

**FACTORS AFFECTING COLLECTION OF CUSTOMS TRADE STATISTICS
AT THE PORT OF MOMBASA**

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DECLARATION

This research project is my original work which has never been presented for any award in any academic or non-academic institution.

Signature

Date

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HDB335-C016-2129/18

This research project is being submitted for examination with my approval as the Supervisor.

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DEDICATION

I would like to dedicate my work to my wife Elizabeth Maina and children who accorded me their unconditional support throughout the research period.

ACKNOWLEDGEMENT

I would like to thank the Lord Almighty for giving me the strength and grace to come this far. I would like to thank my parents, my siblings; Hellen, Lucy, George and Evans not forgetting my work mates who on timely basis gave enough moral support to really work towards achieving this goal. Special thanks go to my supervisor Bernard Mumia whose dedication, time and immense fountain of knowledge guided me to completion of this research. The interest they showed motivated me to do my best and achieve what I might not have been able to do on my own. I would also like to thank the staff of the Kenya School of Revenue Administration and Kenya Revenue Authority for providing the necessary resources and information to undertake this research.

May God bless you all abundantly!

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ABBREVIATIONS AND ACRONYMS

CET	Common External Tariff
C&BCD	Customs and Border Control Department.
DTD	Domestic Tax Department.
EAC	East African Community
GST	General Sales Tax
GST	Goods and Services Tax
ICC	International Chamber of Commerce
ICMS	Integrated Customs Management System
KPA	Kenya Ports Authority.
ICT	Information and Communication Technology.
VAT	Value-Added Tax
WCO	World Customs Organization
WTO	World Trade Organization

DEFINITION OF TERMS

Customs Systems	This are systems put in place by customs administration of a country to facilitate in import and export processes at the point of a country entry so as to ensure compliance by traders (Gani, 2017)
Customs Procedures	This are measures imposed by the customs of a country to goods subject to cross-border trade and are under the jurisdiction of customs law (Wolffgang & Kafeero, 2014)
Common External tariff	It's a uniform tariff rate adopted by a custom union enjoying he same market such East African Community (Togan,2015)
Trade Statistics	This are compiled data of the quantities, description and value of goods which is as a result of the stock of goods moving from one country to another (Kaminchia, 2014)
The de minimis rule	Is a valuation ceiling for goods, including documents and trade samples, below which no duty or tax is charged and clearance procedures, including data requirements, are minimal (Tavengerwei, 2018).

ABSTRACT

Customs Administrations is a government agency that plays a critical role at the country's border and manages the cross-border flows of goods, people and means of transport to ensure they comply with law. Customs is at forefront of the global business activities with the responsibility, mandate and expertise to inform on what commodities are being exported, imported from where they originate or are transferred to, and the party involved. It is a costly exercise to produce data that are both up to date and precise and requires resources that most developing countries still lack. Most of the studies which have been done indicate that the formulation of procedures pertaining to trade should be easy to follow so that the broad and the medium-sized venture in the international business become easy to understand. Collection of trade statistics is a routinely process that need data generated which assist in determining the likelihood of the set targets being achieved This research paper focused on the study of the factors affecting the collection of trade statistics at the Port of Mombasa. Among the factors studied include the customs system, customs procedures and CET factors that influence the collection of trade statistics. This study was done at the Port of Mombasa. The study objectives are: To determine the effect of customs systems on customs collection of custom trade statistics at the Port of Mombasa. Secondly is to ascertain the effect of custom procedures on customs collection of trade statistics at the Port of Mombasa and lastly to assess the effect of the Common External Tariffs (CET) on customs collection of trade statistics at the Port of Mombasa. To bring this study to a success it adopted resource-based theory, bureaucracy theory and the Stolper-Samuelson Theorem. The researcher employed the cross-sectional survey design. A total of 325 officers were in the Port of Mombasa as at September 2019. The study adopted Slovins Formulae and cluster sampling technique to select respondents from various departments with an aim of providing equal chances. The researcher adopted the questionnaire as the tool for data collection. The drop and pick method were preferred since it is based on social exchange theory in which personal interactions provide a basis to stimulate norms of reciprocity and exchange that increase the chances a respondent will accept and complete the survey. The study targeted and distributed questionnaires to 180 respondents out of which 111 were fully filled. This represented 62 percent which is good and adequate for the study. Data analysis was done using the SPSS version 25.0 and a linear regression model to show the correlation between the independent and dependent variables of the study. The study used KMO and Bartlett's test to check for the validity of the collection instrument. Karl Pearson analysis indicated that custom systems strongly with a positive correlation affects collection of trade statistics at the Port of Mombasa by 72.7% common external being the second influence by 63.7% and lastly, customs procedures indicated to be having a moderate correlation relationship with trade statistics at the port of Mombasa being supported 58.9% effect on collection of trade statistics at the port of Mombasa. Regression model findings statistically indicate that customs systems by 22.9%, custom procedure at 21.7% and common external tariff by 3.63% affected the dependent variable. The study concludes by opining that utilization of custom systems in collection of trade statistics based on the fact that all the imports and exports have to be longed online using custom systems thus it forms a rich source of obtaining trade information. Customs procedures helps to provide secondary data about the traders such as the compliance level of the trader and forms the basis of profiling the traders and thus the authority should ensure all the set criteria is adhered by anyone involving him/herself on cross border trade. And lastly, use of Common external tariff plays a major role in collection of trade statistics thus non-tariff barriers should be discouraged so as to promote trade among countries as advocated by WTO guidelines.

CHAPTER ONE

INTRODUCTION

1.1 Background of the Study

Customs Administrations is a government agency that plays a critical role at the country's border and manages the cross-border flows of goods, people and means of transport to ensure they comply with law. Customs is at forefront of the global business activities with the responsibility, mandate and expertise to inform on what commodities are being exported, imported from where they originate or are transferred to, and the party involved (Amador & Cabral, 2016). Participation of customs statistics in making decisions is crucial for state economic development. These statistics have a close connection to foreign statistics which plays a bigger role in coming up with effective economic regulations and customs policies to be used country by a country in governing trade. According to WTO, rising of global trade interdependence leads to division of production universal and complexity in statistics of trade.

In the world today, with the immense array of digital information, statisticians have challenging duty of making sure that trade analysts have easy access to accurate and timely trade data. It is a costly exercise to produce data that are both up to date and precise and requires resources that most developing countries still lack. Hence, national statistics of countries differ significantly in terms of level of details and frequency (Hair et al., 2019). Trade statisticians use several methods to deliver consistent estimates to fill in these data gaps. Luckily the need for such estimates has declined considerably as most countries have provided data of good quality. Providing comparable and timely merchandise trade statistics for some developing countries, especially those in Middle East and Africa, has frequently challenging due to inadequate routine reporting of comparable and consistent data over a period of time across the countries on basis of internationally accepted guidelines and standards, (Kowalski, 2015). Compilation of data on commercial data services has even ended being extra challenging.

For third world countries, it progresses from being a being a poor country to upper middle-income country heavily depends on a successful global and regional trades. Conventional theory proposes a criterion in which this occurs. This involves primary

commodity exportation where the country got natural comparative advantage; Import substitution in which a country broadens its local manufacturing capacity and capability; oriented export manufacture making use of labour, little cost of unit and increasing profit due to large scale production. (Kanchoochat & Intarakumnerd, 2014).

According to McCombie & Thirlwall (2016), profitable trade gives the third world countries foreign currency source which assists in a country's balance of trade, a crucial way of providing finance to importation of important capital equipment /energy stocks and, in addition to circular spending and income flow and or creating a benefiting multiply effect on export, a rise in employment in the export and export related countries which results in an increased per capita income, a higher developed human index scores a dropping consumer prices plays an important role in giving a rise to real incomes e.g. by expanding market for a new competition.

A trade obligation is to comply with any custom laws of its structure of trade; ways of running a trade activity are covered by the legislation custom. Compliance to customs can be seen in two approaches, first is the actions taken to see to it the compliance to customs. Secondly is the state of being able to fulfill each and every provision of customs (Truel & Maganaris, 2015), compliance action in constant undertaking of a business yields being in a regular compliance state. It's a requirement to have procedures, policies and processes which enables to achieve custom laws. This suggests that a business should be knowledgeable of custom laws used and process of its application (Saad, 2014).

For effective and efficient collection and analysis of trade statistics, the C&BCD must employ the services of ICT. It involves the improvement of the entire process involving the custom clearance of goods from the time of lodging of all the entries, the acceptance and processing of the cargo and the declaration of the import, export and transits, the payment of the relevant taxes and the assessment which involves the arrival of goods through the custom and border control (Antov, 2017). The use of ICT consists of the scope that deals with a quick advancement of the technology that incorporates the telecommunication innovation.

Most of the studies which have been done indicate that the formulation of procedures pertaining to trade should be easy to follow so that the broad and the medium-sized

venture in the international business become easy to understand. In accordance, the faster mean of transportation and more comfortable predictability of the goods have been termed to encourage the poor in the third countries which will also amount to the growth of interest to those nations participating in the world-wide values chain (Małeckie et al.,2014). The facilitation of trade has been indicated as among major factors involved in trade worldwide which cause proficiency as well as country economic growth. This has been termed as one of the impacts which occur due to the competitiveness in the market integration and the growth of role and visibility, which arises directly from foreign investment. To achieve this, procedure harmonization consisting of the custom trade needs to be done. Alongside to this, the advancement and accessibility of goods at the port and the trade-related types of infrastructure require the streaming of the trade procedure which is a key factor especially in poor companies operating through the port of Mombasa (Suleymenova & Syssoyeva-Masson, 2017).

According to World Bank Group (2014). tariff classification process of the good can be shown as a way noted in figures of unchangeable rules, in which the place of goods imported and exported goods attributed to a certain heading of tariff is defined depending a given country. For successful collection of trade statistics, amongst other aspects, tariff classification of the goods must be accurate. Inability to handle tariff classification in a business will yield in goods being incorrect classification goods and hence inaccurate declaration in a custom declaration. In that case, tariff classification is a risk area in a business. Hence complying with customs obligations entailing accurate tariff classification is part and parcel of handling a risk to business. Therefore, compliance with customs obligations, including correct tariff classification is part of managing risk to the business (Popa 2015).

According to Verbeke & Asmussen (2016), Firms examine the global market for chances of getting a variety of markets, suppliers and products, and institutions supporting trade establishing priorities with respect to performance of sectors, promotion of trade, partner trading countries facts on flows of international trade so as to properly make use of resources. From the point of view of the united nations, statistics offer a clear way of giving a solution and also an authentic tool used in determining a country's national development level over a certain period of time

.actual, opportunely, timely and statistics which can be depended on is important for sustaining and creating an environment that encourages equitable and strong development. This is an essential component of formulating of sound economic policies which help in decision making and formulating government plans (Anderson et al.,2017).

Collection of trade statistics is a routinely process that need data generated which assist in determining the likely hood of the set targets being achieved. Statistics plays an important role in this area. Statistical data is helpful in evaluation and monitoring of ongoing economic reform programs, as it provides the reliable information on performance index which are used to measure the effect of programs and strategies on quality of life of a targeted population. Statistics serves as monitoring indicator which is vital for making development plans (Allison 2015).

This research paper involved the study of the factors affecting the collection of trade statistics at the Port of Mombasa. Among the factors studied include the customs system, customs procedures and CET factors that influence the collection of trade statistics. This study was done at the Port of Mombasa, since it's the main entry point of goods entering the country and also the main exit point of goods leaving the country and destined for foreign markets. Most of the government revenue is collected at this point, thus the best area to focus on.

1.2 Statement of the Problem

Trade statistics collected by customs are imperative for government in regulating of economic processes in the country. These statistics have a close connection to foreign statistics which plays a bigger role in coming up with effective economic regulations and customs policies to be used by a country in governing trade (Cohen, 2019). According to Drezner (2014), he argues that, during a time when global trade is unpredictable, trade statistics takes up a new significance. Trade statistics helps in calculation of the countries balance of trade which later translates to the amount of countries budget and even to the amount of a countries borrowing capacity when there is a deficit in the later. To come up with well informed decisions and to chart the best plans of policies to govern trade, Governments require up-to date data for the interest of their citizens (Draper, 2017).

Most trade statistical collection and analysis resources are already dedicated to tracking goods production and trade (Johnson, 2012). Despite this, there is no common data collection point at the port of Mombasa which means the central compilation of trade data has to depend on information captured at the scanners at the port and at the exit or entry point of the port. This might result in double counting unlike for the tourism service industry where data pertaining the tourist who come to the country through the port are taken once at a central point. Information of Cargo brought into the country as consolidated cargo might also be lost once they are broken down and parked as loose cargo in the transporting vehicles. This result to an economy depending on extrapolation of data from foreign exchange data rather than primary data collected (Barro, 2013).

While customs trade statistics shades a lot of light pertaining the current trends and changes in trade, increased use of online transactions and new technologies pose question to ascertain if there are correct data to be used in measuring these changing trends. Are the existing product classifications tools and trade statistics current for identifying and quantifying emerging goods and services? Collection of accurate trade statistics by customs at the port of Mombasa is largely affected by: smuggling, misdeclaration, under and over valuation and concealing of goods on imports and exports by some traders apart from giving wrong description of goods and importation of counterfeit and contraband goods. (KRA, 2018).

Chapman, (2017) opines that trade and economic healthiness of a country can be determined through utilization of trade data captured for all imports and exports. This raises a concern as to whether there are right mechanisms put in in place by customs service department at the port of Mombasa to fully capture the trends in trade and the trade data. This research study therefore, focused on examining the factors affecting collection of trade statistics at the port of Mombasa. Among the factors studied include the as customs system, customs procedures and CET factors that influence the collection of trade statistics they are the main tools used by customs to capture trade statistics at the port of Mombasa.

1.3 Objectives of the Study

1.3.1 General Objective

The main objective of this study was to examine the factors that affect the collection of custom trade statistics at the port of Mombasa.

1.3.2 Specific Objectives

- i. To determine the effect of customs systems on customs collection of custom trade statistics at the Port of Mombasa.
- ii. To ascertain the effect of custom procedures on customs collection of trade statistics at the Port of Mombasa.
- iii. To assess the effect of the Common External Tariffs (CET) on customs collection of trade statistics at the Port of Mombasa.

1.4 Research Questions

- i. What is the effect of customs system on the collection of customs trade statistics at the Port of Mombasa?
- ii. What is the effect of customs procedures on the collection of customs trade statistics at the Port of Mombasa?
- iii. What is the effect of the Common External Tariffs on the collection of customs trade statistics at the Port of Mombasa?

1.5 Significance of the Study

Through collecting the trade statistics at the Port of Mombasa which is being regarded as the gateway to East Africa, the Authority will be able to plan for the short term, intermediate and long-term goals thus enhancing trade facilitation.

Through the collection of trade statistics, the government will be able to plan well growth development programs of the country well since they can tell what to expect from the revenue collection agency. To the other stakeholders, insights in trade statistics will be paramount in predicting market dynamics and making early arrangements concerning their businesses.

To the future scholars, this research proposal lays a good foundation for further research on other factors that affect collection of trade statistics. The recommendations provided, if implemented will highly help in facilitating trade both locally, nationally and internationally.

1.6 Scope of the Study

This study confined itself on studying the factors affecting collection of trade statistics at the port of Mombasa. The contextual scope mainly focused on the KRA and to be specific, the Customs and Border Control Department. The places of interest this study was conducted was KRA at Port of Kilindini, Mombasa. As for the sample, the researcher targeted the management, the supervisory and also the lower cadre of employees based at the custom service department at the Port of Mombasa. The research used a cross sectional survey since it offered the best way through which the dependent variable is affected by the independent variables.

This study was done in a duration of four months which was enough time to collect, analyses and present the findings.

1.7 Limitations

The researcher experienced many constraints in making the study a success although the researcher came up with solutions to mitigate the constraints. The main constraints were time and financial constraints. A lot of time was required to conduct the study but there was limited time. The researcher used drop and pick method for the questionnaires to fasten data collection and as a result 100% response rate was not achieved. For financial constraints experienced in the course of the study, the researcher made proper planning to counter them. The researcher also sought permission and authorization from the heads of organization in order to access the respondents this was to enable easy access of information from the respondents countering the resistance to give information due to security reasons. Assurance on data security was also given to the respondents and that the data will only to be used for academic purposes only.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This chapter explores the theories related to the study, conceptual framework, empirical review, and review of variables, critique of the existing literature, research gaps and summary.

2.2 Theoretical review

2.2.1 Resource Based Theory

Resource based theory is an essential theory of strategic management and it states that a company's performance largely relies on the resources and capabilities it possesses which in turn becomes a source of competitive advantage (Davis & Simpson, 2017). Scholars have related different influence of this theory and elucidated it as the lead strategic and organizational practice used by the managers to alter their resource basis in order to generate new value-creating strategies.

According to Gunasekaran, Subramanian, & Papadopoulos (2017), resources are referred to as the criteria building blocks of strategy which identify both what a firm wants to do and what it can do. An organization can establish strategic mechanisms that could leverage on its resources for building on competitive edge. Lai, & Cheng (2016), noted that organizational strategies contribute in a significant way in establishing how organizational resources are utilized and distributed when it comes to the facilitation of organizational business operations. An organization as a business entity has a likelihood of achieving operational success through ensuring optimization of organizational resources by effective application and use.

Caesens & Stinglhamber (2014), noted that all organizational resources play a vital role towards the overall effectiveness and efficiency of an organization.

Ideally dealing with trade services which is a core function of customs requires use of resources which basically helps in achieving the desired goals of customs. Customs systems are the basic resource apart from human resource. Thus, this theory will be very helpful in determining whether the utilization of customs systems helps in yielding a positive result of capturing trade statistics of trade across border conducted at the port of Mombasa.

2.2.2 Bureaucracy Theory

Bureaucratic theory of management was developed by Max Weber and emphasized it being used as a powerful management tool. Bureaucracy is defined as an organizational structure that is characterized by a lot of rules, requirements and procedures, conforming processes, number of steps, meticulous division of work and responsibility, clear cadres and professionalism, almost interpersonal interaction between employees (Zhang, 2015).

The theory emphasizes on two essential elements. First it involves structuring an organization into levels and secondly the organization and its staffs being governed by structured rules and each element helping in achieving organizational goals. The practice and application of bureaucracy theory in an organization forms a rational means of controlling individual workers. A bureaucratic organization is one that has standardized principles, rules and regulations, a hierarchy of authority, specialized work force, trained personnel. It relates to the administrative processes and structure of an organization (Tolbert & Hall, 2015).

This theory contributed significantly in explaining customs procedures by traders which are basically declaration, followed by payment of duty, physical examination and later on post clearance audit when needed. This theory is essential in explaining how customs clearance procedures contribute to collection of trade statistics at the long run.

2.2.3 The Stolper-Samuelson Theorem

This theory might be referred to as 'conventional' trade theory can be basically subdivided to orthodox trade theory and new trade theory, each having varying projections regarding the internal distributional trade result. Much similar to orthodox trade theory, prognostication involving distribution of income varies depending on the variations of restrictive orthodox assumption set which is applied depending on the given case. Basic Ricardian theory, for example, with its labour theory of value in which has labour as the only production factor and the labour units are consistent, draws exactly distributional questions about the trade opening (O'Donnell, 2016).

Through distinction, the neoclassical Heckscher-Ohlin framework clearly explains the matter of addresses the distributional consequences of trade through the price

equalisation factor and the Stolper-Samuelson theorems (Costinot & Vogel, 2015). The Heckscher-Ohlin model and its Stolper-Samuelson corollary have both for long given popularly embraced framework used for examining trade and distribution of income in neoclassical framework. The simple model affirm in a setting of dual factors (capital and labour), a country will have a comparably beneficial in the goods in which its production is equivalently intensive in determinants to which a country is gifted. (Anderson & Strutt, 2016).

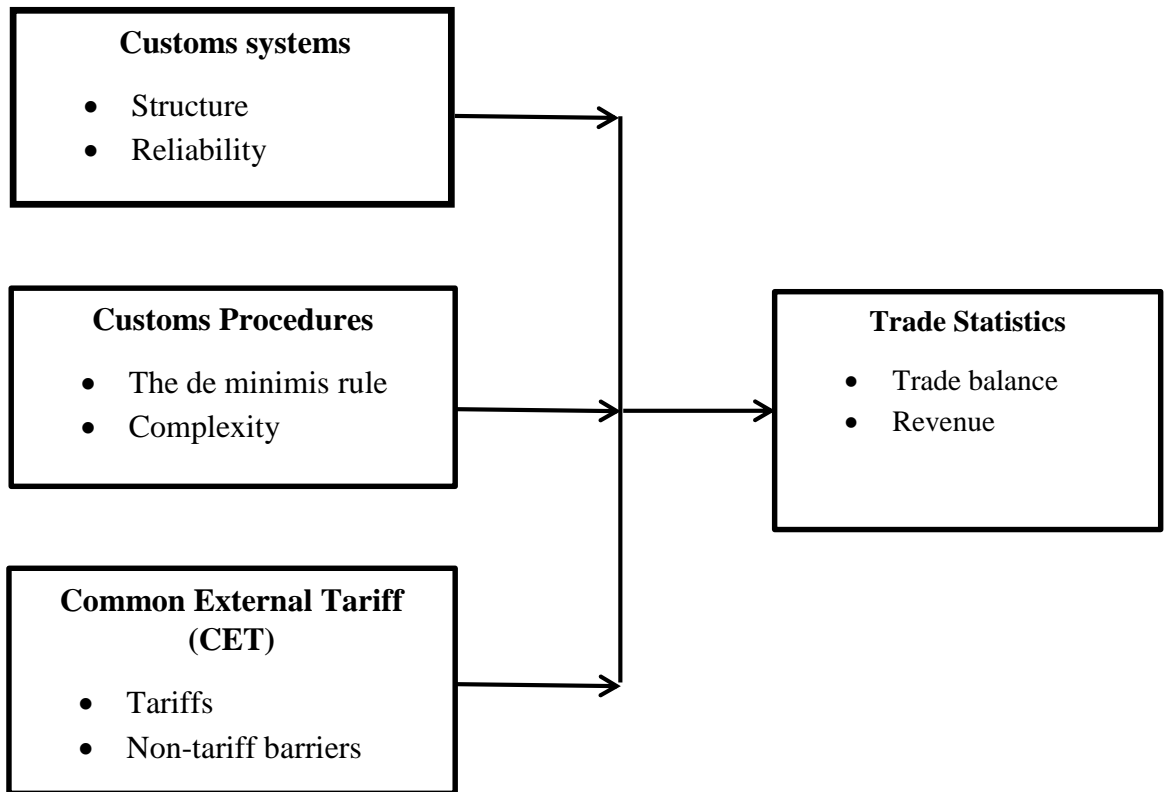
The Stolper-Samuelson corollary is that the opening of trade will raise the real income of the country's abundant factor and reduce that of the scarce factor (Madeira, 2014). The Stolper-Samuelson argument is that the opening of trade in a labour abundant country will increase the relative price of (labour-intensive) export goods, expanding export sectors and the demand for factors used intensively in (labour-intensive) export production. Nominal returns to labour increase as a result, while returns to capital (which is used intensively in the contracting import competing sectors) are lowered.

The effect on actual returns is then examined by making a comparison of these changes in nominal income to trade compelled relative product changes in price. (Cravino & Sotelo, 2017). In a scenario of neoclassical assumptions important in analysis, an ideal competition clearly shows that cost of factors applied in the sector of export will raise averagely equivalent to the rise in price of good exported. Because both labour and capital are both applied in production of export goods, it occurs that an increase in nominal labour cost should must signify that nominal labour price rises proportionately to the average and therefore proportionate to price of export goods. The actual return in labour hence rises with respect to the goods exported. In a case where a comparative price of an import providing competition, drop with commencing of trade, the actual income if labour will therefore increase largely in a country with abundant labour (Huria & Pant, 2018).

In a set of the trades statistics collection, this theory gives a clearer response to a of trade statistics, this theory provides a definite answer to a central problem in a world of business; what is the impact of price changes of goods, caused for example by changes in tariffs, on the prices of factors of production etc.

2.3 Conceptual Framework

Imenda (2014), describes conceptual framework as a summary illustration, related to the research project's objective that are helpful in collection and examining of data. The independent variables involved in the conceptual framework are: as customs system, customs procedures and CET factors while Dependent Variable is trade statistics at the port of Mombasa. Conceptual framework below shows the relationship between dependent and independent variables.



Independent Variable
Variable

Dependent

Fig 2.1 Conceptual framework

2.4 Review of Variables

2.4.1 Customs systems

Increase maximization of ecommerce as a trend in today's businesses characterized by a faster delivery of goods and a safer and secure means of payment, gross border trader is witnessing a rapid growth and expansion in terms of sales and service delivery between the trade stakeholders (Sales, 2016). Despite a greater part of most goods ordered by consumers these days consists of low- valued goods.

Systems of taxation which are now organized around the traditional models of business should have changes in order to be suit the procedures and systems which are existing so as to enable more effective prevention of revenue losses while also ensuring that bias is null within business while applying the current technology and those continuing to trade according to standards (Niemimaa et al., 2019).

Most countries have witnessed a remarkable and faster growth in low- value imports of physical goods on which custom duties and taxes are not collected. With this, there is a growing concern relating to possible custom revenue loss, fraud, and to an adverse effect of domestic retailers. Globally customs agencies are experiencing a crop up in a predicament of constant stability on need to improve trade facilitation while increasing need to fully enforce customs compliance regulations (Acemoglu et al., 2016).

Customs are constantly under pressure in ensuring a delivery of a customer-motived services which are friendly while ensuring the factual revenue are collected, preventing fraud or illegal trade within the constraints of little resources with collection of trade statistics being at stake. At the long run these necessitates for customs administration to be modernized so as to ensure transparency, security, delver agility and accuracy in using customs systems that are empowering rather than being restrictive (Rodrigues et al.,2018).

Kennya revenue authority for this reason is putting into effect an Integrated Customs Management System (ICIMS). The system integrates the custom systems which already exist and modernize it into a highly effective system set up based on current technologies which have a seamless link with additional internal together with external needs as it might arise.

This system is going to be the turning point to customs processes since it aligns actions perfectly to be in line with the global operations as advocated by Kyoto Conventions and improve the ease in the way of doing cross-border trade. This is because the system properties comply with World Trade Organization (WTO) which advocates for harmonization and simplifying of the procedures of global trade

The currently existing Customs system referred to as Simba system, operates on abundance of the alternate systems and it is necessary to have abundant legitimate points for the consumers therefore at other times at other times more time is required. Even though in the new-state-of-the-art system, there is intent to have reduction in time of clearance of imports and exports at minimum by 60%

A rise in trade facilitation through appropriate IT usage yields in a better growth of economy of countries and increased competitiveness of industries through harmonizing appropriate systems and reduction in unrequired procedural requirements and also has to make sure that countries safeguard themselves against practices of which are not lawful

(Ismail & Mahyideenssss, 2015).

Tax compliance and enforcement issues, such as ensuring that duties and taxes are correctly assessed (administrations would need to create free databases, available in a variety of formats, detailing their duty/tax rates and exemptions) and that the assessed duties and taxes are actually remitted to the country concerned;

The remaining risks of undervaluation and misdeclaration of supplies by vendors, and the risk of fraud connected to refund procedures. There is a need to enhance existing working relationships between Customs and Tax administrations, as well as cooperation between and among Customs/tax administrations at the international level in order to ensure that collection of revenue for less-value international online trade is conducted in an optimum manner.

2.4.2 Custom procedures

Besides revenue collection, Customs is equally concerned with preventing contraband and other prohibited items from entering a country. In the international mail and express environment, all packages, regardless of their value, are subjected to risk assessment and, where appropriate, screened by Customs as part of its wider

border risk management process. A Customs administration typically determines which items are subject to control, taking into consideration national Customs regulations, and those of other government departments for which Customs is broadly responsible (Komarov, 2016).

Boost of trade has drawn an attraction in circles of domestic and international policies which includes in APEC (APEC 2007). Facilitation of trade wishes to have a reduction in expenses facing importers and exporters. This will encourage business innovation, increased investment and trade worldwide and better living standard of the people. The main motive of facilitating trade is to simplify the custom processes and is mainly through having goods free from taxation done indirectly like VAT, custom duty. Global organizations Organization for Economic Co-operation organization (OECD), The World Trade Organization (WTO), the International Chamber of Commerce (ICC) and World Customs Organization (WCO) have all encouraged embracement of threshold like this (Tavengerwei, 2018).

While governments should obviously aim to encourage market competition among emerging businesses based on innovations in operations and business models, they may equally look for strategies on *de minimis* rules, in order to avoid potential revenue leakages as well as providing a level playing field for industry. Even though the document requirement gives the required global transaction assistance, excess needs will lead to administrative cost being forced in any involved exporters and importers and this may lead to unsurely (Torriti & Ikpe, 2015). Other control procedures are simple. They make sure that documents are fully finished and correct codes entered and the units used are correct. Additional inspections are more complex and checks the reasonable basic data and at times the aggregates within the basic data or while comparison with other data like the previous data.

Procedure of trade and customs can be made simple by the number of documents essential for trade internationally reduced and use of electronic forms in place of printed ones due to ease in transmission. Changes in environment of customs cause a more improvement in context of business other than the taxes agreed within nations (Coppolaro, 2016). Effective tax collection will lead to such this procedure being

simple. There will be a reduced time of having conferences physically and a rise in the local government's revenue resulting from the imports

2.4.3 Common External Tariff (CET) factors

The commonly used charge tariffs enacted on a non-participant country by countries which forms custom union is known as common external tariff, (CET). Common external tariff is only initiated when a number of countries establish a customs union. A customs unit is elaborate as many customs regions brought together to form a single region so as to facilitate charge less goods movement not regarding int origin only in a condition that goods which originate from the country is cleared by the member state. (Hallsteinsdóttir, 2015).

In the country Kenya and eastern Africa at large CET forms the foundation of setting up imports duty rates exists for all the goods imported .identical custom duties, preferences, quotas on imports and any additional barriers which are non-tariff apply to each and every good getting to a region regardless of the country within the region they are getting to.it is established in such a way that it ends the re exportation. Even though it may hinder importation from the countries which are non-member of the customs union and hence reducing the customer's chose and lea ds to industries established within regions covered by customs union being protected furthermore leads to economic integration (Haubold, 2015). Besides, the member states applying identical countries having identical trade policies, the counties can have other same policies of trade like identical quota, which apply to each and every good entering a region not regarding a region which they enter.

2.4.4 Custom Trade Statistics

Use of trade statistics globally is used to measure and indicate the level of exchange of national endowments and thus used to give a clear indication the level of dependence of one country to the rest of the world. The statistical data of international trade should correctly collect as they should be relied on by the user of the information after it has been disseminated widely. Trade statistics internationally are imperative key source of raw data for all sectors both private and public sector in making of well-informed decisions. For instance, companies may want to conduct a research pertaining a given market to help them in charting and developing a commercial strategy to be used in the said market, on the other had government

agencies and authorities, may want to strike bilateral and multilateral, negotiations and agreements engulfed between safe framework of a common trade policy and asses the progress of the county's internal market growth and the incorporation of the local, regional and international economies. To add on this, they are made up of an important source of detailed information of a government's national financial accounts, balance of payment and both short and long-term economic studies. Statistics contends in a variety of ways this need. Consumers of this information may require very detailed or aggregated data on the countries patents of consumption of a given product. They may also be attracted to the shift of values of business in the present values of trade with the current prices of commodities and services or in the movement of capacity of trade at fixed and constant market prices.

O the other hand, they may have an interested in the extend of trade or other quantitative measures of trade. This is to be in resemblance of all other statistical work and thus has to be made between the invested resources and the likely profit returns. Trade statistics being made up of million independent data establishing the basis of trade statistics it is hard to achieve total accuracy for the posted statistics.

2.5 Empirical Review

Using panel data, Falk (2008) investigated the indicators of the balance of trade for 32 developed and developing economies for a period between 1990 and 2007 The outcome based on constant 21 linear mixed models and fixed models leading to random slope coefficient, showed that the balance of trade balance as a of GDI' is remarkably useful and in relation to foreign GDP per capita of the busines partners. Further, actual internal GDP per capita negatively affects the balance of trade. A drop in the exchange rate index results to a significant improvement of the balance of trade. Though, countries with a deficit in trade balance and/or on excess nonnative direct investing balance of trades will by great extent become less susceptible to changes in real exchange rate index effectively.

Mann (2005) conducted a research on economic consequences of the globalized production and international trade of information technology (IT) hardware. His results showed that progress in E-commerce at 199-2002 resulted to a sum total gain of 235 billion American Dollars to the economy of USA. He gave a conclusion that technology advancement is the primary key to the growth of the economy.

Examination by Yamkkay, (2003) on the effect of growth of 110 economies of a great number of measurements on business openness using a varied regressions and economic models the findings indicated that, basing on the volume of trade, there was a great relationship between the openness in trade and advancement. The results continue to show that there exists a significant and positive relationship between growth and trade barriers. He ended up in a conclusion that trade restriction/barriers in tariff form, may really be profitable for growth of the economy.

Athur (2018), using an experimental research design conducted a research on the economic effect of trade protectionism. He concluded that trade protectionism is re-emerging as a controversial tactic among policymakers and economists in enhancing a nation's economic well-being. Trade protectionism has been used with the intent of helping a nation recover from an economic downturn.

Thuku (2016) did a study on the impact of population change on economic growth using exploratory research design. The findings of the study support that there is existence of a long-run relationship between population and economic growth in Kenya and further explained that population is driving economic growth in the country.

2.6 Critique of the Existing Literature

A lot of studies have been done on trade and its resulting effect on major factors of a country's economy. It is evident that they have highlighted its effect on the countries' GDP, volume of trade, countries balance of trade among others. They have also acknowledged the electronic lodgment system has improved documentation process resulting in applying for clearance of goods even before they arrive at the port and thus being able to store trade data online. There is very little literature on factors affecting collection of trade statistics.

Khang(2017), studied international trade and exchange rates and found out real exchange rates on imports and export possess a major impact on amount of imports with also exports as it contributes to the depreciation of exporters currency and in turn affecting the export volume.

Zahonongo (2016), studied trade and economic growth in third world countries. Facts obtained from sub-Saharan Africa. His results opined that trade openness can imply a favorable growth at the long term through though the outcome may end up

being nonlinear. Global trade therefore should encourage investment; promote human capital accumulation and allowing effective governance.

Arthur (2018), through his research on the economic effect of trade protectionism focused only on the effect of protectionism which was clearly before the conduct of the study that there is a negative effect on it to trade. The study by Thuku (2016) on is study on the impact of population change on economic growth failed to give the correlation of population to growth in the economy. This research hence, sought to help in linking between slots left by other researchers in studying the aspect affecting the collection of customs trade statistics the port of Mombasa.

2.7 Research Gaps

Most of the scholars have been interested in studying about trade. They have largely been interested on the effect of trade on the balance of industrialized and developing countries. Study done by Yamkkay (2003), on the effect of growth of 110 economies of a great number of measurements on business openness using varied regression and economic models the findings indicated that basin on the volume of trade there was a great relationship between the openness in trade and advancement, Zahonongo (2016), studied trade and economic growth in developing countries ; evidence from sub-Saharan Africa , his results opined that trade openness can imply a favorable growth at the long term though the influence may never be linear.

Out of this, it clearly comes out that there is any research that have been done to establish factors affecting collection of trade statistics at the port of Mombasa thereby, this study therefore sought to fill the existing gaps from preceding research studies. Best measures and practices worldwide in facilitation legitimate trade was another driving reason to undertake the study.

2.8 Summary

All through the review of literature, use of customs procedure and Common External Tariff (CET) are the major tools of trade statics. The study has adopted resources-based theory, bureaucracy theory and the classification theory to give an explanation of the variables under the study. A rich literature on variables including customs system, custom procedure Common External Tariff and how it affects collection of customs trade statistics at the port of Mombasa.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This section deals with the method which was used to carrying out the study. It explains the research instruments, sample size and sampling procedures, target population, research design, validity, reliability, data collection analysis techniques and data procedures employed in conducting the research.

3.2 Research Design.

The researcher employed the cross-sectional survey design. Cross sectional surveys enable a researcher to gather data at a given time with intent of explaining the nature of the conditions in place or determining the standards which the existing conditions may be in comparison with or identifying the link existing between particular occurrence (Marion, 2009). Cross-sectional survey design was used to determine the factors that affect the collection of customs trade statistics at the Port of Mombasa.

3.3 Population of the Study

Mugenda and Mugenda (2012), defines population as the total set of individuals a researcher would want to use in a study. This research is a cross sectional survey involving all customs officers in Southern region. According to HRs records, there is a total of 325C&BC officers in the Port of Mombasa as at September 2019.

Table 3:1 Population Distribution

Population cluster		Population	
Percentage %			
1	Enforcement	62	19%
2	Mombasa Facilities Bonded	83	26%
3	Container Freight Stations	68	21%
4	Container Terminal and shades	112	34%
TOTAL		325	100%

Source: KRA, southern region,

3.4 Sampling Frame

According to Cooper and Schindler (2006) a sampling frame is a list of all population units from which the sample of a study is drawn. For this study the researcher sampled

CFS Custom’s enforcement officers, officers at Mombasa Bonded Facilities, officers at Container Freight Stations and Officers at Container Terminal and Shades. Sampling frame is important in ensuring that we are not subjected to unsatisfactory samples (Borg & Gall, 2013).

Table 3:2 Sample Frame Table

Sample Cluster	
1	Enforcement
2	Mombasa Facilities Bonded
3	Container Freight Stations
4	Container Terminal and shades

Source: KRA, southern region,

3.5 Sample Size and Sampling Technique

Sample size refers to the number of participants or observations included in a study Mugenda and Mugenda (2013). The study adopted Slovins Formulae and cluster sampling technique to select respondents from various departments with an aim of providing equal chances, to the elements in the population for selection. Amugune (2014). This included KRA officers at the Kilindini Port, Bonded Facilities, Enforcement, Petroleum Monitoring Unit, Export and Container freight facilities; The Slovin’s formula adopted in computation of the sampling size.

$$n = N / (1+Ne^2)$$

Where; n is the sample size,

N is the population size,

e -the level of precision.

95% level of confidence thereby giving p = 0.05 chance of deviation from the actual

Therefore;

$$\text{Sample size } n = 325 / (1 + 325 \times 0.05 \times 0.05)$$

$$n = 180.$$

Table 3:3 Sample Size

Population Cluster	Sample Size	Percentage %
1 Enforcement	29	16%
2 Mombasa Facilities Bonded	45	25%
3 Container Freight Stations	52	29%
4 Container Terminal and Shades	54	30%
TOTAL	180	100%

3.6 Data collection instruments

Collection of data is an information gathering process from a given population selected for a study (Greene, 2016). Questionnaire as tool of data collection was adopted. A questionnaire is an instrument of research with a number of questions to guide in gathering of information from the respondents (Bell & Waters 2014). A questionnaire is a lot of pre-planned inquiries in a foreordained arrangement, utilized in evoking the convictions, emotions, encounters, disposition and impression of the respondents (Sreejesh, Mohapatra and Anusree, 2014). This method was adopted for the entire sample sectors. The study used primary source of data majorly to arrive into findings. A questionnaire with demographic information to representing the following variables; custom procedures, custom systems, CET factors and trade statistics with Likert scale ranging from 1 = strongly disagree, 2 = disagree, 3 = neutral, 4 = agree, 5 = strongly agree was used. The structured questionnaires were dropped and picked by researcher at a later date which gave the respondents time to fill them. Follow up qualitative interviews was administered for the purpose of clarification.

3.7. Data Collection Procedure

The questionnaire was administered and collected to/from the selected participants in person i.e. drops and picks method. First, the researcher explained to the participants how they are supposed to fill it and the time frame. The researchers later on then distribute the questionnaire to the participants and leave them to answer. After the lapse of the given time, the research collected the filled questionnaires and generously thanks the participants for their time. The drop and pick method was

preferred since it saved on time and gave the respondent to provide answer to instrument of data collection at their own comfort.

3.8. Pilot Testing

A pilot study, also known as a feasibility study is a pre-study of the whole study. It is a trial done to the research instruments including questionnaire, research design and methods to ascertain whether they are doable. The purpose was to ensure that everyone in the sample not only understood the questionnaire, but also the objectives of the study. The questionnaires were constructed on the principle of precision, clarity, and completeness; to enable acquisition of valid and reliable information, therefore, the researcher did advanced questionnaires pre-test. According to Mugenda & Mugenda (2008), 10% of the population is acceptable for piloting. For this study, therefore, the researcher conducted a pilot testing to determine the responsiveness in the questionnaire to assist inadequate data collection. The examination instruments were likewise cautiously organized to guarantee their legitimacy and unwavering quality in the fulfillment of the investigation targets.

3.8.1 Validity

According to (Borg et al 2019) validity is the extent to which a test measures what it should to measure. All assessment of validity is subjective opinions based on the judgment of the researcher (Wiersma 2015). (Creswell, 2009) suggests that, to use an existing instrument, describe the established validity and reliability of scores obtained from past use of the instrument. Validity of the instrument was used to determine if the findings tallies with the reality on the ground. The study used KMO and Bartlett's test to check for the validity of the collection instrument..

3.8.2 Reliability

(Gay, 2011) asserts that, reliability is the degree to which a test consistently measures what it measures. Reliability is the degree of measurement to remain steady every time the same instrument is used under same conditions. The pilot study was done using the recommended remaining 10% of the population to enhance reliability. The questionnaire findings were fed into SPSS which was then used in generation of a reliability coefficient. The researcher applied a typical measure of internal consistency which was produced by SPSS referred to as Cronbach's Alpha (α). The

instrument is considered being reliable to the extent that its measurements are free from non-systematic (random) error.

3.9. Data Presentation and Analysis.

Data collected using the questionnaire was coded to SPSS version 25 for analysis. Qualitative quantitative methods of analysis will be used. The researcher will seek to analyze data quantitatively by describing and summarizing it and also using descriptive statistics to enable the researcher to meaningfully explain description of scores. Statistical quantitative data will be analyzed in a systematic way in order to come up with some conclusions and recommendations. Since the research involves multiple variables, a multiple regression model will be adopted.

$$Y=B_0+B_1X_1+B_2X_2+B_nX_n+\epsilon$$

Where: Y- is the dependent variable (trade statistics)

X_{1-n} - are the independent variables (custom procedures and systems, CET)

B_0 - is the constant

B_{1-n} - are the regression coefficients or change induced in Y by each X

ϵ - is the error

The primary checks of level quality are going to be undertaken at the level of collecting data. The secondary inspection of level of quality is to be undertaken at the level of entering data. The raw data is going to be fed to computers followed by its analysis using statistical package for social sciences (SPSS). Data will then be presented in pie charts and percentages for comparisons and clarity.

CHAPTER FOUR

DATA ANALYSIS AND PRESENTATION

4.1 Introduction

This chapter highlighted the results and findings of the study obtained from the collected data. The findings include demographic analysis, pilot results, correlation, descriptive and regression analysis results. Descriptive and inferential statistics have been used to study the respondent's data with use of figures and table for ease of interpretation.

4.2 Response Rate

The study targeted and distributed questionnaires to 180 respondents out of which 111 were fully filled. This represented 62 percent which is good and adequate for the study. A response rate of 60% and above adequate and good for analysis reporting (Mugenda and Mugenda, 2012).

Table 4.1 Questionnaire Response Rate

Respondents	Response	Percentage %
Respondents	111	62
Non-respondents	69	38
Total	180	100

4.3 Pilot Results

4.3.1 Reliability Analysis

To determine the reliability of the questioners the researcher engaged the supervisor so as to determine the questionnaire content validity and changes were amended as advised.

Table 4:2 Reliability

Scale	Cronbach's Alpha	Items Tested	Comments
Customs Systems	0.766	6	Accepted
Customs Procedures	0.793	6	Accepted
Common External Tariff (CET)	0.788	6	Accepted
Trade Statistics	0.819	6	Accepted

In the pilot results table, Customs Systems was measured to have an index of 0.766, Customs Procedures had 0.793, Common External Tariff had 0.788 and Trade Statistics had 0.819. All these four scales indicated that the instrument was reliable as it met the prescribed threshold of 0.7 as per Mugenda&Mugenda, (2012).

4.3.2 Validity Analysis

The study used KMO and Bartlett’s test to check for the validity of the collection instrument. From the analysis, the KMO sampling adequacy was 0.746. According to Neuman(2014), higher values which are closer to 1.0 indicates that a factor analysis is useful with your data. This meant that the data was helpful in factor analysis. Bartlett’s test for sphericity with a than $p < 0.05$ and 0.000 significance indicated that the factor analysis was helpful.

Table 4.3 KMO and Bartlett’s Test

KMO and Bartlett’s Test		
Kaiser-Meyer- Olkin measure of Sampling Adequacy.		.746
Bartlett’s Test of Sphericity	Approx. Chi-Square	164.035
	Df	6
	Sig.	0.000

4.4 Demographic Analysis

The researcher sought to determine how demographic features as respondents ages, Education level years of service at the authority as it affects service delivery to an extend of affecting collection of trade statistics.

4.4.1 Respondents distribution by age

Table 4.4 Respondents distribution age

Age	Frequency	Percentage %
19-25	19	17.1%
26-35	39	35.1%
36-45	34	30.4%
46-46	16	14.6%
>55	3	2.8%
Total	111	100%

From the findings, the study found out that 17.7 % of the respondents were in the age bracket of 19-25 years, 35.1 % of the respondents were found to be within the age bracket of 26-35 years. The study also found that 30.6 % of the respondents were within the age bracket of 36 -45 years and that 14.5 % of the respondents were in the age bracket of 46- 55 years. The findings also indicate that 2.7 % of the respondents were in the age bracket of above 55 years.

4.4.2 Distribution by education level

In order to assess the education levels of the respondents, the researcher asked the respondents to indicate on the questionnaires their education levels. The findings of the study indicate that 52.2% of the respondents had reached college level (58respondents), 28.8 % of the respondents had reached university level (32respondents) while 18.9 % of the respondents had mad made it up to the secondary school level (21respondents).

Table 4.5 Education Level

Level of education	Frequency	Percentage %
University	32	28.8%
college	58	52.2%
secondary	15	19%
Total	111	100%

4.4.3 Years of Service at the Authority

The findings show that the respondents who had provided service in the organization in a time period of 11-15 years was 33, 37.8 % of the respondents had served for duration of between 6-10 years, and 26.1 % of the respondents had served in the organization for 0-5 years while 5.4 % of the respondents had served for over 15 years.

Table 4.6 Years of Service in the authority

Years of Service at customs	Frequency	Percentage %
10years and below	64	57.7%
11-21 Years	47	42.3%
above 21 years	0	0.0%
Total	111	100.0%

4.5 Descriptive Analysis

Respondents were closely engaged to give their opinions on factors that affects collection of customs trade statistics at the port of Mombasa. They were issued with a closed ended questionnaire with (1-5) likert scale and later the results were summarized using SPSS IBM Version 25 to give the extent which respondents agree with the questionnaire's statements.

4.5.1 Customs Systems

Table 4.7 Descriptive Analysis on Customs Systems

	N	Mea n	Std. Deviation
Customs information system is secure from risks such as hacking and data loss.	11		0.60
There is an integrated management information system linking various departments involved in clearance of goods at the Port of Mombasa.	11	4.20	0
There is adequate ICT infrastructure for the collection of trade statistics at the Port of Mombasa.	11	4.26	0.55
E-customs provide transparency in collection and assessment of duties and taxes at the Port of Mombasa.	11	4.40	1
There is real-time container tracking that prevents loss of goods hence accurate trade statistics.	11	4.39	0.52
ICT infrastructure is regularly maintained to ensure high efficiency and effectiveness in collection of trade statistics at the Port of Mombasa.	11	4.23	0.57
	11	4.25	1
Valid N (list wise)	11		0.55

The analysis, results depicted that the respondents were in agreement with custom systems that they help collection of trade statistics. Customs information system is secure from risks such as hacking and data loss had a mean of 4.20 and a standard deviation of 0.600. There is an integrated management information system linking various departments involved in clearance of goods at the Port of Mombasa had a

mean of 4.26 and a standard deviation of 0.551. They also agreed that there is adequate ICT infrastructure for the collection of trade statistics at the Port of Mombasa with a mean of 4.40 and a standard deviation of 0.527. They also agreed E-customs provide transparency in collection and assessment of duties and taxes at the Port of Mombasa having a mean of 4.39 and a standard deviation of 0.525. There is real-time container tracking that prevents loss of goods hence accurate trade statistics had a mean of 4.23 with a standard deviation of 0.571. On the statement that ICT infrastructure is regularly maintained to ensure high efficiency and effectiveness in collection of trade statistics at the Port of Mombasa giving a mean of 4.25 and a standard deviation of 0.557

The findings on customs systems are supported by resource-based theory that an organization can maximize the resources it has in achieving its objectives. From the findings customs systems are essential and helpful in collection of trade statistics.

Table 4.8 Descriptive Analysis on Customs Procedures

	N	Mean	Std. Deviation
Customs procedures are easy to follow during the clearance of goods at the Port of Mombasa	11	4.41	0.493
Customs Officers involved in the clearance of goods are provided with manual guides elaborating the clearance procedure.	11	4.36	0.501
Customs Officers involved in the collection of duties and taxes are well informed about the rate to apply on different types of goods.	11	4.33	0.679
The Authority provides adequate training and workshops on emerging issues concerning clearance procedures	11	4.20	0.600

necessary for the collection of trade statistics.

Elimination of custom procedure

barriers increase competition in the home market for locally produced goods.

11 0.57

1 4.31 8

Simplified custom procedures leads to increase in volume of cross border trade and foreign direct investment.

11 0.53

1 4.39 4

11

Valid N (list wise)

1

With the aim of examining the effect of customs procedures on collection of trade statistics at the port of Mombasa. The study sought views from the respondents and Customs procedures are easy to follow during the clearance of goods at the Port of Mombasa with a mean of 4.41 and a standard deviation of 0.493. Customs Officers involved in the clearance of goods are provided with manual guides elaborating the clearance procedures had 4.36 and standard deviation 0.501. The respondents also agreed that Customs Officers involved in the collection of duties and taxes are well informed about the rate to apply on different types of goods had a mean 4.33 and a standard deviation of 0.679. They also agreed that The Authority provides adequate training and workshops on emerging issues concerning clearance procedures necessary for the collection of trade statistics had a mean of 4.20 and a standard deviation of 0.600. Elimination of custom procedure barriers increase competition in the home market for locally produced goods had a mean of 4.31 and a standard deviation of 0.578. Simplified custom procedures leads to increase in volume of cross border trade and foreign direct investment had a mean of 4.39 and a standard deviation.

Findings on customs procedures are supported by max weber bureaucracy theory which talks of an organization being characterized by an organized set of structural procedures. In this customs procedure is set that when a good is imported or exported

it has to be declared, duty paid, goods being examined and released by customs. All this are in a sequence like activity. This allows collection of trade statistics.

Table 4.9 Descriptive Analysis on Common External Tariff

	N	Mea n	Std. Deviation
CET sensitization is necessary in promoting trade.	111	4.26	0.55
Implementation of common external tariff will increase trade into the country.	111	4.28	0.62
Reducing non-trade barriers increases trade between countries.	111	4.37	0.50
Application of common external tariff has free movement of goods into country	111	4.39	0.52
Implementation of common external tariff will reduce revenue collection.	111	4.33	0.67
Application of CET improves trade and revenue collection of member state	111	4.26	0.55
Valid N (list wise)	111		

Analysis on (CET), the respondents were in agreement with the statement that CET sensitization is necessary in promoting trade with a need having a mean 4.26 and a standard deviation of 0.55. Implementation of common external tariff will increase trade into the country had a mean of 4.28 and a standard deviation of 0.620. Reducing non-trade barriers increases trade between countries had a mean of 4.37 and a standard deviation of 0.503. They also agreed that application of common external tariff has free movement of goods into country had a mean of 4.39 and a standard deviation of 0.525. Implementation of common external tariff will reduce revenue collection had a mean of 4.33 and a standard deviation of 0.679. They also agreed that application of CET improves trade and revenue collection of member state with a mean of 4.26 with a standard deviation of 0.55.

The findings on (CET) are in agreement with Zahonongo (2016), study that trade and economic growth in developing countries can imply a favorable growth at the long run though the effect may not be linear. Global trade therefore should encourage relevant reforms in the policies to encourage investment, promote human capital accumulation and allowing effective governance. Application of tariffs in control trade tend to promote trade unlike use of non-tariff barriers as they are favorable as it allows trade to continue unlike non- tariffs which tend to be trade restrictive and also it allows for collection of trade statistics.

Table 4.10 Descriptive Analysis on Trade Statistics

	N	Mea n	Std. Deviation
Implementation of CET boosts trade in a country	11		0.55
	1	4.26	1
Simplified customs procedures are necessary in collection of trade statistics	11		0.52
	1	4.40	7
Harmonisation of custom systems helps in collection of trade statistics	11		0.49
	1	4.41	3
The <i>de minimis</i> rules leads to loss of revenue	11		0.52
	1	4.39	5
Reducing non-tariff barriers can lead to loss of revenue	11		0.57
	1	4.25	7
Improved ICT structure greatly improves the collection of trade statistics	11		0.67
	1	4.33	9
	11		
Valid N (list wise)	1		

Generally, there was an agreement with all statements pertaining trade statistics. The respondents agreed that implementation of CET boosts trade in a country had a mean of 4.26 and a standard deviation of 0.55. Simplified customs procedures are necessary in collection of trade statistics had a mean of 4.40 with a standard deviation of 0.527. They strongly agreed that Harmonisation of custom systems helps in collection of trade statistics with the highest mean of 4.41 and standard

deviation of 0.493. The fact that *de minimis* rules leads to loss of revenue had a mean of 0.439 and 0.525 standard deviation. They were in agreement on the statement that reducing non-tariff barriers can lead to loss of revenue had a mean of 4.25 with a standard deviation of 0.577 and finally on Improved ICT structure greatly improves the collection of trade statistics had a mean of 4.33 and 0.679 standard deviation.

4.6 Correlation Analysis

Correlation analysis was done to give a relationship that exists between the independent and dependent variables of the study.

4.6.1 Karl Pearson's Correlation

The study utilized Pearson Correlation to show the connection of the dependent and independent variables. The results indicated that customs systems strongly correlate with a positive correlation to trade statistics at the Port of Mombasa with correlation coefficient of $r = 0.727$ at a significance of $p = 0.000$. Customs procedures indicates that it has a moderate positive influence on collection of trade statistics at a coefficient of $r = 0.589$ at $p = 0.000$. Significance. Common external tariff indicated to be having a strong correlation relationship to collection of trade statistics at the port of Mombasa being supported by $r = 0.637$ correlation coefficient at a significance of $p = 0.000$. Thus, from the findings of this model it statistically provides grounds on which significant predictions on the factors affecting collection of customs trade statistics at the port of Mombasa can be drawn.

Table 4.11 Karl Pearson's Correlation

		Correlations			
		Customs Systems	Customs Procedur es	Common External Tariff	Trade Statistics
Customs Systems	Pearson Correlation	1			
	Sig. (2-tailed)				
	N	111			
Customs Procedures	Pearson Correlation	.451**	1		
	Sig. (2-tailed)	.000			
	N	111	111		
Common External Tariff	Pearson Correlation	.462**	.403*	1	
	Sig. (2-tailed)	.000	.003		
	N	111	111	111	
Trade Statistics	Pearson Correlation	.727**	.589*	.637**	1
	Sig. (2-tailed)	.000	.000	.000	
	N	111	111	111	111

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

4.7 Regression Analysis

To further explain the existing relationship between the independent and dependent variable, the variables were regressed using a multiple regression analysis so as to test the factors affecting collection of trade statistics at the port of Mombasa.

4.7.1 Coefficient of Determination (R^2)

The coefficient of determination (r square) gives an attribution of variation of independent variable to the extent of interaction with the dependent variable. Therefore, from the R^2 results, trade statistics is affected by the studied variables;

Customs systems, customs procedures and common external tariffs by 55.3% as indicated by the table below. The obtained model explained 55.3% variation of collection of trade statistics at the port of Mombasa being attributed to the variables under the study which are customs systems, customs Procedures and Common External Tariffs. The remaining variation of 44.7% is explained by other variables not included in this study. The adjusted R square gives information on the suitability of the model to the studied population in general. The adjusted R square of this model is .540 indicating a high predictability of dependent variable. R indicates a high correlation of the study where the value of .743 is believed to be the highest correlation.

Table 4.12 Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.743 ^a	.553	.540	1.6939

Predictors: (Constant), Customs Systems, Customs Procedures, Common External Tariff

4.7.2 Analysis of Variance (ANOVA)

ANOVA ^a						
Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	180.671	3	60.224	44.040	.000 ^b
	Residual	146.320	107	1.367		
	Total	326.991	110			

a. Dependent Variable: Trade statistics

b. Predictors: (Constant), Customs _ Systems, Custom_ Procedures, Common_ external _ tariff

4.7.3 Regression Coefficient

Table 4.14 Multiple Regression

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.
	B	Std. Error	Beta		
1 (Constant)	4.869	.911		5.334	.000
Custom_systems	.229	.055	.268	4.185	.000
Customs _ procedures	.2.17	.055	.269	3.913	.000
Common _ external _ tariff	.363	.060	.442	6.059	.000

i. Dependent Variable: Trade statistics

Multiple regression analysis Table 4.14 above indicates trade statistics results as the reliant variable and Customs Systems, Customs Procedures, Common External Tariff independent variables.

The adopted linear regression mode by the study was:

$$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \epsilon$$

Where; Y = Collection of trade statistics.

β_0 = Constant and is the level of Y which β_{1S} are 0

β_1 = Coefficient of Customs Systems

β_2 = Customs Procedures

β_3 = Coefficient of Common External Tariff.

β_1 , β_2 and β_3 are the changes in Y due to the unit change in X_1 , X_2 and X_3 respectively where

X_1 = Customs Systems, X_2 = Customs Procedures, X_3 = Common External Tariff.

ϵ represents error term of other factors that affect collection of customs trade statistics not included in the study.

$$Y = 4.869 + .229X_1 + .217X_2 + .363X_3 + \epsilon$$

The resulting multiple Regression above indicates Y-intercept as 4.869, this is to mean that when all factors are zero, collection of trade statistics stands at 4.869. This

is to imply that there is collection of customs trade statistics at the port of Mombasa even when the factors under the study are not in existence.

From the regression model, Customs systems posted .229, this indicates that a unit increase in customs systems will result to collection of trade statistics at the port of Mombasa by .229.

Customs procedures had .217, this is to imply that an increase by a unit of customs procedures when all factors are held constant will lead to .217 improvement on collection of customs trade statistics at the port of Mombasa.

From the table, Common external Tariffs had 0.363; this is to therefore mean a unit increase in use of Common External Tariffs by customs will result in an increase of 0.363 on collection of customs trade statistics at the port of Mombasa.

CHAPTER FIVE

DISCUSSION, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

The summary of findings, discussion of the study findings and conclusion of the study are presented in this chapter. This chapter also presents the recommendations for the study which include recommendations for improvements and suggestion for further study.

5.2 Summary and Findings

This study sought to examine the factors affecting collection of custom trade statistics at the port of Mombasa. To achieve this, the researcher concentrated on studying customs systems, customs procedures and common external tariffs as the factors affecting collection of trade statistics at the port of Mombasa. Evident from all the obtained models of the study the selected factors were all statistically significant to predict the relationship that exist between the dependent and the independent variables.

5.2.1 Customs Systems

What is the effect of customs system on the collection of customs trade statistics at the Port of Mombasa?

Customs systems strongly affect collection of customs trade statistics at the port of Mombasa. The researcher using Karl Pearson correlation analysis proved that custom systems to a great extent affects collection of customs trade statistics as indicated by a moderate positive correlation of 0.727 between customs systems and collection of customs trade statistics.

Using linear regression obtained from the model, custom systems had 0.229, this is to mean a unit increase in customs systems leads to an increase of customs trade statistics by a value of 0.229 at the port of Mombasa. This is to mean that custom systems at the port of Mombasa influence collection of trade statistics by 22.9% at a significance level of 0.000. This indicates a strong relationship between Customs systems and collection of customs trade statistics.

5.2.2 Customs procedures

What is the effect of the Customs procedures on the collection of customs trade statistics at the Port of Mombasa?

Customs procedures positively and moderately affect collection of customs trade statistics at the port of Mombasa. The researcher using Karl Pearson correlation analysis proved that custom systems to a great extent affects collection of customs trade statistics as indicated by a strong positive correlation of 0.589 between customs procedures and collection of customs trade statistics.

Using linear regression obtained from the model, custom procedures had 0.217, and this is to mean a unit increase in customs procedures in clearance of customized goods leads to an increase of customs trade statistics being collected by a value of 0.217 at the port of Mombasa. This is to mean that custom procedures at the port of Mombasa influence collection of trade statistics by 21.7% at a significance level of 0.000. This indicates a strong relationship between Customs procedures and collection of customs trade statistics.

5.2.3 Common External Tariffs

What is the effect of the Common External Tariffs on the collection of customs trade statistics at the Port of Mombasa?

Use of Common External Tariffs positively and strongly affects collection of customs trade statistics at the port of Mombasa. The researcher using Karl Pearson correlation analysis proved that (CET) to a great extent affects collection of customs trade statistics as indicated by a strong positive correlation of 0.637 between customs procedures and collection of customs trade statistics.

Using linear regression obtained from the model, (CET) had 0.363; this is to mean a unit increase in (CET) in clearance of customized goods leads to an increase of customs trade statistics being collected by a value of 0.363 at the port of Mombasa. This is to mean that custom procedures at the port of Mombasa influence collection of trade statistics by 36.3% at a significance level of 0.000. This indicates a strong relationship between (CET) and collection of customs trade statistics.

5.3 Conclusion

All through the research has been guided by a general objective to examine the factors affecting collection of trade statistics at the port of Mombasa. To study this, the researcher identified customs systems, customs procedures and use of (CET) to be the factors affecting collection of trade statistics at the port of Mombasa.

To establish the effect of customs systems on collection of trade statistics at the port of Mombasa being the first specific objective, guided the research study identifying it to have a strong positive significance to collection of trade statistics. Therefore, increasing the use of customs systems increases the collection of trade statistics at the port of Mombasa

To ascertain the effect of custom procedures on customs collection of trade statistics at the Port of Mombasa was the second objective of this study. Through various analysis used by this study it established that customs procedures have a positive effect on collection of trade statistics at the port of Mombasa.

Finally, to assess the effect of the Common External Tariffs (CET) on customs collection of trade statistics at the Port of Mombasa was the third objective of the study. It was established that use of common External Tariffs in clearance of cargo plays part in collection of trade statistics at port of Mombasa.

5.4 Recommendation

- i. The study recommends utilization of custom systems in collection of trade statistics based on the fact that all the imports and exports have to be longed online using custom systems thus it forms a rich source of obtaining trade information.
- ii. Customs procedures helps to provide secondary data about the traders such as the compliance level of the trader and forms the basis of profiling the traders and thus the authority should ensure all the set criteria is adhered by anyone involving him/herself on cross border trade.
- iii. Use of Common external tariff plays a major role in collection of trade statistics thus non-tariff barriers should be discouraged so as to promote trade among countries as advocated by WTO guidelines.

5.5 Areas of Further Study

This study focused on examining the factors affecting collection of trade statistics at the port of Mombasa. From the analysis model obtained indicated 55.3% variation on trade statistics at the port of Mombasa was attributed to the selected variables which are: customs systems and custom procedures and common external tariff. The remaining variation of 44.7% is explained by other factors not include in this study.

The researcher thus therefore recommends on further research on the topic on the study so as to fully be able to explain the remaining factors affecting collection of trade statistics at the port of Mombasa and other related areas of the study.

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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/106

30th October, 2019

TO WHOM IT MAY CONCERN

Dear Sir/Madam,

RE: Eliud Muigu (HDB-335-C016-2129/2018)

The above named student is a bona fide student of the Kenya School of Revenue Administration (KESRA), Mombasa Campus, pursuing a Post Graduate diploma in Customs Administration.

Mr. Muigu is in his final year of study and is conducting a research project titled "**Factors affecting collection of trade statistics at the port of Mombasa.**" He is in the process of gathering data and thereafter, compile a report that will strictly be used for academic purposes only.

The School would therefore like to seek your permission to allow him collect information that relates to his research from your organization.

Thank you in advance for your support and cooperation.

Yours sincerely,

Nyamburi Hillary.
Ass. Head – Student Research.



Tulipe Ushuru Tujitegemee !

KENYA
VISION
2030

APPENDIX II: QUESTIONNAIRE

SECTION A: Personal Information

1. Age: 19 – 25 years [] 26– 35 years [] 36 – 45 years []

46-55 years [] above 55 Years []

2. Level of education: Primary education [] Secondary education []

College [] University []

3. Years of service at the Authority:

0-5 [] 6 – 10 [] 11 – 15 years [] above 15 years []

4. Position in the organization:

SECTION B: Customs Systems

5. What is the effect of customs system on the collection of customs trade statistics at the Port of Mombasa?

To what extent do you agree with the below statements (1 = Strongly Disagree, 2= Disagree, 3=Neutral, 4=Agree, 5=Strongly Agree)

	Statement	1	2	3	4	5
a	Customs information system is secure from risks such as hacking and data loss.					
b	There is an integrated management information system linking various departments involved in clearance of goods at the Port of Mombasa.					
c	There is adequate ICT infrastructure for the collection of trade statistics at the Port of Mombasa.					
d	E-customs provide transparency in collection and assessment of duties and taxes at the Port of Mombasa.					
e	There is real-time container tracking that prevents loss of goods hence accurate trade statistics.					
f	ICT infrastructure is regularly maintained to ensure high efficiency and effectiveness in collection of trade statistics at the Port of Mombasa.					

SECTION C: Customs Procedures

6. What is the effect of customs procedures on the collection of customs trade statistics at the Port of Mombasa?

To what extent do you agree with the below statements (1 = Strongly Disagree, 2= Disagree, 3=Neutral, 4=Agree, 5=Strongly Agree)

	Statement	1	2	3	4	5
a	Customs procedures are easy to follow during the clearance of goods at the Port of Mombasa					
b	Customs Officers involved in the clearance of goods are provided with manual guides elaborating the clearance procedure.					
c	Customs Officers involved in the collection of duties and taxes are well informed about the rate to apply on different types of goods.					
d	The Authority provides adequate training and workshops on emerging issues concerning clearance procedures necessary for the collection of trade statistics.					
e	Elimination of custom procedure barriers increase competition in the home market for locally produced goods.					
f	Simplified custom procedures leads to increase in volume of cross border trade and foreign direct investment.					

SECTION D: Customs Procedures

7. What is the effect of the Common External Tariffs on the collection of customs trade statistics at the Port of Mombasa?

To what extent do you agree with the below statements (1 = Strongly Disagree, 2= Disagree, 3=Neutral, 4=Agree, 5=Strongly Agree)

	Statement	1	2	3	4	5
a	CET sensitization is necessary in promoting trade.					
b	Implementation of common external tariff will increase trade into the country.					
c	Reducing non-trade barriers increases trade between countries.					
d	Application of common external tariff has free movement of goods into country					
e	Implementation of common external tariff will reduce revenue collection					
f	Application of CET improves trade and revenue collection of member state					

SECTION E: Trade Statistics

9. To what extent do you agree with the below statements (1 = Strongly Disagree, 2= Disagree, 3=Neutral, 4=Agree, 5=Strongly Agree)

	Statement	1	2	3	4	5
a	Implementation of CET boosts trade in a country					
b	Simplified customs procedures are necessary in collection of trade statistics					
c	Harmonisation of custom systems helps in collection of trade statistics					
d	The <i>de minimis</i> rules leads to loss of revenue					
e	Reducing non-tariff barriers can lead to loss of revenue					
f	Improved ICT structure greatly improves the collection of trade statistics					

APPENDIX III: WORK PLAN

Activity	September 2019	October 2019	November & December	January 2020
Proposal Writing				
Proposal Defence				
Data Collection				
Data analysis and interpretation of the research findings				
Submission of final project				

APPENDIX IV: BUDGET

S/N	ITEM	QUANTITY	TOTAL COST(KSHS)
1	Stationery		15,000
2	Printing services		20,000
3	Transport & subsistence		15,000
4	Consultancy		10,000
5	Miscellaneous		20,000
	Grand Total (KSHS)		80,000