FACTORS INFLUENCING DETECTION OF CONTRABAND GOODS BY CUSTOMS AND BORDER CONTROL DEPARTMENT AT THE PORT OF MOMBASA

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

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DECLARATION

This research project is my original work and has not been presented for a post graduate diploma in any other academic institution.

…….. ……

Signature Date

Maureen Mwikali Kimeu

HBD335-C016-2521/2016

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

…….. ……..

Signature Date

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LECTURER KESRA

DEDICATION

To the memory of my father Late Theophilus Kimeu Ngovi who passed away while I was studying this course. I miss him every day.

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To God Almighty, the author of knowledge and wisdom who made this possible. Thank you for everything in my life and countless love.

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DEFINITION OF TERMS

Contraband	Goods that have been imported or exported illegally either in defiance of a total ban or payment of duty and taxes (Fisman and Miguel ,2007).
Technology	Application of organized knowledge or activities designed to assist human adaptation to, participation in and utilization of the environment (Arthur , 2009).
Competence	The capacity to accomplish the key occupational tasks that characterize a profession to satisfactory standards. In this sense, competence involves the application of knowledge, specified skills, and attitudes necessary for effective performance in the industry or enterprise (Kouwenhoven, 2003).
Government Agencies	An appointed commission, with permanent or semi-permanent organisation in the machinery of government and is responsible for administration and oversight of specific functions as mandated by the law (Macleavy and Gay, 2005).

LIST OF ACRONYMS AND ABBREVIATIONS

ANOVA	Analysis of Variance
CBCD	Customs and Border Control Department
CITES	Convention on International Trade in Endangered Species of Wild Fauna and Flora
EAC	East Africa Community
KRA	Kenya Revenue Authority
OECD	Organization for Economic Co-operation and Development
MMS	Manifest Management System
SPSS	Statistical Package for the Social Sciences
UNEP	United Nations Environment Programme
UNODC	United Nations Office on Drugs and Crime
WCO	World Customs Organization
WTO	World Trade Organization

ABSTRACT

This study analysed the factors influencing the detection of contraband goods by customs and border control department at the port of Mombasa. One key role of customs is to protect the society through vetting of the goods which if allowed into the local market would either harm society or would harm domestic trade by giving the importers an unfair advantage over the local businesses or other importers. The specific objectives of the study were: to determine the extent to which technology influences the detection of contraband goods at the port of Mombasa; to establish the extent to which custom officers competence influence the detection of contraband goods at the port of Mombasa and to establish the extent to which customs cooperation with other government agencies influence the detection of contraband goods at the port of Mombasa. The theories that formed the basis of this study include the transaction cost theory, the human capital theory and the agency theory. The study adopted descriptive research design. Structured questionnaires were used to collected data. Cluster sampling technique was used to identify and select eligible participants for the study. Data was analysed using statistical package for social science (SPSS Version 23). Analysis was done using frequency counts, percentages, means and standard deviation, regression, correlation and the information generated presented in form of tables and figures. The response rate was 79% and the general reliability Cronbach Alpha was 0.752. Most of the respondents had worked between 11 and 15 years representing 40%. Majority of the respondents 51.7% held bachelor degree. The correlation between the independent variable and dependent variable was 0.863, 0.812, and 0.618 for technology factors, staff competence and other government agencies respectively. After data analysis, study findings concluded all the independent variables studied had influence on detection of contraband goods at customs and border control department at the port of Mombasa as illustrated by the strong coefficient of correlation and a p-value which is less than 0.05.The overall effect of the analysed factors was very high as indicated by the coefficient of determination. The overall P-value of 0.00 which is less than 0.05 (5%) is an indication of relevance of the studied variables. This implies that the studied independent variables technology, staff competence and other government agencies had substantial influence in detection of contraband goods at customs and border control department at the port of Mombasa. The study recommends investment in creating infrastructures so as to keep up with technological advancement, continuous capacity development of staff through training and other development programs and finally collaboration and sharing of information between KRA and other government agencies will eventually result in detection of contraband goods.

CHAPTER ONE
INTRODUCTION

1.1 Background of the study

Previously known as Customs and Excise Department of the Kenya Revenue Authority, The Customs and Border Control Department (CBCD), was established in 1978 by an Act of Parliament. Currently it is the largest of the four revenue departments in terms of manpower and revenue collection (KRA, 2017). One of the roles of Customs and Border Control Department is the protection of society. This protection is majorly from goods which if allowed into the local market would either harm society or would harm domestic trade by giving the importers an unfair competitive advantage over the local businesses or other importers (Okoth,2015).

Fisman and Miguel (2007) defined contraband as goods that have been imported or exported illegally either in defiance of a total ban or payment of duty. There exists a global necessity for the efficient inspection of goods and persons at the borders or entry points into countries. The significance of these inspections is to protect society from prohibited and restricted goods, which include contraband. International trade of contraband represents a highly profitable, multi-billion shilling operation for international criminal organizations. The trade of contraband involves money, goods, or value gained from illegal activities including human trafficking, environmental crime, illegal trade of firearms, smuggling of excisable goods, and illegal drug trafficking (World Economic Forum, 2012).

According to Basu (2013), the mechanics concerned with the importation of contraband is mostly driven by, technology levels present in the host country, legal and regulatory framework, politics, and economic growth. The trade in contraband goods in Brazil is massive. It is undertaken by complicated smuggling networks who when combined lead to a loss of $20 billion dollars a year in tax revenue. The contraband goods brought in include cigarettes, shoes, clothing, electronics, medicines, and other products. However cigarettes are the common products smuggled into Brazil from Paraguay. The smuggling networks are also tied to drug and arms trafficking. The main sources of Brazil goods are Paraguay and Bolivia across the border. Most contraband goods that come by sea are mostly from China (Gurney, 2015).

In Kenya, Organizations involved in the smuggling of contraband often incorporate operations that utilize speed, flexibility and stealth designed for concealing contraband and evading customs and law enforcement authorities. Small organizations are the most likely to engage in smuggling of contraband because of the need to be at par with the larger organizations in terms of retaining a competitive advantage though unfairly (Cohn and Lindberg, 1974).

Professional smugglers utilize rough operational strategies as well as loopholes in the system in order to circumvent law enforcement controls, evade taxes, and illegally transport contraband across borders (Khaled, 2013). In the 21st century, customs authorities have embraced the adoption of advanced technologies. This technology, though helpful has always had to compete with the criminal organizations that have always been one step ahead in embracing the most modern technology and innovative ways of smuggling contraband. These professional smugglers use new, adaptable, furtive logistics methods, assets, and systems to smuggle illegal goods across national borders in order to avoid the detection of risk and apprehension (Khaled, 2013).

According to Khaled (2013), Customs and border control organizations enter challenges in preventing illicit exchange and disturbing transnational sneaking tasks. Keeping up the fragile harmony between encouraging honest to goodness exchange streams while simultaneously preventing those that are unlawful is a complex operational errand. This paper recognizes and digs further into three of those challenges: the technological aspects adopted by border management to facilitate detection, stakeholders' involvement in the detection of contraband at the borders and, structural and operational flexibility by customs and customs staff in preventing and identifying potential smugglers.

According to Mashiri and Sebele-Mpofu (2016), most countries impose prohibitions and restrictions on the export and imports of various classes of contraband. Customs and border control departments around the globe face a difficult task of disrupting illicit trade flows and dismantling organizations involved with smuggling of contraband.

From a policy perspective, illicit trade tests the administration structures that manage the worldwide economy. Organizations that control economic trade have not been sufficiently arranged to deal systematically with the wonders of illicit trade. Policymakers often

underestimate how flexible, innovative and influential transnational criminal associations have become. Many decision makers sometimes have mixed up conviction that the correct blend of approach, control and law implementation will by one means or another stop the stream of unlawful merchandise, services and people. The reality is that illicit trade is an intricate phenomenon that requires a deeper understanding and multi-faceted solution-based (Mashiri & Sebele-Mpofu, 2016).

Environmental illegal trade includes the market trade of imperiled natural life and the cross-outskirt development and transfer of risky materials and harmful waste. The jeopardized untamed life exchange is different, going from live creatures and plants to a huge range of natural life items got from them including sustenance items, extraordinary calfskin merchandise, wooden melodic instruments, timber and prescriptions. (CITES, 1975). In the last twenty years, the trans-limit developments of perilous squanders and their transfer have turned into a noteworthy natural issue. As disposal facilities for risky waste wind up scarcer and all the more exorbitant in created OECD nations, developing countries in Africa and Asia have been utilized as dumping grounds. These nations every now and again do not have the ability to manage the loss in an earth sound way (UNEP, 2011).

Variations between different nation's tax and price structures on high-demand licit commodities such as cigarettes, liquor and pharmaceutical drugs provide large economic incentives for smuggling. In 2000, it was evaluated that in the vicinity of 6% and 8.5% of the worldwide utilization of cigarettes was smuggled (World Bank, 2012). The constant cat and mouse game between law enforcement and criminal association has encouraged an innovative fight. Advanced technologies initially designed for military purposes have now been adopted by customs and law enforcement agencies.

In Africa there exists a complex underpinning and dynamics of increasing trend of illegal trading of contraband, which has evolved into highly complex, commercial, criminal and entrepreneurial activities (Gerstenblith, 2008) This project will paper will focus on the interrelationship between detection of contraband goods and elements within the system that have been installed to combat them with reference to the port of Mombasa.

In Kenya, the smuggling of contraband is believed to be growing despite the level of technology embraced by the Kenyan Customs and Border Control department. The trafficking of illegal narcotics such as heroin, cocaine, and other psycho-active chemicals is a major business for international criminal organizations. The illicit opiates trade imposes overwhelmingly wellbeing, social, and enforcement costs on society (Priest, 2013). National legislative institutions are often at odds in considering contraband as either a wellbeing or a criminal problem, evidenced by the differing views on law enforcement, criminalization and penalties assigned to smugglers in the country. Combating the importation of contraband especially drugs and narcotics are a focal point for many customs and border control agencies.

1.1.1. Port of Mombasa

Kenya Ports Authority is by the laws of Kenya, required to manage all the seaports in Kenya. All cargo received and shipped into Kenya by sea is received by Kenya Ports Authority. The port provides direct or indirect, docking services to all ships docking in Mombasa. Besides the port of Mombasa, KPA also manages two ICDs (Inland Container Depot) in Kisumu and Nairobi. It has also established "Dry Depots" at Embakasi, Kisumu and Eldoret with the objective of bringing services closer to Port users. The cargo received are only released subject to compliance with Customs and border control department regulations (KPA, 2017).

The Customs and Border Control Department (CBCD) one of the departments within Kenya Revenue Authority, works in collaboration with KPA, KEBS, KEPHIS and Port Health. It is tasked to facilitate international trade by providing expedited clearance of goods through simplified and harmonized customs procedures as envisaged under the Revised Kyoto Convention.

1.2 Statement of the Problem

The Customs and Border Control Department has an obligation to protect the society against illegal importation of goods by detection before they reach the local market(KRA,2015). An effective detection system should embrace technology, staff and stakeholder awareness

programs. Good technology allows storage of information, avoids duplication and is time saving. Staff ought to be aware of the tricks utilized by the smugglers and the use of modern equipment to detect contraband goods (Khaled,2013). It is important that all stakeholders are educated on the effects of contraband to the society and the law prohibiting dealing in such goods. Detection of contraband goods will be made easier if these factors are built in a customs and border control management system.

Detection of contraband goods by customs and border control department at the port of Mombasa has been slow for a long time. There is an intra-global drug trafficking pattern involving Kenya, Tanzania, Madagascar, Mauritius, Seychelles and the Comoros. Further, a review of drug seizures from 1998 indicate an increase in the trafficking of heroin to eastern African countries from Pakistan, Thailand and India Crime (UNODC, 2009).

In view of this discrepancy, there is need to determine the factors that influence the detection of contraband goods by the customs and border control department at the port of Mombasa. If this is not addressed, the influence of contraband goods will impact negatively on the society. This is a dangerous precedent for the future of the whole country. In 2016, Kenya Revenue Authority seized 24 containers of contraband goods worth Kes 150 million and 400 tonnes of sugar in 16 containers declared as machine parts worth Kes 38 million was intercepted. Therefore there is a need to study on the factors influencing the detection of contraband goods at the port of Mombasa.

1.3 Objectives

1.3.1 General Objective

The general objective of the study was to establish the factors that influence the detection of contraband goods by customs and border control department at the port of Mombasa.

1.3.2 Specific Objectives

i. To determine the extent to which technology influences detection of contraband goods at the port of Mombasa.

ii. To establish the extent to which custom officers competence influence the detection of contraband goods at the port of Mombasa.
iii. To establish the extent to which customs cooperation with other government agencies influence the detection of contraband goods at the port of Mombasa.

1.4 Research Questions

i. What is the extent to which technology influence detection of contraband at the port of Mombasa?
ii. What is the officer's influence in detection of contraband at the port of Mombasa?
iii. What is the extent to which customs cooperation with other government agencies affect detection of contraband at the port of Mombasa?

1.5 Significance of the Study

The study will greatly benefit customs authorities, as they will be able to improve on areas within the system that are weak, as well as fortify those areas that are strong. Policy makers will also benefit as recommendations made on the interpretation and conclusion of data will go a long way into ensuring that the correct policies are made to benefit the all stakeholders. The governments from both sides of the border will see tremendous improvement in the detection of contraband if policies will be adequately implemented. This will likely increase revenue. Manufacturers will also benefit as the local industries will be protected from unfair competition from goods whose duties are unpaid. The study will give insights on how to curb illegal trade in weapons, wildlife, drugs, immigration, and tax evasion. The economy will also improve as there will be more jobs actualized through the protection of local industry, the youths will be more productive as items like illegal drugs will be kept away from the society and the Gross Domestic product will also improve.

1.6 Scope of the Study

The focused on the Port of Mombasa in Kilindini. It was limited in scope to investigating the factors influencing the detection of contraband goods by customs and border control department at the port of Mombasa, basing on Technology, Staff Competence and cooperation with other government agencies as the specific areas for the study.

1.7 Limitations of the study

The respondents took a lot of time filling in the questionnaires, therefore had to collect the already filled questionnaires to do the analysis because of time constraints. This made response rate not to be 100% as expected. The respondents were also not free to give personal information as they considered it of private nature but the researcher assured them the information would be treated confidentially and purely for academic purposes. The study faced both time and financial limitations. The study, however, minimized these through proper planning and allocation of available resources. The duration that the study was to be conducted was limited hence exhaustive and extremely comprehensive research could not be carried out on all ports in the country. These limitation was mitigated by conducting research at the port of Mombasa since it is the main port of Kenya.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This chapter reviewed literature related to the topic of study. Literature is reviewed so as to establish what exists in relation to the study and identify research gaps. Specific areas covered include theoretical review, conceptual framework, critique of the existing literature, chapter summary and research gaps.

2.2 Theoretical Framework

2.2.1 Transaction Cost Theory

The transaction cost theory, was first coined by Coase (1937) and it refers to the costs associated with providing goods or services to external entities in the market rather than having it provided within the firm. Coase describes certain areas that a firm should be concerned with i.e. for a market transaction to be carried out, it is prudent to find out who the firms wishes to transact with in order to conduct negotiations that will ultimately lead to a bargain, to pen out the contract and to undertake necessary inspections to make certain that the contract is carried out to the latter. In the event that changes are desired by either parties, the whole process has to be initiated again.

Williamson (1985) further broadened the transactional cost theory in his book defining transactional cost as the costs incurred when making a business or an economic exchange. These costs do not include time or money alone but also contractual relationships between people. These may include: cost of selection of equipment and technology, costs associated with the management of the contract, performance and measurement and dispute resolution.

Douglass (1992) stated that institutions are fundamental in the determination of transaction cost. He argues that institutions that aim towards reducing transaction costs, further boost economic growth. Douglas identified four areas that comprise transactional cost i.e. measurement, enforcement, ideological differences and the market size. Measurement involves the calculation of the worth or value of the goods or services involved on the transaction. Enforcement involves

ensuring that neither party involved in the transaction forfeits their obligations. Ideological differences incorporate each individual's perceptions and interpretations. The market size affects the biasness of the transactions.

In Kenya, CBCD uses structures to organize transactions. On one end of the spectrum we have long-term structures that cater for the procurement of major equipment and technology. This equipment has majorly been introduced to combat crime at entry or exit points and to prevent the importation of illegal goods into the country. The CBCD focused on the flexibility on price and performance of these equipment, government ownership and control. Equipment like scanners, x-ray machines and CCTV footages are just but some of the major technologies that customs and border control department has adopted in order to combat an increasing evolving crime syndicates (KRA, 2015)

Previously, the detection of contraband was purely a manual process majorly involving human capital. With an increasing workload, sophisticated and determined smuggling community. The costs associated with preventing contraband from entering the country were very high yet non-effective. The need to keep up with criminals who always seemed to be a step ahead as far as technology is concerned and the nature of human capital which can easily be compromised with corrupt means made it costly trying to ensure that the customs authority achieves its objective of protecting society, collecting revenue and at the same time facilitate trade.

2.2.2 The Human Capital Theory

Becker & Milner (2009) popularized the human capital theory and according to them, it refers to a set of marketable skills of workers and personal attributes including innovation and creativity as a form of capital to create economic value for the organization. It broad terms, human capital represents a stock of knowledge or characteristics a worker has either acquired or innate that contributes to their productivity. Human capital emerges out of any activity able to improve individual productivity of the workers like training.

The current century has seen tremendous shifts in the way assets are viewed in the organizations. Assets were viewed as physical and were viewed as the only path to economic success.

According to Rothaemel (2012) due to their nature physical assets bring little advantage to the organization, in that they can be bought and sold with ease. Only this skills and abilities that are intangible, knowledge possessed by the workforce, systems and processes are the most crucial assets of the organization.

This intangible assets can sometimes be referred to as intellectual capital (Mahoney & Kor, 2015). Intellectual property consists of social, structural and human capital with human capital representing the basis of intellectual capital. Human capital plays several roles in an organization or firm: firstly, it facilitates sharing of information, ideas and social capital through internal relations; it helps in the creation and development of new skills, ideas and knowledge also promotes an organization's innovative and structural capital creating new knowledge. (Han et al 2014). The greatest problem with human capital is that unlike other tangible asset an organization may have, human capital can easily leave the organization hence the need to have proper management of this useful asset (Coff and Raffie, 2015).

The customs and border control department understands very well especially in matters concerning the smuggling of contraband in the country, that human beings are the weakest link and that human capital represents the greatest resource in the organization. Kenya Revenue Authority has devised capital resources that optimize the effectiveness of its human capital like best practices, and training facilities. The level of workload which is also a deterrent of productivity and commitment by the customs officers has also been quelled by these best practices. The workforce has been trained on modern processes as well as a lot of support from the administration in terms of more recruitment. This has all been done to ensure that the Human capital in the organization is satisfied with the work environment so that they don't opt for leaving the organization, or resort to corruption for survival.

2.2.3 Agency Theory

Jensen and Meckling (1976) defined an agency relationship as one in which one or more persons (Principal) engage someone else (Agent) to perform a service on their behalf while also transferring authority to make decisions as well. The relationship might be between an employer and an employee, constituents and elected representatives, the executive and an ambassador and

shareholders and the CEO or managing director (depending on the structure of the organization) (Mitnick,1975).The agency theory studies the relationship and issues that come up from the relationship between the principle and the agent. On paper, the principle and the agent usually work towards the same goal, but in reality they may not share the same interest.

Kenya Revenue Authority works in a similar way with other organizations. The principal in this case are the major stakeholders who are the countries government. The Kenya customs and border control department is mandated to collect revenue on behalf of the government, protect local industries through preventing infiltration of goods that might bring unfair competition, protecting society from destructive imports and protecting our local industries (e.g. Wildlife) from depletion through smuggling. In the spirit of protecting the country on behalf of the government, CBCD usually finds itself facing difficulties when it comes to fulfilling its mandate. Case in point would be the importation of second hand clothes commonly referred to as *mitumba* which has destroyed our textile industry. These used clothes are allowed into the country at no extra duty yet their outcomes are devastating to the local industries.

2.3 Conceptual Framework

According to Odhiambo and Waiganjo (2014), a conceptual framework refers to a graphical representation of the theorized interrelationships of the variables of the study. In this study, technology, staff and other government agencies will be the independent variable while detection of contraband goods is the dependent variable.

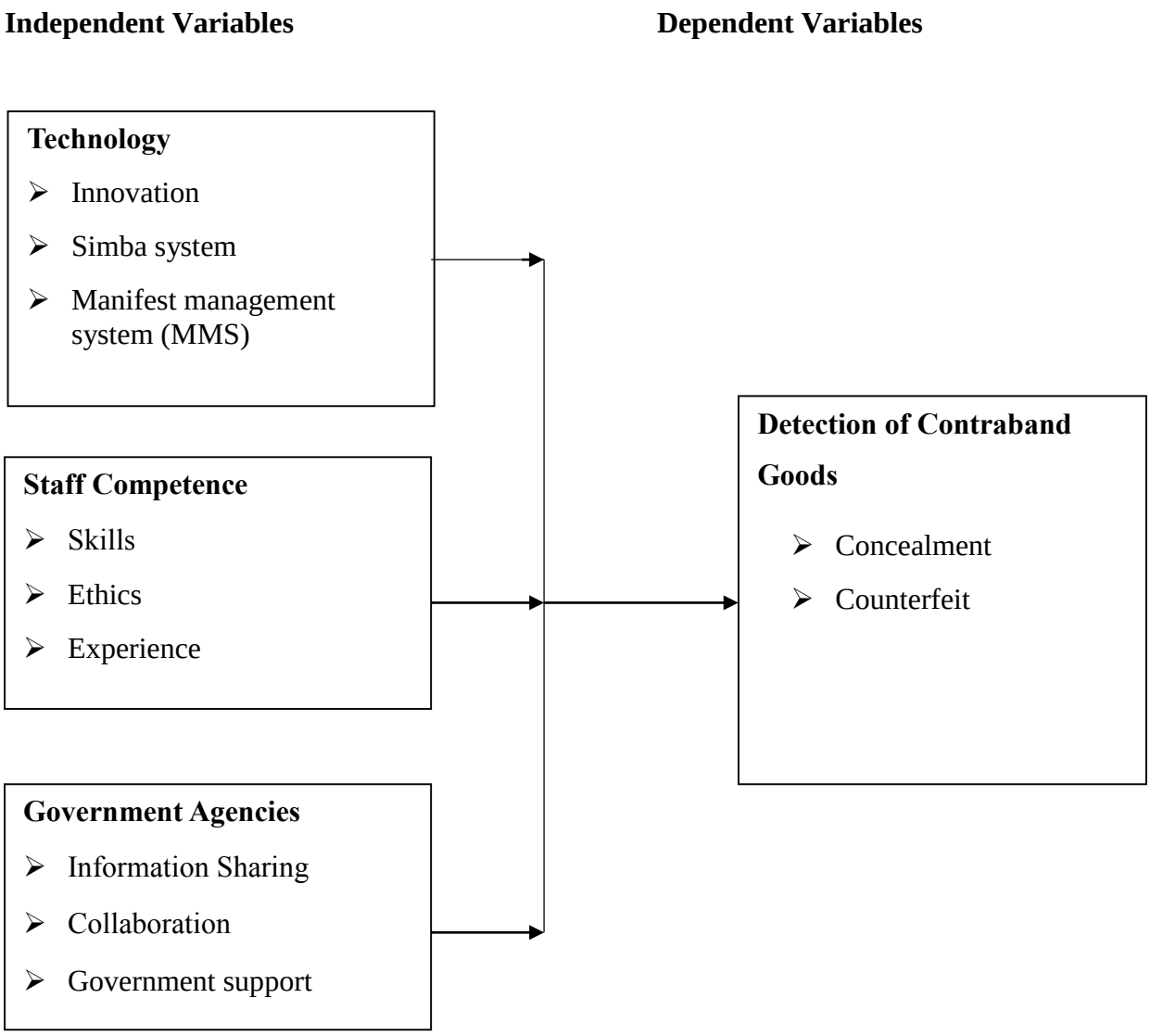


Figure 2:1 Conceptual Framework

Source: Researcher (2018)

2.4 Review of Variables

2.4.1 Technology

Munyayi (2011) examined the role upgrading of technological infrastructure plays at combating illicit trade at the border post. His study focused on Beitbridge Border Post in Zimbabwe. The rationale behind the study was to determine why smuggling of contraband goods had increased at the border despite there being significant changes in technology at the border post. The study

was in form of a case study and this was to ensure that there was no distortion of data and information. The study concluded that the current infrastructure does not deter smuggling and that technology is important in combating smuggling of contraband goods and their detection at the border post. If the technology is wrong then the whole process becomes ineffective. The study recommend on urgent improvements to be made on strategy.

In the 21st century, customs authorities have started to embrace the adoption of advanced technologies. This technology, though helpful has always had to compete with the criminal organizations that have always been one step ahead in embracing the most modern technology and innovative ways of smuggling contraband. These professional smugglers use novel, adaptable, stealthy coordination's techniques, resources, and systems to pirate illegal goods across national borders in order to avoid the risk of recognition and apprehension (Khaled, 2013).

In 2016, WCO launched the digital customs year, which was meant to encourage customs administrations to promote the use of ICT, which would aid them in the control of the flow of goods, across the border points and at ports. It would also help them collect and safeguard custom duties and to control people, conveyances, and to secure the cross border trade from crime, including international crime (WCO, 2016).

At the port of Mombasa, all cargo containers arriving for either export or import undergo primary screening, where they are screened by a given number of security devices. Port security operations consist of a multi-layer security screening system. Before containers depart from a foreign port, the Automated Targeting System (ATS) is used to pre-screen and classify the risk associated with the individual container. When a container arrives at a domestic port, it goes through routine essential screening procedures. Port security screening gadgets for atomic or radioactive material are regularly radioactive isotope identification devices (RIIDs), radiation portal monitors (RPMs), and X-ray imaging devices (Strohm, 2006; McNicholas, 2008).

2.4.2 Staff Competence

Kingombe (2011) examined trade facilitation rules as an enabler. The study aimed at determining the role of customs staff in combating the flow of illicit trade in Tunisia. The study undertook an evaluation of the border through a sample size of 14 individuals. Purposive sampling was the

main research methodology. The role of staff came out as really vital in combating illicit trade at the border post and was considered the weakest link hence able to compromise the whole system. The study identified several challenges that are promoted by staff at the border post. Impunity being among the areas that stood out.

If the staff are not very well trained then it's highly likely that they will not detect some of these contraband goods. Some of these contraband goods include human trafficking, environmental crime, unlawful exchange of guns, pirating of excisable merchandise, and illegal drug trafficking and wildlife and forbidden fauna (World Economic Forum, 2012).

Staff should be well trained to detect the goods that have been restricted or prohibited under the second and third schedule of the EAC Customs Management Act, 2004. An example of these goods include: false cash and fake money notes and coins, refined beverages containing fundamental oils or chemical products, Pornographic materials in a wide range of media, Narcotic medications under worldwide control and ivory, teeth or bones. The customs staff should be able to detect through intelligence gathering of the cross border smuggling trade going on. Part of this will involve becoming conversant with the networks of smugglers who may include other government officials some custom officials too, retailers and transporters (Titeca, 2012).

According to enforcement manual against trade in illicit products, staff members of the various organizations collaborating on the fight against illegal trade in contraband goods should continue undertaking studies on the nature and extend of the illicit trade and the facilitators of the process in order to lay down appropriate strategies to combat the problem.

Lastly the staff should be at the forefront in combating corrupt activities at the border points. At the borders of EAC members, bribes are paid by traders at various levels of trade transactions. This has given rise to as non-official fees and charges. The EAC member states have been fighting this menace over the last 15 years especially through sensitization seminars, workshops and capacity building of staff through formal studies (Kafeero, 2008).

2.4.3 Other Government Agencies

Ntabaza (2010) examined the role several stakeholders play in enabling the detection of contraband goods in the EAC. The stakeholders included: traders, importers and exporters, port

officials, travellers and other government agencies like the police, inspectorates and bureaus of standards. The study concluded that the role of stakeholders is also very critical. Other government agencies can act like enablers to illicit trade and therefore compromise the detection of contraband goods. Traders and exporters can be agents and direct perpetrators of illicit trade. They are in most cases the reason contraband goods enter into EAC. They do this through concealment and even outright smuggling.

In Kenya the Anti Counterfeight Agency was formed to prohibit trade in Counterfeited goods both internal and external. It was to work through collaboration with other state agencies such as the judiciary, parliamentary committees, ministers, permanent secretaries, provincial administration and the Kenya Police, advocacy and lobby groups such as the Kenya Association of manufacturers and the consumer protection advocacy groups (Anti Counterfeight Agency, 2017). At the regional level the anti-corruption authorizes have formed one regional body called the East African Association of Anti-Corruption Authorities (EAAACA). The major task of the association is to cooperate in prevention and combating corruption in the East African Community as it allows the smuggling of contraband goods (Kafeero, 2008).

Ultimately the country will also depend on all the institutions working together to contain the trade in contraband goods. For example the customs officials should depend on the police to help monitoring the long porous border between Kenya and Tanzania. It's reported that the border has more than 360 illegal entry points (referred to as Panya routes). Questions to ask under this variable is whether the customs and border control department collaborates with other government agencies such as the judiciary, parliamentary committees, ministers, permanent secretaries, provincial administration and the Kenya Police, advocacy and lobby groups such as the Kenya Association of manufacturers and the consumer protection advocacy groups?

2.4.4 Detection of Contraband Goods

International trade of contraband represents a highly profitable, multi-billion shilling operation for international criminal organizations. The trade of contraband involves cash, goods, or value gained from unlawful activities including human trafficking, ecological wrongdoing, illegal exchange of firearms, sneaking of excisable goods, and illegal drug trafficking (World Economic Forum, 2012).

According to Fisman and Miguel (2007) contraband goods are goods that have been imported or exported illegally either in defiance of a total ban or payment of duty. There exists a global necessity for the efficient inspection of cargo and persons at the borders or points of entry into countries. Many countries in the world are affected by the illegal trade of contraband and prohibited goods. The mechanics concerned with the importation of contraband is mostly driven by, the level of technology present in the host country, the legal and regulatory framework, politics, and economic growth (Andreas, 2013).

2.5 Empirical Review

There are several studies, which have been conducted on the matter of importation of contraband goods. Schubert (2014), conducted a study whose general objective was to establish impact of drug trafficking on the informal security actors in Kenya. The study sought a sample of 30 individuals and sought to establish how contraband goods affect society i.e. drugs. He mentioned the government and its roles in prevention and promotion and also talked in part about customs agents and the roles they play in the smuggling of drugs. The prosecution and sanctions of political figures was widely mentioned in his paper. The paper touched a lot on the factor of promotion of smuggling especially drugs by the stakeholders. Other variables though, were barely scratched and this is what this project will tend to highlight on.

Ntabaza (2010) wrote a study that was aimed at establishing how to combat Corruption in Customs through trade facilitation. The focus of the study was the EAC community. The paper touched on issues of corruption and threats that sometimes face customs agents and which in turn really affect their integrity. Also highlighted is the impact of corruption on trade within EAC. Legitimate trade would have on the regional lots of benefits to the EAC Bloc but the high levels of poverty has led to a demand of the cheap contraband goods hence giving smugglers to sneak in their goods. In conclusion according to Ntabaza (2010), customs agents are not the only individuals responsible for ensuring that contraband goods don't find their way into the market, as there are many stakeholders. However they may be vulnerable in combating smuggling.

Harusha (2012) in his paper "Information and communication Technology in combating Counterfeit goods" highlighted the role information technology plays in the detection of fake goods and contraband. He focused on the techniques and strategies employed by most systems in

detecting of counterfeit goods. He also warned on the information technology not being full proof no matter how efficient the system. From the study, the role of technology was clearly highlighted. The study navigated away from stating the role of humans in the systems. His paper looked at technology as an independent system and was almost implying that an efficient system cannot be compromised. This paper intends to go much deeper into the technological aspect and highlight weaknesses that propel or hinder the detection of contraband goods at the port.

2.6 Critique of Existing Literature

There are very few studies that have been conducted on contraband smuggling and the roles of technology, other government agencies and staff play in the detection of contraband smuggling. The few studies that are there do not shed light on the reasons why trade of contrabands is a thriving activity. Across Africa the informal cross border trade (ICBT) is criminalized as illegal commercialization of cross border activities. This form of trade accounts for over 80% of the smuggled goods and agricultural products. Despite being a source of income to 43% of Africa's population, it is still referred in literature as criminal and hence forced underground. Instead of focusing on the negative consequences of contraband always some studies could focus on the positive macroeconomic and social ramifications such as food security and income creation particularly for the populations living along the border areas. Recommendations would then be made to streamline the policies governing trade across border as part of efforts to alleviate poverty (Ajumbo and Jean-Guy K, 2012).

Not all-illicit trade is however safe or worthy to be developed. Studies show that trades such as narcotics i.e. cocaine and heroin is a danger to world health and fuels organized crime. This type of trade uses unconventional business practices, which open the way to unruly market players. This in turn exaggerates local economies' incomes and dangerous conflicts among the market players. Revenue from illegal drugs affects negatively global economy and politics. This however affects legal businesses and disintegrates socio economic conditions (Khaled, 2013).

2.7 Research Gap

Studies conducted by other researches have been focused on either the effects of contraband on society, some have focused on only single variables in the detection of contraband while also

some have been focusing on corruption as the only factor affecting the detection of contraband goods.

Most of the literature covered the types of illicit goods that cross borders but ignored to factor in a deeper understanding of the trade dynamics leading to the informal trade. Part of these goods includes the massive informal trade in agricultural produce. More studies need to be conducted on the causes and consequences of this illegal trade. Also for the situation to improve, it will need the formulation of better policies and strategies (Nkendah, 2010).

Studies conducted by Schubert (2014) , focused on how contraband goods affected the society, other variables were not discussed. Harusha (2012) focused on the role of information technology in detection of contraband goods as an independent system ignoring other technological aspects like implementation ,structures and innovation. This study will add value to the existing literature and fill in the gaps by providing the empirical evidence on factors influencing the detection of contraband goods by customs and border control department at the port of Mombasa.

2.8 Summary

The Literature review focused on three main theories which included the transaction cost theory, human capital theory and agency theory. It also covered on factors influencing the detection of contraband goods. The conceptualized factors are; technology, staff competence and other government agencies. The conceptual framework further illustrates how the variables work together and further critique of existing literature looks at gaps and contributions to the current study.

CHAPTER THREE
RESEARCH METHODOLOGY

3.1 Introduction

This chapter focuses on the research methodology used in gathering, analysing and reporting the data. It is composed of various sections namely; research design, target population, sampling design and size, data collection instruments, data processing and analysis procedures applied.

3.2 Research Design

A research design is a blue print which facilitates the smooth cruising of the different research tasks, thereby making research as efficient as possible thus yielding maximum information with minimal expenditure of effort, time and money (Kothari, 2011).

A design refers to the plan and structure of investigation so conceived as to obtain answers to research questions. The study adopted descriptive research design .The design is considered appropriate as it enabled the researcher to reach many subjects within limited time. Specifically, a descriptive study describes the existing conditions and attitudes through observation and interpretation techniques i.e. answering the questions of who, how, what, which, when and how much of the study (Cooper and Schindler, 2011).

3.3 Population

Mugenda and Mugenda (2009) defines population as an entire group of individuals, events or objects having common characteristics that conform to a given specification. According to Houser (2014) population is the group to which the researcher intends to apply his or her results and can be identified by clearly defined characteristics.

Target population refers to all individuals or objects the researcher is interested in and to which the researcher feels that they are enough to get information from to compile the research (Ary et al, 2014). The population of this study was all customs and border control department staff working at the port of Mombasa. The actual population of KRA officers working at the Port of Mombasa is 152 as shown in table 3.1.

Table 3.1 Target Population

Category	Target Population	Percentage (%)
Managers	3	5
HVO(Supervisors)	15	9.4
VO (Officers)	45	28
BCO(Supervisors)	50	32
BCA (Officers)	39	25.6
Total	152	100

Source: KRA Human Resource Southern Region (2017)

3.4 Sampling Frame

A sampling frame is a complete and correct list of all population elements from which the sample is drawn from (Cooper & Schindler, 2011). In most practical situations the frame is a matter of choice to the researcher, and sometimes a critical one. Some very worthwhile investigations are not undertaken at all because of the lack of an apparent frame; others, because of faulty frames, that could have ended in a disaster or in cloud of doubt.

3.5 Sample Size and Sampling Technique

A sample is the selected respondents of a study who should be as closely representative of the total population as possible and should not be excessively large or small. According to Orodho (2011), it is a finite and representative number of individuals or objects in a population to be studied. Sample of 110 customs officers was selected from the total number of 152 customs officers, this was calculated using Neyman sample allocation method .The study adopted cluster sampling technique, where sampling population members are divided into homogeneous subgroups called strata before sampling. The measurement of the population becomes manageable when the population is grouped into a strata.

$$n = \frac{N}{1 + N(e)^2}$$

Where;

n = sample size

N = population size

e = level of precision

The 95% level of confidence was used which gives p = 0.05 chance of deviation from the actual. The equation is therefore;

$$n = \frac{152}{1 + 152(0.05)^2}$$

$$n = 110$$

Table 3.2 Sample Size

Category	Target Population	Sample Size
Manager	3	3
HVO (Supervisors)	15	10
VO (Officers)	45	35
BCO (Supervisors)	50	40
BCA (Officers)	39	23
Total	**152**	**110**

Source: Southern Region KRA Human Resource (2017)

3.6 Data Collection Instruments

The study used primary data which was collected using structured questionnaire with closed ended questions. Questionnaire was used since it was easy to administer and with data obtained easy to analyse. Likert scale was used because it was easy to understand and responses were easily quantifiable and subjective to computation of mathematical analysis.

3.7 Data Collection Procedure

The researcher first obtained introductory letter from Kenya School of Revenue Administration. Data was collected through self-administered questionnaire using drop and pick method. The reason why this instrument was preferred because it has standard questions which can be administered to a larger number of respondents, within a shorter time and at a minimal cost. This is in support of Bryman & Bell (2015) observation that a questionnaire method is inexpensive method for data collection.

3.8 Pilot Testing

After developing the questionnaires, the researcher conducted a pilot test to test the reliability and the validity of the instrument. Pilot testing presents an opportunity for a researcher to test reliability of the research instruments and validity of the data collected. Mugenda and Mugenda (2009), reports that reliability is the measure of degree of consistence research instrument produces after several trials. The researcher used a sample of 10 questionnaires from respondents for pilot test. According to (Cooper & Schindler, 2014), 1% of the sample is enough to constitute a pilot study. The aim of pilot test was to test and ensure that items in the questionnaire are clear and they carry the same meaning to all respondents. It also sought to determine how much time is required to complete the questionnaire by a respondent.

3.8.1 Reliability

Testing the reliability of instrument to show the extent to which the instrument produces consistent results after measuring several times is very important. Cronbach's alpha was used to determine the internal consistence and reliability of the questionnaire used in this study. Values ranges between 0 and 1.0, a value of (1.0) represents a perfect reliability. According to Bryman & Bell (2015), a value of 0.70 is deemed to be the lower level of acceptability.

3.8.2 Validity

Validity refers to the extent to which an instrument measures what it was supposed to measure. According to Kumar (2011), validity is premised on the assumption that what is being studied can be measured or captured, seeks to confirm the truth and accuracy of any findings or conclusions drawn from the data, indicates that the conclusions drawn are trustworthy and

indicates that the methods warrant the conclusions. The validity of research instrument is said to have achieved when it measures what they are intended for without accidentally including other factors. The content validity this research instrument was measured through seeking opinions of experts especially the research supervisor, who was knowledgeable in this field. It was also tested during the pilot study. Any ambiguity or non-clarity in the questionnaire item was cleared before the questionnaire was taken to the field for data collection.

3.9 Data analysis and Presentation

The whole process that starts immediately after data collection and ends at the point of interpretation and processing data is data analysis (Cooper & Schindler, 2014). After gathering questionnaires, they were checked adequately for completeness and consistency. Quantitative techniques were used to analyse data using descriptive analysis measures. Statistical Package for Social Science (SPSS Version 23) was used to capture coded data. The software package enabled use of descriptive analysis measures; such as frequencies, percentages and, mean to understand and interpret data. Analysed data was then presented summarised and presented in tables, graphs and charts. Inferential analysis was applied a through multiple regression model to establish the relationship between the research variables. The equation of the regression model is as follows:

$$\Upsilon = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \varepsilon$$

Where:

Υ = Detection of contraband goods

β_0 = Value of dependent variable when all the independent variables are zero.

X_1 = Technology

X_2 = Staff competence

X_3 = Other government agencies

$\beta 1 - \beta 3$ = Regression coefficients determining on the effects of **X_1 , X_2 and X_3** to **Y**

ε = Error term (factors outside the model that can affect the dependent variable)

CHAPTER FOUR

DATA ANALYSIS PRESENTATION AND INTERPRETATION

4.1 Introduction

This chapter presents the analysis of the research and discussion of the findings. The results are presented on factors influencing detection of contraband goods by customs and border control department at the port of Mombasa. The specific objectives of the study were to determine the influence of technology, staff competence and cooperation with other government agencies on detection of contraband goods by customs and border control department at the port of Mombasa. Data was presented in the form of tables and figures. The researcher tested reliability, correlation and also regression model results were provided.

4.2 Response Rate

A total 110 questionnaires were administered to the respondents, 87 were filled and retrieved representing 79% respond while 21% were not returned. According to Mugenda and Mugenda (2009), a response rate of 50% or more is adequate. This is also in line with Babbie (2014) findings that return rates of 50% are acceptable to analyse and publish, 60% is good and 70% is very good.

Table 4.1 Questionnaire Réponse Rate

	Frequency	**Percentage**
Respondent	87	79%
Non-respondent	23	21%
Total	**110**	**100%**

4.3 Pilot Testing

4.3.1 Reliability and Validity

In research work, ability to produce consistent and stable measurement is very important. Reliability and validity, as stated by Tavakol and Dennick (2011), are important concepts used to enhance accuracy and evaluation of research work. In this study reliability was tested using Cronbach's coefficient alpha (a). Explicitly, coefficient alpha is applied in scale development with items that have several response options (i.e. 1= strongly disagree to 5= strongly agree). To establish the Cronbach's coefficient alpha (a), reliability analysis, SPSS was used and results tabulated as shown in table 4.2 below.

Table 4.2 Reliability Results

Scale	Cronbach's Alpha	Comments	Number of Items
Technology	0.819	Accepted	5
Staff Competence	0.871	Accepted	5
Other Government Agencies	0.910	Accepted	5
Detection of Contraband Goods	0.789	Accepted	5

According to Amin (2005), findings, reliable instrument should have an average index of 0.70 or above. This was true for all the variables tested as evidenced in Table 4.2 above. The Cronbach's alpha for each variable was well above 0.70, the lower limit of acceptability as indicated the Table 4.2 above. This confirms that the questionnaire used in this study had a high level of reliability and each items correlates to the identified factor.

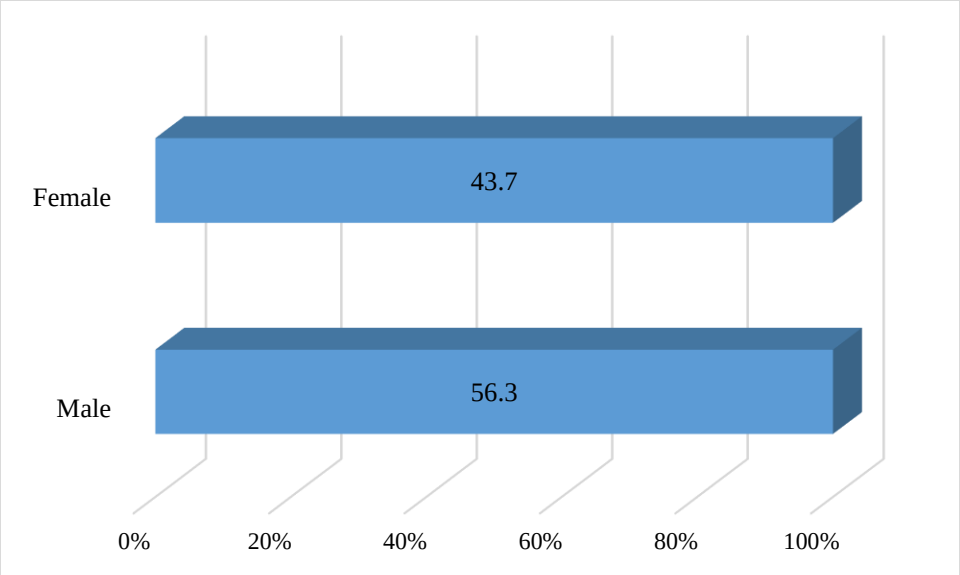
4.4 Demographic Characteristics

The researcher wanted to find out demographic characteristics of the respondents working in customs and border control department at the port of Mombasa. The findings of the investigations were tabulated and listed in below tables.

4.4.1 Gender of the Respondents

The study sought to establish gender of the respondents and results revealed that 43.7% of the respondents were female and 56.3% were male. This implies that there were more male at customs and border control departments than female as indicated in figure 4.1 below.

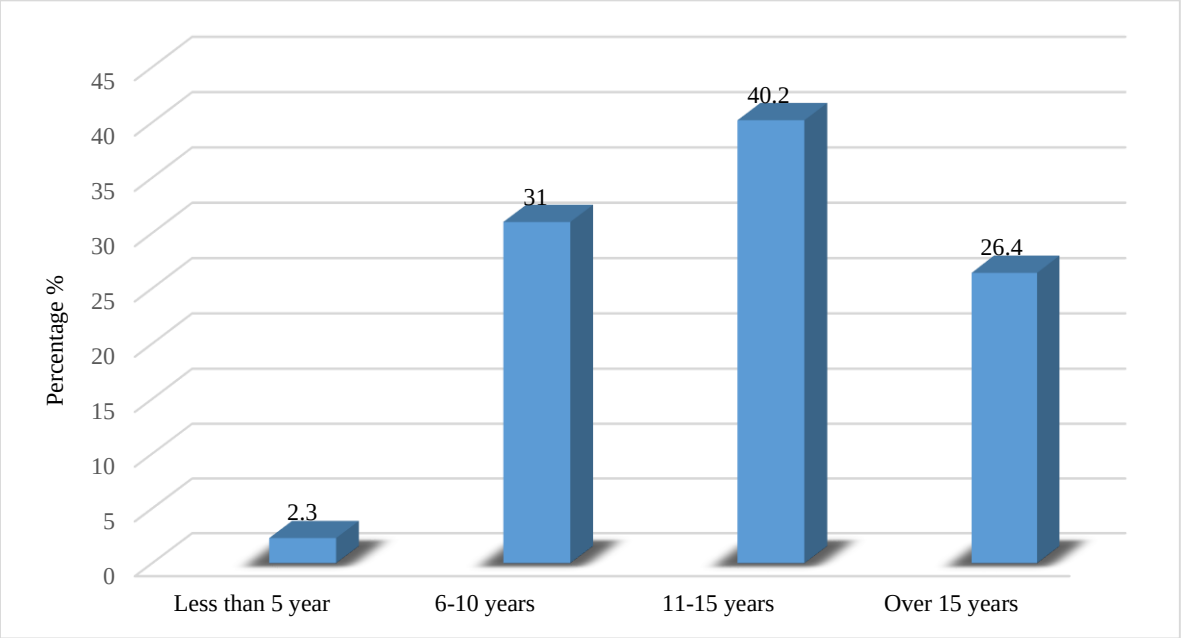
Figure 4.1: Gender



4.4.2 Working Experience

The study sought to establish the working experience of the respondents at the port of Mombasa. Study results revealed that 2.3% of the respondents had work experience of less than 5 years, 31% were between 6 and 10 years, 40.2% between 11 and 15 years, while 26.4% had over 15 years work experience as indicated in the figure 4.2 below.

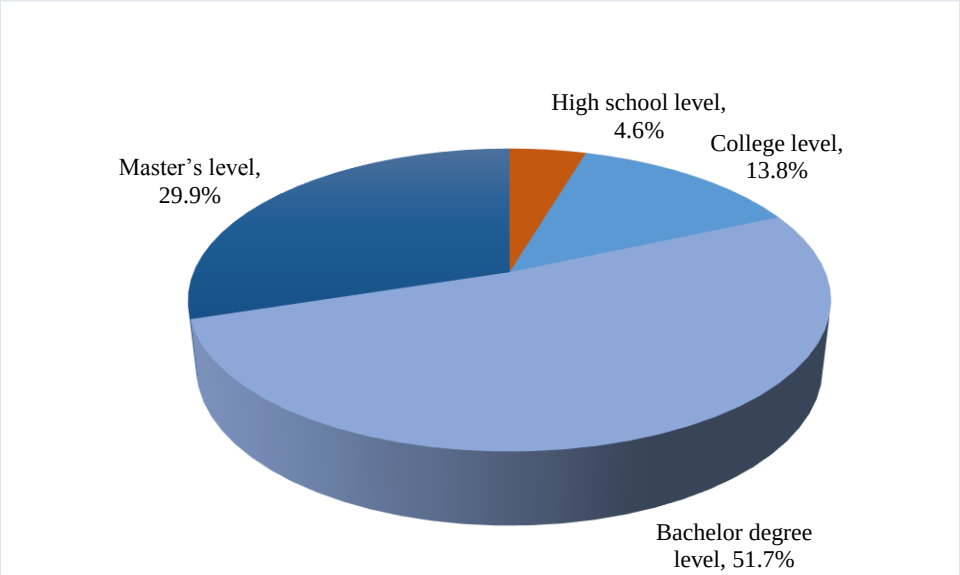
Figure 4.2: Work Experience



4.4.3 Educational Attainment

The study sought to find out the level of education of the respondents and the results were as shown in figure 4.3 below. The study results revealed that, 29.9% hold master's degree, 51.7% hold bachelor degree, and 13.8% hold college level certificate and high school level 4.6%. Majority of the respondents' holders' of bachelor degree. This also shows that majority of the respondents were educated and are able to read, understand and interpret research topic well.

Figure 4.3: Educational Attainment

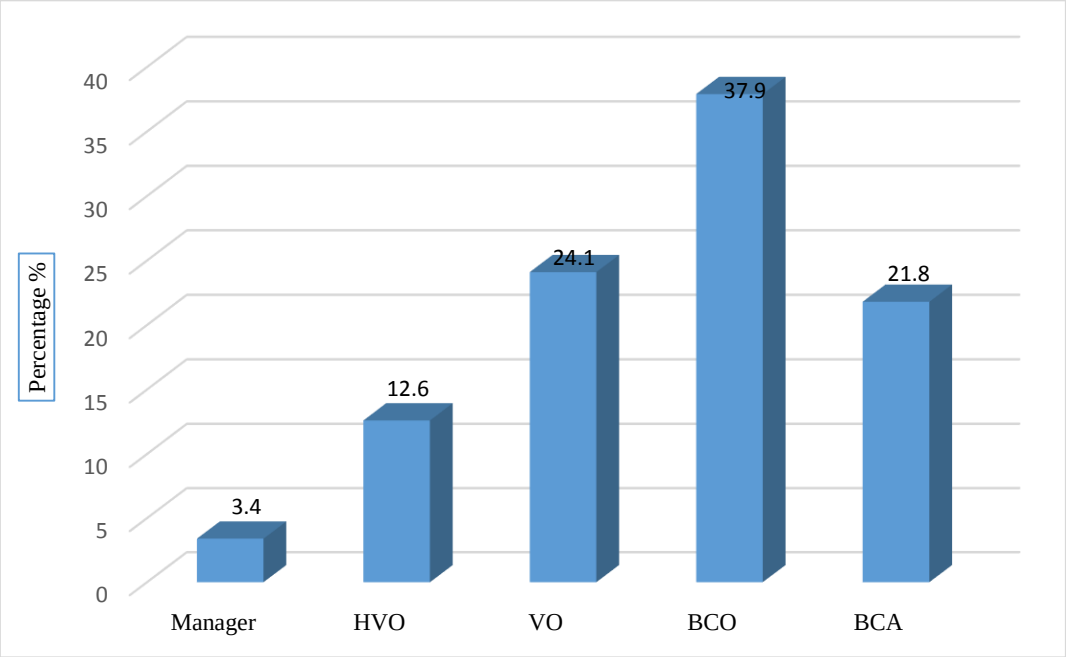


were as shown in figure 2 above. The study results revealed that, 13.8% hold master's degree, 32.2% hold bachelor degree, and 44.8% hold college level certificate and high school level 9.2%. Majority of respondents' holders' of college certificate. This also shows that majority of the respondents were educated and are able to read, understand and interpret research topic well.

4.4.4 Position held in organization

The study sought to establish position held by the respondents in the organization. The study findings were as indicated in figure 4.4 below. The results revealed that 37.9% of the organization position were held by BCO, 24.1% VO, 21.8% were BCA, 12.6% were HVO and 3.4% were managers.

Figure 4.4: Position held



4.5 Descriptive Results

The respondents were asked to rate the extent to which they agree with the statements based on the scale options of; 1 (strongly disagree) to 5 (strongly agree). The questions were randomly arranged and were aimed at analysing influence of; technology, customs staff competence, and other government agencies on detection of contraband goods at the port of Mombasa. The results were summarized using mean scores, where the mean score represents the overall rating on the extent to which respondents agree with the statement.

4.5.1 Influence of technology on detection of contraband goods

From analysis as tabulated in Table 4.3 below, results revealed that respondents strongly agreed with mean score of 4.28 and standard deviation of 1.273 that Simba management system is not efficient and it has been the cause of leakages and delays in customs clearance. However, introduction and effective implementation of MMS, improved and enhanced efficiency at customs as indicated by mean score of 4.32 standard deviation of 1.410. Creating systems and structures that support innovations and good innovation strategies also received high response rate with a mean score of 4.07 and 4.28 respectively. Respondents agreed that creation of

systems and structures that support innovation, can be a determining factor in controlling contrabands goods at Mombasa port and other border control points. Han et al, (2014), notes that creating a platform for "development of new skills, ideas and knowledge, promotes an organization's innovative and structural capital creating new knowledge". This is in line with (Anderson et al, 2004; West, 2002a; Zhou & Shalley, 2003) suggestions that "innovation and creativity are main determinants of organizational performance, success, and longer-term survival". The effort by KRA to introduce equipment like scanners, x-ray machines and CCTV footages to combat crime syndicates at customs and border control department demonstrates how much they value the importance of technology in improving its ability to deliver services by leveraging on existing and emerging Information Technologies such as; mobile devices, cloud services, social technologies, and Big Data/ Analytics (KRA, 2015).

Table 4.3 Technology - Descriptive Statistics

	N	Mean	Std. Deviation
Simba management system has been the cause of revenue leakages and delays in customs clearance.	87	4.28	1.273
Creating systems and structures that support innovations helps to curb entrance of contraband goods at control border points	87	4.05	1.478
Effective implementation of MMS has enhanced efficiency at KRA	87	4.32	1.410
Usage of scanners has helped to curb revenue leakages and improve security	87	4.07	1.605
Innovation strategy has helped to curb contraband goods at border control points	87	4.28	1.273
Valid N (listwise)	87		
Total average mean		**4.20**	

4.5.2 Influence of staff competence on detection of contraband goods

The study sought to establish to the influence of staff competence on detection of contraband goods at the port of Mombasa. From analysis, results indicates that respondents were full in agreement that staff are well trained to use technology to detect the goods that have been restricted or prohibited. This was confirmed by a mean respond rate of 4.37and standard deviation of 1.330. Human capital, according to Han et al (2014), plays important roles in an organization. For instance, facilitation and sharing of information, ideas and social capital through internal relations. As to whether KRA staff are capable to monitor, check quality and the accuracy of information. Respondents strongly agreed as indicated with a response rate of 4.52 and standard deviation of 1.199. KRA have invested much in development of human capital through their training and development programs. According to Becker & Mincer (1993) in their human capital theory, they suggests that developing human capital, shapes personal attributes including ability to function independently and on their own initiatives, good leadership with high integrity. Respondents on the statement as to whether, CBCD staff respond appropriately to customer inquiries and complaints, respondents strongly agreed with this statement as shown by a response rate of 4.32 and standard deviation of 1.410. Respondents also strongly agreed that KRA should join hands with other agencies to fight against illegal and immoral transaction which is a threat to society. This was confirmed with a response rate of 4.28 and deviation of 1.273.

Table 4.4 Staff competence- Descriptive Statistics

	N	Mean	Std. Deviation
Staff are well trained to use technology to detect the goods that have been restricted or prohibited	87	4.37	1.330
KRA should join hands with other agencies to fight against illegal and immoral transaction which is a threat to society	87	4.28	1.273
KRA staff are capable to monitor, check quality and accuracy of information	87	4.52	1.199
CBCD staff respond appropriately to customer inquiries and complaints	87	4.32	1.410
The CBCD staff do demonstrate honesty and transparency	87	4.28	1.273

Valid N (listwise)	87	
Total average mean		**4.34**

4.5.3 Influence of other government agencies on detection of contraband goods

The study sought to establish to the extent to which cooperation of customs with other government agencies influence detection of contraband goods at the port of Mombasa. From analysis, results indicates that respondents strongly agreed with a respond rate of 4.32 and standard deviation of 1.271 that KRA officials at border points are able to control the entry of contraband along the borders. Respondents agreed with a response rate of 4.10 and standard deviation of 1.325, that sharing of information with other government agencies, KRA has been able to minimize entry of contraband goods. Their observation was in line with Ntabaza (2010) observation of which he acknowledged that stake holders plays a significant role in enabling the detection of contraband goods in the EAC. Responds also agreed with response rate of 4.29 and standard deviation of 1.454 that the government has been forefront in supporting KRA fight and punish those involved in importation and export of contraband goods. Respondents also agreed that lack of collaboration with other government agencies has made KRA not to be effective in controlling contraband goods at border points. This was indicated by a response rate of 3.86 and standard deviation of 1.665.

Table 4.5 Other government agencies – Descriptive statistics

	N	Mean	Std. Deviation
KRA officials at border points are able to control the entry of contraband along the borders	87	4.32	1.271
The sharing of information with other government agencies, KRA has been able to minimize entry of contraband goods	87	4.10	1.570
Destruction of contraband goods by KRA in collaboration with other government agencies have helped to tame the vice	87	4.29	1.454
The government has been forefront in supporting KRA to fight and punish those involved in importation and export of contraband goods	87	4.32	1.325
Lack of collaboration with other government agencies has made	87	3.86	1.665

KRA not to be effective in controlling contraband goods at border points	
Valid N (listwise)	87

4.5.4 Contraband goods

On contraband goods, majority of the respondents strongly agreed with mean response rate of 4.52 and standard deviation of 1.199 that contraband goods has led to loss of revenue and development of unhealthy competition among other manufacturers/traders. On detection of contraband goods, respondents agreed that KRA and other law enforcement agencies are able to detect and combat counterfeit trade and other dealings in counterfeit goods. This indicated by a mean respond rate of 4.32 and standard deviation of 1.410.The statement on whether the growth of illegal distribution network increased the occurrence of trade in contraband goods, respondents agreed with the statement as indicated with a mean response rate of 4.07 and standard deviation of 1.605. This is in line with Ntabaza (2010) argument that corruption in customs through trade facilitation is major hindrance to curb infiltration of contraband goods entering the country. With a mean response rate of 4.32 and standard deviation of 1.271, respondents strongly agreed with statement that smuggling of goods through customs control points happen out of ignorance, negligence or deliberately. Finally, on the statement that ccurrent technology employed at border control point is capable to detect concealed goods. Respondents were unanimously agreed with a response mean rate of 4.28 and standard deviation of 1.273.

Table 4.6 Detection of contraband goods - Descriptive Statistics

	N	Mean	Std. Deviation
Contraband goods has led to loss of revenue and development of unhealthy competition among other manufacturers/traders	87	4.52	1.199
KRA and other government agencies have been able to detect and combat trade and other dealings in contraband goods	87	4.32	1.410
The growth of illegal distribution network increased the occurrence of trade in contraband goods	87	4.07	1.605

Smuggling of goods through customs control points happen out of ignorance, negligence or deliberately	87	4.32	1.271
Current technology employed at port of entry point is capable to detect concealed goods	87	4.28	1.273
Valid N (listwise)	87		

4.6 Correlation Analysis

The researcher conducted correlation analysis, which involved coefficient of correlation and coefficient determination in order to establish the relationship between independent variables and dependent variables in the study.

4.6.1 Coefficient of Correlation

To establish the relationship between the independent variables and dependent variable. The study conducted correlation analysis and as indicated in the Table 4.7 below, technology, staff competence and other government agencies all had a positive correlation. Technology was found to be positively correlated to contraband goods with a correlation value of 0.863. While staff competence and contraband goods showed a correlation figure of 0.812. Other government agencies and contraband goods had a correlation value of 0.618. This showed that there was a higher correlation in technology and customs contraband goods, and with p-value less than the threshold of 0.05.

Table 4.7 Coefficient Determination

	Contraband _Goods	Technology	Staff Competence	Government Agencies
Contraband Goods	1			
Sig. (2-tailed)				
N	87			
Technology	.863**	1		
Sig. (2-tailed)	.000			
N	87	87		
Staff Competence	.812** .	655**	1	
Sig. (2-tailed)	.000	.000	.000	
N	87	87	87	
Government_Agencies	.618**	.610**	.399**	1
Sig. (2-tailed)	.000	.000	.000	
N	87	87	87	87

** Correlation is significant at the 0.01 level (2-tailed).

The study indicates that, all independent variables have a positive effect on detection of contraband goods at the port of Mombasa . This implies that at 95% confidence level, the positive relationship is statistically significant. The correlation between technology and detection of contraband goods 0.863 indicated a positive linear relationship with a p-value of 0.000 that is < 0.05. This implies that at 95% confidence level, the positive relationship is statistically significant.

The correlation between staff competence and detection of contraband goods 0.812 indicated a positive linear relationship with a p-value of 0.000 that is < 0.05. This implies that at 95% confidence level, the positive relationship is statistically significant. The correlation between other government agencies and detection of contraband goods indicated a coefficient correlation of 0.618 with a p-value of 0.000, which is less than 0.05 and giving a positive relationship between other government agencies and contraband goods at port of Mombasa. This implies that at 95% confidence level, the positive relationship is statistically significant.

4.7 Regression Analysis

In trying to estimate and establish the relationship between the variable, the study used regression statistical process to relationship between independent variable and dependent variable.

4.7.1. Coefficient of Determination

In Table 4.9 below shows regression model calculated at 95% level of significance. Coefficient of determination explains the extent to which changes in the dependent variable (contraband goods) can be explained by the change in the independent variables. From the findings, 86.4% of variance is attributed to combination of the three independent factors investigated in this study that is, technology, staff competence and other government agencies, while the 13.6% is explained by other not studied in this research.

Table 4.8 Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.930a	.864	.859	1.31585

a Predictors: (Constant), Technology, Staff_Competence, Government_Agencies

4.7.2. Analysis of Variance (ANOVA)

It is a statistical method used to establish the significance of the regression model and to test differences between two or more means. The model is considered significant if its p-value is less or equal to 0.05. In the study, the significance of the regression model has a p-value of 0.00, as indicated in Table 4.9 below, which is less than 0.05. This indicates that the regression model was statistically significant in predicting the factors influencing detection of contraband goods by customs and border control department at the port of Mombasa. As indicated in the table below, ANOVA results showed that the model was significant at $F = 175.966$, with $p<.05$. At 95%, confidence level the analysis indicates high reliability of the results obtained thus indicating that the study was statistically determined.

The results were consistent with the findings of Andreas (2013) who reported that many countries are affected by illegal trade of contraband goods and hence exists a global necessity

for detection at the points of entry with level of technology being key. This results meant that the model adopted in the study.

Table 4.9 ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	914.036	3	304.679	175.966	.000b
	Residual	143.711	83	1.731		
	Total	1057.747	86			

a Dependent Variable: Detection of Contraband Goods

b Predictors: (Constant), Govern, Staff, Tech

4.7.3. Multiple Regression Analysis

The researcher also engaged the use of multiple regression analysis as shown in Table 4.10 below to check and main determinants that influences contraband goods at customs Mombasa port and control border points. This section presents a summary of regression analysis between the independent variables including; technology, staff competence and other government agencies.

Table 4.10 Regression coefficient

Model	Unstandardized Coefficients		Standardized Coefficients		
		B	Std. Error	Beta	t	Sig.
1	(Constant)	.398	.975		0.408	.000
	Technology	.448	.057	.491	7.921	.000
	Staff_Competence	.410	.051	.432	8.065	.000
	Government_Agencies	.133	.046	.146	2.863	.005

a Dependent Variable: Goods

From the table 4.10 above, the general regression Model equation can be derived as follows;

$$\mathbf{Y = 0.398 + 0.448X_1 + 0.410X_2 + 0.133X_3 + \varepsilon}$$

Where,

Y= Detection of contraband goods

X_1= Technology

X_2 = Staff competence and

X_3= other government agencies

ε = Error term of the regression

Therefore;

Y- Intercept (β_0 =0.398), as indicated in Table 4.10, predicts that detection of contraband goods by customs and border control department at the port of Mombasa will be 0.398 when all other independent variables are zero. From the analysis in table 4.10, Technology X_1 (β = 0.448, $p<0.05$) has the strongest relationship with the detection of contraband goods followed by Staff competence X_2 (β = 0.410, $p<0.05$) and other government agencies X_3 (β = 0.133, $p<0.05$). All the four variables significantly predicted the influence on detection of contraband goods by Customs and border control department at the port of Mombasa.

From analysis, the findings showed a linear positive relationship. This implies that a unit increase in X_1(Technology), will result to 0.448 increase in detection of contraband goods at port of Mombasa, unit increase in X_2 (Staff competence), will result to 0.410 increase in detection of contraband goods at customs and a unit increase in X3 (Cooperation with other government agencies), will result to 0.133 increase in detection of contraband goods by customs and border control department at the port of Mombasa.

This supports findings reported that technology is important in detection of contraband goods (Munyanyi,2011). Khaled,2013 asserts that customs authorities should adopt advanced technologies to be able to compete with criminal organizations that are always a step ahead.

CHAPTER FIVE
SUMMARY, CONCLUSIONS AND RECOMMENDATION

5.1 Introduction

This chapter summarizes the topic of research factors influencing detection of contraband goods by customs and border department at the port of Mombasa.. It includes a summary regarding the results of data collected, conclusion that finalizes the topic of research in line with stated objectives, draws conclusions and finally makes necessary recommendations on further studies.

5.2 Summary of Findings

5.2.1 Technology

The study sought establish the extent to which technology influence detection of contraband goods at the port of Mombasa. From the analysis, the result indicated that a Pearson Correlation (r-value) of 0.863, which represented a strong and a positive linear relationship between technology and detection of contraband goods. The findings of the analysis revealed that a total mean average of 4.20 of the respondents agreed that increase in application of technology. The findings of the study revealed that majority of the respondent with a mean response rate of 4.32 strongly that introduction and implementation of MMS, improved and enhanced efficiency at customs as indicated by mean score of 4.32. Creating systems and structures that support innovations and good innovation strategies also received high response rate with a mean score of 4.07 and 4.28 respectively. The finding have been supported by the findings of (Anderson et al, 2004; West, 2002a; Zhou & Shalley, 2003) who noted that 'innovation and creativity are main determinants of organizational performance, success, and longer-term survival'.

5.2.2 Staff competence

The study sought to establish the extent to which staff competence influences detection of contraband goods at the port of Mombasa. From the analysis, the result indicated that a Pearson Correlation (r-value) of 0.812, which represented a strong and a positive linear relationship between staff competence and detection of contraband goods. The results findings revealed a regression coefficient of 0.410 in relation to detection of contraband goods at the port of Mombasa. Majority of the respondents as indicated with a total mean average of 4.34 strongly agreed that staff competence influences detection of contraband goods at the port of Mombasa.

Most respondents with a mean of 4.52, strongly agreed that KRA staff are capable to monitor, check quality and accuracy of information. As indicated, respondents with a response mean of 4.32 agreed that CBCD staff do respond appropriately to customer's inquiries and complaints. The findings of the study have been supported by Han et al (2014) that found out that staff competence plays a significant a role in an organization especially in terms of facilitation and sharing of information, ideas and social capital through internal relations. Becker & Mincer (1993) also found that developing human capital, shapes personal attributes including ability to function independently and on their own initiatives, good leadership with high integrity. Coff and Raffie, (2015) in their findings concluded that the greatest problem with human capital unlike other tangible asset in organization, they can easily leave the organization hence the need to have proper management of this useful asset.

5.2.3 Other government agencies

The study sought to establish to the extent to which cooperation with other government agencies influence detection of contraband goods at the port of Mombasa. From analysis, the result indicated that a Pearson Correlation (r-value) of 0.618, which represented a strong and a positive linear relationship between other government agencies and detection of contraband goods. The result finding also showed a regression coefficient of 0.133 in relation to detection of contraband goods at the port of Mombasa. With total average response mean of 4.17, respondents agreed that KRA officials in conjunction with other government agencies at the port of Mombasa are able to control the entry of contraband goods . Respondents agreed with a response rate of 4.29 that the government has been forefront in supporting KRA fight and punish those involved in importation and export of contraband good. The findings are in support of Ntabaza (2010) who observed and acknowledged that staff and stakeholders plays a significant role in enabling the detection of contraband goods in the EAC.

5.3 Conclusion

The objective of this study was to establish factors that influences detection of contraband goods at the port of Mombasa with specific objective to establish the extent to which; technology, staff competence, and other government agencies influences detection of contraband goods at the port of Mombasa. The study concludes that;

i) Technology

A growing number of studies are now focusing on role of innovation processes in firms' sustainable development (Bos-Brouwers, 2010). It has been now accepted that innovation technology has transformational force that can create new products and processes and through it, organization can achieve sustainable production, enough to drive sustainable success and survival in an organization. Bos-Brouwers (2010) adds that "technology acquisition is key and it is upon management to acquire technologies that will augment the firm's ability to compete in international markets."

ii) Staff competence

The findings established that there existed a strong positive correlation between staff competence and detection of contraband goods at the port of Mombasa. With well trained staff, good enabling environment and support from law enforcement agencies, combating illicit trade at the Mombasa port and control border point and can be managed. However, their efforts can frustrated by impunity among illegal traders and other government officials paying bribes at various levels of trade transactions and non-official fees and charges and border points. All stakeholder and the public need to be sensitized through seminars, workshops and capacity building for staff through training.

iii) Other government agencies

The findings also established that there existed a positive correlation between other government agencies and detection of contraband goods at the port of Mombasa, it was observed that stakeholders i.e. traders, importers and exporters, port officials, travelers and other government agencies like the police, inspectorates and bureaus of standards. Plays a vital role in combating illicit trade positively or negatively. That is why despite the effort by KRA to curb entrance and export of contraband goods, their effort is being frustrated. Therefore, lack of collaboration and integrity, war on illicit trade will continue to thrive and detection of contraband goods go on unabated, hence loss of revenue and creating unhealthy economic competition among manufactures and other traders.

In Kenya the Anti Counterfeight Agency was formed to prohibit trade in Counterfeight goods both internal and external. It was to work through collaboration with other state agencies such as the judiciary, parliamentary committees, ministers, permanent secretaries, provincial administration and the Kenya Police, advocacy and lobby groups such as the Kenya Association of manufacturers and the consumer protection advocacy groups (Anti Counterfeight Agency, 2017). At the regional level the anti-corruption authorizes have formed one regional body called the East African Association of Anti-Corruption Authorities (EAAACA). The main aim of the association is to cooperate in preventing and combating corruption in the East African Community as it allows the smuggling of contraband goods (Kafeero, 2008).

Ultimately the country will also depend on all the institutions working together to contain the trade in contraband goods. For example the customs officials should depend on the police to help monitoring the long porous border between Kenya and Tanzania. It's reported that the border has more than 360 illegal entry points (referred to as Panya routes). Questions to ask under this variable is whether the customs and border control department collaborates with other government agencies such as the judiciary, parliamentary committees, ministers, permanent secretaries, provincial administration and the Kenya Police, advocacy and lobby groups such as the Kenya Association of manufacturers and the consumer protection advocacy groups.

5.4 Recommendations

The study recommends the following;

i) That for technology to be effective, the management ought to invest more in creating infrastructures so as to keep up with technological advancement. This will enable the organization in detecting contraband goods at the port of Mombasa .

ii) That in order for organization to succeed in managing contraband goods, it ought to increase capacity of its staff through training and other development programs. All stakeholders and other government agencies should work as a team. Sharing of information will help to reduce entry and export of contraband goods.

iii) That other government agencies should collaborate with KRA officials to share information that would help detection of contraband goods at any entry points at control border. Law enforcement agent should be forefront to enforce laws to punish offenders.

5.5 Areas of Further Research

This study focused on factors that influences detection of contraband goods at the port of Mombasa. Since 86.4% of results was explained by independent variables in this study, it is recommended that a further study be carried out on other factors such as corruption, organization culture that affect detection of contraband goods at the port of Mombasa.

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APPENDICES

APPENDIX I: LETTER OF INTRODUCTION

Kenya School of Revenue Administration

KENYA REVENUE AUTHORITY

ISO 9001:2015 CERTIFIED

KRA/KESRA/MSA/002 **30TH OCTOBER, 2017**

TO WHOM IT MAY CONCERN

Dear Sir/Madam,

RE: REQUEST TO COLLECT RESEARCH PROJECT DATA

This is to certify that Ms. Maureen M. Kimeu of admission number HDB335-C016-2521/2016 is a bona fide student of the Kenya School of Revenue Administration (KESRA), Mombasa Campus. She is in her final year of study and is currently conducting a research project in partial fulfilment of the requirements leading to the award of a Postgraduate diploma in Customs Administration. Ms. Kimeu is in the process of gathering data that will strictly be used for academic purposes only. Regarding this issue, the School would like to seek your permission to allow her to collect information that relates to her research from your organization.

Thank you for your support and cooperation.

Yours sincerely,

Winfred Jillani
Ag. Principal – KESRA, Mombasa Campus.

Tulipe Ushuru Tujitegemee !

KENYA VISION 2030

APPENDIX II: QUESTIONNAIRE

Dear Respondent,

This questionnaire is being administered to collect data in a study on "**Factors Influencing Detection of Contraband Goods by Customs and Border Control Department at the Port of Mombasa"** and would like you to give your honest opinion/views on the topic. All information provided will be used only for academic purposes and will be handled with a high degree of confidentiality.

PART A: DEMOGRAPHIC INFORMATION (Tick as appropriate)

1. What is your gender?

   Male ( ) Female ( )

2. What is your highest level of education?

   a) High School ( )

   b) College ( )

   c) Bachelor Degree ( )

   d) Master's Degree ( )

3. What is your position?

   Manager ( ) HVO ( ) VO ( ) BCO ( ) BCA ( )

2. For how long have you been working at the port?

   0-5 years ( ) 6-10 years ( ) 11-15 years ( ) Over 15 years ( )

PART B: INFLUENCE OF TECHNOLOGY

Please tick (√) to indicate the extent to which you agree with the following statements about influence of technology. The following scale will be applicable**:**

1. Strongly Disagree 2. Disagree 3.Unsure 4. Agree 5. Strongly Agree

S/no	Technology Aspects	1	2	3	4	5
1.	Simba/ACMS management systems have been the cause of revenue leakages and delays in customs clearance.					
2.	Creating systems and structures that support innovations helps to curb entrance of contraband goods at control border points					
3.	Effective implementation of MMS has enhanced efficiency at KRA					
4.	Usage of scanners has helped to curb revenue leakages and improve security					
5.	Innovation strategy has helped to curb contraband goods at border points					

PART C: STAFF COMPETENCE

Please tick (√) to indicate the extent to which you agree with the following statements about staff competence. The following scale will be applicable:

1. Strongly Disagree 2 Disagree 3.Unsure 4. Agree 5. Strongly Agree

S/no	Staff Competence Aspects	1	2	3	4	5
1.	Staff are well trained to detect the goods that have been restricted or prohibited					
2.	KRA should join hands with other agencies to fight against illegal and immoral transaction which is a threat to society					
3.	KRA staff are capable to monitor, check quality and accuracy of information					
4.	CBCD staff respond appropriately to customer inquiries and complaints					
5.	The CBCD staff do demonstrate honesty and transparency					

PART D: OTHER GOVERMENT AGENCIES

Please tick (√) to indicate the extent to which you agree with the following statements about other government agencies. The following scale will be applicable:

1. Strongly Disagree 2. Disagree 3.Unsure 4. Agree 5. Strongly Agree

S/no	Other Government Agencies Aspects	1	2	3	4	5
1.	KRA officials at border points are able to control the entry of contraband along the borders					
2.	Through sharing of information with other government agencies, KRA has been able to minimize entry of contraband goods					
3.	Destruction of contraband goods done by KRA in collaboration with other government agencies has helped to tame the vice.					
4.	The government has been in the forefront in supporting KRA to fight and punish those involved in importation and export of contraband goods.					
5.	Lack of collaboration with other government agencies has made KRA not to be effective in controlling contraband goods.					

PART E: DETECTION OF CONTRABAND GOODS

Please tick (√) to indicate the extent to which you agree with the following statements about detection of contraband goods. The following scale will be applicable:

1. Strongly Disagree 2 .Disagree 3.Unsure 4. Agree 5. Strongly Agree

S/no	Detection of contraband goods Aspects	1	2	3	4	5
1.	Contraband goods have led to loss of revenue and development of unhealthy competition among other manufacturers/traders					
2.	KRA and other government agencies have been able to combat and detect trade and other dealings in contraband goods.					
3.	The growth of illegal distribution network increased the occurrence of trade in contraband goods.					
4.	Smuggling of goods through customs control points happen out of ignorance, negligence or deliberately					
5.	Current technology employed at port of entry is capable of detecting concealed goods.					

Thank you for participating in this research and honest contribution towards its success.