EFFECTS OF CUSTOMS CLEARANCE PROCEDURES ON BUSINESS PERFORMANCE OF CLEARING AND FORWARDING AGENTS IN NAIROBI, KENYA

KEVIN NJUE NGARI

A RESEARCH PROJECT SUBMITTED TO THE DEPARTMENT OF ECONOMICS, ACCOUNTING AND FINANCE, SCHOOL OF BUSINESS IN PARTIAL FULFILMENT OF THE REQUIREMENT FOR THE AWARD OF A POST GRADUATE DIPLOMA CUSTOMS ADMINISTRATION OF JOMO KENYATTA UNIVERSITY OF AGRICULTURE AND TECHNOLOGY

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DECLARATION

This research project is my original work and has not been presented in any other University.

Signature: …… Date: ……

KEVIN NJUE NGARI

REG NO: HDB335-C016/0326

This research project has been submitted for examination with my approval as the University Supervisor.

Signature: …… Date: ……

OMINDE OWUOR

KENYA SCHOOL OF REVENUE ADMINISTRATION

DEDICATION

This research project is dedicated to my parents Mr. and Mrs. Wilson Ngari who taught me important life values and for investing in my education. Most importantly, they made me learn that life will never be a straight line, we must work hard every day and strive to remain positive in all circumstances and that when I fall, I should not remain down but wipe off the dust and soldier on. Your inspiration is greatly treasured. I also dedicate this work to my brothers, Dennis and Morris Ngari classmates, readers, future researchers and students in the field of customs, business, and finance. May the Almighty God continue to bless you all abundantly.

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ABBREVIATIONS AND ACRONYMS

CU	Customs Union
C&F	Clearing and Forwarding Agent
DPC	Document Processing Centre
ICDN	Inland Container Depot Nairobi
ICT	Information and Communications Technology
IDF	Import Declaration Form
IMF	International Monetary Fund
EAC	East African Community
EACCMA	East African Community Customs Management Act
EU	European Union
GOK	Government of Kenya
KIFWA	Kenya International Freight and Warehousing Association
KRA	Kenya Revenue Authority
KPA	Kenya Ports Authority
NPA	Nigeria Ports Authority
RKC	Revised Kyoto Convention
TEU	Twenty-Foot Equivalent Units
UNECE	United Nations Economic Commission for Europe
WTO	World Trade Organization

DEFINITION OF TERMS

Business Performance: Involves the tangible yield of a firm as quantified against its intended outputs. Embraces (a) monetary performance (profits, etc.); (b) marketplace performance and (c) returns on investment (Richard et al, 2013)

Customs Declaration: Corresponding to Specific Annex A.1 of the Revised Kyoto Convention, the customs declaration means material presented (by the transporter or agent) prior to, or on entry or exit, of a means of carriage for commercial use which provides the particulars required by customs concerning customs brought to or removed from the customs territory. (UNECE, 2018)

Customs Release: This Shipping term can be used for all methods of customs handling when the Contracting Shipper hands the goods or the container over to the agent/ owner of goods by delivering them on a means of transport to a place appointed by the owner away from the port of destination. (Fegley, 2014)

Customs Verification: Tallying/ confirming that the number or measure of goods to be transported or collected is that described in shipping documents such as the bill of lading (Kisingu, 2017)

ABSTRACT

The international business society has been expanding financing in ventures that encourage trade simplification, expansion of logistics in the emerging economies, and incorporating seaports. In Africa, a key incentive for such projects has been a belief that poor infrastructure and ineffective border control agencies are the major causes of protracted delays in sub-Saharan Africa ports. In Kenya, as in many other nations, Customs is in the frontline of the various agencies that mediate in international trade in goods. Customs procedures in Kenya suffered from manual operations, arbitrary decisions, corruption, and delays in clearance. Lack of standardization policy for the customs procedures has led to Customs taking weeks to be cleared from customs making it inefficient. Therefore, there is a need to establish the effect that customs clearance procedures have on the business performance of clearing and forwarding firms in Nairobi, Kenya. The general objective of the research was to identify the challenges of customs clearance procedures on business performance of selected clearing and forwarding firms in Nairobi. The specific objectives were to establish the effects of customs declaration, customs verification, and customs release on business performance of clearing and forwarding firms in Nairobi, Kenya. The study used a descriptive survey research design. The target population involved 350 clearing and forwarding firms based in the industrial area of Nairobi, Kenya. The sample size consisted of 30% of the target population representing 105 firms. Primary data was collected and spawned for the project at hand. The questionnaires were administered by dropping and picking later method. Quantitative data collected was evaluated using regression analysis, and the study revealed that Customs procedures have an adequate impact on business performance of clearing and forwarding agents. Inadequate scanners for verification, insufficient verification staff who can hardly verify 20 containers daily, SIMBA system downtime affecting declaration, and manual processes for Customs release were found to reduce clearance time. In areas that need improvement, most respondents cited installation of more scanners, smart gates technology and improving SIMBA system in order to reduce downtime. The study concludes that the process of declaration enhance the performance of clearing and forwarding agents to an Adequate level. On the other hand, Customs verification and release were found to improved performance to a large extent. The findings further discovered that Customs verification and release was significantly linked to performance. However, Customs declaration was insignificantly related to performance. The coefficient of determination was 55.2% implying that it was appropriate for the data, the overall regression model was statistically significant since its p-value was less than 5%, (0.000). The study recommends the need to adopt pre-lodgment of documents to reduce delays in border clearance procedures. KRA should allocate more funds with a 100% absorption rate to invest in advanced customs verification and monitoring systems and hire more customs staff as this will prevent unnecessary delays and improve customs monitoring. KRA should also sponsor its employees with continuous training and skills enhancement programmes to improve their technical skills and knowledge. This will impact on employees' efficiency and effectiveness in the management of customs procedures.

CHAPTER ONE

INTRODUCTION

1.1 Background of Study

Clearing and forwarding agent refers to any institution or individual contracted in delivering any service, either indirectly or directly, connected with the clearing and forwarding operations of any manner. Accordingly, clearing and forwarding is the procedure of ensuring that customs/shipments imported or/and exported into a country are removed from respective harbors and airports by paying customs, excise or any other duties (Khan, 2013). According to Fegley (2014), a clearing and forwarding agent ordinarily assumes the ensuing activities: receipt of the commodities from the factories or sites of agents or the principal; warehousing these stocks; receipt of dispatch orders from the principal; arranging dispatch of cargos as per the instructions of the principal by engaging transportation on his own or through the authorized transporters of the principal and maintaining records of the receipt and dispatch of cargos and the stock available at the warehouse (Fegley, 2014).

According to the International Monetary Fund- IMF (2014), the transpiring accord is that commerce, if handled appropriately, could play a critical role in confronting a nation's challenges. Trade definitely plays a primary role in bringing about growth and fiscal development. One of the trepidations in international commerce is the period spent to clear cargos by fulfilling the customs laws and processes of the nation's jurisdiction, and the affiliated operation costs related to such processes. Shrinking the time involved for customs clearance responds to commerce conditions where the merchants need to plan for the movement of cargos across borderlines to meet just-in-time inventory systems and dense production schedules that require forward planning (Aamir, et al. 2013).

1.1.1 Customs Clearance Procedures in the Global Scene

According to IMF (2014), the international business group has been expanding investment in ventures that stimulate trade simplification and expand logistics in the emerging economies, including seaports. In developed countries courier providers, such as FedEx, handle a sizeable percentage of all customs entries (over 30 percent in their largest markets). Their abilities to provide their skills depends profoundly on efficient Customs systems and processes, for example, a guaranteed electronic lodgment system on delivery time for the parcel (UNECE, 2016). Trade powerhouses in England, Netherlands, Singapore or in emerging economies like Indonesia or Vietnam see seamless and workable logistics as an engine of growth and of integration with global value chains.

According to European Union – EU (2013), seaports perform a strategic function in the EU market and development, as virtually 76% of the exchange between the EU and the rest of the world is processed in ports. Thus, the magnitude of safeguarding efficiency in harbors is related to the ability of the EU to be competitive at the international level. Over 40% of intra-EU freight transport in terms of capacity is represented by Short Sea Shipping (SSS), which represents a way out to the overwhelmed land transport routes, with potential benefits for traffic, efficient transportation, cost-savings, and environmental protection. In the case of SSS, port efficacy is applicable, as docks costs account for a grander share of the total cost associated with the logistics sequence when equated to direct road transport. Ports also act as entryways for rail and inland waterway networks. Nonetheless, African harbors appear to lack the capacity to adjust efficiently to meet the evolving industry needs (EU, 2013).

According to (Tao, 2016) the Simplified Express Consignment Clearance System was foremost pioneered in Taiwan in 2001 to advance the efficacy and proficiency of customs clearance operations of air customs. This system, which is based on simplified declaration procedures, is expected to expedite the effective and efficient collection of levies and tolls

even with limited manpower. The Customs Administration has drawn attention to the system's efficiency, but its effectiveness is yet to be corroborated. Thus, this study comprehensively examines this system by adopting both bottoms-up and top-down approaches from operation and policy viewpoints. (UNCTAD, 2016).

1.1.2 Customs Clearance Procedures in Regional Perspective

In Africa, a key stimulus for these ventures has been a presumption that inefficient border control works and poor infrastructure are the major sources of protracted delays in our harbors (Nkote & Luwugge, 2016). Infrastructure disparities and high carriage expenses are critical factors hampering poverty reduction in Sub Saharan Africa and economic growth. Efficient, low-cost transportation systems are fundamentals for African states to become competitive in the global market (Hummels, 2015). According to McLinden (2015), customs departments in African countries carry out a physical examination of shipments after arrival for import valuation ascertaining description, goods according to relevant customs tariff and establishing that there are no under or over-invoicing cases of.

In Nigeria for instance, to improve the maritime sector and ports processes, the federal government introduced a port reform package in 1996. In reaction to this scheme, the port management authorities of Nigeria took immediate steps to restructure and simplify clearing processes through billing system automation, documents amalgamation, procedural changes for shipping and clearing of goods and assured berthing facility for vessels on arrival (no queue). The processes are somewhat streamlined compared to other emerging nations. (McLinden, 2015)

The importer or clearing agent takes trade documentation to Nigeria Ports Authority (NPA) for planning and confirming expected arrival date and the specifically allocated berth; then completes the bill of entry thereby listing it with the customs office. Cutting dwell times in harbors necessitates governments to work together with the private business community and

recognize that extensive ventures in infrastructure are not the panacea in reducing logistical delays (Raballand, & Refas, 2013).

1.1.3 Customs Clearance Procedures in the Kenyan Context

In Kenya, Customs is at the front position of the various agencies that mediate in international trade. Customs procedures in Kenya suffered from, arbitrary evaluations, manual processes, and delays in clearance. Regardless of the easing of customs processes in current times, Customs bureaucracies in Kenya were lengthy, inefficient, leading to the prolonging of the goods release. (Atieno, 2014) in a study of ICT and supply chain execution amongst logistics firms in Nairobi discussed that clearing and forwarding agents have endeavored to employ various ICT applications in their trade processes. Efficiency and consistency in the industry have been through diverse channels such as adoption of ICT solutions which have perceived advances in customs management systems, cargo trailing, and information sharing. However, most of the clearing and forwarding firms operate out of cyber café's and have no physical offices, run on briefcase offices and this could be credited to their unproductive and inefficient performance. This goes against the governing principle of maximum use of modern technology contained in the Revised Kyoto convention which is the outline aimed at contemporary and proficient customs procedures in the 21st century (Revised Kyoto Convention, 1999)

Kwalia (2013) in a study on the influence of embracing of customs electronic processes by clearing and forwarding agents in Nairobi used a descriptive survey design on 350 out of the 962 Nairobi based clearing and forwarding firms. The paper divulged that Customs electronic processes have a great influence on these firms. They have been compelled to have an IT system with internet connectivity. Customs clearance procedures were found to have drastically decreased the average lodgment time, as well as the clearance time and lodgment cost. The major challenges faced in adopting Customs electronic processes were found to be

the insufficiency of appropriate skills to support the system, as many Customs systems work together with Simba to facilitate clearance of cargo and border control, financial constraints, and unfriendliness of the system. (World Bank, 2015).

1.1.4 Customs Clearance Procedures

The role of clearing and forwarding firms in a nation's financial, administrative, communal and technological expansion endures being the emphasis of an intensive discussion between scholars and policymakers (Audretsch, 2017). According to (Grainger, 2008), barriers instigated by the prevailing business climate can typically be evaded and replicate a flawed established structure. Such barriers include financial systems access, an uncertain tax regime, as well as other impediments which particularly initiate in the early stages of emerging economies (Aidis 2015). The old-fashioned task of customs as a state establishment is characterized by duties such as tax collection on merchandises, enforcing export and import restrictions, and collection of trade data. Nevertheless, the obligations of the customs administration diverge from one republic to another (Wilson, 2017).

In emerging economies, import charges are largely accumulated as incomes for the country's budget whereas in the first world the main task of customs is economic protection and law enforcement. (Widdowson, 2017). Indeed, customs processes epitomize a crucial source of hurdles to economic advancement. There were about 824 licensed and registered customs clearing agents by 2015 and they will form the population of the study. Kenya International Warehousing and Freight Association (KIFWA) is the exclusive representative of all freight and forwarding companies in Kenya formed in 1996. The creation of KIFWA was due to the need to have one National body which is unified to speak for the welfares of all its members. Clearing and forwarding involve clearing customs from the port of Mombasa or containers freight stations to customers who are either within Kenya or East and central Africa

countries. Improving the Countries logistics and infrastructure to the level of middle-income countries could boost yearly growth by greater than three percentage (KIFWA, 2016).

Kenya is the main point of entry into East Africa, development of infrastructure is the main priority for the political and geo-economic agenda, and investments will have huge potential development impact (Ndonye, 2014). The special challenges that firms in this industry face are: information flow; increase in waste in the logistics chain; fleet management; logistics integration; pilferage/theft; demand forecasting; poor communication/poor customer support worldwide; operational inefficiencies; providing a link between all key stakeholders; increased cycle times; tracking an aggregated bulk consignment in a container (visibility between shipping customer and hauler); redundant processes; costly marketing; optimization of warehouse space and manual processes (Roger, 2013)

1.2 Statement of the Problem

In 2017, KRA's customs department through its customer care desk received 400 cases of complaints from importers and customs licensed clearing agents pertaining to the delays in the clearance of their containers (Wanyama, 2017). Despite the much-hyped Single Electronic Window System launched in 2014, it takes about seven days to clear a consignment from the port of Mombasa and at the inland depot in Nairobi whereas developed countries, like China, whose ports handle more customs utilize an effective single-window system that enables faster and cheaper customs clearance procedures in less than three days. (Trent & Roberts, 2009).

Mombasa port, the gateway to East Africa has an annual turnover of just 30million tonnes and it has a score of 4.5 on World Economic Forum ranking it 55 out of 137 countries. Port of Mombasa is ranked fifth in Africa after Namibia, Morocco, Egypt, and South Africa. An example of Cape town ports shows customs procedures and logistics being more computer-based and fewer people and unlike port of Mombasa and other ports in Kenya which are

paper-based. Since customs procedures in Kenya are not yet paperless like in South Africa, customs waits for documents leading to unnecessary delays. (World Bank, 2016).

At the inland container depot in Nairobi, clearing and forwarding agents lament that customs clearance is slow and tedious because of customs pile up from the Standard gauge railway which brings in more than 600 twenty-foot equivalent units (TEU) daily to the dry port. Also, there are only a handful of customs officers who can hardly verify 20 containers daily. Some 7,722 containers that have been verified are yet to be released by customs, some for as long as 21 days and above, with no regard to losses importers and clearing agents incur. Free storage time granted to clearing and forwarding agents has been reduced from nine to four days effected from May 1, 2018. This has added to the financial pain to importers as clearing and forwarding agents are forced to pass on the cost or share with importers. Clearing agents in Nairobi are unsure of how to guide their clients as it is unpredictable how long customs clearance will take at the dry port. (World Bank, 2017)

However, air customs coming through Jomo Kenyatta International Airport (JKIA) Nairobi is usually cleared in two days maximum. This lack of standardization of customs clearance procedures at the inland container depot, Nairobi dry port, and JKIA, is a gap worth investigating as it has led to inefficiencies, delays, financial pain and therefore this study, seeks to establish the effects that customs clearance processes have towards business performance of Nairobi, Kenya based clearing and forwarding agents.

1.3 Research Objectives

1.3.1 General Objective

The general objective of this research was to analyze the effects customs clearance procedures have towards business performance of clearing and forwarding agents in Nairobi, Kenya.

1.3.2 Specific Objectives

The specific objectives were:

i. To determine the effects of customs declaration procedures on business performance of clearing and forwarding agents in Nairobi, Kenya.

ii. To establish the effects of customs verification procedures on business performance of clearing and forwarding agents in Nairobi, Kenya.

iii. To establish the effects of customs release procedures on business performance of clearing and forwarding agents in Nairobi, Kenya.

1.4 Research Questions

The study was guided by the following research questions:

i. How does customs declaration procedures affect business performance of clearing and forwarding agents in Nairobi, Kenya?

ii. How does customs verification procedures affect the business performance of clearing and forwarding agents in Nairobi, Kenya?

iii. How does customs release procedures affect business performance of clearing and forwarding agents in Nairobi, Kenya?

1.5 Justification of the Study

It is hoped that the results of the research will benefit the various groups who are directly involved in customs clearance and customs management in the clearing and forwarding agents as well as other firms in Kenya. There is no more opportune time than now for this study given that the World Trade Organization estimates that international trade will rise by 3.5 % by the 2018 year end and this consequently will lead to rapid growth in international trade and customs volumes. This implies that clearing and forwarding agents, customs administrations in Kenya and other players need to upgrade capacity to handle the added volumes and ensure efficient and effective customs clearance procedures and facilitate trade while enforcing of controls to safeguard public safety and sustaining their business growth;

clearing and forwarding agents (WTO, 2018). The study is expected to benefit the following groups:

1.5.1 Clearing and forwarding agents: The findings of this research will enable organizations of the studied clearing and forwarding agents and other businesses to have systems in place to enhance customs clearance performance. This has the gains of realizing more progression, productivity and drawing more investments at speedy rates and reducing redundancies.

1.5.2 Policy Makers: The policymakers within the clearing and forwarding agents and related businesses will have confidence in the suggestions put forth to draw applicable policies for curbing and mitigating losses ensuing from wasteful customs clearance procedures. The National Government through its regulatory bodies has a clearer picture and situation of the necessary equipment to check frequencies of customs clearance procedure gaps. The findings of the study will also benefit the policymakers in government coming in the wake of boycott threats by clearing and forwarding services at the Mombasa port and Container Freight Stations (CFS) by C&F agents to push the government to recede the decision to transfer all clearing and forwarding services from Mombasa Port to Inland Container Depot in Nairobi. (KIFWA) has also vetoed the decision and called for wider consultations with the Government of Kenya on the matter to enhance effective customs clearance procedures which won't affect business performance of the clearing and forwarding agents. (KIFWA, 2018)

1.5.3 Scholars, Researchers, and Academicians: This study is intended for the generation of additional knowledge in the academic fields of customs clearance procedures and business

performance of clearing and forwarding agents. The gaps that will be identified will create room for further research in customs clearance procedures and organization performance.

1.6 Scope of the Study

The objective of this research was to explore the effects that customs clearance procedures have on the business performance of clearing and forwarding agents in Nairobi. The target population was the 350 registered clearing and forwarding firms in Nairobi derived from the Kenya Revenue Authority website and who are also registered KIFWA (Kenya International Freight and Warehousing Association) members. (KRA, 2018). The sample size was conducted among 105 sampled C & F agents in Nairobi, Kenya representing 30% of the total firms. Within the subject of customs clearance procedures and business performance of clearing and forwarding agents in Nairobi, Kenya.

CHAPTER TWO
LITERATURE REVIEW

2.1 Introduction

The Chapter contains the theories that ground this research and a discussion on customs clearance procedures and business performance. Both theoretical and empirical literature has been reviewed. Four theories in line with the four variables form the theoretical background of this study; Resource-based theory, Theory of constraints, queuing theory, and technology acceptance theory. These theories relate customs clearance procedures and firm performance**.** The conceptual framework, empirical review, critique, and sum-up of the literature review are also provided.

2.2 Theoretical Framework

According to Torraco (2013), the theory is a way of creating a sense of a disturbing situation; it is a generality about a phenomenon, an account of how or why something occurs. Theories represent tentative solutions to problems. A good research should be grounded in theory. The research intends to include a relevant theoretical framework to frame and inform, every aspect of the dissertation and therefore the research will use four theories as a guide for the study: Resource-based theory which is aligned to the independent variable of customs declaration, Theory of constraints aligned to the independent variable of customs verification, Theory of constraints aligned to the independent variable of customs release and Technology Acceptance Theory aligned to the dependent theory of business performance. These theories

are relevant in showing the importance of the research, the assumptions and the application of the study.

2.2.1 Resource-Based Theory

The resource-based theory is aligned to my first independent variable of customs declaration. The resource-based view theory stresses that firms should examine within the organization to find resources for the attainment of competitive advantage as a substitute of looking for a competitive advantage for the organization (Barney, 1991; Peteraf & Barney, 2003). Michael Porter (1985) identified two basic forms of competitive advantage; cost and differentiation advantage. Resources play a major role in assisting companies to achieve higher productivity and organizational performance. The first assumption of resource-based view is that talents, abilities and other resources that corporations possess are different across companies and if firms would have the same sum and blend of resources, they could not employ diverse strategies to stay competitive relative to each other. The second assumption of RBV is that resources are immobile and do not change from enterprise to enterprise, therefore, companies cannot imitate rival's resources and implement similar strategies in the short run.

The RBV also suggests that a firm's performance will be measured by its ability to provide high-quality products and services to its customers at the least possible cost. The success of a clearing and forwarding company is based on how well they manage their resources as they comply with the customs procedure of customs declaration. Clearing and forwarding agents must pledge a declaration as to the accuracy contained in the import declaration form, correct tariffs have been used, correct duties calculated and paid, ensure the entry for processing has no errors as provided in the customs laws as per provisions in the East Africa Customs Management Act 2004. If the clearing and forwarding agent breaches this, he commits an offense and any goods in respect of which such offense has been committed shall be liable to fine, forfeiture, or both. (Penrose, 2015).

2.2.2 The Theory of Constraints

The Theory of constraints will help us better understand the independent variable of customs verification. The theory of constraints (TOC) is a managing idea that has been successfully utilized to manufacturing practices and procedures to enhance organizational effectiveness. Three TOC paradigms that have evolved over the last twenty-five years: global performance measures, logistics, and thinking processes (Blackstone, 2013). More recently, Boyd and Gupta (2014) have referred to these three paradigms as decision making, performance measurement systems, and organizational mindset, respectively. The TOC ideologies and doctrines can be used to improve and put into action system changes, in a firm's strategic planning or individual behavioral change (Blackstone, 2013).

The use of the TOC thinking processes can be applied to services just as effectively as in manufacturing (Angst et al., 1996) Services demand a guiding management thinking that focuses on process improvement. It may be the TOC thinking ideologies and problem-solving techniques that provide the most benefit to services. As per customs laws, goods entered for home consumption, warehousing and /or transit may in the presence of the owner, be verified by the proper officer to take account and determination of the accuracy of the entry made. Also, where upon examination or verification of baggage required to be examined under subsection (3) of section 46 of East Africa Customs Management Act 2004, the customs official finds dutiable goods, the holder of such luggage shall be reckoned to have made a false declaration and commits an offense, and the uncustomed goods shall be subject to forfeiture. Therefore, considering limited resources such as customs personnel & sniffer dogs involved in baggage and customs examination and verification, to enhance and effectively ensure that customs verification is done in good form, customs administration in Kenya need to have a process improvement mindset and philosophy to guide them as ascribed by the theory of constraints.

2.2.3 Queuing Theory

The queuing theory helps us better understand the independent variable of customs release. The theory was developed by Wagner (2017), the queuing system comprises of more than one berths that provides services to incoming ships. Ships reached to find occupied berths join a queue (lines) in front of or near the berths, thus the name queuing systems. The queuing systems in seaports has the purpose of measuring performance such as average waiting time and queue length. The arbitrary characteristic of the queue system is specific in consideration of giving results which are averages long-term and measurement variance. This is to be distinguished with a simulation approach where the output represents the congestion or delay at the port. Adebayo et al. (2016) emphasized that many circumstances in our lives necessitate queueing before being served. Adebayo opines that queues occur when service capacity falls short of service demand.

Queuing theory is related to equipment distribution and workforce that influence clearing and forwarding. Considering fast service, customer satisfaction, staff allocation, and equipment use, suggestions based on this research will be specified to enhance service points, shorten queuing time and attract more customers. This is alongside other tenets of priority of the system such as arranging orderly queuing systems for clients and adoption of justice standards in the improvement of customer satisfaction. From the client's viewpoint, solving the queuing challenge is effective for enhancing customer service and costs savings. It can both supply better service at a low cost and increase customer loyalty to enhance competitiveness in the market.

2.2.4 Technology Acceptance Theory

Technology acceptance theory is aligned with our dependent variable of business performance. The theory was put forward by Davis in 1986 and it has proven to be the best hypothetical models in aiding explanation and prediction of user behavior of information

technology. According to Park (2009), technology acceptance theory uses two variables namely: supposed usefulness and supposed ease of use. Based on supposed usefulness, the theory focuses on the extent to which technology will lead to better performance while under supposed ease of use the theory focuses on the efforts required to operate the new technology. Lee (2007) cites the technology acceptance model as a very powerful model in technology applications.

In the field of customs management information technology have been applied due to the perceived benefits while some clearing and forwarding agents are yet to fully embrace technology. In Davis's study, two significant paradigms are identified; supposed usefulness and supposed ease of use. The supposed usefulness (SU) is defined as "the extent to which an entity supposes that using a particular system/technology would enhance his/her performance" (Davis, et al, 2012). The perceived ease of use (PEU) is defined as "the degree to which a person trusts that using a specific system would be devoid of mental and physical efforts". These insights forecasts outlooks toward the technology/system adoption. Then the mindset advances the intent to use and these intentions set off actual system usage.

2.3 Conceptual Framework

According to Mugenda and Mugenda (2013), a conceptual framework is a theorized model putting forward the concepts under study and their connections. The purpose of the conceptual framework is to show the readers the planned relationship between the variables in the study. In this research, the independent variables are the customs declaration (valuation and tariffs, payment), customs verification and customs release. The dependent variable is the performance of clearing and forwarding agents. These aspects form the under-noted diagram.

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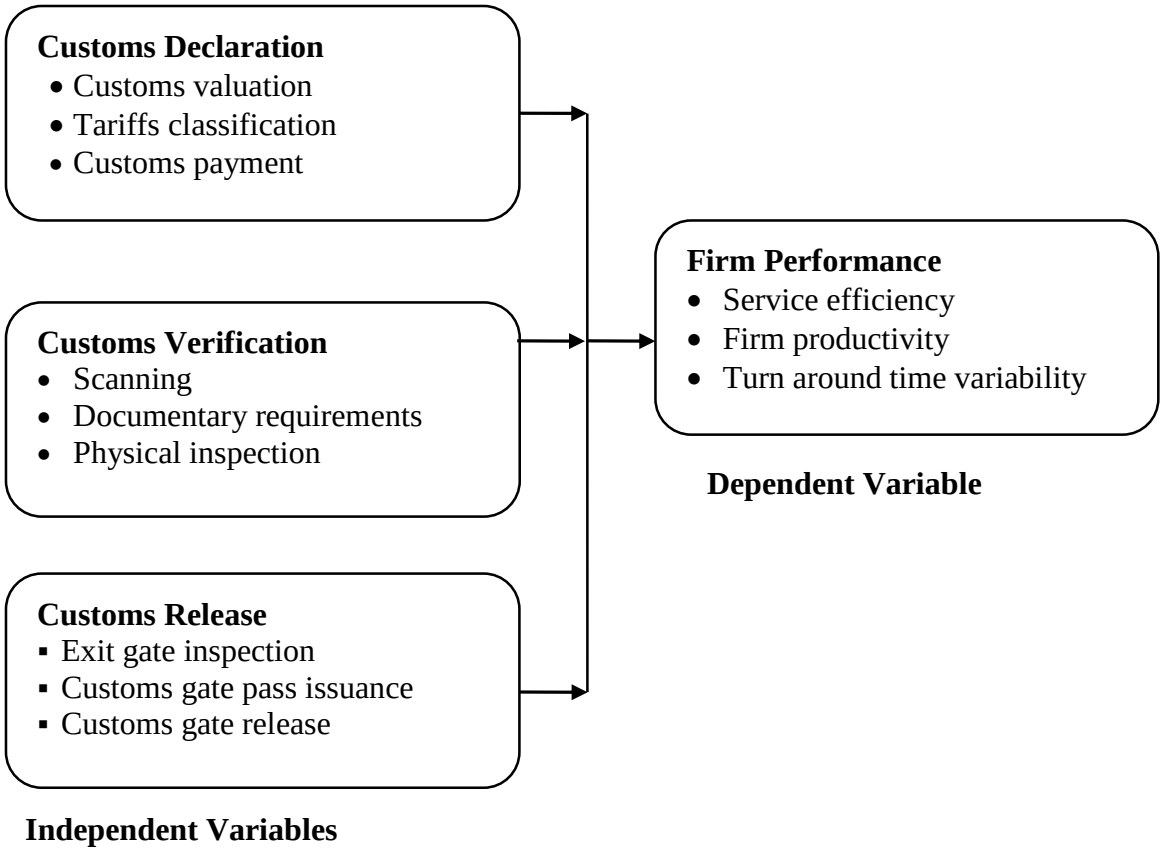

Figure 2.1: Conceptual Framework

2.3.1 Customs Declaration

This is the process through which a customs declaration form is generated for completion when transporting goods across international borders (Durgavich, 2009). The purpose of the declaration form is to control what imports enter the country. Many countries impose restrictions on imported goods. Travelers must declare everything they acquired abroad and pay customs duty tax on imports exceeding imposed quantity limits. Some goods are prohibited from transfer into or out of a country to protect the country's economy. In this study, a customs declaration is measured in terms of valuation, tariffs, and payments made to customs authorities.

Therefore, to ensure smooth flow of customs declaration, clearing agents making declarations should ensure that all documents are correct, there are no falsifications, concealments, no blank invoices or counterfeits or any false entries relating to drawbacks, rebates, remissions and/or refunds; As this will delay the customs clearance process and consequently constitute a customs offense and shall be liable on conviction to imprisonment for a jail term not exceeding three years or to a fine not exceeding ten thousand dollars as per section 203 of EACCMA,2004. (EACCMA, 2004)

2.3.2 Customs Verification

Customs verification is the process of inspection of customs to ensure loaded goods and equipment are delivered in accordance with compliance and government regulations (Hernandez & Taningco, 2013). Through the inspection clearance and forwarding, firms ensure that importers and their agents comply with all import requirements; the intervention program is operating effectively and information on emerging security risks, is captured. The aspects of verification considered in this study include customs security procedures, documentary requirements, and inspection staff training.

Customs verification is done by appointed customs officers, at assigned customs areas Customs verification process can be delayed or hampered where any internal container depot owner fails to maintain records, provide adequate labor for storing and packing these goods, or supply such office accommodation and measures, scales, weights , and other facilities, for examination and taking account of cargos and for securing them as the customs official may require. Failure to do so shall constitute a customs offense and owner of the internal container depot shall be liable to a fine not higher than one thousand dollars as per section 14 of East Africa Community Customs Management Act, 2004. (EACCMA, 2004)

2.3.3 Customs Release

Customs release is a process available only to users operational on entry summary in the specified port of release (Czinkota, 2012). Customs release processing is initiated on or after arrival depending on when the customs release data is added to the file and is certified. The aspects considered in this study include transaction processing, certification for customs release and customs release processing results.

Section 33 of (EACCMA, 2004) states that after goods have been duly reported, requisite duties paid and entered, the proper officer shall allow goods to be taken away from the Customs warehouse or any appointed Customs area and released to the owner and/or clearing agent. Smooth customs release requires that clearing agents have duly reported and entered goods correctly. Contravening of such or any other conditions which may have been given by, the proper officer commits an offense and any merchandises in respect of which such offense has been committed shall be liable to forfeiture. (EACCMA,2004)

2.3.4 Business Performance

Business performance denotes the tangible productivity or results of an enterprise as measured against its estimated objectives (Richard, 2009). It encompasses the productivity or outcomes of a business as assessed against its envisioned outputs (or goals and objectives).

Performance of Clearing and forwarding firms is measured in terms of service efficiency, firm productivity and time variability. Firm performance denotes the productivity or results of an enterprise as planned against its probable targets. As indicated by Richard (2017), business performance envelops three viewpoints: financial performance, that is, benefits, return on resources and quantifiable profit; item showcase performance and shareholder return which incorporates add up to shareholder return and financial esteem included. Business performance measures the yield of a specific procedure or methodology, then adjusting the procedure or strategy to build the yield, increment proficiency, or increment the adequacy of the procedure or system. (Giuri and Luzzi, 2013)

2.4 Empirical Review

Customs clearance of goods will always be speedily made through proper documentation. It is so insisted that having improper or incorrect documents may hinder or cause needless delays in customs clearance thus hampering trade facilitation. Importers and their agents are therefore advised to submit earliest possible to Customs the following documents for ease of processing: Packing list, Bill of Lading, Import declaration form (IDF), Proforma Invoice, Final Invoice, Airway bill or Consignment note, Import permits, and exemption documents (Payne & Frow, 2015). The way Customs functions can either thwart or simplify international trade thus advancing us to the view of trade facilitation (Kafeero, 2007). Wilson (2007) stated that documentation delay at Customs is still a major challenge despite the introduction of the online-based systems for cargos processing. Other major challenges include; direct dealings with customs employees, lack of transparency of procedures, manual paperwork with errors, many control entities with different policies, lack of synchronization among these trade facilitation agencies and unclear standards for the valuation of goods (Buyonge, 2007). These aforementioned nontariff barriers affect trade progression

eliminating gains brought about by automation of trade procedures thus reducing faster and secured trade.

According to Shah (2012), in his presentation 'Documentation and Role of Customs Interveners in Port Operations' There are diverse types of cargos that are handled at the Port of Mombasa i.e. home-use imports, exports, transshipment, and transit shipments. Each has different types of shipping forms and undergoes different clearance procedures. Clearing cargos across the various interveners involved in the process i.e. Kenya Bureau of Standards (KEBS), Port Health Authority (PHA), Anti-Counterfeit Agency (ACA), Kenya Ports Authority (KPA), Kenya Revenue Authority (KRA), Kenya Plant Health Inspectorate Services (KEPHIS), Dairy Board of Kenya, National Biosafety Authority (NBA), and Port Police plus forwarding them to their final destination is not only a difficult exercise but a lengthy one as well (Shah, 2012).

2.4.1 Customs Declaration

C&F agents provide clearance services to shippers, and they comprise most C&F agents. They process a considerable ration of customs declarations. According to Durgavich (2009), the customs clearance procedures, regulated by recipient country administrations, change over time and can be lengthy. Failure by importers to meet local customs clearance procedures or customs procedures that are themselves prone to breakdowns may cause long delivery delays, commodity shortages, and even stock-outs. The Bloomberg survey of 2014 indicates that the current ICT adoption rate in fleet management or transportation is 46% and most fleet management software has a narrow view of a bias towards efficient vehicle routing. A survey by Saddle Creek Corporation in 2011 revealed that the level of customer relationship management offered by 3PLs is relatively low and thus making implementation of supply chain strategies such as cross docking difficult.

Customs revenue increases because of increased commercial activity and because of improved quality of declarations, increased customs productivity and quality controls. Governance has been and is still a major hindrance in the clearing and forwarding sector, not only in Kenya but all over the world. It has manifested itself in the form of facilitation of payments offered by traders to accelerate customs clearance, declaration or receiving declarations that include under-invoiced and flawed classifications to lower amounts of taxes (Bhatnagar, 2011). The Asycuda system in Jordan has initiated transparency in the sector in the way operations were being conducted. In a working paper titled Role of Automation in Trade Facilitation dated 17th October 2005, systems have delivered an anti-fraud mechanism that facilitates reduction of in-person interaction between customs officials and merchants. Several nations have also reported that the electronic customs systems have helped in tackling customs fraud, trafficking, and valuation challenges (Burnes, 20010).

Kenya introduced its IT system, called SIMBA, in 2005. It permits internet-based submissions of customs declarations, and has elements for performing most modern customs processes, although not all have been applied (Arnold *et al.,* 2011). The reason why the system has reduced interaction between customs officials and C&F agents, importers, exporters and shipping agents is that entries are done from the agent's premises on Simba system (through the internet) and online processing is then carried out by customs officers on the system. It is no longer necessary to visit customs offices for processing of entries. Automation of clearance procedures has also enhanced communication through Simba system, that is, communication is done on the internet thus reducing staff interactions. The system allows clearing agents to make declarations from their offices, premises or even cyber cafes without having to make visits to the customs offices. Follow-ups can also be done online since there has been the introduction of customer care desks in the customs department thus minimal visits to customs offices (Arnold *et al.,* 2011).

2.4.2 Customs Verification

The merchandises arriving at ports are transported to CFS for loading and seal verification by Customs Officials (Chatty & Hamilton, 2013). This set up can be taken another step further with the implementation of an Authorized Supply Chain program. All participants in the supply chain everyone handling a consignment from shipment to arrival have verified security procedures in place and have been authorized by customs. Security and control would be extended to the supply chain in its entirety, using Uniform Consignment References (UCR) allowing the use of simplified reporting procedures. Due to the advent of Information technologies like GPS and RFID complete visibility in the cargo and container tracking is assured resulting in well-organized logistics and warehouse management (Bhagwat, 2009).

RFID-scanning machines are installed at the entrances and exits of customs warehouses automatically x-raying luggage, pallets, or personal belongings ingoing or outgoing the warehouse. The perceived benefits are actual information regarding current inventory levels, reduced labor expenses, systematized proof-of-delivery, eradicating physical stock inspection and real-time tracking of products (Davis, 2012). With the use of consistent risk management processes comes the possibility of developing a program of expedited processing and release for Authorized Economic Operators trade partners who meet specific requirements laid out by customs (these could include, for example, the electronic tiling of documentation in advance of shipment and a track record of full customs compliance).

Kasima (2014) reported that although Simba system was fully operational, there were frequent breakdowns on a weekly basis, leading to unprecedented delays. The airlines were also not lodging their manifests on time with customs, thus in some cases entries were not being lodged on time. Delays were still being experienced at the time of verification of goods. The officers posted at the various stations were not enough and were sometimes too busy to verify all shipments in time. Some of these problems being experienced should have

been addressed during the pilot phases. Despite the progress made a lot remains to be done and the government should put a considerate amount of funding in terms of purchasing of better and more equipment, and training of more customs officials for the system to be 100% effective (Rukus & Linden, 2015).

2.4.3 Customs Release

The actual handling of the customs in loading and discharging is done when a customs is cleared with the customs authorities. According to Czinkota (2012), customs gives "Out of Charge" and the caretaker makes available the merchandises from CFS by dispensing a Gate-Pass. The two central customs elements of dwell time of customs are valuation and examination of cargos. Application of an approved clients programme which visualizes guaranteed facilitation to traders who meet specified criteria in terms of the amount of taxes paid, the volume of imports and a clean compliance record. The criteria have been considered to assess the applicant's capacity and commitment for compliance with the laws and regulations and his past compliance record. Under this arrangement, customs will make available most of the approved clients' shipments without any interference, thus radically reducing clearance time and transaction costs. Their exports or imports will be subjected to a lesser degree of system generated random checks to observe their ongoing compliance and to retain an element of surprise (Czinkota, 2012).

According to Maersk Shipping Line report (2009), the releasing procedures for Import customs is based on the presentation of original bills of lading, duly signed container guarantee forms and payment of local charges. Import vessels should be cleared within a week from reefers and 2 weeks for dry vessels after being discharged or they are subject to a demurrage and detention tariff. Long and cumbersome documentation procedure coupled with uncoordinated and unharmonized activities by the institutions involved in

clearing/forwarding due to their emphasis on control aspect rather than facilitation of clearance.

In first world countries like Australia, Japan, Singapore, New Zealand, and Hong Kong, customs modernization is well developed, and these regions could be viewed as among the leading markets. There are also other developed countries like China and India, and some less developed countries like Laos and Bhutan, where customs competency needs a deal of enrichment. Such regional inconsistency delivers the potential for better trade facilitation through capacity building. Czinkota (2012) contended that logistics expenses account between 12 and 28 percent of the total landed costs of an international shipment. Multinationals must, therefore, strive to achieve cost reductions in their production and finance processes as well as ensuring customs plays a competitive role in enhancing their trade. The environment facing customs administrations in the next five years will, therefore, need to be dynamic and responsive.

2.4.4 Business Performance

Business performance is imperative in the determination of how organizations implement strategic change. As brought out by Barney (2012), the different dimensions of firm performance as mentioned above are considered by different organizations. Firm performance can be determined using monetary and non-monetary measures. Return on Investment, profit, and market value are some of the examples of financial measures of performance. Most firms only use financial measures to determine their performance. However, Kaplan (2010) explains that non-financial aspects like internal processes, growth and learning, on-time delivery, quality, employee satisfaction, and customer perspective are key in determining a firm's performance. One of the most common performance capacity tools is the Balanced Scorecard. It is based on four clear-cut perspectives which are designed to cover the activities of the entire firm internally and externally as well as current and future.

2.5 Critique of the Studies

Customs clearance denotes a duty or actions undertaken by customs officials. There are diverse responsibilities of customs in distinct jurisdictions, but the core function of customs is the protection of society against harmful products and people. Nkote and Luwugge (2013) focused on the relationship between computerization and customs management using empirical evidence from Uganda. Their study established a crucial facet and contended that unless this reorientation process is handled successfully, things will essentially remain the same. Their study, however, focused on different context. Customs has made efforts to streamline inter-agency procedures at the border with different parties. To ensure that facilitation measures such as customs declaration and verification are applied in an effective manner, it is necessary to review and update procedures associated with cross-agency co-operation and collaboration.

Datche and Kisingu (2017) in a research on factors affecting logistics service delivery at Kenya Ports Authority Mombasa summed up the business environment as being complex, dynamic, and multifaceted with far-reaching impact on customs declaration and verification. The old-fashioned approach to strategic management has had its emphasis on control, order, and predictability. However, the environment is proving to be more unpredictable, uncertain and non-linear. The environment can be summarized as characterized by ever-recurring changes and herein lies the challenge for business managers. Grainger (2013) noted that customs and trade facilitation execution of emerging economies is still regarded as poorly performing, fragile and vulnerable in terms of the design and implementation of state policies. This can impact the markets of these countries, which suffer from a lack of general continuity in the economic sector.

However, custom institutions involved in clearance trade use other beneficial customs procedures which offer obligation to pay customs duties on imports provided the goods are

not released into free circulation. These procedures form part of the trade facilitation measures introduced by the World Trade Organization (WTO) and the World Customs Organization (WCO) because of the pressure brought by businesses to abolish trade barriers in the interests of economic development. These show that there is a major gap regarding the effect of customs preclearance on business performance of clearing and forwarding agents in Kenya.

Srivastava (2006) examined India's logistics, clearing and forwarding and supply chain practices. The results showed that Indian decision-makers or managers are aware or educated on the need for integration and having partnerships among clearing and forwarding agents and customs administrations. This helps in coordinating the flow of goods from importers to customers. It also helps in sharing information among partners in the supply chain yet the infrastructure necessary to enable the seamless integration is not available. My proposal seeks to study Kenya's market as it's imperative that clearance procedures are efficient and effective to ensure that we develop competitive advantage globally and seemingly facilitate business performance of clearing and forwarding agents.

2.6 Summary of Literature Review

The concept of customs clearance procedures and how they affect business performance of clearing and forwarding firms has been discussed in detail both in the literature as well as from the empirical studies done on the subject area. It was evident that smooth, harmonious and seamless customs procedures can have a positive effect on a clearing and forwarding firms performance-both financial and non-financial measure and in the present-day competitive business environment, the efficiency of a clearing and forwarding company can be used as a competitive tool. This makes this study relatively important, due to its contribution to the literature review and to businesses done because it addresses the practical experiences by clearing and forwarding firms encounter in customs clearance.

This chapter gives a comprehensive literature in relation to the effect of customs clearance procedures on business performance of clearing and forwarding agents in depth with supporting theoretical framework to help in understanding the topic. The major areas covered include theoretical framework, general literature review, empirical literature review and the conceptual framework. The following section presents the research methodologies utilized in completing this research.

2.7 Research Gaps

Most of the authors have written articles on logistics service delivery and various performance indicators, but there is very little literature regarding the new emerging trends such as viewing the business process at the port in a holistic way. Wilson (2016) wrote the research on seaports productivity and an escalation of clearing and forwarding activity as well. The methodology which used by (Wilson, 2016) was via survey and secondary data, and individual interview results highlighted increasing port congestion further distressing clearing and forwarding business performance. Seaports are a critical and required component in facilitation of clearing and forwarding agents procedures. Yet, there is there is only inadequate data on port efficacy, inland container depots effectiveness in managing increased cargo volumes brought about by the new standard gauge railway , and the effects of clearance procedures at this facility in hampering or facilitating firm performance of Nairobi based clearing and forwarding agents. (Wilson, 2016) research showed that seaports efficiency had an impact on firm performance of Mombasa based clearing and forwarding agents thus this study seeks to investigate inland container depot clearance porcedures and effect on organizational performance of Nairobi based clearing and forwarding agents.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

The previous chapter discussed issues related to empirical studies which enabled this study to identify the knowledge gap. Highlighted are the methods and instruments of data collection and procedures that were administered in the field. This chapter describes the methods used to gather information on the area of the study. It discusses and describes the data collection instruments, data collection procedures, sampling, data gathering and analysis of the limitation of the method used.

3.2 Research Design

The research exploited use of descriptive survey study design to show the relationship between the variables. The descriptive study involved the design of the study objectives and construction of the data collection tools that will provide me with quantitative and qualitative data (Orodho, 2014). A descriptive research accommodated both qualitative and quantitative forms of research. This method was appropriate as the research utilized a questionnaire and large amounts of data were collected. The descriptive design was chosen because it enabled me to generalize the results to a larger populace. Additionally, this plan enabled I to describe the features of the populace being studied as they occur presently hence minimizing research biases and maximizing the reliability of the results collected.

3.3 Target Population

Cooper et.al (2013) states that this is the total collection of elements about which we make some inference. The target population comprised the clearing and forwarding agents in Nairobi. According to KRA (2017), there are 350 clearing and forwarding agents based in Nairobi who are members of KIFWA (Kenya International Freight and Warehousing Association).

3.4 Sample and Sampling Technique

The research selected 105 clearing and forwarding agents (representing 30% of the clearing and forwarding agents in Nairobi) in investigating the effects of customs clearance procedures on business performance of clearing and forwarding agents in Nairobi Kenya. Mugenda (2013) posits that at least 30% sample of the population should be considered as the generally accepted method of selecting sample sizes in descriptive surveys.

3.5 Data Collection Instrument

This is used in studies to indicate a means that stipulates and symbolizes the data gathering method. Instruments are ordinarily printed and provided directly to the subject to give data. This study utilized a research questionnaire as its main data collection tool. Questionnaires are a sequence of typed inquiries on a subject about which the contributor's views are required. The main intention is to convey to the respondents what is anticipated and to draw preferred reactions to accomplish the research aims. The questionnaires had open-ended and closed-ended questions all briefly itemized and well-focused in recognition of the busy timetable of the respondents.

3.6 Data Collection Procedure

The information collected for the research was primary data. Data collection procedure was via a questionnaire through drop-and-pick as this was a cost-effective way of collecting the data within the funds and period limitations. The design of the questionnaire incorporated structured and semi-structured queries as this provided the flexibility for exact and unique responses to some of the queries. The questionnaires were administered by dropping and picking later after a week.

3.7 Pilot Testing

Pilot testing is a measure of the dependent variable among themes. Its rationale is to confirm that elements in the questionnaire are stated unambiguously and have the similar sense to all

participants (Mugenda & Mugenda, 2012). The aim of pre-testing the questionnaire was to ensure that the elements in the questionnaire are stated plainly and have the same connotation to all contributors. It is during this pre-testing stage that the student can evaluate the ease of use of the questionnaire. The questionnaires were administered to 20 respondents, who are outside the sample size within a span of two weeks. After administration of the questionnaires, Cronbach's test was used to check the reliability of the data collection tool. Any complex, confounding or biased items were detected and revised. This was the best chance for scripts revision, control measures identification, and examination of the environment for factors that confounded the results. This concerned inspection of whether the questions were well-defined and clear to get positive or negative responses. It helped us gauge if the questions measured what was expected.

3.7.1 Validity

According to Williams (2015), validity is the extent to which the sample of test items represents the content the test is designed to measure. Content validity which was used for this study was a measure of the degree to which data collected using an instrument represented a specific sphere or substance of a field. To authenticate the validity of the study tool the student sought the attitudes of customs scholars and professionals including the supervisor. This permitted amendment of the questionnaire thereby enhancing validity. Furthermore, the exploration evaluated the responses and non-responses per question to conclude if there was any scientific deftness with the questions asked.

3.7.2 Reliability

According to Mugenda & Mugenda (2013), this is a computation of the level to which a research instrument yields consistent results or figures after recurrent trials. Reliability was confirmed by pre-testing the questionnaire with a chosen test from one of the projects. Reliability indicates the magnitude to which it is prejudice-free and hence ensuring reliable

measurement across time and across the various items in the instrument. It is an sign of the stability and reliability with which the instrument measured the concept and helped assess the "goodness" of measure. The pretest was conducted by both the researcher to enhance clarity of the questionnaire. Internal consistency approach was verified using Cronbach's Alpha. Cronbach's alpha is a gauge for internal consistency, that is, how closely related a set of items are as a group. A "high" value of alpha is often used as evidence that the items measure an underlying (or latent) construct. The pilot study will be carried among 20 respondents purposively chosen from firms outside the sample size but within the target population and reliability tested using a Cronbach's alpha. The participants were informed that the research is meant for academic uses only and there were no intentions of using the information for personal gains. The participants were not required to indicate their identities and participation in the study was on a voluntary basis. The formula for Cronbach alpha is;

$$\alpha = \frac{N \cdot \bar{c}}{\bar{v} + (N-1) \cdot \bar{c}}$$

3.8 Data Analysis and Presentation

Numerical data collected were evaluated using descriptive statistics and presented through standard deviations, means,percentages, and frequencies. These information was presented through graphs, bar, and pie charts and in prose-form. This was done by adding up answers, calculating percentages of variations, defining and translating the data in line with the research objectives and hypotheses. Content analysis was used to test data that was qualitative in nature or aspect of the data collected from the open-ended questions. This was further processed for the presentation of results in a variety of graphs and charts using Microsoft Excel. In addition, to compute the power of the correlation amongst the variables, I conducted a multiple regression analysis.

The regression equation was:

$$\mathbf{Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \varepsilon)}$$: Whereby

Y = Firm Performance,

X_1 = customs declaration,

X_2 = customs verification and

X_3 = customs release. Further,

β_1, β_2, and β_3 =Regression Coefficients while ε = Error term. Conclusions will then be drawn from the outcomes and suggestions made. The F-statistic (ANOVA table) was used to show how independent variables significantly explain the variance in business performance.

CHAPTER FOUR

RESEARCH FINDINGS AND DISCUSSIONS

4.1 Introduction

The chapter discusses the results and the findings of this study which were guided by the broad objective of the study which to establish the effects of customs clearance procedures on business performance of clearing and forwarding agents in Nairobi, Kenya. A descriptive survey research design was adopted and the primary sources of data were collected using semi-structured questionnaires.

4.1.1. Response Rate

Distributed questionnaires	Returned questionnaires	Response rate
105	100	95.23%

In Table 4.1.1, a response rate of 95.23% was considered sufficient for representing a whole population. Sekaran (2008) indicated that a response rate of 60% and above from a sample is sufficient to represent a population.

4.1.2 Results of Pilot Study

Table 4.2 Cronbach's Alpha

Cronbach's Alpha	Cronbach's Alpha Based on Standardized items	N of items
.656	.721	4

In Table 4.2, the findings showed that alpha coefficient of four items was 0.721; this implied that the effects of customs clearance procedures on business performance of clearing and forwarding agents attained a high level of internal consistency.

Questionnaires were administered to a sample of 20 respondents; these respondents were divided into two groups whereby each group got 10 questionnaires. Cronbach's Alpha

showed that the alpha coefficient of four items was 0.754; this implied that the effect of customs clearance procedures on business performance of clearing and forwarding agents attained a high level of internal consistency.

4.2 Demographic Information

This segment provides background information of the respondent. This is intended to find out whether the demographic traits of the respondents affect their response.

4.2.1 Gender of the Respondents

The respondents were requested to indicate their gender. The results are shown in Figure 4.1 below.

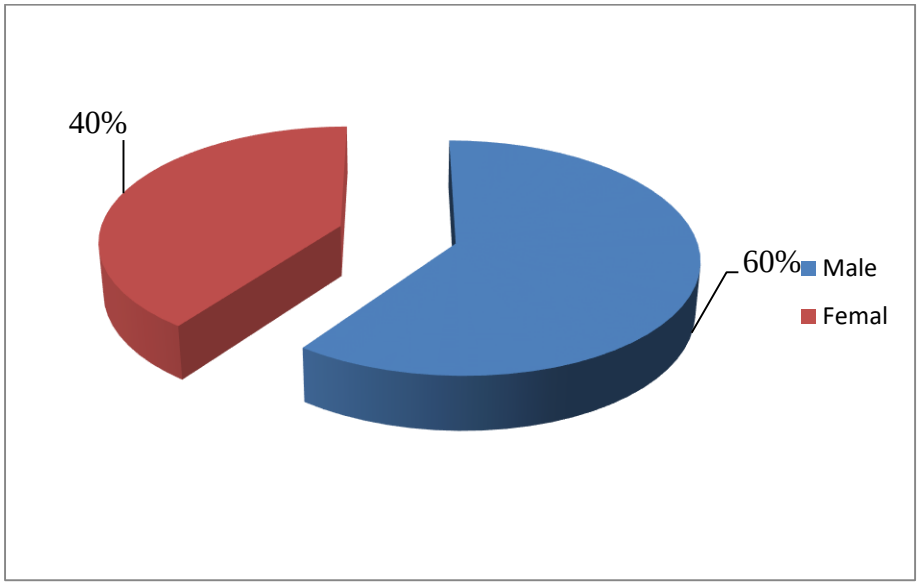

Figure 4.1 Gender of the Respondents

The results showed that the majority (60%) of the participants were male while (40%) were female. This denotes that the male gender forms the bulk of employees in customs clearance and forwarding departments were male.

4.2.2 Age of the Respondents

The participants were requested to specify their age brackets. The outcomes are shown in Figure 4.2.

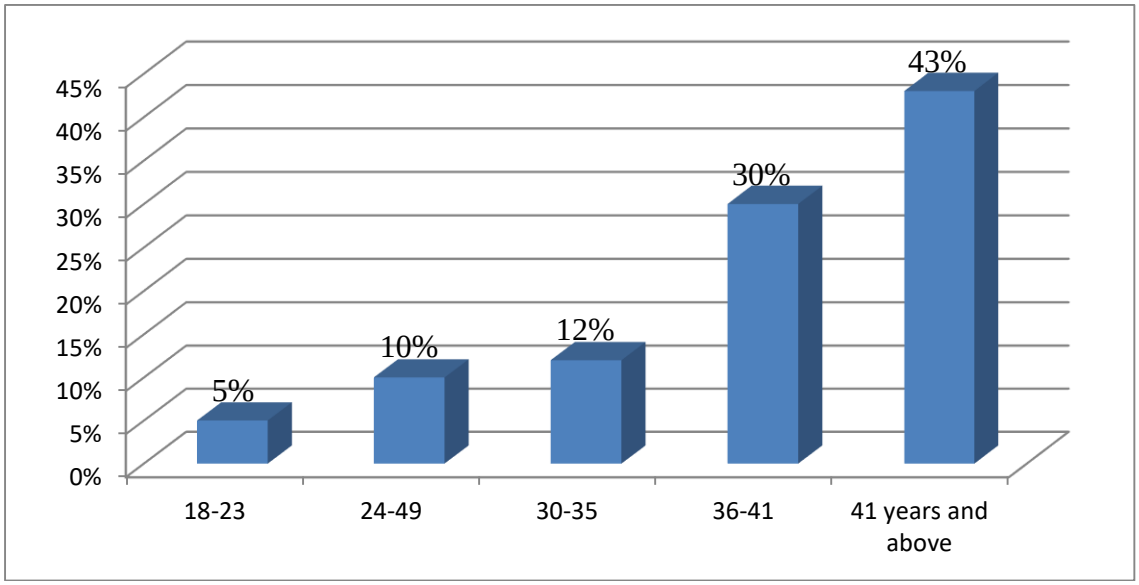

Figure 4.2 Age of the Respondents

In Figure 4.2, 45% of the questionnaire partakers were aged 41 years and above, 30% respondents were aged between 36-41 years, 12% respondents were aged between 30-35, 10% respondents were aged between 24-29 years and only, 5% respondents were aged between 18-23 years. These imply that the majority of the employees working for customs and border control departments were aged above 35 years. (Sekran, 2008) agreed that middle age (over 35 years) respondents gave much better responses as compared to younger employees due to higher work experience levels.

4.2.3 Length of Service

The questionnaire partakers were requested to specify their service length in the organization. The outcomes are shown in Figure 4.3.

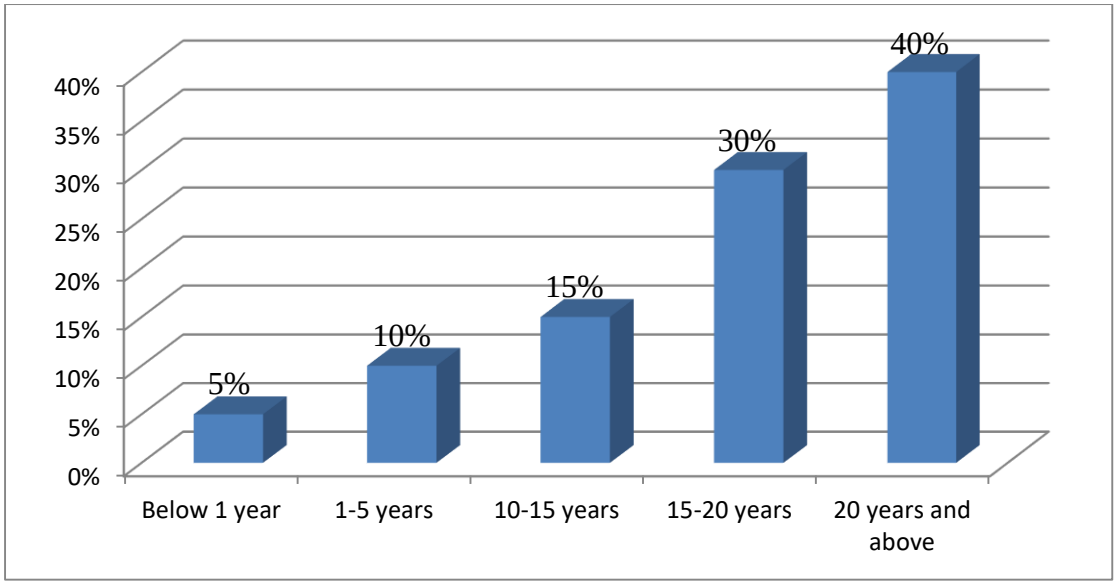

Figure 4.3 Length of Service

In Figure 4.3, 40% of the questionnaire partakers had worked for over 20 years, 30% participants were aged between 15-20 years, 15% of the respondents were aged between 10-15 years, 10% were aged between 1-5 years and only, 5% were aged below 1 year. This indicates that majority of the questionnaire partakers had worked in the organization for over 10 years and thus had a relevant work experience. (Sekran, 2008) agreed that experience levels of more than 10 years are the best to analyze responses as higher experience levels mean reduced biased answers.

4.2.4 Highest Level of Education

The respondents were asked to state their highest level of education. The outcomes are shown in Figure 4.4.

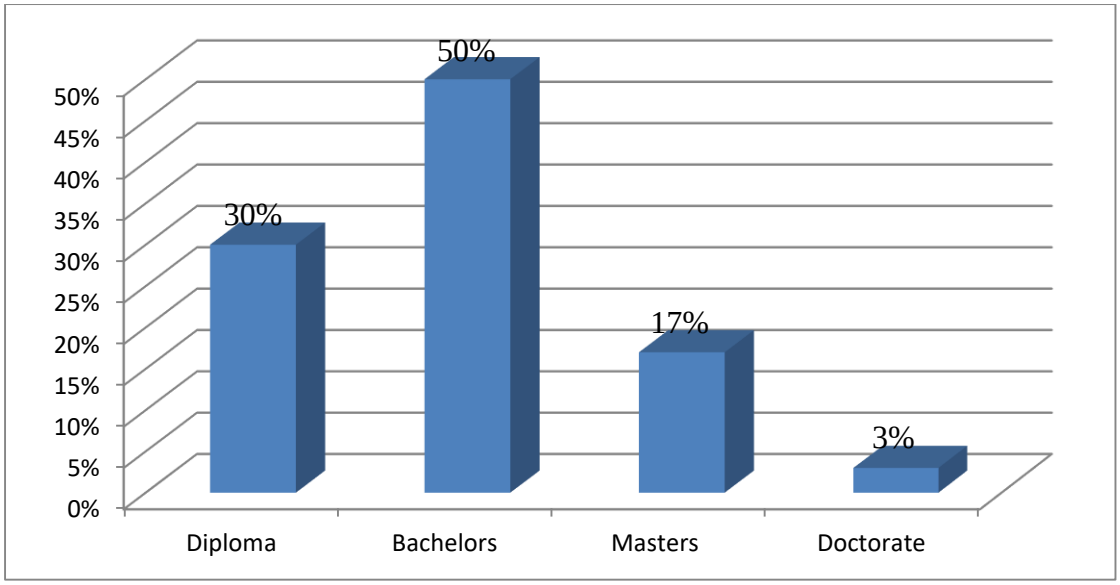

Figure 4.4 Highest Level of Education

In Figure 4.4, 50% of the participants were degree holders, 30% of the respondents were diploma holders, 17% of the respondents were masters' holder and only, 3% of the respondents had PhDs. (Sekran, 2008) agreed that holders of a bachelors degree and above provide more reliable information.

4.2.5 Rank of Respondents

The respondents were asked to state their level of occupation in the organization. The outcomes are shown in Figure 4.5.

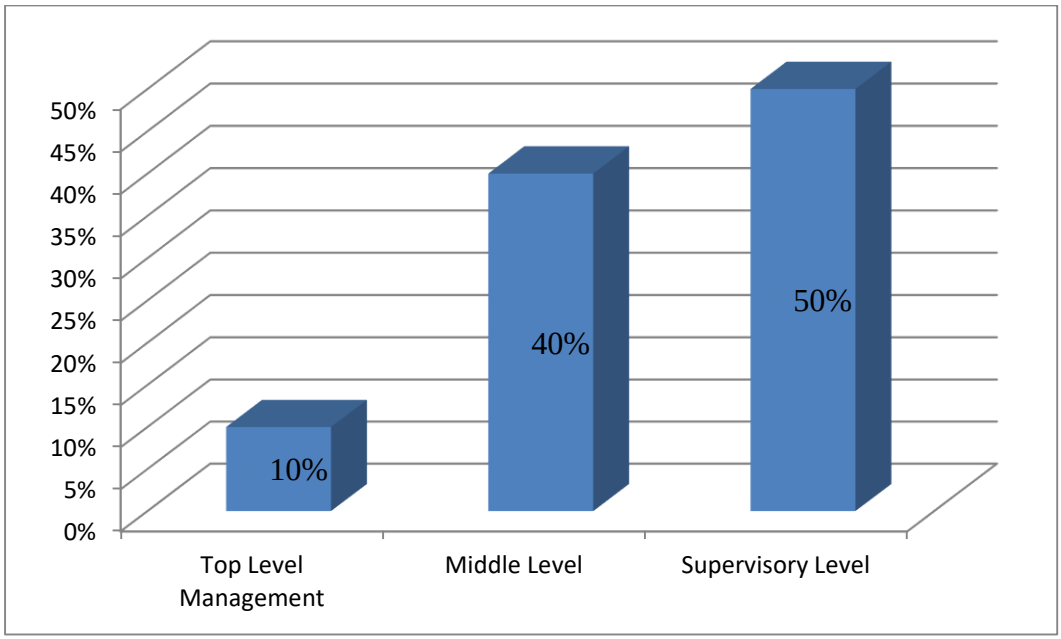

Figure 4.5 Rank of Respondents

In Figure 4.5, 50% respondents worked as supervisors, 40% of the respondents worked as middle-level managers and only, 10% of respondents worked as top-level managers. These findings agree with Hwang, 2011 that supervisory level and above employees provide reliable information.

4.3 Descriptive Analysis

Descriptive statistics involves summarized statistics which quantitatively illustrates traits of a collection of information. Descriptive statistics basically involves the process of use and analyzing statistics. Mean and standard deviation have been used to decipher findings. Descriptive statistics are concise illustrative coefficients that sum up a given data set, which can either be a representation of the whole or a sample of a populace. Descriptive statistics are decoded down into measures of central tendency and measures of spread. (Mugenda, 2013)

The study sought the respondent's answers on the level at which they agreed with the given statements regarding customs clearance procedures and business performance. A Likert scale of 1-5 was used to capture these levels of agreement where 1 represented strongly disagree, 2 disagreed, 3 was neutral, 4 agreed, 5 strongly agreed. A mean of 1 to ≤2 was interpreted as disagreed, a mean of 2 to ≤3 indicated neutral, mean of 3 to≤4 indicated agreed extent, and above ≥4 indicated strongly agreed. A standard deviation of <1 indicated consensus while a standard deviation of > 1 indicated disagreeing.

4.3.1 Customs Declaration

4.3.1.1 Customs Declaration Efficiency

The respondents were requested to rate efficiency levels of customs declaration procedure. The results are shown in Figure 4.6.

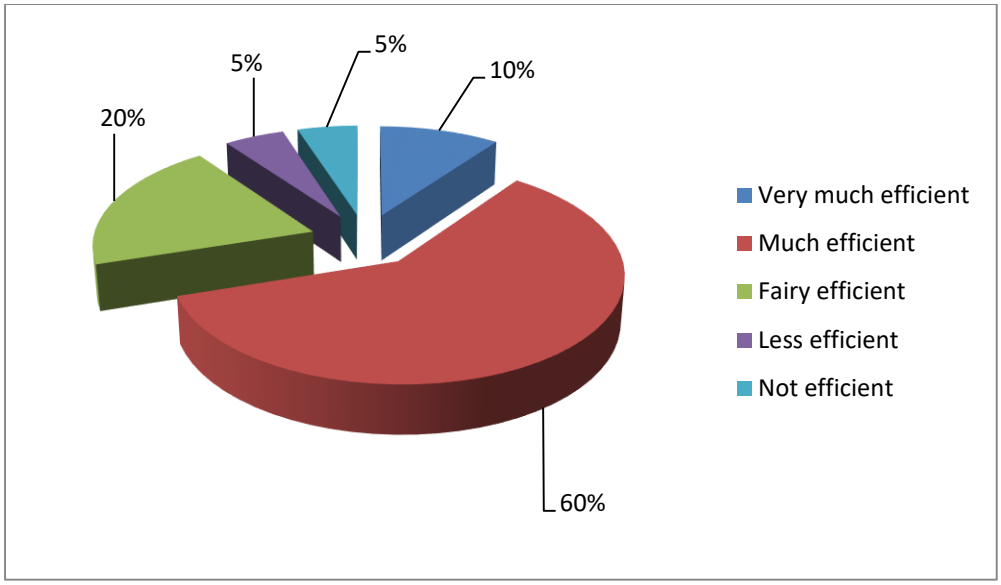

Figure 4.6 Level of Efficiency

In Table 4.6, 60% of the respondents rated the level of efficiency; as much efficient, 20% respondents indicated that it was fairly efficient, 10% indicated that it was much efficient, 5% less efficient and another 5% not efficient. The majority (60%) of the respondents rated the level of efficiency as much efficient.

4.3.1.2 Customs Declaration Procedures

The respondents were required to indicate the effect of customs declaration procedures on the performance of clearing and forwarding agents. The outcomes are shown in Table 4.3.

Table 4.3 Customs Declaration Procedures

	N	Mean	Std. Deviation
Customs valuation	100	4.10	0.567
Tariffs classification	100	3.39	0.727
Customs payment	100	3.65	0.855
Grand mean	**100**	**3.82**	**0.724**

In Table 4.3, the participants strongly agreed that customs valuation and customs payment affected the performance of clearing and forwarding. Mean values were as follows: 4.10 and 3.65, respectively. Further, the respondents agreed that the classification of tariffs affected the performance of clearing and forwarding agents, the mean value was 3.39. The grand mean is 3.82 and a standard deviation of 0.724, respectively. These findings agree with Datche and Kisungu (2017) that how customs value products and subsequent payment affects business performance of clearing and forwarding agents as customs will uplift values if they think invoice value provided is low and will downshift values if they feel invoice value is too high.

4.3.1.4 Customs Declaration Procedures and Performance

The respondents were required to specify the extent to which various aspects of performance of clearing and forwarding agents were affected by Customs declaration procedures. The results are shown in Table 4.4.

Table 4.4 customs Declaration Procedures and Performance

	N	Mean	Std. Deviation
Customs declaration procedures affect the organizational effectiveness	100	3.29	1.001
Customs declaration procedures affect the firm productivity	100	3.35	0.972
Customs declaration procedures affect the service quality of clearing and forwarding agents	100	3.56	0.856
Customs declaration procedures lead time variability in clearing and forwarding agents	100	3.81	0.621
Customs declaration turnaround time affect the performance of clearing and forwarding agents	100	3.98	0.711
Grand Mean	**100**	**3.598**	**0.832**

In Table 4.4, the respondents agreed that Customs declaration procedures affected; firm productivity and organizational effectiveness (M=3.35 & M=3.29, respectively). The

respondents further agreed that customs declaration procedures led to; increased lead time variability and service quality (M=3.81 & M=3.56, respectively). Similarly, customs declaration turnaround time affected the performance of clearing and forwarding agents (M=3.98). These findings agree with Datche and Kisungu (2017) that how customs value products and subsequent payment affects business performance of clearing and forwarding agents as customs will use minimum values in their databases to base their declaration on sometimes without taking into account discounts, gifts, consignment sales, and refunds.

4.3.2 Customs Verification

4.3.2.1 Customs Verification Requirements

The respondents were requested to indicate the level at which several aspects of customs verification affected the performance of clearing and forwarding agents. The results are shown in Table 4.5.

Table 4.5 Customs Verification Requirements

	N	Mean	Std. Deviation
Scanning procedures	100	3.82	0.767
Documentary requirements and processing	100	3.39	0.727
Physical inspection of containers	100	3.91	0.555
Grand mean	**100**	**3.707**	**0.683**

In Table 4.5, the respondents strongly agreed that physical inspection of containers by customs staff and scanning procedures affected the performance of clearing and forwarding agents (M=3.91 & M=3.82, respectively). The respondents further concurred that to an Adequate extent that documentary requirements affected the performance of clearing and forwarding agents (M=3.39). The grand mean is 3.71 and a standard deviation of 0.683, respectively. These findings agree with Datche and Kisungu (2017) that how customs verification procedures if improved, that is faster scanning of containers, faster physical

inspection, and faster checking of documentary requirements will improve the business performance of clearing and forwarding agents and there will be no delays or demurrage charges.

4.3.2.2 Customs Verification Procedures

The respondents were asked to indicate the level at which customs verification aspects affected the performance of clearing and forwarding agents. The results are shown in Table 4.6.

Table 4.6. Customs Verification Procedures

	N	Mean	Std. Deviation
Customs verification procedures at ICD affect turn around time before delivery of cargo to the clearing and forwarding agents	100	3.67	1.001
The time taken for the verification of goods at customs affects the total delivery time to clearing and forwarding agents	100	3.54	0.991
Customs verification procedure affects the movement of goods to the clearing and forwarding agents leading to storage charges	100	3.74	0.881
Customs verification controls are stationed at areas where they would be most effective without obstructing clearing and forwarding business	100	3.81	0.779
Systematic control of activities ensures there are smooth operations in the Customs verification procedure	100	3.91	0.667

Grand Mean	**100**	3.734	0.864

In Table 4.6, the respondents strongly agreed that systematic control of activities ensured smooth operations in customs verification process; customs verification controls were positioned strategically to boost their effectiveness of clearing and forwarding, customs verification affected movement of goods during clearing and forwarding,leading to storage charges, and the process of customs verification affected lead time during clearing and forwarding, and the time needed for goods verification affected delivery time. These findings agree with Datche and Kisingu 2017 of the need to have systematic control of all verification activities to ensure faster verification of cargo thus reducing clearance time.

Mean values as follows (3.91, 3.81, 3.74, 3.67 & 3.54, respectively) and standard deviation (0.667, 0.779, 0.881, 1.001 & 0.991, respectively). Hence, it can be concluded that customs verification improved the performance of clearing and forwarding agents as revealed by the grand mean (3.734) and standard deviation (0.864), respectively.

4.3.3 Customs Release

4.3.3.1 Customs Release Procedures

The respondents were required to show the level at which several aspects of the customs release procedure affected the performance of clearing and forwarding agents. The results are shown in Table 4.7.

Table 4.7 Customs Release Procedure

	N	**Mean**	**Std. Deviation**
Exit gate inspection of containers and any redundancies associated	100	3.32	0.759
Customs issuance of gate passes by SIMBA	100	3.93	0.527

system			
Customs gate release, scrutinizing of documents and sign off to release cargo	100	3.65	0.522
Grand mean	**100**	**3.633**	**0.603**

In Table 4.7, the respondents agreed strongly that exit gate inspection of containers affected the performance of clearing and forwarding agents (M=3.32).

Further, the respondents agreed strongly that customs issuance of gate passes through SIMBA system and customs gate release, scrutinizing of documents and sign off to release cargo affected the performance of clearing and forwarding agents (M=3.93 & 3.65, respectively). The grand mean is 3.633 and a standard deviation of 0.603, respectively. These findings agree with Datche and Kisungu (2017) that how customs releases procedures if improved, that is the faster issuance of gate passes, and faster issuance of release documentation will reduce clearance time and improve the business performance of clearing and forwarding agents.

4.3.3.2 Customs Release Procedure and Performance of Clearing and Forwarding Agents

The respondents were required to show the extent to which custom release procedure affect performance aspects of clearing and forwarding agents. The results are shown in Table 4.8.

Table 4.8 Customs Release Procedure

	N	Mean	Std. Deviation
Customs release procedure affects service delivery in clearing and forwarding agents	100	3.25	0.919

Automation of the Customs release affects the performance of clearing and forwarding agents	100	4.10	0.432
Clearance procedures when SIMBA system is working real time improve the performance of clearing and forwarding activities	100	3.90	0.511
Customs release processes are automated to reduce transactions costs	100	3.89	0.779
Customs release control is designed to enhance efficiency in clearing and forwarding	100	3.45	0.667
Grand Mean	**100**	**3.718**	**0.662**

In Table 4.8, the respondents agreed strongly that customs release procedures influenced service delivery in clearing and forwarding (M=3.25). Further, the findings showed that to a great extent that automation of customs release, real-time clearance procedures, customs gate release processes and customs release control enhanced performance of clearing and forwarding agents. Mean values are as follows: 4.10, 3.90, 3.89 & 3.45, respectively. Thus, it can be concluded that custom release procedures enhanced the performance of clearing and forwarding agents to a great extent. The grand mean is 3.718 and a standard deviation of 0.662.

4.3.4 Performance of Clearing and Forwarding Agents

The respondents were requested to indicate the level at which customs clearance procedures influenced the performance of clearing and forwarding agents. The results are shown in Table 4.9.

Table 4.9 Customs Clearance Procedures and Performance of Clearing and Forwarding Agents

	N	Mean	Std. Deviation

Service efficiency	100	3.67	0.888
Firm productivity	100	3.14	0.719
Turn around time variability	100	3.54	0.666
Grand mean	**100**	**3.45**	**0.758**

In Table 4.9, the respondents concurred to an Adequate level that customs clearance procedures resulted in improved firm productivity (M=3.14). The respondents further agreed to a great level that customs clearance procedure resulted in improved service efficiency and time variability (M=3.67 & M=3.54, respectively). The grand mean is 3.45 with a standard deviation of 0.758, respectively.

4.4 Inferential Statistics

Inferential statistics is a mathematical approach that uses probability theory to deduce properties of a population from analysis of properties of data sample that is drawn from it.

4.4.1 Correlation Analysis

Correlation analysis was utilized to demonstrate the strength of the relationship between customs clearance procedures and business performance of clearing and forwarding agents. The depth of the relationship between the variables is defined by Pearson correlation scale whereby the values between 0.0 – 0.3 indicate that there is no correlation, 0.31 – 0.5 shows a weak correlation, 0.51 – 0.7 an adequate correlation and between 0.71 – 1.0 indicated that there is a strong correlation between the variables. The results are shown in Table 4.10.

Table 4.10 Correlation Analysis Matric

	Performance	Customs Declaration	Customs Verification	Customs Release

Performance	1			
Customs declaration	.331**	1		
Customs Verification	.582**	-.070	1	
Customs Release	.654**	.545**	-.174*	1

In Table 4.10, the results show a weak correlation between customs declaration and performance of clearing and forwarding agents (R=0.331). On the other hand, there is a strong correlation between customs verification and customs release with functioning of clearing and forwarding agents (R=0.582 & 0.654, respectively).

4.4.2 Regression Analysis

To test the study hypothesis, a regression model was utilized to analyze the effect of customs clearance procedures on business performance of clearing and forwarding agents. The outcomes are shown in Table 4.11.

Table 4.11 Model Summary

Model Summary

R	R Square	Adjusted R Square	Std. Error of the Estimate
.552[a]	.357	.298	.10122

a. Predictors: (constant), Declaration, verification, and Release
b. Dependent variable: Business performance

In Table 4.11, the results illustrate that the coefficient of determination showed 35.7% variance in performance. These imply that the regression equation used was fit for the data.

4.4.3 Analysis of Variance (ANOVA)

Analysis of variance was utilized to test the significance of the overall regression model. The results are shown in Table 4.12.

Table 4.12 Analysis of Variance

ANOVA[a]

Model	Sum of Squares	df	Mean Square	F	Sig.
Regression	2.045	3	.682	6.558	.000[b]
Residual	10.001	96	.104		
Total	12.046	99			

In Table 4.12, the overall regression equation used was found to be significant since its p-value was below 5%, (0.000).

4.4.4 Coefficient Analysis

Coefficient analysis was utilized to find out whether the regression equation had predictive values. The results are shown in Table 4.13.

Table 4.13 Coefficient Analysis

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.036	.016		1.189	.139
	Customs declaration	-.041X_1	.018	-.821	-1.949	.061
	Customs verification	.053X_2	.040	1.201	3.500	.000
	Customs release	.069X_3	.028	.976	2.979	.012

a. Predictors: (constant) Customs declaration, Customs verification, Customs release

b. Firm performance

The regression model obtained was as follows:

$Y=0.036-0.041X_1+0.053X_2+0.069X_3+\varepsilon$

Customs verification and customs release were positively associated with the performance of clearing and forwarding agents (0.053 & 0.069, respectively). This shows that a sole unit rise in each of these variables will result in a corresponding increase in performance.

Customs declaration was found to be inversely related to performance (-0.041) which means that a unit increase in these variables results in a decrease in performance. The analysis was undertaken at a 5% significance level.

The criteria for linking whether the predictor variables were significant in the model was done by comparing the corresponding p-value obtained and $\alpha=0.05$. When the probability value is less than α then the predictor variable is significant if it exceeds α, the predictor variable is insignificant. Customs verification and customs release were significantly linked to performance since their p-values were less than 5%, (0.000 & 0.012, respectively). Thus, the null hypothesis was rejected and the alternative hypothesis accepted. Customs declaration was insignificantly related to performance since its p-value exceeded 5%, (0.061). Thus, the null hypothesis was accepted and alternative hypothesis rejected.

CHAPTER FIVE

SUMMARY, CONCLUSIONS, AND RECOMMENDATIONS

5.1 Introduction

This chapter reports abridged answers from previous chapters in line with the research objective which was analyzing the effects of customs clearance procedures on business performance of clearing and forwarding agents in Nairobi, Kenya. The areas discussed in this chapter as follows: summary, conclusions, and recommendations.

5.2 Summary of the study

5.2.1 Customs declaration

The results divulged the bulk of the respondents agreed that customs declaration procedures affected the performance of clearing and forwarding agents. These findings are consistent with Durgavich (2009) who found that customs declaration procedures were significantly affecting the performance of clearing and forwarding agents. Aspects of customs declaration such as SIMBA system downtime almost on a weekly basis was affecting entry lodgement and affecting the performance of clearing and forwarding agents. These findings are consistent with Arnold *et al.* (2011).

Customs declaration procedures were found to impact on performance measures namely lead time, time variability, service quality and customs turnaround time to a great extent. Other performance measures such as firm productivity and organizational effectiveness were affected by customs declaration procedures to an adequate extent. These results conform to the observations of Davis (2012).

5.2.2 Customs Verification

The results showed the lion's share of the respondents, 45% agreed that customs verification procedures affected the performance of clearing and forwarding agents. These findings are consistent with Durgavich (2009) who found that customs verification procedures were significantly affecting clearing and forwarding agents. Delays were present due to a scarce number of scanners at Inland container depot, Nairobi. Only one scanner is available and this causes huge delays at the facility.

5.2.3 Customs Release

The results disclosed the greater part of the respondents agreed that customs release procedures affected the operation of clearing and forwarding agents. These findings are consistent with Kwalia (2012) who found that customs release procedures where issuing of gate passes and related documents takes inordinately long and trucks queue for long periods affects the performance of clearing and forwarding agents. Issuance of gate passes was slow as SIMBA system faces huge downtime almost on a weekly basis, and the smart gates system hasn't been implemented yet. Also, clearing and forwarding agents lament that having exit gate inspectors is causing redundancies as port operators already have a working system to check the entry and exit of containers. If the trucks are given the go-signal to leave the terminals, they should be released at once from the inland container depot without having to be checked again.

5.3. Conclusions of the study

5.3.1 Customs Declaration

Based on the results of this research, from the coefficient analysis $-.041X_1$ B for the declaration, we can conclude that a unit increase in declaration has a negative effect on the business performance of clearing and forwarding agents, hence leading to reduced lead time, and turn around time. This behooves that SIMBA system needs to be up and running 24

hours a day and no challenges of downtime for effective declarations as it's the system used for declarations.

5.3.2 Customs Verification

Based on the results of this research, from the coefficient analysis $.053X_2$ for verification we can conclude that a unit increase in verification procedures have a positive/ an equal unit increase in business performance hence customs must ensure that containers are verified on time, scanners to be increased from the current situation where there is only one scanner at the inland container depot, and verification staff to be increased as they can only physical verify only 20 containers a day at the facility.

5.3.3 Customs Release

Based on the findings of this study, from the coefficient analysis $.069X_3$ for customs release, we can conclude that a unit increase in release has a positive/corresponding effect on business performance of clearing and forwarding agents. It is therefore incumbent on customs to ensure all release documentation is processed quickly, gate passes are issued faster as trucks queue for long periods at the exit gate waiting to be released and SIMBA system to be improved as downtime on SIMBA system means no processing of release transactions affecting turn around time and in turn affecting business performance of clearing and forwarding agents.

5.4 Recommendations

5.4.1 Customs Declaration

One of the explanations for the cargo clearance delay is the post lodgment of documents. Thus, the study recommends pre-lodgment of documents minimizes delays in border clearance procedures. Thus, separating release from clearance of cargo would benefit the trader and KRA since this practice will help to minimize customs warehouse costs, insurance costs, storage costs, and warehouse infrastructural requirements. Business operators should

be sensitized and encouraged to pre-lodge their documents in order to reduce delays during release and clearance time of customs. Similarly, Kenya Revenue Authority needs to realize the benefits of pre-lodgment of manifests and facilitate its implementation to all players and not just a select few.

KRA should consider instituting customs procedures requirements to declarants largely to forwarding and transit agents. It should also provide regular training to customs officials and business operators, sensitize all the stakeholders on the benefits of full automation and extensive capacity building in customs clearance procedures.

5.4.2 Customs Verification

KRA should consider increasing the number of clearing and forwarding agents under the Authorised economic operator program. This will reduce customs verification time as they enjoy expedited document processing thanks to blue channeling and expedited cargo clearance as cargo does not undergo physical verification. More sniffer dogs also need to be added so as many containers can be verified in the shortest time possible.

5.4.3 Customs release

KRA should speed up the installation of smart gate technology at all entry and exit points to automate the container details capture and vehicle registration marks and numbers prior to the release of cargo from the inland container stations and ports, therefore phasing out manual processes and enhancing the integrity of cargo release records.

5.5 Areas for further study

This research was done at inland container depot, Nairobi hence needs for further research in customs stations such as Jomo Kenyatta International Airport and Wilson airport with an expanded scope of interviewees to include all stakeholders involved in customs clearance.

Also critical will be the study on the new policies of maximizing the use of SGR at Inland container depot Embakasi and its impact on container dwell time and logistics service delivery. If there are improvements at the main part in Mombasa, the same should be extended to inland ports in Nairobi as any delay or glitch along the food chain or process will end up reversing any gains achieved in customs clearance and will impact on business performance of clearing and forwarding agents as they are the first point of contact or the intermediaries between customs staff and importers.

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APPENDICES

APPENDIX I: INTRODUCTION LETTER

KENYA
REVENUE
AUTHORITY

ISO90012015

CERTIFIED

REF: KESRA/NRB/028
12th August 2018
TO WHOM IT MAY CONCERN

RE: KEVIN NJUE NGARI- REG. NO. HDB335-C016-0326/2017

This is to confirm that the above named is a student at Kenya School of Revenue Administration (KESRA) Nairobi Campus pursuing Post Graduate Diploma in Customs Administration.

The named student is undertaking Research on "Effects of Customs clearance procedures on business performance of clearing and forwarding agents in Nairobi "

The purpose of this letter is to request your good office to assist the above student with the information on the Customs clearance procedures and how they affect the business performance of clearing and forwarding agents to enable him to finalize his project.

Thank you.

Dr. Marion Nekesa,
For: Head Research & Post Graduate Studies

KESRA

APPENDIX II: RESEARCH QUESTIONNAIRE

The purpose of this study is to collect data on **Effects of Customs Clearance Procedures on Business Performance of Clearing and forwarding agents in Nairobi, Kenya**. The responses you provide will be used for academic purposes and will be strictly confidential. Thank you for agreeing to complete this anonymous survey which should take less than 15 minutes.

Section A: Demographic Information

1. Please indicate your gender.

a) Male [ ] b) Female [ ]

2. Please tick the age bracket in which you fall.

a) 18-23 years [ ] b) 24-29 years[ ] c) 30-35 years [ ]

d) 36-41 years [ ] e) 42 Years and above [ ]

3. For how long have you worked for the Firm?

a) Below 1 year [ ] b) 1 – 5 years [ ]

c) 10-15 years [ ] d) 15-20 years [ ]

e) 20 and above years [ ]

4. What is your highest level of education? (Tick one)

College diploma/certificate [ ] Graduate/Bachelor's degree [ ]

Masters degree [ ] Doctorate degree [ ]

Other (specify)……..

5. What level do you currently occupy at the Firm?

Top management [ ] Middle-level management [ ]

Supervisory level [ ]

Section B: Customs Declaration Procedures and Business Performance C&F agents

6. How would you rate the efficiency of Customs declaration procedure in Kenya?

Very much efficient	[ ]	Much efficient	[ ]
Fairly efficient	[ ]	Less efficient	[ ]
Not efficient	[ ]		

8. To what extent do the following aspects of Customs declaration procedures affect the performance of clearing and forwarding agents in Nairobi? Use a scale of 1 to 5 where 1=strongly disagree, 2= disagree, 3= Neutral, 4= Agree and 5= Strongly agree.

Aspects of Customs declaration procedures	**1**	**2**	**3**	**4**	**5**
Customs valuation, uplifting or downshifting of customs values by customs resulting in additional fees or refunds application					
Tariffs classification and impact on duties, eight or ten digits codes use					
Customs payment, calculation of tariffs, and rules of origin management					
Other ……					

9. Regarding this firm, rate the extent to which customs declaration procedures affect the following aspects of performance of clearing and forwarding agents in Nairobi? Use a scale of 1 to 5 where 1=strongly disagree, 2= disagree, 3= Neutral, 4= Agree and 5= Strongly agree

Customs Declaration Procedures	**1**	**2**	**3**	**4**	**5**
Customs declaration procedures affect the organizational effectiveness while clearing goods from customs					
Customs declaration procedures affect the firm productivity while clearing goods from customs					
Customs declaration procedures affect the service quality of clearing and forwarding agents while clearing goods from customs					
Customs declaration procedures lead to lead time variability in clearing and forwarding agents					
Customs declaration turnaround time affect the performance of clearing and forwarding agents					
Other (specify…….)					

Section C: Customs Verification and Performance of Clearing and forwarding agents

11. To what extent do the following aspects of customs verification affect the performance of clearing and forwarding agents in Nairobi? Use a scale of 1 to 5 where 1=strongly disagree, 2= disagree, 3= Neutral, 4= Agree and 5= Strongly agree.

Aspects of Customs verification	**1**	**2**	**3**	**4**	**5**
Documentary requirements by DPC(Document processing center) and processing turn around time					
Scanning and other customs security procedures, such as sniffer dogs, time taken before cargo is scanned at ICD					
Physical inspection by customs staff, reading of customs seals, and opening of containers					
Other (Specify……..)					

12. With regard to this firm, rate the extent to which customs verification affects the following aspects of performance of clearing and forwarding agents in Nairobi? Use a scale of 1 to 5 where 1=strongly disagree, 2= disagree, 3= Neutral, 4= Agree and 5= Strongly agree.

Customs Verification Procedures and Business Performance	**1**	**2**	**3**	**4**	**5**
Customs verification procedures at ICD affect turn around time before delivery of cargo to the clearing and forwarding agents					
The time required for the verification of goods at customs affects the delivery time in clearing and forwarding agents					
Customs verification procedure affects the movement of goods to the clearing and forwarding agents leading to storage charges					
Customs verification controls are positioned at points where they would be most effective without obstructing clearing and forwarding business					
Systematic control of activities ensures there are smooth operations in the Customs verification procedure					
Other (Specify…….……..)					

Section D: Customs Release and Performance of Clearing and forwarding agents

14. To what extent do the following aspects of Customs release procedure affect the performance of clearing and forwarding agents in Nairobi? Use a scale of 1 to 5 where 1=strongly disagree, 2= disagree, 3= Neutral, 4= Agree and 5= Strongly agree.

Aspects of Customs release procedure	**1**	**2**	**3**	**4**	**5**
Exit gate inspection of containers and any redundancies associated					
Customs issuance of gate passes by SIMBA system					
Customs gate release, scrutinizing of documents and sign off to release cargo					
Other (Specify……..)					

15. With regard to this firm, rate the extent to which custom release procedure affect the following aspects of performance of clearing and forwarding agents in Nairobi? Use a scale of 1 to 5 where 1=strongly disagree, 2= disagree, 3= Neutral, 4= Agree and 5= Strongly agree

Customs release procedure and business performance	**1**	**2**	**3**	**4**	**5**
Customs release procedure affects service delivery in clearing and forwarding agents					
Automation of the customs release affects the performance of clearing and forwarding agents					
Customs release controls have redundancies that affect clearing and forwarding firms.					
Customs release processes are automated to reduce transactions costs					
Customs release controls are designed to enhance efficiency to clearing and forwarding firms					
Other (Specify…….……..)					

17. To what extent do Customs clearance procedures affect the following aspects of business performance of this clearing and forwarding agents? Use a scale of 1 to 5 where 1=strongly disagree, 2= disagree, 3= Neutral, 4= Agree and 5= Strongly agree

Aspects of business performance	**1**	**2**	**3**	**4**	**5**
Service efficiency					
Firm productivity					
Time variability					
Other (Specify……..)					

19. What other information would you like to share about how customs clearance procedures affect the performance of clearing and forwarding agents in Kenya?

……

……

20. What do you think should be done to enhance customs clearance procedures and performance of clearing and forwarding agents in Kenya?

……

……

THANK YOU FOR YOUR COOPERATION

APPENDIX III: BUDGET

NO	ITEM DESCRIPTION	FREQ/DAYS	RATE	AMOUNT
1	Transport cost			
	- To and from field	9	600	5,400
	- Meals	5	1,000	5,000
2	Stationery			
	- Notebook	5	300	1,500
	- Pens	5	30	150
	- Internet	1	2,000	150
3	- Documentation, Printing, and Binding			3,000
4	Discussion meeting	2	500	1,000
	- Soft drinks/beverages	2	500	1,000
5	Communication			-
	- Airtime	1	2,000	2,000
	TOTAL			25,600

APPENDIX IV: WORK PLAN

RESEARCH WORKPLAN								
	Weeks	**May 18**	**Jun-18**	**Jul-18**	**Aug-18**	**Sep-18**	**Oct-18**	**Nov-18**
Literature Review	6							
Proposal development	3							
Proposal Presentation & review	1							
Data collection	4							
Data Analysis and Discussion	1							
Final Dissertation Writing	2							
Final Submission								