

**EFFECTS OF CUSTOMS ENFORCEMENT TECHNIQUES ON REVENUE
COLLECTION BY KENYA REVENUE AUTHORITY: THE CASE STUDY OF JOMO
KENYATTA INTERNATIONAL AIRPORT AND NAMANGA BORDER POST**

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2019

DECLARATION

I declare this proposal is my original work and has not been presented for a degree in any other university.

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This proposal is submitted for examination with my approval as University supervisor.

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ABSTRACT

The aim of this study was to establish the effectiveness of KRAs techniques to enforce customs on the collection of revenues. More specifically, the study sought to determine the effect of border patrolling on revenue collection; investigate the effect of search of premises on revenue collection; assess the effect of seizures of goods on revenue collection; and assess the effect of escort of goods on revenue collection. In order to achieve these objectives, both qualitative and quantitative approaches to data collection were adopted. Quantitative data was collected from shipping and clearing agents; while qualitative data was collected from customs officers and importers of goods. Different methods of analysis were applied on different types of the collected data. For the quantitative data, descriptive and inferential analysis methods were used to compute frequencies and predict the dependent variable. For qualitative data, content analysis technique was used to match themes and make inferences. The regression analysis revealed the effects of seizure of goods to be $\beta_1=0.107$, p-value=0.043<0.05, search of premises to be $\beta_2=0.194$, p-value=0.038<0.05, border patrolling to be $\beta_3=0.334$, p-value=0.000<0.05 as well as custom escort to be $\beta_4=0.339$, p-value=0.000<0.05. This implies that the strategies employed by the Kenya Revenue Authority have a significant effect on revenue collection that is statistically significant at 5 % levels of significance. The study recommended that more resources to be allocated to the teams enforcing these strategies so that more revenue can be collected: the employment of more personnel, expansion of the investment in the information systems and the strengthening of the partnerships with the international agencies such as the Interpol and the World Customs Union. There is need to make the clearing and forwarding processes more efficient and transparent. Although the clearing and forwarding agents are capable of facilitating increased revenue collection for the Authority, there are also lots of wastage that need to be addressed

ABBREVIATIONS AND ACRONYMS

CAMIS	Cargo management information system
C&BC	Customs and Border Control
CBP	Customs and Border Patrol
CTS	Cargo Tracking System
DHS	The US Department of Homeland Security
ECP	Economic Competitiveness Package
ECTS	Electronic Cargo Tracking System
ICMS	Integrated Customs Management System
ICT	Information Communication Technology
KRA	Kenya Revenue Authority
KRAVS	KRA Valuation System
MMS	Manifest Management System
OSBP	One Stop Border Post
PTC	WCO Permanent Technical Committee
RKC	Revised Kyoto Convention
WCO	World Customs Organization
WIPO	World Intellectual Property Organization

OPERATIONAL DEFINITIONS OF TERMS

Border patrolling:The key objective of the border security patrol is to enable legal immigration and commodities while the illegal smuggling of human beings and illicit goods are detected and prevented (Keen, 2003)

Search of premises:An evaluation, with a perspective to finding out contraband or unlawful or robbed assets or of a company individual ' s residence or other structures or premises, or of any proof of guilt to be used in the prosecution of criminal proceedings for any crime or offence that is accused. (Levy, 2013).

Seizures of goods: The confiscation of import/export of goods said to be hazardous or illegal (dangerous substances or drugs, goods to be shipped to a country pursuant to trade embargo) (improper value or label) (Keen, 2003).

Customs escort: The accompanying of imported or transit goods from Customs office of departure to the Customs office of final destination (Allink&Kommer, 2010);

Customs transit refers to movement of goods under Customs permit and control, accompanied mainly by other Customs processes, such as import protocols for the use of the local market in procedure or departure processes for leaving the country for the purpose of exportations (Levy, 2013)

Cargo targeting system: WCO refers to a risk evaluation approach established for the cargo targeting system by the WCO to assist it's members undertake international best practice (Cited in Han, 2014).

Un-customed goods: Goods that have not passed through customs or illegally imported and are not declared to customs agents(Allink&Kommer, 2010; Levy, 2013; Han, 2014)

Prohibitions and restriction as stated under sec 18 and sec 70 of the East Africa custom Management Act, 2004 (Cited in Odundo, 2007).

SimbaSystem 2005: Is an information technology system adopted by the Kenya Revenue Authority with technical assistance from the Senegalese Government which allows traders to lodge declaration of goods and their relevant supporting documents(Odundo, 2007).

Subsidies: refers to a financial support given to individuals, institutions or businesses in order to promote economic and social policy. (Muriithi&Moyi, 2003).

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CHAPTER ONE

INTRODUCTION

1.1 Background of the study

Customs is defined as a body mandated by government to manage taxation legislation and of collecting export/import fees and other regulations concerning importation or export of products. The word also applies to any portion or its principal or subsidiary departments in the area of the customs, import and/or export controls on products or any other subject within customs (immigration agent, customs declaration, customs department).

Traditionally the role of customs management and administration system is revenue collection. However, this role has changed over the years to include other objectives such as safeguards the citizens, fight against piracy, fake currency, drug smuggling , money washing, terror acts, trade regulation and provision of security in worldwide supply chain (Wolf &Sokol, 2005).As much as all these roles are important, emphasis differs from country to country with customs administration in developing countries focusing mainly on revenue collection, this can be attributed to the dependence of these economies on revenue from customs and other taxes.

In addition, Wolf and Sokol (2005) stated that, customs is often the first stage through which the universe sees a nation which performs a significant part in influencing traders' and investors' decision. The states may not be in a position to fulfill their policies in terms of revenue collection, compilation, trade facilitation, business statistics and protection of community from a variety of economic and national security issues. Customs Administration. Customs administrations are possibly huge and can create an important impact on the life of many poor individuals around the globe.

In the year 2005, the World Customs Organization (WCO) Enforcement Committee in collaboration with the World Intellectual Property Organization (WIPO)The amended framework of WCO Model regulations for national legislation to enforce reasonable and efficient boundary policies in accordance with the Agreement on TRIPS have been endorsed and implemented (Levy, 2013).The model aimed at providing government authorities mandated in preparation and modification of customs or intellectual property rights globally giving suggestions for enactment of border regulations of intellectual property rights.

In Kenya, a department created by KRA, Customs and boundary control (C&BC) is in charge of administering customs tax, and regulating cross boarder activities (Awitta, 2010).Recently, the department implemented a range of strict procedures to enhance its efficiency in tune with its policy goals. Customs enforcement is the largest single area or responsibility of the Kenya revenue authority in its bid to control cross border crime and illegal immigration, smuggling of goods and safe guarding the society while at the same time ensuring that it meets its revenue collection targets. However, Customs holds unique powers in relation to goods in global supply chains and persons or business entities associated with them. It possesses the ability to collect information and conduct analysis on every trade transaction;re-assess revenues;inspect,test,analyse and seize goods; and detain and question persons all of which are fundamental customs compliance and enforcement activities (Muriithi&Moyi, 2003).

Furthermore, to keep pace with escalating transnational crime, terrorism and extremism, a growing number of customs administrations are developing new procedures and skills to share sensitive enforcement information, investigate complex schemes of commercial frauds, suppress cybercrime, disrupt illicit trade and detect serious noncompliance by traders or their agents.

Ideally, customs and border surveillance can perform in accordance with main aspects such as: modifications in income distribution, reductions in the disposal of counterfeit goods, and effectiveness with respect to tax collection and the execution of customs measures (Rentier, 2012). With the increase in the commercial fraud in the international trade it is common in tax evasion, or attempt to escape paying of levies, duties or taxes, any prohibitions or restrictions, obtaining or attempt to obtain, any form of refunds and subsidies.

The outcomes of such crimes were revenue loss to the State, unfair competition among businesses, harm to the local Industry (counterfeits, prohibitions, restrictions) and the distortion of trade statistics. However, currently, Kenya Revenue Authority has tremendously embraced different techniques in enforcing its mandate under the Africa Community Customs Management Act 2004 of facilitating trade, assessing and collecting revenue on the behalf of the government and also protecting society from unscrupulous international traders (Rentier, 2012). The different enforcement techniques employed by the authority have been catalyst for improving organizational and operational efficiency and effectiveness. Therefore, this research shall magnify the importance of enforcement techniques in the collection of revenues.

The authority has embraced different enforcement techniques to ensure that its operation is not disrupted and ensure efficiency and effectiveness in its services. This study therefore aimed at assessing how different techniques have been put in place to ensure that the aim of collection of revenues is achieved by the authority.

1.2 Statement of the problem

Customs administration in developing countries is faced with many challenges such as eliminating trade barriers. This is because trade barriers hamper smooth flow of trade as envisioned by World Trade Organization. Therefore, Customs department role of trade

facilitation has come under sharp scrutiny. Besides, customs administration operates in context of trade with criminals taking advantage of trading to peddle drugs and other illegal activities. Therefore, customs administration has become more vocal in tackling drug trafficking. This has been made possible by border patrolling and making impromptu visits to business premises to confirm if they are dealing in contrabands or unlicensed goods.

Therefore, it is paramount to understand how customs administration in Kenya revenue Authority has put various techniques in order to cope with upcoming challenges as well as fulfill its legal mandate. Therefore, the problem of non-compliance and dumping of goods will be ratified by both the escort of goods and electronic cargo monitoring systems.

1.3 Objective of the study

1.3.1 General objective of the study

The overarching aim of this research was to establish the kind of impact that the techniques put in place by the Kenya Revenue Authority to enforce compliance have had on the collection of revenues.

1.3.2 Specific objectives of the study

The specific objectives of the study were:

1. To determine the effect of border patrolling on revenue collection;
2. To investigate the effect of search of premises on revenue collection;
3. To assess the effect of seizures of goods on revenue collection; and
4. To assess the effect of escort of goods on revenue collection

1.5 Research questions

The study sought to answer the following questions:

1. How does border patrolling affect the collection of revenues?
2. How does search of premises affect the collection of revenues?
3. How do seizures of goods affect the collection of revenues?
4. How does customs escort affect the collection of revenues?

1.6 Justification of the study

Customs and border protection security are in frontline of every country's defense against prohibited trade across the border. In the coming centuries, even more important will be the defensive role of customs administrations when risks from worldwide interconnections increase.

According to Bird and Casaregra(2010), weak enforcement techniques in developing countries reflect fundamental institution deficiencies. They argue that in many cases sustained reductions in cross border violations may invariably have to wait for broader institutional development. A custom regime that is weak in protection of its cross order business translates to an overall weak custom enforcement regime which in turn results in proliferation of counterfeit goods and loss of revenue. This will not only mean that KRA will not meet its target but also that economy of the country will not improve due to lack of funds to finance its budget which will improve lives of its citizens.

The findings of the study could be used by Kenya revenue authority to offer an insight on significance of modern techniques to ensure collection of revenue in the international trade. The authority can make adjustments in enforcement execution to attain its target based on the loopholes identified through data analysis. The findings from this study may also help the authority to formulate and develop a framework that could help in meeting the set revenue target in the country.

1.7 Scope and Limitations of the Study

This study sought to collect both qualitative and quantitative data from the major stakeholders that are involved with the handling of imported goods. These included the customs officers, clearing and forwarding agents, shipping companies or agents and owners of the imported goods.

One of the limitations of the study was the fact that some respondents could appear in more than one sampling lists. For instance, some clearing and forwarding agents registered by the KRA were also in the sampling list of shipping companies. The implication for respondents sampled in multiple lists was that there could be multi-co linearity which is at the center of the regression model assumptions (Mugenda&Mugenda, 2003). This would have been so because some respondents were more closely tied to some variables than others; for instance, the shipping agents were more essential in explaining the relationship between customs escorts and revenue collection. In order to deal with this challenge, some companies were removed from sampling lists where they were less relevant so that they were not selected two or more times for participation in the study. Although may be viewed as bias in probability sampling, it was essential in avoiding bigger problems with analysis.

The other limitation was the busy schedules of the respondents from the sampled companies. Although the initially preferred respondents were ideal, they had to be replaced if there were not available even after contacting them a couple of times. Busy officers or executives were asked to suggest another employee who was equally competent in the answering of questions. Although the initial questionnaires were sent via email, the researcher did two things so as to increase the response rate: first was to make follow up phone calls which, sometimes, translated into phone interviews based on the same questionnaire. Second was for the research to physically go to the offices of the chosen companies and carry out interviews or take hard copy questionnaires. This was minimally done because of constraints in resources and time

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This chapter summarizes the literature on the enforcement techniques and collection of revenues. The literature review specifically explores a range of academic arguments or theories that explain the link between customs enforcement and revenue collection. Theoretical review is followed by empirical review which explores the findings of other scholars on the customs enforcement techniques on the collection of revenues in Kenya and beyond. The reviews are critiqued, summarized and gaps in research identified.

2.2 Theoretical Framework

The structure which can maintain or promote a research is theoretical framework. It presents and explains the theory of the existence of problem statement in the study (Weick, 2014). The research employed the following theories: Theory of public expenditure; the autonomous state paradigm, and institutional theory. These all theories are based on enforcement techniques and revenue maximization. Revenue maximization are dependent on enforcement techniques therefore; these theories provide a theoretical approach that can be used to explain the concept of revenue maximization and enforcement techniques laid by the Kenya Revenue Authority.

2.2.1 Theory of public expenditure

Peacock and Wiseman (1961) advocated the concept of public spending and it focused on the political concept of determining government expenditure that claims the government tends to use more cash, but people are not interested in paying more taxes and even though the state wants to give more attention to the desires of their citizens.(Town, 2010). The hypothesis of public spending argues also that government spending is mainly determined by public income

and taxation. Researchers posit that tax revenue would eventually increase as both economy and income grow. As a result, public spending can be increased in tandem with Gross National Product (GDP). The impression is that tax levels, which serve as limitations, are accepted. Furthermore, it is affirmed that a desirable amount of taxation may differ from public expenditure (Town, 2010). In context of customs enforcement techniques and revenue maximization, the principle can be used to explain the relationship between the government attempts to tackle the growth technique and its ability to increase the required tax revenues, in increasing tax received from the people via compliance.

2.2.2 The autonomous state paradigm

In the sovereign tradition of a Country, including nearly all concepts on public finances, states are empowered to behave separately of the main socio-political forces. State independence concepts presume that countries solely by power impose tax adherence and it is comparatively simple to implement tax adherence. This treats income gathering and public expenditure as distinct initiatives (Cheeseman & Griffiths, 2005). As far as public services are concerned, the main issue is the motivation given to the representatives. State politicians have been regarded as benign trustees maximizing economic security in neoclassical or conventional government finances (Awitta, 2010). In the tradition of government decision, the other motive hypothesis is created: Since people are presumed to be self-interested in economically, they ought to have a political interest. As a consequence, politicians are chosen to maximize income for themselves and their peers as a reasonable predator (Cheeseman & Griffiths, 2005). Regardless of the motives, the basic logic of government autonomy concepts is the following: individuals receive tariffs because they have to; there's no relation between government inputs and outputs; and expenditure is solely the feature of motive of government (benign or selfish).

2.2.3 The institutional theory

The framework of the theory of economic integration was laid out by Jacob Viner in 1950; who defined the trade creation and trade diversion effects, the terms introduced for the change of interregional flow of goods caused by changes in customs tariffs due to the creation of an economic union (Keane, 2003). He considered trade flows between two states prior and after their unification, and compared them with the rest of the world. His findings became and still are the foundation of the theory of economic integration. The next attempts to enlarge the static analysis towards three states were not as successful (Weick, 2014).

The basics of the theory were summarized by the Hungarian economist Béla Balassa in the 1960s (Weick, 2014). As economic integration increases, the barriers of trade between markets diminish. Balassa believed that supranational common markets, with their free movement of economic factors across national borders, naturally generate demand for further integration, not only economically (via monetary unions) but also politically and, thus, that economic communities naturally evolve into political unions over time.

The dynamic part of international economic integration theory, such as the dynamics of trade creation and trade diversion effects, the Pareto efficiency of factors (labor, capital) and value added, mathematically was introduced by Ravshanbek Dalimov (cited in Keane, 2003). This provided an interdisciplinary approach to the previously static theory of international economic integration, showing what effects take place due to economic integration, as well as enabling the results of the non-linear sciences to be applied to the dynamics of international economic integration. Equations describing: enforced oscillations of a pendulum with friction, predator-prey oscillations, heat and/or gas spatial dynamics (the heat equation and Navier-Stokes equations) were successfully applied towards the dynamics of GDP price-output dynamics and the dynamic matrix of the outputs of an economy and

regional and inter-regional migration of labor income and value added, and to trade creation and trade diversion effects (inter-regional output flows).

The straightforward conclusion from the findings is that one may use the accumulated knowledge of the exact and natural sciences (physics, bio dynamics, and chemical kinetics) and apply them towards the analysis and forecasting of economic dynamics. A qualitative finding of the dynamic method is the similarity of a coherence policy of economic integration and a mixture of previously separate liquids in a retort: they finally get one colour and become one liquid. Economic space (tax, insurance and financial policies, customs tariffs) all finally become the same along with the stages of economic integration (Weick, 2014).

2.3 Conceptual Framework

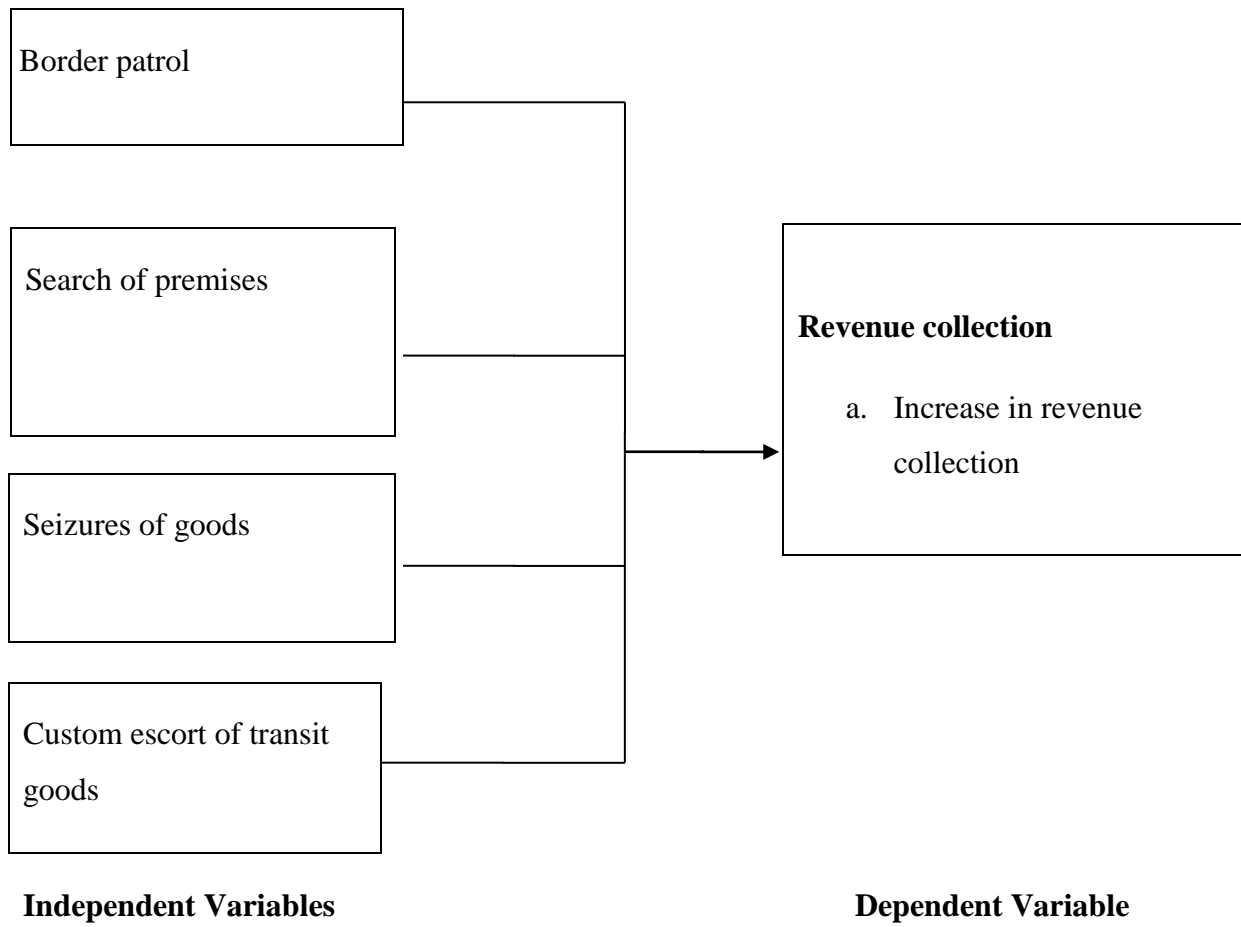


Figure 1: Conceptual Framework

2.4 Empirical Review

The empirical review explores the findings of other scholars on the customs enforcement techniques on the collection of revenues in Kenya and beyond. It also explores the workings of Customs systems in other parts of the world

2.4.1 Border patrolling

Historically, customs have been seen as a revenue generating agency through the collection of customs duties. However, customs services all around the world are undertaking two additional tasks: first, the facilitation of international trade and second, the protection of society. These additional tasks are non-fiscal function and require custom services to strike a balance between the facilitation and effective control mechanism that is managed through the application of risk assessment techniques.

Customs administration as a governmental cross border control agency, have always been carrying out a key role in preventing and detecting illicit Trans boundary movement of goods before they leave or enter the country. This role falls in the category of protection of society and it ranges from combating smuggling leading to lose of revenues (Hackler, 2011). According, Keen (2003) customs administrations workload is mainly guided by the extent of the trade volumes it needs to handle. The concept of cross-border activities, which we describe as movement of individuals or goods across the boundary, is the most vital. Silvani(1991) carried out empirical border control studies in Northern America, a region that has some of the most complicated cross-border in-flows. In the context of drug control, the US Department of Homeland Security (DHS) focuses mainly on inward transfers of illicit drugs; the illegal crossing of border; the transportation of terrorist groups, equipment and arms posing a terrorist threat are counter-terrorism. The DHS also covers money transfers and arms which can be used to boost drug trafficking or alien smugglers. In attempting to prevent illicit activities, DHS is not bound to prevent unreasonably the legal flow of individuals or

products. Over the tasks, DHS support the unification of boundary safety as a monitoring attempt for cross-border motion to reduce illegal transfers and not (unduly) limit legal transfers. It is the deliberate decision to try to make illegal crossings which results in illegal movements. Many variables, such as policy views, financial circumstances and climatic conditions influence these decisions. For example, when Mexicans want to migrate to the United States they make decisions dependent on economic status, drug traffickers' choices as to how much drug to smuggle is affected by perennial crop yields (Keane, 2003).

2.4.2 Search of premises

In legislation, the term 'search' has not been described. However, as per Black's law reference quest, "an examination of or in perspective of the finding of contraband or unlawful, or robbed assets, a man's home or any other structures or premises or of his individual, or any proof of responsibility to use for any felony or offence to which he is prosecuted" is to be considered (quoted in Levy, 2013). The word "search" refers to the intervention of a government machinery to go, scan or examine a location, a region, a individual or a thing in attempt to locate anything disguised, or to discover proof of a crime, according to the dictionary of law and as stated in separate statutory declarations in a straightforward way. Only under appropriate and legitimate jurisdiction can an individual or car or property be searched. Separate regulations concerning customs search are in place. Premises search shall be carried out by or in the existence of a law-enabling agent.

2.4.3 Custom escort of goods

Transit is a process allowing products to be transferred to the Customs office of final destination (Allink&Kommer, 2010) through the customs command from the Customs exit department. Dysfunctional Transit Custom processes boost transport expenses and represent a significant barrier to global trade. In the international community there was significant debate on how a safe and effective transportation scheme can be guaranteed. A range of variables

should be regarded to create an effective and efficient transportation scheme. For example, the soft mobility of the transport products is dependent upon well-designed assurance schemes covering billing of import duties, tariffs and other fees. Sharing of information between customs headquarters and streamlined paperwork transfers simplify and open transportation processes (Allink&Kommer, 2010). Customs seals are mechanisms for guaranteeing the physical integrity of the commodity, ensuring that goods present at transit start are kept in the same condition and quantity by the transit country.

The Economic Competitiveness Package (ECP) has identified Transit as one of the main components, as effective transportation processes make a major contribution to improving economic competition. In this regard, the ECP Action Plan approved by the Political Committee in December 2012 indicated that Members would be collected by the end of 2013 for innovative practices in this field (Han, 2014). The action plan also envisages the WCO developing by the beginning of 2014, on the basis of the compilation of creative procedures, a fresh instrument or instrument for the ECP. The ECP Action Plan states that by the beginning of 2014, fresh instruments and tools could be developed depending on best practices in the compilation and efficiency of a gap analysis. The Secretariat has supplied the WCO with data about its transportation methods to 17 Members (Angola, Argentina, Azerbaijan, Bulgaria, Croatia, Georgia, Hong Kong, China, Hungary, Jordan, Kenya, Latvia, Poland, Senegal, Serbia, Switzerland and the UK)(Han, 2014).

Moreover, the WCO hosted regional seminars for ECP in all of the WCO areas; transportation was a key place for all of them and the exchanges of creative methods among members could be an appropriate technique. Taking into account the contributions of members as well as current WCO instruments, a fresh transportation manual with fundamental values for transportation activities and popular difficulties and real procedures and experience of Members is one of the finest choices feasible. At the meeting of the WCO

permanent Technical Committee in November 2013, Members agreed to create a Transit Manual as a suitable means to present the innovative practices of members and to use examples to help resolve the problems faced by other Members. (Levy, 2013).

According to the RKC, there are two types of transit (cited in Allink&Kommer, 2010). The first is the global travel from an entry desk to the departure desk (transit). The movements occur if they are component of a given transportation service, which crosses several states under national or global transportation schemes. The other is the national transit from a domestic department to an internal customs department (import transit), as well as the customs department from one internal department to another (internal transit) in the same country.

Customs transit is the transportation of goods subject to Customs authorizations, accompanied primarily by other Customs procedures such as local business transfer processes in local market or exit procedure in the case of exporting or transiting exits from the country (Levy, 2013). The proprietor of the products or, most often, his agents such as carriers, agents or carriers, is liable for all legal demands during travel activities. The proprietor of the products depends, in particular, on customs brokers or checking organizations with legal and formal permits from their authorities that are legally entitled to make customs declarations on basis of their owners, which is the attorney's authority. According to RKC, the concept of shipping ship service should be specified by domestic law by each Contracting Party. So we can sometimes find that there can be different transit operations across countries in the region. Customs transit procedures should in the majority of cases, in order to avoid unnecessary delays and costs, be straightforward. Therefore, transit freight information remains unchanged during transit throughout the road and sea operation. Therefore, it is not necessary to estimate accurate duties and duties as they are during transit operations temporarily. Generally, TT Customs declarations require fewer data elements than import

trading, and, where there are no contamination risks, few other government agencies are involved in transit procedures, as they are little concerned about technical standards such as health and vet on TT. Therefore, in comparison with import trade, transit cargo needs to be checked less often by Customs and other government agencies.

The owner or, in most cases, his representative (forwarder, agent or carrier) is responsible for all legal requirements during the transit travel operation. In general terms, the ownership of the goods relies upon customs brokers or clearing agents who already have their administrative and official licenses which are legally permitted to submit customs declarations on behalf of the owner; that is the attorney's power.

2.4.4 Seizures of goods

According to survey on customs enforcement conducted by the Singapore customs found out that regular check on activities carried out by traders to ensure legitimate transfers of strategic goods and strategic goods technology (Keen, 2003). Documentary inspections and audits of past shipments are conducted while customs officials also physically examine suspicious shipments in the entrance and exit areas and free trade areas. Enforcement of information and risk profiling shall be performed. Customs considers highly the view of strategic goods technology to ensure compliance.

Polner (2011) discusses the problems and threats for customs authorities that arise from lack of visibility in the supply chain of what is really being carried inside cargo containers. According to Polner, this is because, for various reasons, the information provided to Customs and other authorities in all the jurisdictions concerned comes from various sources and, in so far as it is not a true representation of the goods carried, the information is altered, summarized or manipulated. This has serious consequences not only for collecting property duties but for determining counterfeit, dangerous or prohibited goods and for the security of the supply chain. According to Poler (2011) the solution lies in the reflection of how the

supply chain is managed by collecting information on the cargo from the shipper and ensuring that information does not change when the border authorities make it available to them downstream.

The US Customs and Border Protection recently announced a significant increase in seizures of counterfeit products that pose a danger to US citizens. U. S. The statistics published by S. Customs and Border Protection (CBP) show that products seized for the violation of intellectual property rights increased by 50% in 2008. CBP's newly released seizure report in 2008 included the following: the number of CBP products seized due to violations of intellectual property increased by 50% ; Asian products represented 81% of the total value of all seized products ; pharmaceutical seizures increased by more than 100% from 2007 to 2008, respectively.

For more than 40 agencies in the United States government including the Food and drug authorities, the Environmental Protection Agency, the Commission for Consumer Product Safety, the Drug Enforcement Administration, the Bureau for Alcohol, Tobacco and Firearms and others, the CBP acts as an enforcement agency along the United States border and other ports. CBP's implementing duties include the statutory right to seize the goods from travelers and importers preventing infringement of federal law by contraband or non-compliant goods into the United States.

CBP is empowered to seize imported or exported products that are prohibited (hazardous materials or narcotics, shipped products, for instance items imported or imported into Iran to a country subject to a trade embargo) or in breach of importation requirements (inapproachable value or label). Whilst CBP appears to have unlimited power over goods during the import / export process, the constitutional right of companies whose products are seized and forfeited is retained throughout the seizures procedure in accordance with their

products. In all seizure cases, the CBP must comply with special requirements irrespective of the seized product or the nationality of the owner or destination. The CBP shall send a Notice of Seizure both to the importers and to the other entities that have an interest in the seized product listed in the Export Declaration Documents of the Shipper. CBP's notifications shall contain specific information on the items seized, the alleged violation, facts supporting the seizure, and specific options setting out whether an administrative hearing in the CBP or an appeal to a U.S. Federal Court is to be held to allow the owner to claim the recovery right for the item seized.

2.5 Critique of the existing literature

The customs services department is the largest of the revenue departments in terms of manpower and is tasked with collecting and accounting for import duty and value added tax (VAT) on imports and also preventing the entry of illegal and prohibited goods into the country including counterfeit goods. Customs is faced with number a challenges in effecting its duties. As shown in literature, the Kenya Revenue Authority Act limits the funds available to KRA's operational activities to not more than two percent of the actual amount collected in a particular period. Additional development funds may also be available to KRA upon approval by the Ministry of Finance. However, these amounts are not adequate and have a negative impact on the operations of KRA as reflected in staff shortages, lack of adequate training of staff and lack of procurement and maintenance of information communication and telecommunications (ICT) systems which hampers the enforcement of Customs. According to the current corporate plan the customs department is currently faced with a staff shortage which has affected overall service delivery and the implementation of a twenty-four-hour system operation as was intended in the 2011-2012 financial year.

Further, there is inadequate training of staff in the relevant technical areas, for example, customs officials are not sufficiently trained to identify counterfeit goods and therefore they

only detain goods which are deemed to be blatantly counterfeit. It is noteworthy that underfunding of KRA delayed the establishment of the anti-counterfeit unit. In terms of ICT systems, KRA has recognized that its current levels of ICT funding are inadequate to support the current operational needs of automated support. The benefits of automated support include strengthening customs operational efficiency and collecting timely and accurate statistical data for use in fiscal and trade policy objectives.

Another challenge in the enforcement of IPR's is the over focus on revenue collection which is considered the primary role of customs to the detriment of its other roles like customs enforcement. For example, KRA publishes a revenue report for each quarter detailing the performance of each of the revenue departments against set targets and the percentage growth from the previous fiscal year. KRA has yet to prepare and publish a report that covers its detailed customs enforcement results, for example, an analysis of the illegal and prohibited goods detained by customs unlike a jurisdiction like the EU which is mandated by law to publish a report each financial year detailing the number of counterfeit goods detained by customs, the types of goods, country of origin, comparative trends with the previous financial year and proposed remedial measures to deal with the effective enforcement of Customs. The benefits accrued from such statistical information would be to enable the Authority to quantify patterns of Customs regulations infringement.

The Authority has been accused of over focus on revenue collection, performance appraisals on customs officers are based on the revenue they have collected and there is no incentive or recognition given to customs officers for detaining counterfeit goods. Consequently, there are instances where custom duties are collected on counterfeit goods which are then released for circulation. It is noteworthy that KRA recognizes that in order to efficiently and effectively perform its functions even with scarce resources, there will be a need to expand the existing

risk management system of which risk targeting shall be done at the higher end of the risk spectrum.

From literature analysis, it can be deduced that KRA's current institutional framework does not enable customs to efficiently and effectively enforce Customs at the border. There is therefore a need to address the institutional deficiencies in order to ensure that the Authority is equipped to be able to efficiently and effectively enforce Customs. The foregoing discussion has highlighted the shortcomings in the institutional and legislative framework governing the enforcement of Customs in Kenya. There is therefore a need to address these deficiencies in order to promote the efficient and effective enforcement of Customs. An issue that also emerges from the discussion is the duplication of roles between the agency and customs since the agency's agents and custom officials who are inspectors under the Anti-Counterfeit Act are both tasked with the enforcement of Customs at the border. This scenario if not properly managed would on one hand encourage turf wars and promote productive and allocative inefficiencies due to the additional administrative costs involved because of the duplication of roles, however the agency and customs can come up with techniques to collaborate and share resources on Customs enforcement.

In terms of promoting efficiency in Customs enforcement within the Customs services department, rather than delinking customs management from other revenue and tax administration aspects within KRA, it is recommended that the current Revenue Authority model stays in place based on the advantages that are achieved through having this model as highlighted in literature including increased savings through economies of scale occurring from common use of ICT systems, cross training and pooling of resources, and ease of information sharing and instead duplicating roles in setting up specialized customs anti-counterfeit unit.

2.6 Summary of literature

Literature on Customs enforcement techniques used by KRA, in the context of revenue collection, focuses more on border patrolling and customs escort of goods. However, reasonable expansion of seizures of goods and searches of premises can contribute immensely, either directly or indirectly, to revenue collection. Revenue collection is at the center of wealth creation of a nation, as espoused by the theory of public expenditure. Nevertheless, from the perspective of the institutional theory, KRA must be adequately funded and its staffs sufficiently trained in order to implement Customs regulations for improved revenue collection.

2.7 Research gap

Studies done previously mainly focused on the enforcement techniques and techniques of the custom enforcement. Scholarly work such as that of Silvani (1991), Levy (2013) and U.S customs and border protection merely focused on the enforcement techniques. However, there has been only feeble attempt, such as Awitta (2010), to show how these enforcement techniques on the revenue collection by the authority. Consequently, the approach of previous studies has mainly discussed or mentioned factors such as customs escort of transit goods and search of premises for goods dumped at the local market. This study sought to fill the gap by examining the effects of border patrolling, seizures of unaccustomed goods, search of premises and collection of revenues.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This chapter discusses the methods that were used in the implementation of the study. These includes; research design, research area, variables, target population, sampling techniques and sample size, research instruments, pilot study, the data collection techniques, data processing, and finally the methods to be used in data analysis and the presentation of results.

3.2 Research Design

This study adopted a mixed designs approach. These included the descriptive, cross sectional and causal research designs. The descriptive design was useful in explaining how KRAs enforcement techniques work (Kothari, 2008). The causal research design component was used to explain how changes in revenue collection are caused by the enforcement techniques adopted by the Authority. Further, the cross-sectional research design was used to investigate the customs situation at a point in time. The adoption of several research designs implies that the study used both quantitative and qualitative. These were respectively implemented through a survey and key informant interviews (KIIs).

3.3 Target Population

The population of this study was the various stakeholders involved in the administration, implementation or observation of customs policies, rules and regulations. The various sub-populations include the customs officers, clearing companies, shipping companies and the owners of goods. It was considered that views obtained from these stakeholders would appropriately capture the state of international trade as it happens in the country, and whether or not it follows customs regulations.

Table 1: Target population

Population	Size
Custom officers	Consists of all the KRA employees under the Customs and Border Control Department who are mandated to administer import duty and VAT on imports
Clearing and forwarding agents	868 (as at April 2018)
Shipping companies/agents	49
Owners of goods	The population ideally consists of all business owners who imported goods into Kenya during the 3 rd and 4 th quarters of the FY ending at June 30, 2018.

3.4 Sampling frame

The sampling frames depended on the target population. The sampling frame for clearing and forwarding agents were obtained from the list of KRA’s licensed agents as at April 2018. On the other hand, the frame for the shipping companies or agents was compiled based on Kenya Ships Agents Association and another website of information on trade in Kenya. The sampling lists of each population category are defined below.

Table 2: Sampling Lists

Population	Size	Source of the sampling list
Clearing and forwarding agents	868	https://www.kra.go.ke/images/publications/List_of_2018_Clearing_Agents.pdf
Shipping companies/agents	49	https://infotradekenya.go.ke/media/Shipping%20agents%20list.xlsx https://www.ksaa.co.ke/pages/members

The populations of customs officers and owners of imported goods do not have accessible and readily available sampling list.

3.5 Sampling technique and sample size

Since the study adopted a mixed methods approach in which different populations of respondents were researched, different sampling techniques were also adopted. Both probabilistic and non-probabilistic methods of sampling were used. According to Kerlinger and Lee (2000), probabilistic sampling techniques cannot be used where sampling lists do not exist (especially for qualitative research) specifically because randomization cannot be applied and that only few respondents (usually key informants) are required to give 'representative' information on the subject matter.

In order to select respondents from the customs officers and owners of imported goods sub-populations, convenience sampling technique was used. Due to limitations in time and resources, the aim of sampling was to get the most accurate information from as few respondents as possible. For this reason, the researcher interviewed three (3) custom officials one from each of the following: sea port (Mombasa), airport (JKIA) and boarder (Namanga). The choice of JKIA and Namanga was based on the convenience of the researcher as they are closer. Due to constraints in time, researcher arranged the interview at a day when the Namanga border respondent was coming to the Mlolongo Inland Container Deport (ICD). The interview with the Mombasa sea port customs officer was conducted on phone.

Furthermore, three (3) business owners (importers) were interviewed one for each of the following categories: air cargo, ship cargo and cargo through the border. All the three were interviewed at the most convenient venue for the researcher; mainly in their business premises or warehouses in Nairobi. In order to achieve this, snowball sampling approach was

used, in which business people were be asked whether they know their colleagues who import merchandise through either of the three methods.

In order to select the clearing agents and the shipping companies, simple random sampling technique was done in Excel. In both cases, the names of the companies/agencies were arranged in ascending alphabetical order, assigned numbers, and after running the sampling =RAND() function in Excel, were arranged in descending order (from the largest Rand). Data was collected from the top n agencies/companies as guided by the sample size. For both clearing agents and shipping companies, the formula below was used to select the sizes of the samples.

$$ME = z \sqrt{\frac{\hat{p}(1-\hat{p})}{n}} \longrightarrow \text{Equation (1)}$$

Where

ME = the desired margin of error;

z = the z-score;

\hat{p} = the researcher's prior judgment of the population proportion; and

n = the sample size (being calculated).

For the clearing and forwarding agents, the desired margin of error is 10%, $z = 1.645$, and $\hat{p} = 0.5$.

Substituting in *Equation (i)*,

$$0.1 = 1.645 \sqrt{\frac{0.5(1 - 0.5)}{n}}$$

$$\text{Therefore, } n = \frac{0.5 \times 0.5}{\left(\frac{0.1}{1.645}\right)^2} = 67.65.$$

The above formula arrived at 68 clearing agents and 40 shipping agents.

In summary, the sample sizes for the different population categories were as follows:

Table 1: Sampling techniques for each population

Population category	Population size	Sample size	Sampling technique
Customs officers	Not readily defined	3	Convenience sampling
Clearing agents	868	68	Simple random sampling
Shipping companies	49	40	Simple random sampling
Importers of goods	Not readily defined	3	Snowball sampling

3.6 Data collection instruments

There were two principal data collection instruments. For the survey, data was collected using the structured questionnaire (see appendix 1) while for the KIIs, data was collected using the interview guide (see appendix 2). The interview guides were semi-structured so as to allow the respondents an opportunity to give out information the researcher may not have envisioned (Orodho&Kombo, 2004). The survey questionnaire collected quantitative information from two sub-populations (clearing agents and shipping companies) while the KII guide collected qualitative data from customs officers and individual business owners (importers of goods).The questionnaire had five sections. The first section collected general and demographic information of the respondents. Each of the other four sections collected information on each of the four objectives of the study, one objective per section. The KII guides contained listed questions on the four thematic areas of the study as provided under the specific objectives.

3.7 Data collection procedures

The general approach to data collection was as follows: qualitative data collection from customs officials followed by survey data collection from clearing and shipping agents and lastly qualitative data collection from the importers. Beginning by interviewing the customs officers was considered essential because it helped the researcher get a 'bird's eye view' of the entire customs administration process, including the policy and legal basis (Orodho, 2009). Information obtained from this stage was used to modify the questionnaire accordingly, after which the second wave of research, quantitative data collection using questionnaires was implemented. For those sampled respondents in Nairobi, the researcher self-administered the questionnaire. However, where the sampled respondents were in Mombasa, the questionnaire was shared online; either as a Google form or as an email attachment and follow up phone calls were made. The respondents who were not available for the interview were asked to suggest their colleagues who are knowledgeable on the issues. If no one was available from the sampled organization, then the organization was replaced by the next RAND just below the end of the sampled list in Excel. The last category to be interviewed were the importers and, where they provided information that required verification, one of the customs officers was called on phone to clarify.

3.8 Pilot study

Before the actual data collection was done, the survey questionnaire was piloted. The aim was to test whether the questions are clearly understood by the respondents or not; and the duration that the interview takes (Mugenda&Mugenda, 2003). The researcher used Cronbach's alpha test to determine the reliability of the tools. The pilot of the quantitative questionnaire was done during the qualitative interviews with the customs officers. The results of the pilot, combined with the qualitative information from KRA officials, formed a good basis for the modification of the questionnaire as advised in (Nachmias and

Nachmias,1996). The respondents who participated in the pilot included companies that are not in the sample; implying they were picked from the bottom of each sampling list (the un-sampled organizations). Five (5) clearing agents and three (3) shipping companies were piloted.

3.9 Data analysis

The analysis of the collected data was done using various methods, based on the type of data and the goal of analysis. Generally, both descriptive and inferential statistical methods were applied in the analysis of quantitative data. The descriptive methods of data analysis entailed frequencies, measures of central tendency and dispersion and other related distributions. On the other hand, inferential methods included tests of significance, chi-square tests of independence and regression. The two major applications that were used in quantitative analysis included the Statistical Package for Social sciences (SPSS) and Microsoft Excel. Both tables and charts were used to present the results of analysis. Further, qualitative data was analyzed through theme matching, content synthesis and textual analysis.

3.10 Statistical model

The following statistical model was developed to measure the impact of selected independent variables on increase in revenue collection:

$$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \varepsilon$$

Where

Y = Increase in revenue collection

X_1 = seizure of goods

X_2 = search of premises

X_3 = impact of border patrolling

X_4 =custom escort of transit goods

β_0 = Constant terms

$\beta_1 - \beta_4$ = Coefficients

ε =Error term

CHAPTER FOUR

RESEARCH FINDINGS AND DISCUSSION

4.1 Introduction

This chapter presents the findings, analysis and the discussions study. It comprises of preliminary analysis summarizes the response rates followed by an analysis of the demographic and general information. Thereafter, the findings are aligned with the four objectives of the study and the analysis combines both quantitative and qualitative results.

4.2 Response Rate

The researcher sought to establish the response rates for the clearing agents and the shipping agents who participated in the study. The results were categorized into two namely response and non-response. The findings are shown in Figure 2.

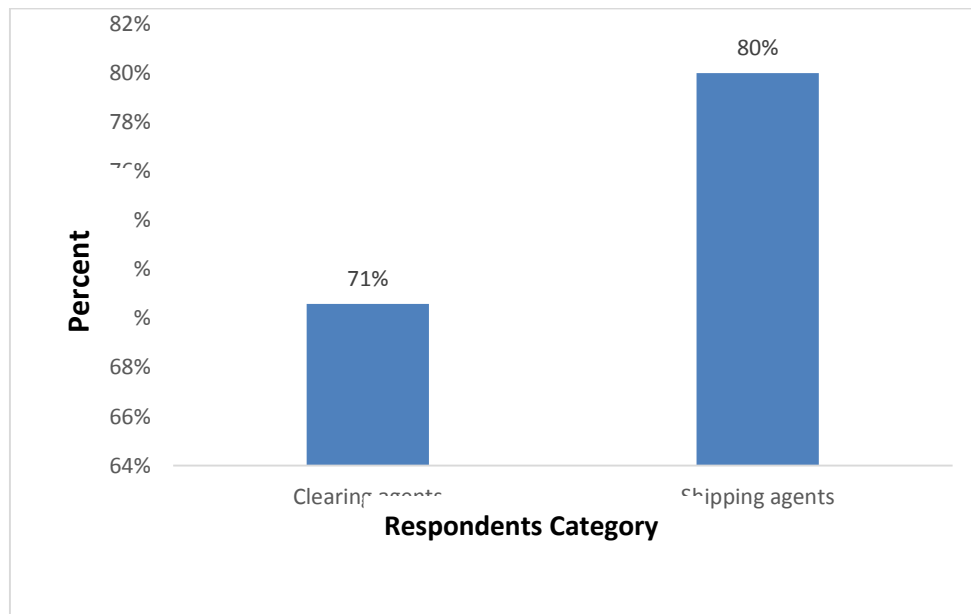


Figure 2: Response Rate

Out of the 68 clearing agents who were sampled, 48 were interviewed, representing a response rate of 71%. In addition, 32 out the 40 sampled shipping agents were interviewed, representing a response rate of 80%. In total therefore, the final sample for the quantitative

part of the study had 60 respondents. A response rate of 50% is adequate, 60% is good while 70% and above is very good for analysis. This indicates that 71 % for clearing agents and 80 % for shipping agent's response rate were appropriate for carrying out data analysis. The response rates for clearing and shipping agents were expected, actually the rates exceeded the researcher's expectation. It was anticipated that most of the respondents would be busy business persons or professionals whose availability would be a challenge. Nevertheless, the final sample sizes for each category meet the minimum required standards under the central limit theorem. The statistical theory suggests that the minimum sample size for quantitative studies, if at all the researcher expects to see a normal sampling distribution, should be at least 30 (Mugenda & Mugenda, 2003). In this case, the shipping agents sample was 32 and clearing agents was 48 leading to a total of 80 which is acceptable for analysis. Of course larger sample size would have produced more power for the study.

4.3 The Pilot Study

This pilot sample was asked to comment on the ease with which they understood and completed tests items. Where relevant, these comments were incorporated into a final copy of the test instrument. This last copy was then constituted. The final test instrument had open-ended questions on the survey instrument were analyzed qualitatively; that is, they were simply reported for each of the three groups of the respondents. The reliability of the instrument was tested during the pilot study, conducted in October 2018. The pilot study contained responses from 15 party officials. An internal consistency technique using Cronbach's alpha was then be applied to measure the reliability of all the questionnaires issued to different group of pilot respondents. Results are shown in Table 4.

Table 4: Reliability Analysis

Reliability Statistics	No. of Items	Cronbach's Alpha value
Boarder patrolling	4	0.865
Search of premises	4	0.846
Seizure of goods	4	0.838
Custom escort	4	0.821

A pilot study was undertaken to pre-test data collection instrument for validity and reliability. According (Orodho, 2003), a pilot study is necessary for testing the reliability of data collection instruments. (Cooper & Schindler, 2001) explains reliability of research as determining whether the research truly measures that which it was intended to measure or how truthful the research results are. Pilot study is thus conducted to detect weakness in design and instrumentation and to provide accurate data for selection of a sample (Young, 2009). The validity of the questionnaires was determined using construct validity method. Construct validity is the degree to which test measures an intended hypothetical construct (Mugenda, 2003). Using a panel of “experts” familiar with the construct is a way in which this type of validity can be assessed; the experts can examine the items and decide what that specific item is intended to measure (Mugenda, 2003). The experts were required to assess if the questionnaires helps in the influence of inter-political parties’ dialogue on peace and social cohesiveness in cosmopolitan towns in Kenya.

The coefficient of the data gathered from the pilot study was computed with assistance of Statistical Package for Social Sciences (SPSS). A coefficient of above 0.7 was obtained and this indicated that the data collection instruments were valid (Kothari, 2005). Data validity

played an important role towards generalization of the gathered data to reflect the true characteristics of the study problem.

The Cronbach alpha results for the study variables were; boarder patrolling (0.865), search of premises (0.846), seizure of goods (0.838) and custom escort (0.821). According to (Kothari, 2005) Cronbach's alpha is a coefficient of reliability that gives an unbiased estimate of data generalizability. An alpha coefficient higher than 0.7 indicates that the gathered data has a relatively high internal consistency and could be generalized to reflect opinions of all respondents in the target population (Mandrish and Schaffer, 2005). Data reliability played an important role towards generalization of the gathered data to reflect the true characteristics of the study problem (Klein and Ford, 2003).

4.4 Background Information

This section contains the results on the background information for the in terms of gender, age, marital status, education level, occupation, position as well as the duration of working in the company.

4.4.1 Distribution of Respondents by Gender.

The researcher sought to establish the distribution of the respondents by gender. The respondents were asked to indicate their gender. The response was categorized into two namely male and female. The findings were presented in Table 5.

Table 5: Gender Distribution of Respondents

Gender	Frequency	Percentage
Male	43	54
Female	37	46

Total	80	100
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According to the findings, 43 (54 %) of the respondents were male while 37 (37 %) were female. This shows that majority of the respondents were male. However, this is impressive as there is no gender discrimination in the respondents as no gender had over two thirds making the findings more representative.

4.4.2 Distribution of Respondents by Age

The researcher sought to establish the distribution of the respondents by age. The respondents were asked to indicate their age. The response was categorized into 5 namely 18 – 24, 25 – 34, 35 – 44, 45 – 54, 55 – 64 as well as more than 65 years. The findings were presented in Table 6.

Table 6: Age of the Respondents

Age (Years)	Frequency	Percentage
18-24	14	18
25-34	18	22
35-44	28	36
45-54	12	14
55-64	5	6
More than 65	3	4
Total	80	100

According to the findings, 14 (18 %) were aged between 18 – 24 years, 18 (22 %) were 25 – 34 years, 28 (36 %) had between 35 – 44 years, 12 (14 %) were 45 – 54 years, 5 (6 %) had 55 – 64 years while only 3 (4 %) had more than 65 years. Since the majority of the officers were middle aged recording an age of 35 – 44, followed by the relatively young officials who were age between 18 – 34, it is clear that the workforce was relatively young.

4.4.3 Distribution of Respondents by Marital Status

The researcher sought to establish the distribution of the respondents by marital status. The respondents were asked to indicate their marital status. The response was categorized into four namely single, married, divorced and widowed. The findings were presented in Table 7.

Table 7: Marital Status of the Respondents

Age (Years)	Frequency	Percentage
Single	29	36
Married	41	52
Divorced	8	10
Widowed	2	2
Total	80	100

According to the findings, the study established that majority of the respondents 41 (52 %) were married. However, 29 (36 %) stated to be single followed by 8 (10 %) who were divorced with only 2 (2 %) saying that they were widowed. This shows that the study sample represented respondents with wide variety of social characteristics therefore representative.

4.4.4 Distribution of Respondents by Education Level

The researcher sought to establish the distribution of the respondents by education level. The respondents were asked to indicate the highest level of education. The response was categorized into four namely primary, secondary, college and university. The findings were presented in Figure 3.

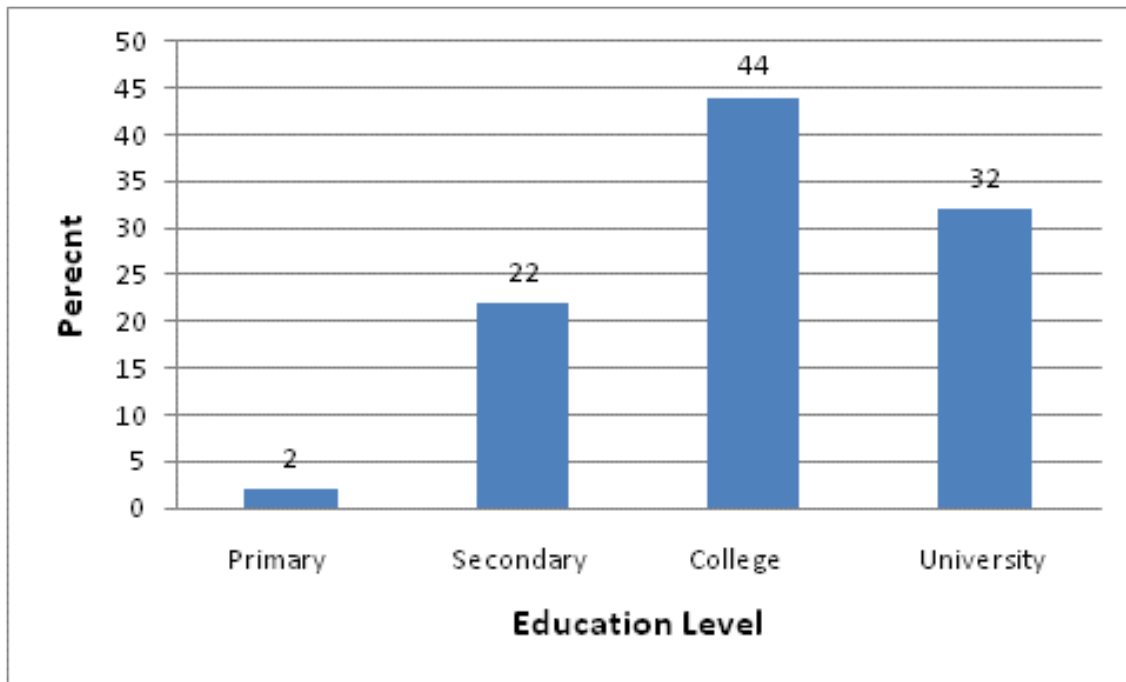


Figure 3: Education Level of Respondents

According to the study findings, majority (44 %) of the respondents indicated to have attained college education followed by 32 % who had attained university education. However, 22 % stated to have attained secondary education with only 2 % having primary education.

4.4.5 Distribution of Respondents by Position

The researcher sought to establish the distribution of the respondents by the position they were holding at the time of the study. The respondents were asked to indicate their position. The response was categorized into three namely entry level, middle level and senior management. The findings were presented in Figure 4.

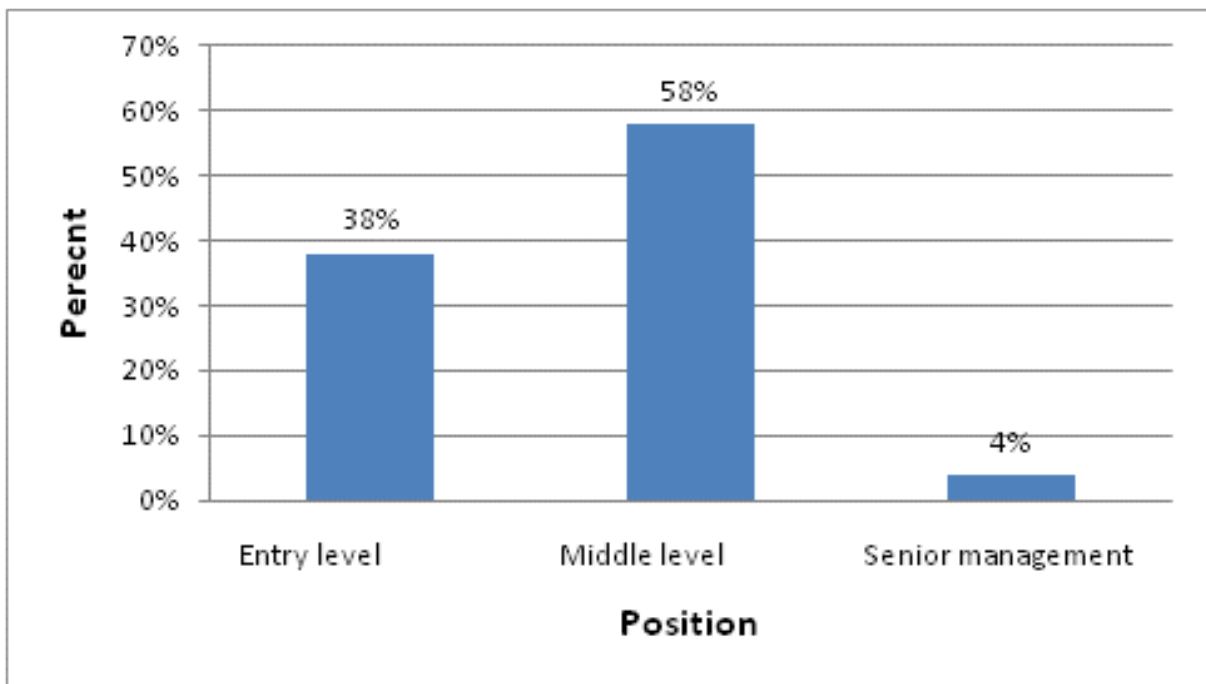


Figure 4: Respondents Position

According to the study findings, it was established that majority (58 %) of the respondents were middle level officers followed by 38 % who indicated to be at the entry level with 4 % being at senior management level. The sample was therefore considered to be representative as all cadres of employees were included from the bottom level to the top.

4.4.6 Distribution of Respondents by Working Duration

The researcher sought to establish the distribution of the respondents by the years they had worked for the company at the time of the study. The respondents were asked to indicate their working duration at the company. The response was categorized into three namely 0 – 3, 4 – 6 and more than 6 years. The findings were presented in Figure 5.

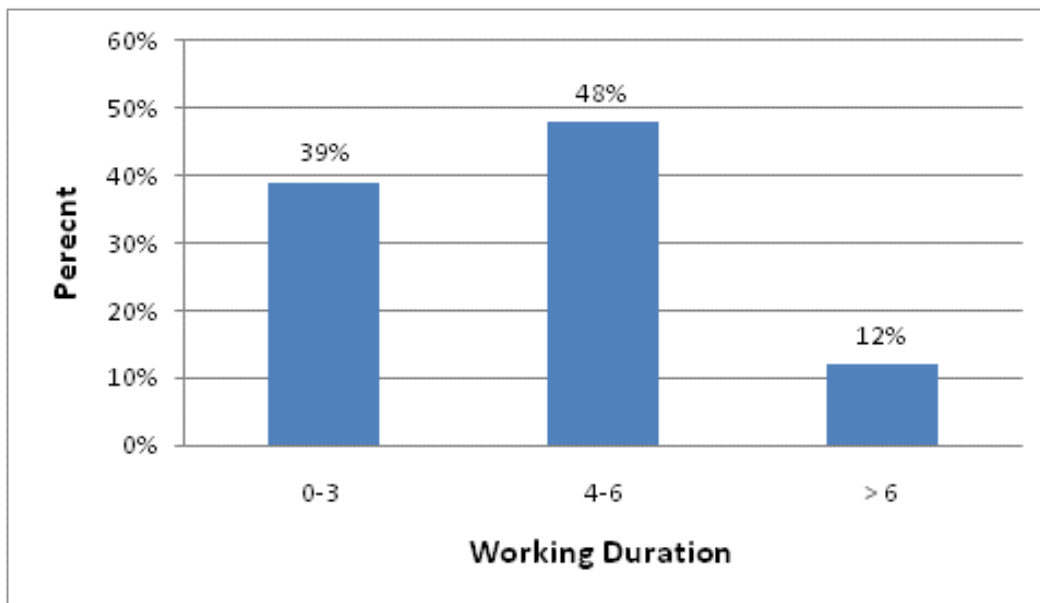


Figure 5: Respondents Working Duration

According to the study findings, majority of the respondents (48 %) had worked in the companies for duration of 4 -6 years at the time of the study followed by 39 % with a working duration of 0 – 3 years and 12 % who had worked for more than 6 years. This shows that the working duration was normally distributed.

4.5 Border Patrolling

This section presents the findings for the border patrol. It consists of diagnostic test for border patrolling, border patrolling awareness, border patrol improvement on revenue collection, border patrol effectiveness as well as effects of border patrolling on revenue collection.

4.5.1 Diagnostic Test for Border Patrolling

The study sought to test suitability of the data collected on the border patrolling. This was done by testing whether the data was normally distributed by performing Kolmogorov-Smirnov Test and results represented in Table 8.

Table 8: Kolmogorov-Smirnov Test for Border Patrol

Border Patrol		
	N	80
Normal Parameters ^{a,b}	Mean	2.41
	Std. Deviation	0.233
Most Extreme Differences	Absolute	0.217
	Positive	0.225
	Negative	-0.217
Kolmogorov-Smirnov Z-value		2.657
<i>p</i> -value		0.000

The results as represented in Table 7 indicate that the Kolmogorov-Smirnov Z-value for border patrolling was 2.657 with a *p*-value of $0.000 < 0.05$ which signifies that the variable border patrolling data that was collected was normally distributed. This shows the data as presented was suitable for further analysis.

4.5.2 Border Patrolling Awareness

The researcher sought to establish whether the respondents were aware that the KRA carries out border patrolling. The findings are indicated in Table 9.

Table 9: Border Patrolling Awareness

Gender	Frequency	Percentage
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Aware	77	96
Not Aware	3	4
Total	80	100

The researcher revealed that almost all the respondents were aware that KRA carries out border patrolling as indicated the majority 77 (96 %) of the respondents with only 3 (4 %) stating that they were not aware.

4.5.3 Border Patrol Improvement on Revenue Collection

The researcher sought to establish whether border patrolling improve revenue collection. The results are presented in Table 10.

Table 10: Border Patrol Improvement on Revenue Collection

Gender	Frequency	Percentage
Improvement	67	84
No improvement	13	16
Total	80	100

The researcher revealed that majority of the respondents 67 (84 %), were of the opinion that border patrol improves revenue collection while 13 (16 %) were of a contrary opinion.

4.5.4 Border Patrol Effectiveness

The researcher sought to establish whether border patrol technique that was being used at the time of the study was effective. The results are presented in Table 11.

Table 11: Border Patrol Effectiveness

Gender	Frequency	Percentage
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Effective	66	85
Not effective	14	15
Total	80	100

The researcher revealed that majority of the respondents 66 (85 %), were of the opinion that border patrol technique used was effective while 14 (15 %) were of a contrary opinion.

4.5.5 Effects of Border Patrolling on Revenue Collection

The researcher sought to establish how effective border patrolling on revenue collection. The results are indicated in Table 12.

Table 12: Effects of Border Patrolling on Revenue Collection

Gender	Frequency	Percentage
Prevents revenue loss through enhancing payment of duties and import taxes which directly boosts revenue collection	34	42
Deters the sale of smuggled, counterfeit and illegal goods in the country which indirectly boosts revenue collection	37	47
Reduces chances of dumping which indirectly boosts revenue collection	9	11
Total	80	100

According to the study findings, it was established that border patrolling deters the sale of smuggled, counterfeit and illegal goods in the country which indirectly boosts revenue collection as cited by majority of the respondents 37 (47 %). This was followed by 34 (42 %) of the respondents who stated that border patrolling prevents revenue loss through enhancing payment of duties and import taxes which directly boosts revenue collection. A smaller

proportion of the respondents 9 (11 %) stated that border patrolling reduces chances of dumping which indirectly boosts revenue collection

4.6 Search of Premises

This section presents the findings for the search of premises. It consists of diagnostic test for search of premises, improvement on revenue collection, search of premises, control of contrabands as well as effects of search of premises on revenue collection.

4.6.1 Diagnostic Test for Search of Premises

The study sought to test suitability of the data collected on the search of premises. This was done by testing whether the data was normally distributed by performing Kolmogorov-Smirnov Test and results represented in Table 13.

Table 13: Kolmogorov-Smirnov Test for Mitigating the Violent Conflicts

Search of Premises		
	N	80
Normal Parameters ^{a,b}	Mean	2.75
	Std. Deviation	0.307
	Most Extreme Differences	
	Absolute	0.213
	Positive	0.215
	Negative	-0.213
Kolmogorov-Smirnov Z-value		2.522
<i>p</i> -value		0.000

The results as represented in Table 10 indicate that the Kolmogorov-Smirnov Z-value for search of premises was 2.522 with a p -value of $0.000 < 0.05$ which signifies that the variable search of premises data that was collected was normally distributed. This shows the data as presented was suitable for further analysis.

4.6.2 Search of Premises improvement on Revenue Collection

The researcher sought to establish whether searches of premises improve revenue collection. The findings are presented in Table 14.

Table 14: Search of Premises Improvement on Revenue Collection

Gender	Frequency	Percentage
Improvement	45	56
No improvement	35	44
Total	80	100

The researcher revealed that majority of the respondents 45 (56 %), were of the opinion that search of premises improves revenue collection while 35 (44 %) were of a contrary opinion.

4.6.3 Effectiveness of Search of Premises

The researcher sought to establish how effective search of premises improves revenue collection. The results are indicated in Table 15.

Table 15: Effectiveness of Search of Premises

Gender	Frequency	Percentage
Leads to increased compliance	29	36
Deters importers from bringing in smuggled, counterfeit and illegal goods	30	37
Deters importers from dumping goods	18	23
Boosts revenue collection through fines	3	4
Total	80	100

The study established that search of premises deters importers from bringing in smuggled, counterfeit and illegal goods according to majority of the respondents 30 (37 %). This was followed by 29 (36 %) who stated that it leads to increased compliance, 18 (23 %) who cited that it deters importers from dumping goods while 3 (4 %) stated that it boosts revenue collection through fines.

4.6.4 Control Contraband Imports

The researcher sought to establish whether impromptu searches deter importers from bringing contrabands. The results are indicated in Table 16.

Table 16: Control Contraband Imports

Gender	Frequency	Percentage
Controlled	41	51
Not controlled	39	49
Total	80	100

The study established that there were mixed opinions on whether impromptu searches deter importers from bringing contrabands as 41 (51 %) of the respondents stated that it controls while 39 (49 %) stated that it does not control.

4.6.5 Effects of Search of Premises on Revenue Collection

The researcher sought to establish how effective search of premises on revenue collection.

The results are indicated in Table 17.

Table 17: Effects of Search of Premises on Revenue Collection

Gender	Frequency	Percentage
They lead to increased compliance by deterring illegal imports	32	39
They lead to reduction of counterfeits and contraband goods	18	22
They discourage smuggling and dumping	16	21
They protect the society against unscrupulous international business owners	14	18
Total	80	100

It was established from the study findings that majority of the respondents 32 (39 %) stated that search of premises leads to increased compliance by deterring illegal imports. This was followed by 18 (22 %) who stated that it leads to reduction of counterfeits and contraband goods. Further, 16 (21 %) of the respondents were of the opinion that search of premises discourage smuggling and dumping while 14 (18 %) stated that it protects the society against unscrupulous international business owners.

4.7 Seizure of Goods

This section presents the findings for the search of premises. It consists of diagnostic test for seizure of goods, awareness of uncustomed goods and improvement on revenue collection as well as effects of seizure of goods on revenue collection.

4.7.1 Diagnostic Test for Seizure of Goods

The study sought to test suitability of the data collected on the seizure of goods. This was done by testing whether the data was normally distributed by performing Kolmogorov-Smirnov Test and results represented in Table 18.

Table 18: Kolmogorov-Smirnov Test for seizure of goods

	Seizure of goods	
Normal Parameters ^{a,b}	N	80
	Mean	2.80
	Std. Deviation	0.316
Most Extreme Differences	Absolute	0.287
	Positive	0.207
	Negative	-0.287
Kolmogorov-Smirnov Z-value		2.770
<i>p</i> -value		0.000

The results as represented in Table 12 indicate that the Kolmogorov-Smirnov Z-value for seizure of goods was 2.770 with a *p*-value of $0.000 < 0.05$ which signifies that the variable seizure of goods data that was collected was normally distributed. This shows the data presented was suitable for further analysis.

4.7.2 Awareness of Uncustomed Goods

The researcher sought to establish whether the respondents were aware of uncustomed goods.

The findings are indicated in Table 19.

Table 19: Awareness of Uncustomed Goods

Gender	Frequency	Percentage
Aware	74	92
Not Aware	6	8
Total	80	100

The researcher revealed that almost all the respondents were aware of uncustomed goods as indicated the majority 74 (92 %) of the respondents with only 6 (8 %) stating that they were not aware.

4.7.3 Reasons why Imported Goods are Seized

The researcher sought to establish the reasons why imported goods are seized. The findings are indicated in Table 20.

Table 20: Reasons why Imported Goods are Seized

Gender	Frequency	Percentage
Making false declarations and providing false documents	14	18
Misleading an Officer in the carrying out of his/her duties	11	14
Failure to comply with the laws	33	41
Smuggling	22	27
Total	80	100

According to majority of the respondents 33 (41 %), the leading reason why imported goods are seized was failure to comply with the laws followed by smuggling as cited by 22 (27 %) of the respondents. Further 14 (18 %) cited making false declarations and providing false documents while 11 (14 %) stated misleading officers in the carrying out of their duties.

4.7.4 Seizure of Goods Improvement on Revenue Collection

The researcher sought to establish whether seizure of goods improve revenue collection. The findings are presented in Table 21.

Table 21: Seizure of Goods Improvement on Revenue Collection

Gender	Frequency	Percentage
Improvement	51	64
No improvement	29	36
Total	80	100

The researcher revealed that majority of the respondents 51 (64 %), were of the opinion that seizure of goods improves revenue collection while 29 (36 %) were of a contrary opinion.

4.7.5 Effects of Seizure of Goods on Revenue Collection

The researcher sought to establish how effective border patrolling on revenue collection. The results are indicated in Table 22.

Table 22: Effects of Seizure of Goods on Revenue Collection

Gender	Frequency	Percentage
Prevents revenue loss through enhancing payment of duties and import taxes which directly boosts revenue collection	37	46

Deters the sale of smuggled, counterfeit and illegal goods in the country which indirectly boosts revenue collection	34	42
Reduces chances of dumping which indirectly boosts revenue collection	9	12
Total	80	100

The study revealed that seizure of goods prevents revenue loss through enhancing payment of duties and import taxes which directly boosts revenue collection as cited by the majority of the respondents 37 (46 %). This was followed by 34 (42 %) who stated that seizure of goods deters the sale of smuggled, counterfeit and illegal goods in the country which indirectly boosts revenue collection while 9 (12 %) stated that it reduces chances of dumping which indirectly boosts revenue collection.

4.8 Custom Escort of Transit Goods

This section presents the findings for the custom escort of transit goods. It consists of diagnostic test for custom escort, cargo monitoring effectiveness, improvement on revenue collection as well as enhancement of revenue collection.

4.8.1 Diagnostic Test for Custom Escort

The study sought to test suitability of the data collected on the custom escort. This was done by testing whether the data was normally distributed by performing Kolmogorov-Smirnov Test and results represented in Table 23.

Table 23: Kolmogorov-Smirnov Test for seizure of goods

	Custom escort	
	N	80
Normal Parameters ^{a,b}	Mean	2.64

	Std. Deviation	0.323
Most Extreme Differences	Absolute	0.271
	Positive	0.214
	Negative	-0.271
Kolmogorov-Smirnov Z-value		2.836
<i>p</i> -value		0.000

The results as represented in Table 12 indicate that the Kolmogorov-Smirnov Z-value for custom escort was 2.836 with a *p*-value of $0.000 < 0.05$ which signifies that the variable custom escort data that was collected was normally distributed. This shows the data presented was suitable for further analysis.

4.8.2 Effectiveness of Cargo Monitoring

The researcher sought to establish whether KRA's cargo monitoring was effective. The results are presented in Table 24.

Table 24: Cargo Monitoring Effectiveness

Gender	Frequency	Percentage
Effective	36	45
Not effective	44	55
Total	80	100

The researcher revealed that majority of the respondents 44 (55 %) stated that KRA is not effective in monitoring the cargo for transit goods while 36 (45 %) stated that they are.

4.8.3 Custom Escort on Revenue Collection

The researcher sought to establish whether custom escort improve revenue collection. The results are presented in Table 25.

Table 25: Custom Escort Improvement on Revenue Collection

Gender	Frequency	Percentage
Improvement	52	65
No improvement	28	35
Total	80	100

The researcher revealed that majority of the respondents 52 (65 %), were of the opinion that custom escort improves revenue collection while 28 (35 %) were of a contrary opinion.

4.8.4 Effectiveness of Custom Escort

The researcher sought to establish the effectiveness of custom escort. The findings are indicated in Table 26.

Table 26: Custom Escort Effectiveness

Gender	Frequency	Percentage
Reduces transportation costs; deters importers from bringing in smuggled, counterfeit and illegal goods	38	48
Deters importers from dumping goods	13	16
Ensures all necessities levies, duties and taxes are collected	29	36
Total	80	100

According to the study findings, majority of the respondents 38 (48 %) stated that custom escort of transit goods reduces transportation costs; deters importers from bringing in

smuggled, counterfeit and illegal goods. This was followed by 29 (36 %) who stated that it ensures that all necessities levies, duties and taxes are collected while 13 (16 %) stated that it deters importers from dumping goods.

4.8.5 Enhancement of Revenue Collection

The researcher sought to establish how custom escort enhances revenue collection. The findings are indicated in Table 27.

Table 27: Enhancement of Revenue Collection

Gender	Frequency	Percentage
Duration from point of entry to exit	46	57
Duration taken to note a diverted goods from gazetted transit route	20	25
Duration taken to redeem regional bond placed on custom goods	14	18
Total	80	100

From the study findings, the researcher established that custom escorts enhances revenue collection by improving the duration from point of entry to exit according to 46 (57 %) of the respondents. This was followed by 20 (25 %) who stated that it enhances duration taken to note a diverted goods from gazetted transit route. Additionally, 14 (18 %) of the respondents stated that it enhances the duration taken to redeem regional bond placed on custom goods.

4.9 Regression Analysis Results

The researcher performed regression analysis to establish the effects of seizure of goods, search of premises, border patrolling and custom escort of transit goods on revenue collection. First the suitability of regression as a form of analysis for the study was tested and

results indicated by regression Analysis of Variance (ANOVA) presented in Table 28. The combined effect of effect of seizure of goods, search of premises, border patrolling and custom escort of transit goods on revenue collection was presented in the regression model summary presented in Table 29. The individual effect of independent variable was presented in the table of coefficients, which is Table 30. Finally, the regression model was fixed.

Table 28: Regression ANOVA

	Sum of Squares	Df	Mean Square	F	Sig.
Regression	33.11	4	8.276	33.841	0.000
Residual	25.19	103	0.25		
Total	58.30	107			

a Dependent Variable: Revenue collection

b Predictors: (Constant), seizure of goods, search of premises, border patrolling and custom escort of transit goods

The p-value=0.000<0.05 as displayed in the Regression ANOVA, this implies that regression analysis at 5% levels of significance is applicable for the study. This was confirmed that the researcher could proceed conducting the regression analysis to test the effects of seizure of goods, search of premises, border patrolling and custom escort of transit goods on revenue collection.

Table 29: Regression Model Summary

Model	R	R Square	Adjusted R Square	Standard Error of the Estimate
1	.754a	0.568	0.551	0.49454

a Predictors: (Constant), seizure of goods, search of premises, border patrolling and custom escort of transit goods

b Dependent Variable: Revenue collection

According to R-Square value = 0.568 as presented in Table 4.9 above, the combined effect of effect of seizure of goods, search of premises, border patrolling and custom escort of transit

goods contributed a high extent of 56.8% of the dependent variable that is revenue collection with the rest proportion being explained by extraneous variables as well as the error term.

Table 30: Regression Coefficients

	Unstandardized Coefficients (B)	Std. Error	Standardized Coefficients (B)	T	p-value
(Constant)	0.190	0.369		0.514	0.609
Seizure of goods	0.107	0.078	0.105	1.368	0.043
Search of premises	0.194	0.092	0.17	2.099	0.038
Border patrolling	0.334	0.085	0.311	3.916	0.000
Custom escort	0.339	0.068	0.385	5.013	0.000

a Dependent Variable: Revenue collection

The regression coefficients as displayed in Table 4.10 above were used to construct the regression model below. From the model, the constant value was found to be $\beta_0 = 0.19$.

$$\text{Revenue collection} = 0.19 + 0.107\text{Seizure of goods} + 0.194 \text{ Search of premises} + 0.334 \text{ Border patrolling} + 0.339 \text{ Custom escort}$$

The relationship between seizure of goods and revenue collection recorded a coefficient of regression $\beta_1=0.107$, $p\text{-value}=0.043<0.05$. This implies that seizure of goods have a positive effect on revenue collection that is significant at 5% levels of significance.

As for the relationship between search of premises and revenue collection, the study yielded a coefficient of regression $\beta_2=0.194$, $p\text{-value}=0.038<0.05$. This implies Search of premises have a positive effect on revenue collection that is significant at 5% levels of significance.

The test on the relationship between border patrolling and revenue collection, yielded a coefficient of regression $\beta_3=0.334$, $p\text{-value}=0.000<0.05$. This implies border patrolling have a positive effect on revenue collection that is significant at 5% levels of significance.

The test on the relationship between custom escort and revenue collection, yielded a coefficient of regression $\beta_4=0.339$, $p\text{-value}=0.000<0.05$. This implies custom escort have a positive effect on revenue collection that is significant at 5% levels of significance.

4.10 Interviews on KRA in Enforcing Compliance

The researcher conducted interviews in which the respondents were asked question with regards to the techniques used by KRA in enforcing compliance as well as effective revenue collection. The researcher sought to establish KRA strike a balance between facilitating the international trade and protecting the consumers. The custom officers indicted that they scan good at the port for verifications, searching the warehouses among other premises, installation of electronic devices for tracking cargo as well as patrolling along the borders and points of entry to prevent the influx of uncustomed goods into the country.

The researcher further sought to establish how illicit goods affect the economy and the society through smuggling, loss of revenues, penetration of counterfeits, harmful goods. The respondents stated that there are lower quality products that are harmful to the consumers as well as to the environment. They also negatively affect the market for local products as well as loss of revenue due to tax evasion.

The respondents stated that seizures of good improve revenue collections since the uncustomed good once seized are auctioned therefore generating resources. The penalties and fines charged to the perpetrators also contribute to the collected revenue. The respondents also pointed out that border patrolling improves revenue collection as it prevents the entry of uncustomed goods as well as dumping of substandard products into the market. This encourages the growth of local industries that in turn improves the economy. The penalties charged to offenders also increase the revenue. Custom escort and search for premises were also found to be effective techniques that enhance revenue collection. They ensure that necessary levies, duties and taxes are fully paid for goods to customed locally.

However, the respondents stated that customs reinforcement strategies could be strengthened by sensitizing the tax payers on the importance of tax compliance. They suggested that there is need for actions to be taken against the offenders through the court of law so as to ensure compliance as well as recovery of revenue for the evaded taxes. The respondents suggested that it is necessary for KRA to ensure that revenue collection procedures are well structured and aligned in accordance to tax policies. They also highlighted that the revenue collection procedures should be streamlined to avoid bureaucracies that pose as barriers to revenue collection. The custom officers also stated that they would wish that they are trained further to build their capacity on the way they operate in collecting the revenue.

The findings of this study are consistent with the established theory and the existing literature on customs. Kenya is at a point where local fundraising plays a key role in supporting the development projects and paying the country's debts. This is only possible if all the government agencies collaborate in ensuring that maximum domestic taxes and customs duty are collected. This is at the heart of the central tenets of the theory of public expenditure (Town, 2010). The KRA stands at a unique position to see to it that as the autonomous state paradigm proposes, its powers are used to maximize revenue collection for the development of the country (Cheeseman& Griffiths, 2005).

CHAPTER FIVE

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

This chapter summarizes the entire study in terms of how it was conceptualized and implemented. The chapter also draws conclusions based on the findings of the study. Lastly, recommendations are suggested.

5.2 Summary of the study

The aim of this study was to establish the effectiveness of KRAs techniques to enforce customs on the collection of revenues. More specifically, the study sought to determine the effect of border patrolling on revenue collection; investigate the effect of search of premises on revenue collection; assess the effect of seizures of goods on revenue collection; and assess the effect of escort of goods on revenue collection. In order to achieve these objectives, both qualitative and quantitative approaches to data collection were adopted. Quantitative data was collected from shipping and clearing agents; while qualitative data was collected from customs officers and importers of goods. Different methods of analysis were applied on different types of the collected data. For the quantitative data, descriptive and inferential analysis methods were used to compute frequencies and predict the dependent variable.

The quantitative component of the study established that border patrols, seizures of goods and the custom escort of goods and were the most effective techniques for influencing increased revenue collection. Searches of premises were not found to be an important predictor of increase in revenue collection. From the qualitative component of the study, it was established that indeed, the customs enforcement techniques adopted by the KRA are effective in facilitating revenue collection. However, the customs officers who were interviewed suggested the need to expand the human resources assigned to enforcement so

that there are no leakages. The importers' interviews revealed that their main goal is to maximize profits, hence they see the stringent customs enforcement as an obstacle to their business. Specifically, they accused the clearing and forwarding systems in Kenya of inefficiency and lack of transparency, in some cases.

5.3 Conclusions of the study

The researcher formulated the following set of research hypotheses from the study objectives so as to facilitate conclusion. The researcher used multiple regression analysis to test the validity of the hypotheses. The hypotheses were;

H₀₁: There is no significant effect of seizures of goods on collection of revenues.

H_{a1}: There is no significant effect of seizures of goods on collection of revenues.

H₀₂: There is no significant effect of search of premises on collection of revenues.

H_{a2}: There is a significant effect of search of premises on collection of revenues.

H₀₃: There is no significant effect of border patrolling on collection of revenues.

H_{a3}: There is a significant effect of border patrolling on collection of revenues.

H₀₄: There is no significant effect of custom escorton collection of revenues.

H_{a4}: There is no significant effect of custom escorton collection of revenues.

The study findings yielded a coefficient of regression $\beta_1=0.107$, $p\text{-value}=0.043<0.05$. This informed the rejection of the null hypothesis 'There is no significant effect of seizures of goods on collection of revenues'. Therefore the researcher accepted the alternative hypothesis 'There is a significant effect of seizures of goods on collection of revenues'. This s implies

that seizure of goods have a positive effect on revenue collection that is significant at 5% levels of significance.

As for the relationship between search of premises and revenue collection, the study yielded a coefficient of regression $\beta_2=0.194$, $p\text{-value}=0.038<0.05$. This informed the rejection of the null hypothesis 'There is no significant effect of search of premises on collection of revenues'. Therefore the researcher accepted the alternative hypothesis 'There is a significant effect of search of premises on collection of revenues'. This implies search of premises have a positive effect on revenue collection that is significant at 5% levels of significance.

The test on the relationship between border patrolling and revenue collection, yielded a coefficient of regression $\beta_3=0.334$, $p\text{-value}=0.000<0.05$. This informed the rejection of the null hypothesis 'There is no significant effect of border patrolling on collection of revenues'. Therefore the researcher accepted the alternative hypothesis 'There is a significant effect of border patrolling on collection of revenues'. This implies border patrolling have a positive effect on revenue collection that is significant at 5% levels of significance.

The test on the relationship between custom escort and revenue collection, yielded a coefficient of regression $\beta_4=0.339$, $p\text{-value}=0.000<0.05$. This informed the rejection of the null hypothesis 'There is no significant effect of custom escort on collection of revenues'. Therefore the researcher accepted the alternative hypothesis 'There is a significant effect of custom escort on collection of revenues'. This implies custom escort have a positive effect on revenue collection that is significant at 5% levels of significance.

5.4 Recommendations of the study

Based on the findings of the study, the following recommendations are made:

- i. It was apparent that border patrolling was the most effective customs enforcement technique, followed by customs escort of transit goods. It is therefore suggested that

more resources are allocated to the teams enforcing these techniques so that more revenue can be collected.

- ii. It was also found out that searches of premises did not have a statistically significant impact on revenue collection. It is therefore suggested that only limited financial resources should be allocated to such operations. Nevertheless, the operations on searches of premises should not be completely stopped because as the qualitative results showed, the search of premises in the glare of media has a deterring effect to those importers who bring in contraband goods.
- iii. The findings of the study established that seizures of goods, from the perspective of clearing and shipping agents, was an effective way of increasing revenue collection. It is therefore suggested that airport surveillance systems are strengthened to confiscate all illegal goods as well as legal goods that do not follow the required procedures and laws.
- iv. The sentiments from customs officials established that despite the relative success that the authority has achieved in the last few years, a lot still needs to be done. It is recommended that the following are implemented: the employment of more personnel, expansion of the investment in the information systems, and the strengthening of the partnerships with the international agencies such as the Interpol and the World Customs Union.
- v. The findings from the interview with the importers reveals the need to make the clearing and forwarding processes more efficient and transparent. Although the clearing and forwarding agents are capable of facilitating increased revenue collection for the Authority, there are also lots of wastage that need to be addressed.

5.5 Suggestion for Further Study

Since the growth of a country, especially developing countries for instance Kenya, highly depends on the Small and Medium Enterprises (SMEs), the researcher suggests that a study should be conducted to establish their knowledge, attitudes and practices in their compliance to the revenue collection and how it affects their businesses.

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APPENDIX 1: QUESTIONNAIRE

Questionnaire on the Effects of Customs Enforcement Techniques on Revenue

Collection by the Kenya Revenue Authority

Instructions

This questionnaire is designed to collect information on the effects of customs enforcement techniques on revenue collection by Kenya Revenue Authority. The data obtained will only be used for academic purposes and will be treated with great confidentiality. You are requested to fill and complete this questionnaire as honestly and objectively as possible. Kindly tick the appropriate box and also fill the blank spaces provided in the questions where elaborate answers are required. You can also use the space at the back of the questionnaire if you require more space.

Section 1: Demographic and general information

Q1. Gender	[1] Male <input type="checkbox"/>
	[2] Female <input type="checkbox"/>
Q2. Age	[1] 18-24 <input type="checkbox"/>
	[2] 25-34 <input type="checkbox"/>
	[3] 35-44 <input type="checkbox"/>
	[4] 45-54 <input type="checkbox"/>
	[5] 55-64 <input type="checkbox"/>
	[6] 65+ <input type="checkbox"/>
Q3. Marital status	[1] Single <input type="checkbox"/>
	[2] Married <input type="checkbox"/>
	[3] Divorced <input type="checkbox"/>
	[4] Widowed <input type="checkbox"/>
Q4. Education level	[1] Primary <input type="checkbox"/>
	[2] Secondary <input type="checkbox"/>
	[3] College <input type="checkbox"/>
	[4] University <input type="checkbox"/>
Q5. Occupation	[1] Clearing and forwarding agent <input type="checkbox"/>
	[2] Shipping agent <input type="checkbox"/>
Q6. Position	[1] Entry level <input type="checkbox"/>
	[2] Middle level <input type="checkbox"/>
	[3] Senior management <input type="checkbox"/>
Q7. No. of years since joining the company	[1] 0-3 <input type="checkbox"/>
	[2] 4-6 <input type="checkbox"/>
	[3] 7+ <input type="checkbox"/>

Section 2: Seizure of goods

Q8. Are you aware of uncustomed goods?	[1] Yes <input type="checkbox"/>
	[2] No <input type="checkbox"/>
Q9. Why are imported goods seized?	[1] Making false declarations and providing false documents <input type="checkbox"/>
	[2] Misleading an Officer in the carrying out of his/her duties <input type="checkbox"/>
	[3] Failure to comply with the laws <input type="checkbox"/>
	[4] Smuggling <input type="checkbox"/>
Q10. Do seizures of goods improve revenue collection?	[1] Yes <input type="checkbox"/>
	[2] No <input type="checkbox"/>
Q11. How do effective seizures of goods improve revenue collection?	[1] Prevents revenue loss through enhancing payment of duties and import taxes which directly boosts revenue collection <input type="checkbox"/>
	[2] Deters the sale of smuggled, counterfeit and illegal goods in the country which indirectly boosts revenue collection <input type="checkbox"/>
	[3] Reduces chances of dumping which indirectly boosts revenue collection <input type="checkbox"/>

Section 3: Border patrolling

Q12. Are you aware that the KRA carries out border patrolling?	[1] Yes <input type="checkbox"/>
	[2] No <input type="checkbox"/>
Q13. Does border patrolling improve revenue collection?	[1] Yes <input type="checkbox"/>
	[2] No <input type="checkbox"/>
Q14. Do you think that the current border patrol technique is effective?	[1] Yes <input type="checkbox"/>
	[2] No <input type="checkbox"/>
Q15. How does effective border patrolling improve revenue collection?	[1] Prevents revenue loss through enhancing payment of duties and import taxes which directly boosts revenue collection <input type="checkbox"/>
	[2] Deters the sale of smuggled, counterfeit and illegal goods in the country which indirectly boosts revenue collection <input type="checkbox"/>
	[3] Reduces chances of dumping which indirectly boosts revenue collection <input type="checkbox"/>

Section 4: Custom escort of transit goods

Q16. Is KRA's cargo monitoring effective?	[1] Yes <input type="checkbox"/>
	[2] No <input type="checkbox"/>
Q17. Does custom escort of transit goods improve revenue collection?	[1] Yes <input type="checkbox"/>
	[2] No <input type="checkbox"/>
Q18. How does effective custom escort of transit goods improve revenue collection?	[1] Reduces transportation costs; deters importers from bringing in smuggled, counterfeit and illegal goods <input type="checkbox"/>
	[2] Deters importers from dumping goods <input type="checkbox"/>
	[3] Ensures all necessities levies, duties and taxes are collected <input type="checkbox"/>
Q19. Which factor(s) are most important in enhancing revenue collection?	[1] Duration from point of entry to exit <input type="checkbox"/>
	[2] Duration taken to note a diverted goods from gazetted transit route <input type="checkbox"/>
	[3] Duration taken to redeem regional bond placed on custom goods <input type="checkbox"/>

Section 5: Search of premises

Q20. Do searchers of premises improve revenue collection?	[1] Yes <input type="checkbox"/>
	[2] No <input type="checkbox"/>
Q21. How do effective searches of premises improve revenue collection?	[1] Leads to increased compliance <input type="checkbox"/>
	[2] Deters importers from bringing in smuggled, counterfeit and illegal goods <input type="checkbox"/>
	[3] Deters importers from dumping goods <input type="checkbox"/>
	[4] Boosts revenue collection through fines <input type="checkbox"/>
Q22. Do you think impromptu searches deter importers from bringing contrabands?	[1] Yes <input type="checkbox"/>
	[2] No <input type="checkbox"/>
Q23. Overall, which among the following is the truest statement about KRA's Customs enforcement techniques in relation to revenue collection?	[1] They lead to increased compliance by deterring illegal imports <input type="checkbox"/>
	[2] They lead to reduction of counterfeits and contraband goods <input type="checkbox"/>
	[3] They discourage smuggling and dumping <input type="checkbox"/>
	[4] They protect the society against unscrupulous international business owners <input type="checkbox"/>

Thank you for your time and cooperation

APPENDIX 2: INTERVIEW GUIDES

Customs officers

- 1) How does the Authority strike a balance between facilitating the international trade and protecting the consumers?
- 2) How do illicit goods affect the economy and the society? (probe – smuggling, loss of revenues, penetration of counterfeits, harmful goods)
- 3) Do seizures of goods improve revenue collection? How?
- 4) Does border patrolling improve revenue collection? How?
- 5) Does custom escort of transit goods improve revenue collection? How?
- 6) Do searches of premises improve revenue collection? How?
- 7) How can customs reinforcement strategies be strengthened? What future plans are there?

Importers

- 1) Are you aware of uncustomed goods?
- 2) What are your business goals in relation to the society? Do you view responsibilities towards the society as your role or the role of the government? How do you relate with the government on this front?
- 3) Have customs officers ever seized your goods? Why or why not? How about search of premises? Explain. Has your cargo ever been under customs escort? How was the experience and what can be improved?
- 4) What is your experience/opinion towards clearing and forwarding processes in Kenya?
- 5) What costs/payments do you have to make for your goods from the point of entry until your business premises? Have these costs increased in the recent past? (say in the past 3 years)?

APPENDIX 3: RANDOM SAMPLE OF CLEARING AGENTS

Random No.	Name of Clearing Agent
168	COMFY LOGISTICS LTD
460	LOW SEA INTERNATIONAL AGENCIES LIMITED
62	APPLE LOGISTICS LIMITED
697	SILVER SILICON LIMITED
274	FOCUS INITIATIVE IMPORT AND EXPORT CO. LTD
147	CARGOMANIA LTD
554	OCEAN STAR GENERAL AGENTS LTD
570	P.N MASHRU LTD
623	REALTIME LOGISTICS LIMITED
624	RED ANCHOR FREIGHT FORWARDERS LTD
772	THAM EXPRESS LIMITED
306	GIFCO (K) LIMITED
132	CAMMOSUH LOGISTICS LIMITED
547	NEW WIDE GARMENTS
410	KENMONT LOGISTICS LIMITED
732	SPEAR LOGISTICS
365	INTRASPEED ARCPRO KENYA LTD
342	HYGIENE AFRICA LIMITED
838	VISAN FREIGHT AGENCIES
302	GENERAL MOTORS EAST AFRICA LIMITED
79	BATA SHOE COMPANY KENYA LTD
671	SEABASE SOLUTIONS LTD
421	KEVIAN KENYA LIMITED
282	FREIGHT IN TIME LTD
82	BEACON MOVERS KENYA LIMITED
799	TURNER FREIGHTERS LIMITED
506	MILLEAGE ENTERPRISES LIMITED
43	ALL SCOPE LOGISTICS LIMITED
139	CARGILL KENYA LIMITED
808	UNICK COMPANY LIMITED
857	WORLD CLASS ENTERPRISES COMPANY LTD
765	TANDEM FREIGHT SERVICES LTD
277	FRA ALEX TOP FREIGHTERS
428	KINGS CARGO AGENCIES LTD
484	MARK RIECH (A) LTD
459	LONGROAD LOGISTICS (K) LTD
566	ONETOUCH LOGISTICS LTD
591	PIONEER FREIGHT FORWARDERS LTD

35	ALCORDIA LOGISTICS LIMITED
186	DALSAN FREIGHTERS LIMITED
802	UFANISI FREIGHTERS(K) LTD
388	JORDAN FREIGHTERS LTD
737	STARWAY INTERNATIONAL FREIGHT & FORWARDERS
203	DELTA EXPRESS
290	FRESH GLOBAL LOGISTICS LIMITED
588	PHILSAM AGENCIES LTD
68	ASK CARGO LTD
494	MENHIR LIMITED
106	BLUE OCEAN (E.A) CO.LTD
232	ECHKEN AGENCIES LIMITED
318	GOLDFIELDS LOGISTICS LTD
301	GENERAL FREIGHTERS LIMITED
829	VEROM CLEARING & FORWARDING COMPANY LTD.
76	BAKRIZ HOLDINGS LTD
503	MIG FORWARDERS LIMITED
400	KAMTIX CARGO LIMITED
617	RAPAT FREIGHT (K) LTD
266	FERIDA ENTERPRISES LIMITED
75	BAKRI INTERNATIONAL ENERGY CO. (K) LTD
495	MENTAP RESOURCE FREIGHT LTD
469	MAGNEX LIMITED
481	MARGIE AGENCIES (K) LTD
633	REPLAN CARGO HANDLING SERVICES LTD
605	PROMETECH LIMITED
817	UNITED CLEARING COMPANY LTD
530	MUSTAFA MOHAMED ISSA LIMITED
593	PLANFREIGHT LTD
576	PAN AFRICA LOGSITICS LTD

APPENDIX 4: RANDOM SAMPLE OF SHIPPING AGENTS

Random No.	Name of Shipping Agent
4	BIO FUELS LIMITED
6	CMA CGM KENYA LIMITED
44	WEC LINES (K) LTD
3	AMERICA GLOBAL MARINE & TRADING COMPANY LTD
45	WEC LINES LTD BV
22	LOGISTICS EXPEDITORS LTD
42	STURROCK SHIPPING (K) LTD
38	SOUTHERN ENGINEERING CO LTD
25	OCEANFREIGHT EA LTD
40	SPEARS SHIPPING AGENCY (K) LTD
23	MAERSK KENYA LIMITED
10	EXPRESS SHIPPING & LOGISTICS (EA) LTD
37	SOSCO FISHING INDUSTRIES LIMITED
12	GREAT CIRCLE LINE KENYA LIMITED
9	EMIRATES SHIPPING AGENCIES KENYA LTD
47	WILHELMSSEN SHIPS SERVICE LTD
36	SOCOPAO (KENYA) LTD
27	RAIS SHIPPING SERVICES KENYA LIMITED
19	INTERNATIONAL SHIPPING AGENCY LIMITED
21	KUSI SHIPPING SERVICES LTD
34	SIMA MARINE LIMITED
43	STURROCK SHIPPING (KENYA) LIMITED
41	STORM SHIPPING AGENCY LIMITED
26	PIL (KENYA) LIMITED
8	EAST AFRICAN COMMERCIAL & SHIPPING CO LTD
17	I.MESSINA (K) LTD
32	SHARAF SHIPPING AGENCY (K) LTD
20	KENYA NATIONAL SHIPPING LINE LTD
1	ACCESS SHIPPING AGENCY LIMITED
24	MERLION SHIPPING LIMITED
30	SEATRADE AGENCIES LTD
46	WILHELMSSEN SHIPS SERVICE LIMITED
35	SMAT SHIPPING SERVICES LIMITED
49	ZAMZAM SHIPPING AGENCY LTD
18	INCHCAPE SHIPPING SERVICES K LTD
31	SEVEN SEAS SHIPPING AGENCIES (K) LTD
48	ZAM ZAM SHIPPING LIMITED
39	SPANFREIGHT SHIPPING LTD
16	HARBOUR AGENCY LIMITED
5	BOLLORE AFRICA LOGISTICS KENYA LIMITED