THE CHALLENGES FACED BY INTERNATIONAL COURIER SERVICE PROVISION AT DOCUMENT HANDLING LIMITED KENYA (DHL), KENYA LIMITED.

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A RESEARCH PROJECT SUBMITTED IN PARTIAL FULFILLMENT OF THE REQUIREMENTS FOR THE AWARD OF THE DEGREE OF MASTER OF BUSINESS ADMINISTRATION, UNIVERSITY OF NAIROBI.

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DECLARATION

This research project is my original work and has not been submitted for examination to any other University.

Signed........................................ Date........................................
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This research project has been submitted for examination with my approval as University supervisor.

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DEDICATION

I dedicate this project to my parents and family members for their tireless efforts of seeing me through in my academic welfare. With their limited resources, I found success in my education.
ACKNOWLEDGEMENT

Firstly, I give thanks to Almighty God for granting me the power of mind and wisdom to compile this project report. In addition, for granting me the strength, health and resources that were needed to successfully complete this arduous task.

Special thanks to my parents for their persistent efforts of encouraging me when times were tough and I felt like giving up. Moreover, I’d like to thank them for their financial support in enabling me to accomplish the research project and my entire academic endeavor.

I would also like to appreciate all lecturers for their tireless efforts in shaping my knowledge in the area of International business and practice of the same. Special thanks to all staff members for their immediate and genuine assistance when need arose. I further convey these thanks to library staff for their assistance and provision of relevant materials which aided successful completion of this work. Not forgetting the management of DHL Kenya Ltd for the information that they provided. Lastly, my heartfelt gratitude goes to my supervisor, DR. YABS for his tireless efforts, guidance and support in my work.
ABSTRACT

The purpose of this study was to determine the challenges faced by international courier service provision at Document handling limited Kenya. The research adopted descriptive survey study and an interview guide were used to collect data.

The study findings indicated that DHL has invested heavily in the training of the employees. Training programs undertaken by DHL ensure that the management are proficient in the assigned duties and exhibit high level of professionalism. From the study and analysis of data collected, the outcome of staff motivation is high at DHL. This can be attributed to the promotional factors that the organization has put in place. However, the pay issues were not openly discussed. Service delivery is regarded as a critical success factor in the organization and the various aspects of customer service are paramount to DHL’s prosperity. ICT is also another factor that has contributed to the growth at DHL. The firm has taken advantage of ICT advancement and has used it to add value to their services and products. In addition, it has increased efficiency in staff performance. The study suggests that future statistical research on the stated research topic should take into consideration the regression and correlation analysis. This can be conducted on the effects of the noted factors on the various growth indicators such as market share profits and revenues. Other factors that can be taken into consideration include: Global competition and transportation.

Some of the recommendations suggested from the research study is that, on the technological front, courier services need to be watchful on the turn of events to ensure they are not made obsolete to rapid technological advancement.
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LIST OF ABBREVIATIONS/ ACRONYMS

CEO    -    Chief Executive Officer
DHL    -    Document Handling Limited
FMCG   -    Fast Moving Consumer Goods
ICT    -    Information and Communication Technology
IT     -    Information Technology
CHAPTER ONE: INTRODUCTION

1.1 Background to the study

We are living in a world where the national borders are gradually being erased and the world is being turned into one huge village. These are times in which a person will be driving to work in a car designed in Japan by Toyota and assembled in Kenya by General Motors Kenya Limited, from components made of Korean steel and Malaysian rubber. He may fuel the car at a petrol station owned by a multinational company such as Shell. This fuel could have been made out from oil pumped out of a well off the coast of West Africa by a French owned company and transported to the Kenyan coast by a ship owned by a Chinese Shipping line. While driving to work, the person will talk to his broker on a Nokia cell phone designed in Finland and assembled in Texas using chipsets designed in Taiwan. This is the world in which we now live, where the movement of goods, services and people crossing national borders has increased at an alarming rate.

This movement of goods, services and other resources has been facilitated by the phenomena called globalization. According to Hill (2003), globalization refers to a shift towards a more integrated and interdependent world economy (pg. 4). Globalization reflects a business orientation based on the belief that the world is becoming more homogenous and that distinctions between national markets are not only fading out, but in some cases, will eventually disappear. From these definitions it is evident that globalization represents integration of different nations. This is because no nation can exist independently and each has to depend on others for resources.
With international trade barriers breaking down, firms across industry sectors are recognizing the opportunities arising from global sourcing, off-shoring, and growing domestic demand in emerging markets. For logistics service providers, this internationalization of the supply chain has created both challenges and opportunities. Logistics intermediaries focused on international movements including freight forwarders, customhouse brokers, non-vessel operating carriers as well as export management companies, characterize themselves as “Third Party Logistics providers” capable of offering complete “solutions” for the movement of international freight.

The current trend of changes in global business is highlighting the importance of the growth in courier services in the development of Third World business and industries. Literature reveals that many of these Third World nations are faced with the challenges facing international courier services, the task of the increase in the growth of courier services is quite challenging. Attempts to understand these challenges is by looking at factors like private customers, powerful and rapid change, global competition and information technology and transportation that affect the growth of courier services.

1.1.1 International Business.

International Business comprises an increasing growing proportion of the world’s total business. Today, global events and competition affect almost all companies, large and small regardless of the industry. This is as a result of selling output to and securing supplies and resources from foreign countries. Thus most managers need to approach their operating strategies from an international standpoint. International business as a term can be defined as all commercial transactions (private and governmental, sales,
investments, logistics, and transportation) that take place between two or more nations (Daniels, Radenbaugh, Sullivan, 2011). Companies undertake such transactions for profit; governments undertake them for profit and for political reasons. These transactions include the transfer of goods, services, technology, managerial knowledge and capital to other countries. It refers to all those business activities which involves cross border transactions of goods, services, resources between two or more nations. (Aswathappa, 2006).

International business can be traced back to Greek, Mesopotamian and Phoenician Merchants of 4000 years ago. It was then developed by the rise of the Roman Empire due to building of roads and Mediterranean Sea becoming safe from the threats of pirates, there was a decline in its growth after the fall of Roman Empire but it revived again, during the rise of nation states, industrial revolution, development of multinational corporations among other factors (Jones, 1996).

1.1.2 An Overview of Courier Service Providers.

In ancient times runners and hoping pigeons were used to deliver timely messages. When the horse became domesticated its use was rapidly adopted by couriers, before there were mechanized courier services. A courier is a person or company employed to deliver messages, packages and mails. Courier service providers are companies that transport and deliver documents, special packages and larger shipments of products, although traditionally they specialized in the rapid delivery of such items as legal documents that required signatures. They provide services to companies and individuals who need rapid service, specialization accountability, and tracking that regular mail does not
accommodate. Major courier services that performed these functions in the early 2000s included commercial delivery services, the U.S. Postal Service, and bicycle messenger services. As a quality service, couriers are usually more expensive than usual mail services and their use is typical classified to packages where one or more of these features are considered important to warrant the cost. Courier operate on all scales, from within specific towns or cities, to regional, national and global services. Large courier companies include DHL, FedEx, TNT, UPS and Aramex. These offer services worldwide.

Courier services began during the late nineteenth and early twentieth centuries, with small companies in a handful of cities across the United States. When few homes had telephones, personal messages had to be carried by hand. Some early companies provided delivery of luggage and other packages. With the rise of large retail and department stores in the early twentieth century, package delivery services became even more popular. The scale of such services grew over the next several decades. Although fuel and rubber shortages during World War II caused a decline in the courier industry, the use of air freight by courier services after the war allowed for wider markets. In modern age of international business, the couriers services has become keystone of enterprise, even as emerging technologies such as the fax machine and internet have rendered them less useful in some areas.

Founded in San Francisco almost 40 years ago by 3 budding entrepreneurs - Adrian Dalsey, Larry Hillblom and Robert Lynn - DHL has continued to expand at a phenomenal rate. Today, it stands tall as the global market leader of the international
express and logistics industry. Back in 1969, DHL took its first small steps in building for the future by personally shipping papers by airplane from San Francisco to Honolulu. The years passed and the DHL network grew ever larger, gradually reaching out to new customers in every corner of the world.

Today, DHL's international network links more than 220 countries and territories worldwide and employs some 300,000 employees. DHL also offers unparalleled expertise in express, air and ocean freight, overland transport, contract logistics solutions as well as international mail services. From 3 employees in 1969 to 300,000 employees in 2008, the approach and dedication has remained the same. DHL is a Deutsche Post World Net brand. The group generated revenues of more than 63 billion Euros in 2007. The world's largest express and logistics Network DHL is the global market leader in international express, overland transport and air freight. It is also the world's number 1 in ocean freight and contract logistics. DHL offers a full range of customized solutions - from express document shipping to supply chain management.

1.2 Research Problem.

For any firm operating on the global platform, the internal and external business environments are bound to pose challenges that may cause the firm not to meet its goals and objectives. At the heart of DHL, as evidenced by its strategic plan, the company aims to be a world leader in the courier services industry and has listed some key objectives to be met in order to achieve their vision.
There are various barriers to successful business in the international arena including: managerial barriers (limited ambition, unrecognized opportunities, lack of skills,), governmental barriers (trade, capital and exchange controls etc), non-tariff barriers, socio-cultural barriers (language, religion, lifestyle etc) that cause pose challenges to multinational companies (Korth, 1985).

Other studies that have been conducted in the same or in a related area include: Mtuweta (2011) did a study on logistics outsourcing practices; Oloo (2011) did an assessment of factors influencing the operations of foreign owned business establishment in Kenya. Moenga K (2010) did a study on challenges of International supply chain.

The firms in this industry have faced a lot of internal and external business environmental challenges. This study therefore seeks to investigate the challenges encountered at DHL Kenya and seeks to answer the question: Why is it such a challenge to offer international courier services in developing countries? It is against this background that the purpose of this study will be to investigate the challenges affecting DHL Kenya.

1.3 Research Objective

The objective of this research study is to determine the challenges faced by international courier service provision at Document handling limited Kenya.

1.4 Value of the Study

To the management of DHL: the top management of DHL courier services in Kenya and will utilize this report to improve their performance and their employees can use the research findings to develop their capacity through training and consequently boost their growth capacity.
To Courier Companies: The study will be used by other courier companies to understand the challenges that international courier services company’s face. This will assist them in designing and implementing appropriate strategies for growth.

To the Government of Kenya: the study will help in policy formulation in regardless to challenges that face international organization in conducting business, hence implantation of appropriate policies that will favor more investors in the country as a way of archiving to vision 2030.

To academicians and scholars: The findings of this study become useful to forming the basis for future research on the subject, providing a critical examination of the field. Pavlik (1987) observed that critical research is usually offered as “a vehicle for improving the profession, rather than questioning its role or function in society
CHAPTER TWO: LITERATURE REVIEW

2.1 Introduction

This section will seek to discuss key findings of other researchers and authors by reviewing reports, studies, historical records, books and other information that has been documented relating to the challenges facing international courier service providers. It will begin by introducing courier services and their origin then proceed to explain each of the factors that are perceived to be a challenge to the businesses.

2.2 The Business Environment.

Today's world is a rapidly changing place and within the global business environment in which organizations operate, there are various environmental factors that affect every business or organization. The business environment is a set of political, economic, social, technological, environmental and legal forces that are largely outside the control and influence of any particular individual business, and that can potentially have both a positive and a negative impact on the business. The success of a business is therefore generally dependent on the business environment. Even after business is created, managers must continuously monitor the environment so that they can anticipate how the demand for its products or its costs for producing may change.(Madura, 2007).

Productivity of a firm is also linked to its internal business environment which involves issues to do with the employer-employee relations. Madura, 2007 states that all businesses must recognize their responsibilities to their stakeholders who include employees. An employer must make decisions that reflect these responsibilities. Some of these responsibilities which will be discussed in this research paper include: Staff training and motivation and customer service delivery. International courier companies are no
exception. This study therefore seeks to examine the factors in the external and internal business environment which poses challenges to the operations of businesses in the courier industry.

2.3. Information Technology (IT)

Knowledge is the fundamental driver of increased productivity and global competition and the innovations in the IT field have provided a platform for businesses to operate on a global scale. IT refers to technologies that are used to collect, process and store, retrieve, disseminate and transmit information. This encompasses use of electronic devices or application, encompassing: radio, television, cellular phones, computer and network hardware and software, satellite systems and so on, as well as the various services and applications associated with them, such as videoconferencing and distance learning (Ministry of Information and Communications Technology Uganda, 2009).

2.3.1. Impact of Information Technology (IT).

Presently, the extensive use of IT is changing the way businesses operate. Hipp and Grupp (2005) refer to IT as a very important tool for innovation in this present era. The benefits of IT for a firm includes saving of inputs, general cost reductions, higher flexibility and improvement in product quality. Mouelhi (2009) adds that IT plays a major role in networking and communication as firms use these technologies to facilitate communication among employees and reduce co-ordination costs. IT enhances the production process in organizations as monitoring technologies could be used to reduce the number of supervisors required in the process. IT has been of prime importance in information gathering and dissemination, inventory control and quality control with IT facilities being used for strategic management, communication and collaboration,
customers’ access, managerial decision making, data management and knowledge management since it helps to provide an effective means of organizational productivity and service delivery. Application of ICT in businesses causes fundamental changes that can provide powerful strategic and tactical tools for organizations if properly applied and used. This could have great impact in promoting and strengthening organizational competitiveness.

Although organization cultures and business strategies shape the use of IT in organizations, more often the influence is stronger the other way round. IT significantly affects strategic options and creates opportunities and issues that managers need to address in many aspects of their business. The key impacts of technology and the implications for management are as follows: IT creates new opportunities for innovation in products and services. Services which used to be delivered in person can now be delivered over networks. Among the key levers are: resequencing which involves parallel processing of data-bases, simultaneity; making information instantly available in several systems, time extension; that involves offering 24 hour a day; 365 days a year service, portability; that is taking service and products closer to the user and finally reusability; using information captured for one purpose (e.g. transactions), and using for others e.g. customer targeting. Newer types of IT such as electronic mail and groupware are creating significant changes in the way that information flows around group ware, and between them and their customers and suppliers. It can hasten the development of more open and innovative cultures, because the systems developers have not been culturally sensitive to the department or group ware, in which the new systems are to be used (Rastrick & Corner, 2010).
For many years it has been argued that IT will enable larger spans of control and the flattening of group ware. This has at last happened, but due as much to initiatives like BPR (Business Process Reengineering) and the drive to cut costs. Research on whether IT encourages centralization decentralizations produced ambivalent results. Many companies have centralized operations (for efficiency) while at the same time decentralizing activities. It now seems clear that IT enables a greater variety of structures. In particular it enables more flexible and fluid structures - networked structures, dispersed team and teams that come and go as needs change. IT is rapidly entering the era where it supports unstructured management processes as well as highly routinized business processes. It provides more effective ways of accessing information from multiple sources, including use of external information on databases and the Internet. However, group decision support systems that operate in a meeting room environment can help enhance decision making, but it does need someone who is an expert facilitator to help the group master the technique of structured discussion.

IT is dramatically changing the nature of professional work. There are few offices where professional do not make use of personal computers, and in many jobs involving extensive information and knowledge based work, the use of the computer is often a core activity. Becoming effective not only requires traditional skills of organizing, thinking, writing etc., but knowing how best to use the power of IT for researching sources, accessing information, connecting to experts, communicating ideas and results, and packaging the knowledge for reuse. One aspect of this is the need for hybrid managers - people who are competent at both their discipline and IT. The way in which IT diminishes the effect of distance means that it creates a variety of options for reorganizing the workplace.
At a basic level, it can provide more flexibility in the office, allowing desk sharing and a degree of location independence within a building (this will develop as CTI (Computer Telephony Integration) and wireless PCs become more firmly established.

At another level it permits the dispersion of work teams, thus saving costs of relocation and travel. It has also created the mobile professional and also allows people to work effectively from home (Tidd, Bessant, & Pavitt, 2005).

2.3.2. Information Technology Application in the Courier Service Industry

Record keeping: needless to say, courier companies have a lot of business information that needs to be stored. Information such as customer activities, billing and payroll data is stored in databases which are linked to each other to enable automatic generation of invoices which are billed in each customer's accounts.

Marketing: Courier companies rely heavily on IT facilities for marketing and promotion of their services. Cutting edge promotional material gives the companies competitive edge.

Communication: communication through e-mail and other instant messaging platforms made available through IT have rapidly become indispensable as a business tool. IT facilities enhance communication between the different stakeholders of the courier companies and also provide written reference of the messages. Developments in this field have also use of generic confirmation messages to keep customers informed when the services are completed. In addition, mobile employees in the field are able to contact their counterparts in the work stations with ease.
Tracking: Courier companies have now adopted tracking systems that monitor and provide details of when the jobs are picked up and delivered. The tracking systems also provide a record of the individuals that accepted the delivery and strengthen the security of the packages on transit.

2.3.3. IT-related Challenges in Courier Business

Loss of business opportunities: Courier companies globally have been robbed of potential business opportunities by the internet. In Kenya, the performance of the courier companies declined between January and May 2012 with statistics released by the Communications Commission of Kenya (CCK) indicating a downward trend in the quantities of outgoing letters. According to the third quarter statistics for the financial year 2011/2012, a downward trend in the quantities of letters sent was recorded at 14.3 percent. Moreover, outgoing international letters experienced a 20.6 percent decline. The report cited that “the decline could be attributed to the increasing preference in the use of Internet compared to letters. Many people prefer using their computers to send mails or more so have a live chat with friends across the country or those living abroad” (Obura, 2012).

Cost of installation and maintenance of ICT infrastructure: as outlined above in the various applications of IT within the courier service industry, it is evident that there is use of systems, databases and machinery which are purchased or designed at high costs and also attract maintenance charges. In addition, most of the systems require input from IT professionals for installation and maintenance that costs courier companies substantial amounts (Khosrow-Pour, 2006).
Operations disruptions: As with any other infrastructure, IT infrastructure used in the courier industry also experiences downtimes disrupting the modus operandi of the service providers. Since most of the information is contained in IT databases and systems, services such as tracking and billing are largely affected impairing service delivery (Sauer, 1993).

In summary, despite the huge benefits that IT has accorded the business world, it still brings on some challenges and problems. Nevertheless, IT has become an instrumental part of competitive business.

2.4. Service Delivery

Understanding the customer service concept is one of the utmost priorities for many companies. Service is a valuable resource and if customers do not receive the service they expect, they will go elsewhere (Graham 1999). Harris (2000) mentioned poor time management, attitude, moodiness, and inability to handle stress, insufficient authority and serving customers on ‘auto pilot’ as barriers to excellent customer service.

It is well established that satisfied customers are key to long-term business success (Kristensen et al., 1992; Zeithaml et al., 1996; McColl-Kennedy and Schneider, 2000). Companies that have a more satisfied customer base also experience higher economic returns (Aaker and Jacobson, 1994; Bolton, 1998; Yeung et al., 2002). High consumer satisfaction leads to greater customer loyalty (Yi, 1991; Anderson and Sullivan, 1993; Boulding et al., 1993) which, in turn, leads to future revenue (Fornell, 1992; Bolton, 1998). Organizations having superior service quality have been found to be market leaders in terms of sales and long-term customer loyalty and retention (Anderson and Sullivan, 1993; Boulding et al., 1993; Eklof and Westlund, 2002). Because of this,
organizations competing in similar market niches are compelled to assess the quality of
the services they provide in order to attract and retain their customers.

2.4.1. Customer service factors

Customer service is a performance which; cannot be seen, touched, tested or smelled nor
can it be possessed. The intangible process characteristics that define services such as
reliability, personal care, attentiveness of staff and their friendliness can only be verified
once a service has been brought and consumed. People do not always perform
consistently and, thus variations from one service to the other within the same
organization (Dibb et al 2001).

Most firms pay more attention to their market share than to their customers’ satisfaction.
This is a mistake. Market share is a backward looking metric; customer satisfaction is a
forward looking metric. If customer satisfaction starts slipping, then market share erosion
will soon follow (Kotler 2003). Quality customer service delivery begins with
establishing clear, concise observable and realistic service standards that are precise in
meaning, short and to the point, can be seen or measured, practical and attainable (Martin
1997).

Six factors are imperative to customer service; senior management commitment, a
customer focused culture i.e. all employees focus their full attention on customer
satisfaction, retention, information systems that track and analyze the root causes of
defections, empowerment of frontline employees to take actions that provide immediate
customer satisfaction, continuous training and development and incentive based on
customer retention. (Richheld et al 1997).
The purpose of the organization is to create a mutually beneficial relationship between itself and those it serves. The marketing concept that holds the key to achieving organizational goals consists in determining the needs and wants of target markets and delivering the desired satisfaction more effectively and efficiently than competitors. (Kotler 1988)

According to the marketing concept, an organization should try to satisfy the needs of customers or clients through a coordinated set of activities that, at the same time, allows the organization to achieve its goals. Customer satisfaction is the aim of the marketing concept. (Price & Farrell 2001). The marketing concept calls on management and employees to: be consumer oriented in all matters from product development to honouring warranties and service contracts; stress long term profitability rather than short term profits or sales volume; and integrate and coordinate all marketing functions and other corporate functions (Zikmund & Dâmico 1989).

To gain competitive advantage and achieve optimum benefits from staff, courier company employees should be well-oriented in service delivery. This study will be used to improve the efficiency of processes for delivering the service.

2.5. Training of Personnel

Training is a planned process to modify attitudes, knowledge or skill behavior through learning experience to achieve effective performance in an activity or range of activities. The emphasis is on planned process and effective performance. Training refers to the methods used to give new or present employees the skills they need to perform their job. Training might thus mean showing a machinist how to operate his new machine, a new
sales person how to sell her firm’s product, or a new supervisor how to interview and appraise employees.

When the learning climate is supportive, training can achieve repeated business, increased efficiency and productivity. It also enhances group work at all levels and create greater employee versatility. In addition to this it helps to improve communication, morale and co-operation. Further, it helps increase employee job satisfaction and lowers costs of production and personal injury rates (Mathis & Jackson, 2009).

Luthans (2000) describes training as a major investment. It is the business needs that must derive the training activity and that all training must clearly be linked to identifiable business needs. Training is often seen as the process of equipping people for improved or better performance towards achieving original objectives. Anne (2005) identifies training priorities as original goals and corporate plans which guides the trainer as to the direction in which the organization is moving and future training is developed. Training commands a sizeable portion of organizations budgets including trainer’s salaries, expenditures, facilities and other overheads. Classic human capital theory states that firms should pay only for the development of skills and knowledge that directly benefit the organization. Organizations therefore tend to offer training only if it is needed by the workers to help the organizations achieve their objectives and gain competitive advantage. Due to scarcity of resources, organizations only offer training to employees with needs that will help them in their work and improve their performance in relation to the organizations objectives. Designing and implementing an effective training and development systems is
often challenging to organizations because it involves costs that are borne in the present but whose benefits accrue in the future (Gilbert, 2003).

According to Florence (2005), the business views training not as an off investment but as a continuous investment not only is it needed to create the skilled workforce, but never before have the changes been so expensive. The things people do and the way they do them, and their importance to the business are all changing rapidly. He attributed the change to vast expansion in the development of application of computer automation in the factory and in the offices and disappearance of many traditional traders. In his conclusion, he said that the environment employee training is also effective and depends on people wanting to learn, change nature, and encouraging that desire and will to learn (Garcia, 2005).

The purpose of training is to improve knowledge, skills and to change the attitudes of the employees. This can lead to many potential benefits for both individuals and the organization. Training can therefore, increase the confidence, motivation and commitment of employees, as well as provide recognition. Enhanced responsibility and the possibility of increased pay and promotion give a feeling of personal satisfaction and achievement and broaden opportunity for career progression; help to improve the availability as well as quality of staff hence, increase the level of individual and organizational competence (Garcia, 2005). Systematic training as pointed out by Anne (2005) is based on four simple methods of models which include: Defining training needs if it is based on training or learning new opportunities and deciding what sort of training is required in satisfying needs.
In order for training to be effective it is important to use experienced trainers to plan and implement training and for management to follow up and evaluate training to ensure that it is effective. Various methods are used to offer training including on-the-job method which involves induction of newly hired employees in organizations. It trains them in areas that are related to their jobs. It helps to familiarize them with operations that they will fill in the organization. On-the-job training is done through verbal instructions, and demonstration on what they are expected to do. Also another method used is off-the-job training; this kind of training is done through instruction, conferences and even seminars. This enables employees to be effective in their work and more so, will have confidence in what they are supposed to do. The final method involves hall training in some areas it tends to duplicate on-the-job training. This kind of training takes place in classrooms with the help of equipment and those at work. This will enable them to cope up with work in the organization since the person is already familiar with work. As a result training will provide the individual with personal growth by providing wider knowledge, skills awareness and experience. This will make them focused responsible and have confidence in their work (Gilbert, 2003).

In his study Adams (2001) detected a complex relationship between turnover and training. He suggested that establishments that enhance the skills of existing workers have lower turnover rates. However, turnover is higher when workers are trained to be multi-skilled, which may imply that this type of training enhances the prospects of workers to find work elsewhere. The literature on the link between lower turnover and training has found that off-the-job training is associated with higher turnover presumably because this type of training imparts more general skills (John, 1997).
Motivation is the word derived from the word ‘motive’ which means needs, desires, wants or drives within the individuals. It is the process of stimulating people to actions to accomplish the goals. In the work goal context the psychological factors stimulating the people’s behavior can be desire for money, success, recognition, job-satisfaction, team work, etc. One of the most important functions of management is to create willingness amongst the employees to perform in the best of their abilities. Therefore the role of a leader is to arouse interest in performance of employees in their jobs (Mathis & Jackson, 2009). The process of motivation consists of three stages:-

a. A felt need or drive
b. A stimulus in which needs have to be aroused
c. When needs are satisfied, the satisfaction or accomplishment of goals.

Motivation is very important for an organization because it puts human resources into action. Every concern requires physical, financial and human resources to accomplish the goals. It is through motivation that the human resources can be utilized by making full use of it. This can be done by building willingness in employees to work. This will help the enterprise in securing best possible utilization of resources. In addition, motivation leads to achievement of organizational goals: The goals of an enterprise can be achieved only when there is best possible utilization of resources, when there is a co-operative work environment and when the employees are goal-directed and they act in a purposive manner. Motivation is also an important factor because it brings about employees satisfaction. This can be done by keeping in mind and framing an incentive plan for the benefit of the employees. This can be achieved by the following incentives: Monetary
and non-monetary incentives, promotion opportunities for employees, and disincentives for inefficient employees (Sims, 2007).

Moreover, motivation leads to stability of work force: Stability of workforce is very important from the point of view of reputation and goodwill of an organization. The employees can remain loyal to the enterprise only when they have a feeling of participation in the management. The skills and efficiency of employees will always be of advantage to employees as well as employees. This will lead to a good public image in the market which will attract competent and qualified people. Motivation is therefore a continuous process since motivation process is based on needs which are unlimited. The process has to be continued throughout (Neill & Drillings, 1994).

As with any business establishment, courier company employees also perform a myriad of duties and due to the sensitive nature of their work, training and motivation are very essential. For instance there are employees that operate in the customer service sections, call centres, deliveries etc which requires a great deal of customer skills. Other employees in departments like baggaging, bar coding, client information logging also do a lot of repetitive work. Over time this may get boring and routine requiring that managers find innovative ways to motivate their teams to ensure quality service delivery.
CHAPTER THREE: RESEARCH METHODOLOGY.

3.1 Introduction

This chapter outlines the research methodology which will be used to achieve the objectives of the study. The methodology includes the research design, data collection methods and data analysis techniques that will be applied during the study. Moreover, the study will also indicate the respondents who will provide the required data.

3.2 Research Design

The research was descriptive and took the form of case study of DHL. Case studies are in depth investigations resorting to a complete well organized feature for whatever is being studied.

This idea is borrowed from Mugenda and Mugenda, (2003) who define a case study as an in-depth investigation of an individual, group, institution or phenomenon. This definition is based on the premise that a case can be located and that it is typical of many other cases. This design was selected because the objectives of the study required detailed investigation of the subject matter.

Paton (2002) states that the intention of a case study is to gather data at a particular point in time and to use it to describe the nature of an existing condition. Mugenda and Mugenda (2003), suggest that the descriptive design method is appropriate for studies that have specific issues where problems have been defined. The issues in the proposed study being challenges facing international courier service provision in Kenya, were thus geared to address the essential why, who, when, what, and how questions in the research.
3.3 Data Collection

The study made use of primary and secondary data for collection of data. Primary data was collected through face to face interview with selected respondents. This was conducted by use of an employee interview guide. Secondary data on the other hand, was collected through review of the relevant publications and reports at DHL.

The interviewees comprised of four senior managers representing the four major departments because of their role in mitigation of business challenges. The interviewees include: The Chief executive officer, the head of marketing department, the head of finance and the head of human resources.

3.4. Data Analysis

The data collected from the interview guide was analyze by use of content analysis which is a form of qualitative method of analysis. Qualitative analysis seeks to make general statements through systematic and objective identification of specified characteristics of messages. Nachimas and Nachimas (1996), stated that content analysis is the systematic description of the composition of objects or materials of study which are either written or spoken. It enables researcher to analyze and interpret meanings of said words and understand respondents or interviewee’s perceptions and beliefs. The data collection method of this research made the choice of data analysis most suitable.
CHAPTER FOUR: DATA ANALYSIS, RESULTS AND DISCUSSIONS.

4.1 Introduction

This chapter presents the data findings and analysis of the study. The data was gathered through means of an interview guide and was analyzed using content analysis. However not all the correspondents mentioned in the previous chapter were interviewed because of busy schedules or unavailability.

The interview guide was divided into two sections. The first section represented the background characteristics of the respondents and some information on the company. Some of the variables in this section were gender, age and working experiences of employees. The other section sought to find data on the challenges facing provision of courier services at DHL Kenya.

The commendable response rate was achieved after the researcher made frantic efforts of booking appointments with the respondents despite their tight schedules at their posts of duty.

4.2 Response Analysis.

The study targeted four interviewees which included the Chief Executive officer and three heads of departments most of whom have worked for the organization for at least five years. The study targeted these employees because they are at the forefront of handling issues that may threaten the organization's stability. The response rate was 100% as shown in the table 4.1 in the next page.
Table 4.1: Response rate

<table>
<thead>
<tr>
<th>Target</th>
<th>Response</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>CEO</td>
<td>1</td>
<td>1</td>
<td>25%</td>
</tr>
<tr>
<td>Head of Marketing Department.</td>
<td>1</td>
<td>1</td>
<td>25%</td>
</tr>
<tr>
<td>Head of Finance Department.</td>
<td>1</td>
<td>1</td>
<td>25%</td>
</tr>
<tr>
<td>Head of Human Resources.</td>
<td>1</td>
<td>1</td>
<td>25%</td>
</tr>
<tr>
<td>Total</td>
<td>4</td>
<td>4</td>
<td>100%</td>
</tr>
</tbody>
</table>

(Source: Author 2012)

4.2.1 The Impact of Information Technology

All the respondents agreed that information technology greatly influences the provision of courier service at DHL. The influence of ICT was said to be both negative and positive. On the positive side the respondents said that there were now able to track the parcels and consignments thereby increasing the security of clients' property which in turn builds a better corporate image for the firm. As a result, this led to an increase in customers thus increase on the revenues of the firms contributing to the growth. Embracing technology has also enabled the company to communicate with the customers using such tools as email, thereby cutting on operating costs. The employees are also able to file real time reports to the head office using the same. The respondents also said that the internet provided a cheaper and effective advertising channel and with the onset of chat rooms and interactive online tools, many people prefer using the internet tools to communicate with loved ones as opposed to using hard copy mails. On the negative side, the respondents said that the courier service firms have been impacted negative as most
of the small documents can be scanned and sent over the internet to the convenience of
the recipient. Such documents include certificates, bills among others. This has eaten
marginally on the market share of the firm which is involved in sending such documents.
Security issues are potential threat for DHL with hackers all over the world. ICT thus
offers a range of opportunities along with a wider range of uncertainties. In particular,
how can planners seek to take full advantage of ICT's potential while prudently avoiding
policies and infrastructure plans that means extra expenses? This can be deciphered from
the fact that before the late 1990's, the company was obtaining a lot of revenue as very
few people were exposed to the internet.

4.2.1.1 How DHL Cope with Information Technology Challenges.
The respondents gave the following views as way forward of coping with ICT challenges
(a) Agreeing on common user requirements: This means establishing a short list of the
core business processes and core support systems that rational comparison across the
many divisions of the company. Moreover, they have developed a common language for
discussing the business, and this has naturally led to an understanding of common
elements.
(b) Introducing changes in business processes (c) coordinating applications development
(d) Coordinating software releases; DHL has instituted procedures that ensure all
operating units convert to new software updates at the same time so that everyone's
software is compatible.
(e). Encouraging local users to support global systems: the key to this problem is to
involve users in the creation of the design without giving up control over the
development of the project to parochial interests.
4.2.2 Service Delivery.

At DHL, there’s a department that deals with monitoring of challenges in terms of customer service. Challenges that the organization faces in as far as service delivery is concerned include inconsistency of service delivered. Majority of the respondents, (3) 75%, also strongly agreed to the fact that the firm uses various techniques to identify customers’ needs and this helps in designing relevant services to meet these needs. The majority of the respondents, (3)75%, also indicated that their firms profiled clients/customers and designed products to meet their specific demands. The results indicate that segmentation has been undertaken and used by the firm thereby improving customer service through customized services. The growth of the courier service firm can thus be attributed to the ability to segment the market and come up with customized products.

The respondents said that this was manifested in variations of delivery of packages. For example the kind of service delivered in Kenya was not uniform to that offered in European countries where door to door services were offered to clients.

The respondents also indicated that the organization collects and communicates customer information and discussed about the customer feedback once in a month. This implies that DHL takes the customers feedback seriously.

Another challenge that was raised was on delay of delivering goods to clients because of poor infrastructure of the roads. Some areas where packages were to be delivered were impassable and thus prolonged the time of arrival that was designated.

To mitigate the challenges above, the respondents unanimously agreed that the entire company had placed customer service desks in all branches where requests of all kinds
concerning DHL courier services were raised. They have also added policies against customer service indicating that the company values quality customer service.

Quality service delivery was enhanced at DHL in that when a customer asked for new service which the company did not have when requested by a customer, it was noted for consideration by the board. This was for example when a customer requested the company to take a parcel into an area that DHL did not operate. After explaining to such a client that the company did not ply such a route, the attendant is required to note down such a request. If the requests are many, the company starts operating in that area.

4.2.3 Motivating Factors

In this section, the respondents were asked to state which motivational factors DHL offer to attract the best talent in the market to in the workplace. And some of them included motivational factors such as (a) There are fairly good chances for advancement on the job through trainings (b) The organization promotes people on ability (c) Promotion is on merit (d) The job gives the staff a sense of accomplishment (e) The work itself (f) The benefits staff receive are as good as most other organizations

On the element of motivation factors, the respondents also gave very informative information as elaborated by the following points. A majority of respondents (75%) strongly concurred that their jobs gave them a sense of accomplishment. This findings supported a majority of respondents (100%) who agreed on the issue of empowerment. The results posted a mean score of 4 implying that the respondents agreed that they were
empowered to participate in decision making. This can be due to the fact that the respondents were drawn from management levels.

The element of pay and compensation for efforts expended in the workplace also came out and the respondents felt that they were paid adequately. The results posted a mean score of 4 indicating that the respondents felt satisfied with the pay and reward given. In addition, they also commented that payments and rewards were commensurate with their work experience. This implies that management agreed on the compensation scheme. The CEO claimed that the benefits given by the organization were in line with those of other firms in the industry.

The other element which the likert scale sought to get opinions on motivation in the company was the issue of promotion. On whether there were good chances of promotion in the company, the results brought a mean of 3.0 implying existence of good chances. The other respondents also strongly agreed with the statement that the company promoted employees based on their abilities with this issue returning a mean of 4.0. The respondents also seemed to agree on the issue of fair promotion system with this issue rating a mean of 3.0. It is important to note that the respondents were happy with the work variable as well as the promotion variable.

4.2.4 Trainings

Employees at DHL are trained twice every year on different aspects pertaining to the company's operations. Review of the training program is done thrice every year to ensure latest information is delivered to the employees in due time.
The respondents stressed that DHL has invested heavily into the training of their employees as they were the ambassadors of the firm and the way they interacted with the clients heavily influenced the chances of the client conducting business with the firm.

This was demonstrated by all respondents indicating that they had several trainings for staff on the following areas: customer care, conflict management, time management, work standards, and presentation skills training respectively. The respondents indicated that they had attended some of the mentioned training. The training stressed the importance of customer care, presentation skills, and timeliness. Other areas stressed were conflict management and work management. The training was conducted for both new and old employees in all ranks from senior management to the subordinate staff.

4.2.5 DHL Kenya has a competitive edge over other Courier services

The respondents said that DHL's focus on selected industry sectors meant customers benefit from working with specialists not just in logistics, but also in their particular marketplace. Our aim is to build long-term partnerships and work closely with our customers and their management teams. The know-how of our people, combined with our industry’s leading solutions provides DHL with real competitive advantage.

Every day, DHL staff work with a huge variety of customers to solve practical problems from achieving shorter lead times to delivering temperature-controlled freight – in the following industry sectors: Aerospace; DHL provide transportation and outsourced logistics services across all segments of the aerospace industry's supply chain, from managing the inbound flow of goods into production plants, providing spare parts for aircraft on ground, to providing in-flight catering from kitchen to cabin. The aerospace industry is facing escalating commodity prices, increasing competition, stricter safety
regulations and higher value inventories. A single logistics supplier provides greater control and is better able to optimize inventories and increase efficiencies across much of the supply chain.

Automotive: with markets facing tougher challenges everywhere, automotive companies are focusing on the search for competitive advantage. DHL’s people, processes, and services are geared to finding new ways to reduce cost and inefficiency, clarify processes, improve delivery accuracy, as well as simplify the most complex and extended supply chains. DHL offers proactive solutions to help you work even more closely with your customers, providing the control necessary to respond quickly to changing market conditions.

Consumer: Customers' mission is to develop market and acquire the best products possible through stiff competition. We work with the biggest FMCG manufacturers and retailers in the world, so we understand every phase of your supply chain. DHL processes improve your speed to market, reduce damage to products, and strengthen your relationships with the companies they rely on. DHL services include innovative manufacturing solutions for getting packaged food and beverage products ready for sale, and floor-ready promotional displays that get them noticed.

We help our customers manage increasing complexity and shorter product lifecycles within dynamic supply chains, whilst effectively controlling and reducing costs. We enable our customers to effectively and efficiently meet seasonal demand, access new channels, support new product launches and source globally.
The respondents stressed that measures they would recommend the international business community to take in order to reduce the challenges that international companies encounter in their quest to expand internationally include: the exceptional leadership and management of the courier services. The respondents indicated that the leadership helped in steering the company to its unmatched growth. The respondents indicated that top executives with strong visions are of great value to the firm’s success. The management were delineated from the owners ensuring issues of corporate governance structure were strong. The respondents also indicated that the ability to change and adjust to situations as well as coming up with innovative products and operating strategies have contributed to the success of the international firm.
CHAPTER FIVE: SUMMARY, CONCLUSION AND RECOMMENDATIONS.

5.1 Introduction

This chapter covers summary of the findings according to the interview questions. It discusses the major trends and finds. Moreover, it outlines conclusion, recommendations and suggestions for further studies.

5.2 Summary of Findings

According to the findings of this research study, all the respondents were unanimous that their organization faced specific challenges that were very clear to the management. DHL has however positioned itself as a market leader in express and logistics and this has enabled them to be recognized internationally as one of the best if not the best in the courier industry. The positive image has acted as a cover up to its loopholes that affects the organization's optimum output.

5.2.1 Information and Communication Technology.

All of respondents agreed that information technology greatly influenced the provision of courier services at DHL. The influence of ICT was said to have both negative and positive effects. On the positive side, the respondents indicated that there were now able to track the parcels and consignments. Embracing technology has also enabled the company to communicate with the customers using such tools as e-mail, thereby cutting on operating costs. The employees are also able to file real time reports to the head office using the same. The respondents also indicated that the internet provided a cheaper and effective advertising channel. On the negative side, the respondents indicated that the courier service firms have been impacted negatively as most of the small documents can
be scanned and sent over the internet to the convenience of the recipient. The findings imply that the positive effects of ICT on DHL far outweigh the negative effects. Hence, ICT adoption may explain the good performance of DHL.

5.2.2 Service Delivery

On the issue of service delivery the DHL was found to have in exemplary strategies in place. The results indicate that segmentation has been undertaken and used by the firms and thus improving customer service through customized services. The growth of the courier service firm can thus be attributed to the ability to segment the market and come up with customized products. The respondents indicated that their company’s customer service policies encouraged participation of customer input and information into the new product design and reevaluation of existing products. The respondents unanimously agreed that all the companies had in place customer service desks in all branches. The growth of the courier service firm can thus be attributed to the good customer service experienced at DHL.

5.2.3 Motivation

The study findings suggest that the respondents were motivated on the work related factors as well as on promotional factors. However, they were reserved with the pay related variable. On the work related variable, all the three factors measured returned a mean score of more than 3, meaning that they were happy with their jobs. On the pay variable, the factors returned a mean score of less than 2.0, meaning that the respondents were not willing to discuss the issue. The promotion factors returned a mean of over 3 indicating that the respondents agreed with the statements and were therefore happy with the promotional opportunities offered by DHL. These findings indicate that the high level
of motivation observed by DHL and may also explain the observed good performance of the firm.

5.2.4 Trainings.

The respondents stressed that DHL has invested heavily into the training of their employees as they were the ambassadors of the firm. In addition, the respondents stressed that the way they interacted with the clients positively affected customer referral to DHL. The training stressed the importance of customer care, presentation skills and timeliness. Other areas stressed were conflict management and work management. The training was conducted for both new and old employees in all ranks from senior management to the subordinate staff. Therefore, the training underwent by courier staff may explain the good performance at DHL.

5.2.5 Other factors explaining the good performance of the DHL.

The respondents also suggested a few extra factors which were not captured in the interview. Such as, strong leadership, existence of corporate governance mechanisms and being continuously innovative helped firms to grow.

5.3 Conclusion

Market development across national borders of DHL has unique challenges due to the conditions required to comply with laws and regulations in the various countries where DHL is based. Apart from the different legal frameworks in different countries, there’re also varied social cultural settings which must be surmounted for the firm to effectively develop a new market for its products. One way that the company has been able to penetrate the market is by providing quality service to its clients. Moreover, the company has been able to enhance their mode and scope of operations in terms of deliveries. Novel
ideas on new ways of delivery have been obtained from basic research using the SWOT analysis. Market and consumer trends, company's research and development department, competitors, focus groups, employees, salespeople, corporate spies have also been utilized to obtain an insight in new provision of services.

The findings imply that the positive effects of ICT on courier service industry outweigh the negative effects. Hence, ICT adoption may explain the good performance on provision of courier services at DHL.

On the issue of customer service, service delivery was found to have exemplary strategies in place. The growth of the courier service firm can thus be attributed to the good customer service observed in the courier industry.

The study findings suggest that majority of the respondents are motivated on the work related factors as well as on promotion factors. However, they were reserved with the pay related variable. Thus, the high level of motivation observed in courier firms may explain the observed good performance of courier firms.

The study findings indicate that the company has invested heavily in training their employees. Training programs undertaken by the firms ensure that the employees and the management are proficient in the assigned duties and exhibit the highest level of professionalism. Thus having in place a properly trained workforce can be said to be a factor that has contributed to the success of DHL.
5.4 Recommendations

The study makes several recommendations as follows;

On the technological front, courier services need to be watchful on the turn of events to ensure they are not made obsolete to technological advancement. They need to come up with innovative products and see whether the use of technology can help them in expanding into other regional and global markets.

On service delivery, courier firms should adopt the practice of customer satisfaction surveys as a way of gauging the level of customer satisfaction.

As the courier firm deals in valuable consignments, they should properly motivate their employees as the gains currently being made can be reversed if the employees' dissatisfaction is not addressed. This might lead the employees to resort into stealing the valuable consignment and reporting them as stolen or lost. The demotivated and demoralized employees can easily collude with criminals to the detriment of the company's image.

On the issue of training, the company has to include contemporary refresher courses for the employees and the management in emerging areas of customer care.
5.5 Suggestions for Further Studies.

The study suggests that future empirical research can be conducted on the effects of the noted factors on the various growth indicators such as market share, revenues and profits. Such a study would verify or repute the findings of this study.

Future study can also be conducted on an individual factors identified in the conceptual framework of this study. In-depth analysis of the effect of each one of these factors would clearly bring out the additional effects of these variables. Other variables that could be used for further study of the subject include: Transport and logistics and global competition.
REFERENCES


Appendix I: Letter to Respondents

Joshua Wathaka W,
University of Nairobi
Nairobi, Kenya
Date:..............

Dear Respondent

RE: MGT of DHL (Kenya) ltd

I am a Master of Business Administration (MBA) student at the University of Nairobi, Main campus, department of Business. As part of my coursework assessment, I am required to submit a research project report of business nature. My research project focuses on challenges facing international courier service provision in your organisation.

The aim of writing this note, is to kindly request you to allow me to interview some of your Heads of department. I assure you that the information collected is purely for academic purposes and will be treated with utmost confidentiality that its deserves.

Thank you

Joshua Waweru
Appendix II: Interview guide

INTERVIEW GUIDE FOR RESEARCH PROJECT

Part One:
1) Indicate name of respondent.
2) Indicate position of respondent at DHL.
3) Has the DHL mission changed in the last 10 years?
4) Has the structure of DHL changed in the last 10 years?
5) What are the core values of DHL?

Part Two:
1) What type of challenges in terms of information and communication technology does DHL Kenya encounter in its operations?
2) How does DHL counteract these challenges?
3) In what ways have the above mentioned challenges affected the growth and operations of DHL Kenya locally?
4) In terms of Service delivery, what are some of the challenges that DHL contend with?
5) In what ways have the above mentioned challenges affected the growth and operations of DHL Kenya locally?
6) How does DHL mitigate against these challenges?
7) How is quality service delivery enhanced at DHL Kenya?
8) What motivating factors ensure that DHL Kenya attract the best talent in the market?
9) How often does DHL Kenya review its training program both for the new and old employees?
10) How often does DHL Kenya staff undergo training?
11) What factors makes DHL Kenya have a competitive edge over other Courier services?
12) What measures would you recommend the international business community to take in order to reduce the challenges that international companies encounter in their quest to expand internationally?