customer Service and Storage Facilities

Equipment	No. of respondents	Percentages
Very efficient	0	0
Efficient	3	30
Average	5	50
Not efficient	2	20
Poor	0	0
Total	10	100

4.7.1 Respondents Concerns' Based on Storage Facilities

Out of the 10 respondents at the port of Mombasa, seven(7) said that the storage facilities were efficient representing 70%, 2 said the storage facilities were average representing 20% and 1 said that the storage facilities were very efficient representing 10% while none of the respondent said the storage facilities were neither not efficient nor poor.

Table 12: Respondents Concerns' Based on Storage Facilities

Storage Facilities	No. of respondents	Percentages
Very efficient	1	10%
Efficient	7	70%
Average	2	20%
No efficient	0	0
Poor	0	0
Total	10	100%

4.8 Measures to Improve Cargo Handling Services at the Port

The following suggestions were put forward regarding the measures that could be taken to improve cargo handling at the port

- i. Employees should be trained on customer service and operation handling, handling machines should be increased, employees need to be motivated by paying them extra hours worked i.e. overtime or bonus, documentation process should be shortened and corruption be stopped. ii. Respondents were in agreement with the existing procedures and felt that the same should remain in force.
- iii. One of the respondents gave no suggestion at all for the improvement of cargo handling procedures.

4.8.1 Respondents' Concerns/ Feelings on Customer Service

Analysis of responses revealed that, 6 respondents were of the opinion that the customer service at the port was average representing 60% of the respondents while, 2 of the respondents indicated that the port staffs were not efficient on customer service reflecting 20% while one respondent representing 10% of the respondents said that the staffs were efficient. One respondent said that the staffs were very efficient representing 10% while none of the respondents said the service was poor.

Table 13: Respondents Concerns on Customer Service

Customer service	No. of respondents	Percentage
Very efficient	1	10
Efficient	1	10
Average	6	60
No efficient	2	20
Poor	0	0
Total	10	100

Source: Research data, 2008

4.8.2 Opinions of KRA Staff on the Time Release Report (made available to the respondents during research)

Out of 45 respondents 25 disagreed with the time release report representing 55%, 10 respondents said that the report was average by stating that the consignment should leave the port within 48

hours representing 22.2%, 5 of the respondents strongly disagreed with the report representing 11%, while 2 respondents agreed with the report representing 4.5%, 3 respondents strongly agreed with the time release report representing 6.7%.

Table 14: KRA Staff Opinion on Time Release Report

Opinion on Time release	Respondents	%
Highly Agree	3	7
Agree	2	4
Average	10	22
Disagree	25	56
Strongly disagree	5	11
Total	45	100

Source: Research data, 2008.

4.8.3 Factors Hindering the Smooth Flow of Documentation

- i. Many documentation stages
- ii. Corrupt practices
- iii. Mis-declaration by clearing agents

Analysis of the responses on factors hindering the smooth flow of documentation showed the following: - nineteen (19) respondents agreed that all the above listed factors contribute or hinder the smooth flow of the documentation process, reflecting 42.2% of the target population. Seven (7) respondents attributed it to many documentation stages, representing 15.6%, six (6) respondents attributed the hindrance to smooth flow of documentation to presence of corrupt practices, representing 13.3% of the target population while five (5) respondents indicated that it was because of the mis-declaration by the clearing agents representing 11.1%, four (4) respondents attributed the hindrance to smooth flow of documentation to shortage of officers in the processing process, representing 8.9%, while 4 respondents also representing 8.9% said that it was because of laxity of employees that hindered the smooth flow of documentation.

Table 15: Factors hindering Smooth Flow of Documents

<u>Factors that hinder smooth flow of documentations</u>	<u>Respondents</u>	<u>Percentages</u>
Few Officers Processing the documents – A	4	8.9
Mis-declaration by the agents – B	5	11.1
Laxity of employees – C	4	8.9
Many stages that a document has to pass through – D	7	15.6
Corrupt practices – E	6	13.3
All of the above – F	19	42.2
Total	45	100

Source: Research Data, 2008.

4.9 Policy effectiveness on clearing operations

Regarding policy effectiveness on the operations in the port, 25 respondents showed that the policies were not effective, representing 56% while 20 respondents indicated that policies in place were effective, representing 44%.

Table 16: Policy Effectiveness on Clearing Operations

Policy effectiveness	Respondents	Percentage
Yes	20	44%
No	25	56%
Total	45	100%

Source: Research Data 2008.

4.9.1 Efficiency and Effectiveness of KRA Officers in Verification and Release of Goods at the Port

Twenty five (25) respondents were of the opinion that, for effective and efficient verification and releasing of goods at the port more than 21 officers are required, representing 56%, 10 respondents indicated that, it required between 16 to 20 officers representing 22%, 5 respondents said that it required between 11 to 15 officers and 5 respondents gave their opinion to the effect that only 6 – 10 officers are required representing both 11% respectively. There were no responses on the number of officers required to ensure efficiency and effectiveness being less than 5.

Table 17: Efficiency and Effectiveness of KRA Officers

Efficiency and Effectiveness of Officers	Respondents	%
0 to 5	0	0
6 to 10	5	11
11 to 15	5	11
16 to 20	10	22
21 and above	25	56
Total	45	100

Source: Research Data 2008

4.9.2 Number of Containers Verified and Released in a Day by One Officer

The research findings showed that majority of the respondents (25) indicated that an officer can release between 6 to 10 containers per day, representing 55.6%. 10 of the respondents were of the opinion that an officer can only verify and release less than 5 containers per day representing 22.2%. seven (7) of the respondents were of the opinion that it was possible to verify and release between 11 to 15 containers a day which represented 15.6%, 2 of the respondent indicated that it was possible to verify and release between 16 to 20 containers per day, representing 4.4% while one respondent was of the opinion that an officer can verify and release, more than 21 containers a day this represented 2.2%.

Table 18: Number of Containers Verified and Released in a Day by One Officer

No. of containers verified and released	Respondents	Percentages
Less than 5	10	22.2
6 to 10	25	55.6
11 to 15	7	15.6
16 to 20	2	4.4
More than 21	1	2.2
Total	45	100

*Source: Research data, 2008***4.9.3 Verification Methods**

The various verification methods as per the respondents were ranked from one taking least time to that taking longest time.

Table 19: Verification methods

Verification methods	Rank	Percentages
100% verification	4	31.1
50% verification	3	22.2
25% verification	2	44.5
Direct release	1	2.2
Total	45	100

Source: Research data, 2008

The direct release method took the least time being ranked 1 followed by 25% verification, 50% verification and finally 100% verification method with ranking number 4 hence the method taking a lot of time.

4.9.4 Categories of imported goods

Analysis of responses on categories of imported goods reviewed the following: - 20 of the respondents indicated that the goods which were imported in large volume at the port were electrical goods, used items and motor vehicles. This number represents 44% of the targeted population, 15 respondents were of the opinion that spare parts and textile were the goods imported in large volume representing 33%. Seven (7) of the respondents represented 16% expressed their opinion that chemicals were the ones imported in large volumes while 3 of the respondents representing 7% said that duty free or exempted goods were almost most imported.

Table 20: Categories of Imported Goods

Categories of Imported goods	No. of respondents	Percentages
Electrical goods/motor vehicle	20	44
Spare parts and textiles	15	33
Chemicals	7	16
Duty free or exempted goods	3	7
Total	45	100

Source: Research data, 2008

5.0 DISCUSSIONS, CONCLUSIONS AND RECOMMENDATIONS

5.1 Findings

The analysis of the data collected shows that majority of the clearing agents representing 62.5% who were in the clearing field were not very conversant with the clearing procedures. Worse still 7.5% of the respondents had never been to school and they were doing the clearing and forwarding business. With such people in the field you do not expect perfect work since most of them will be making unnecessary mistakes during declaration which will subject the documents to rejections.

The non-payment of the agency fees results into the longer stay of goods causing delay in delivery. Although the clearing agents were aware of the charging of the agency fee, sometimes after agreeing on a flat rate per consignment, they come to realize later that they had charged a low amount of money when they encounter difficulties in the clearing process. Under these circumstances, two things normally happen, the agent may decide to give up the clearing of the goods or leave the goods at the port and demand for more money before releasing the goods from the port.

Therefore, it is advisable that the agents stick to Jimenez, (1997) which states that clearing agent's fees raised on the importer should be based on import duty, value added tax, freight, port charges, miscellaneous charges, transport charges, opening and repacking by customs, agent's fees, and insurance, handling charges, postage and telephone to avoid any inconveniences. In the business world Ferrell et al (2000) says, honesty and fairness relate to general moral attributes of decision makers, at minimum, business people are expected to follow all applicable laws and regulations, they should not knowingly harm customers, clients or employees through deception, misrepresentation, or coercion and at the same time they should not knowingly harm competitors. The importers should respect the contract between them and the agents while the appointed clearing and forwarding agents have the right to demand for the payment of their agency fees.

Lack of smooth flow of documentation process was also found to be contributing factor to the delay in the clearance of goods, with the major issues found to be corruption, which means that it is a reality and it exists. Number of officers deployed at the verification section would not match the demand of the work as the research also showed that the volume of goods had increased and therefore, the laid down number of containers that every officer is supposed to verify, cannot reduce congestion at the port. The bureaucratic system existing in long rooms means the documents have to pass through many stages that are not value adding in anyway. For goods to be released, they have to be verified by other government bodies such as public health, Kenya bureau of standards, Kenya police and other interested government organs. These processes prolong the procedures at the expense of the importers

Handling equipment and poor customer service were also identified as the major causes of delay. The equipment was ranked average showing that they were rather too old, lacked service or outdated to handle the number of containers that passes through the port. If the machines are old, it means that the speed of handling goods is slow and is prone to breaking down now and then. When machines break down they take a lot of time in repairing causing delay in the loading and offloading of the imported goods. Poor customer service by the KPA employees, if the department

does not know how to handle its clients then it means there is no good service delivery and it cannot market itself. Customer service is an increasingly important factor both for competitive advantage and customer retention. Indeed, the service element of many product offerings is sometimes the only aspect which distinguishes one organization's marketing efforts from those of another (Meldrum, 1995).

5.2 Conclusions

The study has revealed cases stating the weaknesses at the KRA customs and excise department's long rooms and the port that needs to be addressed by the management. Such weaknesses have far reaching negative impacts on the authority. The delay in the documentation process caused by the few custom officers serving many customers, mis-declaration by agents, and corruption by both officers and clearing agents and the bureaucratic procedures in place. The study has also revealed some strength that needs to be enhanced by the management, with enhancement of computers and the introduction of the lease line, processing of documents and subsequent release of the goods will be quite fast.

On the number of verification officers involved in the verification process the research showed that the current number of staff is not adequate. The response from the respondents indicated that the officers are overworked and cannot measure up with the volume of work. With an increase in the volume of work, the goods take long before they are verified, hence causing delay. Therefore, research shows that for efficient operation at the port the human resource department need to redo the job analysis and know exactly how many officers are required.

Research has shown that the largest volume of imported goods at the port of Mombasa fall in the category of 100% verification. From the respondents views this method takes a lot of time compared to the rest of the methods which were highly advocated by the agents. Majority of the respondents were of the opinion that the verification method should be revised so that those goods falling under the 100% verification category are reduced, hence reducing the backlog.

Other major factors that contribute to the delay in cargo handling at the port include:- equipment in use, they are either too old, lack service or outdated to handle large volume of goods continuously without breaking down; poor customer service and corruption by the KRA, KPA staff and the agents. As such, in order to improve in the cargo handling process, new handling machines should be purchased, officers trained in customer service, officers to be motivated to work by paying them overtime or bonuses so as to work for long hours to ease congestion also these officers need to be taken through a refresher course to keep the a breast with global changes and challenges in international trade.

Agency fee was also found to be a major contributor to the delay in clearance of goods at the port. The regulations of paying the agency fees seem not to be understood by both parties involved in the process in that the agent at some point abandons the clearing process because he charged his client less agency fee than required and the client on the other hand is not willing to make full payment to the agent. As a result, there is lack of honesty between the agent and the client (who is the importer) and lack of understanding. Once the agent abandons the consignment at the port, it ends up filling the space, causing congestion.

From the research analysis, not being conversant with the procedures of clearing at the port by the agents came out very strongly which means that those taking up the clearing job are either nonprofessionals or are just doing the job in order to earn a living. This causes the delays due to the many errors arising in the declaration process hence lots of mistakes in the declaration form thereby causing the documents to be rejected by the custom officer.

5.3 Recommendations

Complete automation of all the activities in the long rooms is recommended. Although KRA is in the process of being fully automated, training of its staff in the efficient use of these computers is paramount. Secondly automating KRA processes alone without an automated link to its stake holders such as public health officers, Kenya bureau standards, the port health officer, Kenya plant health officers etc. will not fully solve the problem. The Authority requires a one stop shop centre where all these stakeholders are stationed to ease the verification process and release

A lease line connection between the stations and also their relevant transit sheds is also recommended. This will enhance networking between various stations and transit sheds. As such an officer can easily ascertain whether certain documents have been processed and paid for. With the establishment of the lease line and an electronic cash transfer telephone line importers will be able to declare their goods electronically and make the payments through the same media, this will make the work of clearance through customs quite efficient and the question of backlog will be a thing of the past.

Although the members of staff are technically trained refresher courses are necessary to keep them abreast of changes within the global market and international trade. Deployment of more members of staff at the long room and verification areas is necessary, should be enhanced and given priority by the human resources department.

The department should consider purchases of adequate scanning machines relative to the volume of importations to ease verification. Selective method should be used in verification instead of subjecting the whole consignment in the bracket of 100% verification for verification.

KRA should continuously revise its guidelines on verification procedures to reflect its risk management profile, by doing so, consignments that carry moderate risks or risk free items are automatically selected by the risk profile to their respective risk channels. In such a situation congestion is greatly reduced. KPA should purchase new modern machines that can handle goods effectively and efficiently without breaking down and that which can meet the demand.

Since its KRA who authorizes one to operate as a clearing agent, it is the duty of the authority to ensure that they license people with credibility and proper knowledge of the clearing procedures and policies. Secondly KRA should also develop a policy to ensure that clearing agents are protected from importers who may try to evade payment of agency fees. There should be a written contract to avoid the non-payment of the agency fee. Stiff penalties should be introduced to those importers and agents who do not adhere to their contracts.

5.4 Suggested areas of Further Research

It was recommended that a further study should be carried out by both the KPA and the KRA management involving a larger population and sample to reflect the strategies that other major ports in the world have undertaken to enable them ease the congestion at their ports so that they find out what factors need to be implemented to fasten the clearance. Further study should also include stakeholders outside the clearing and importers fraternity such as the government, and the community as a whole.

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