CUSTOMER SERVICE AS A COMPETITIVE STRATEGY FOR ENHANCING PERFORMANCE IN THE CUSTOMS SERVICES DEPARTMENT, KENYA REVENUE AUTHORITY

BY

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NOVEMBER, 2013
DECLARATION

This is to declare that this research project is my original work that has not been presented to any other University or Institution of higher Learning for examination.

Sign: ____________________   Date: ______________

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DECLARATION BY SUPERVISOR:

This is to declare that this project has been submitted for examination with my approval as the university supervisor.

Sign: -----------------------------       Date: -----------------------------

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DEDICATION

This research paper is dedicated to my loving and dear son Victor who has been my constant source of inspiration.
ACKNOWLEDGEMENTS

I undertook the Master of Business Administration (MBA) studies during the most trying moments of my life. At one point, I almost gave up but am grateful to the Almighty God, the creator, author and giver of wisdom, knowledge and understanding for his grace and inspiration that gave me strength to accomplish the tasks that were given to me in the course of the studies.

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Special thanks to all my supervisors and colleagues at Customs Services Department for their support and understanding during the course of studies and data collection period. Lastly but not the least, I offer my regards and blessings to my loving husband Bishop Benson Kimanzi for being there for me during the good and bad times and to my dear parents Mr. Daniel Musili and Mrs. Margaret Mbete for their prayers, support and understanding to concentrate on my studies.
ABSTRACT

This study examined customer service delivery at Customs Services Department (CSD). The objective of the study was to determine the effectiveness of customer service as a competitive strategy for enhancing performance in Customs Services Department (CSD). The research design was a case study because the unit of analysis was one organization. The study used both primary and secondary data. Primary data was collected using an interview guide that had open-ended questions which enabled the researcher to collect qualitative data. The respondents for the study were eight (8) senior managers, two (2) customer service desk staff and ten (10) customs officers drawn from various divisions of Customs Services Department and twenty (20) clearing agents drawn from various clearing and forwarding companies. Secondary data was obtained from review of Kenya Revenue Authority documented publications such as corporate plans, Tax payer charter internal memos among others. The study found that the main tasks of customer service in Customs Services Department involve processing of declarations, release of cargo resolving public complaints and provision of focused taxpayer education. Further, findings indicate that service delivery in the department has not been satisfactory because of poor working conditions and unfriendly customer attitudes. The department has over the years performed fairly as compared to the other departments in Kenya Revenue Authority. Lastly, the study found out that customer service in the department can be improved through improvement in the work environment in addition to staff motivation through training, promotions, rewards and recognition. This will enhance faster clearance of cargo and cost savings leading to increased revenue collection and minimizes corruption thus enhancing a positive image of the department.
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# ABBREVIATIONS AND ACRONYMS

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<th>Abbreviation</th>
<th>Description</th>
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<tbody>
<tr>
<td>AEO</td>
<td>Authorized Economic Operator</td>
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<tr>
<td>BSC</td>
<td>Balanced Score Card</td>
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<td>CAMIS</td>
<td>Cargo Management Information System</td>
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<td>CCRS</td>
<td>Common Cash Receipting System</td>
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<td>COE</td>
<td>Certificate of Export</td>
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<td>COMESA</td>
<td>Common Market for Eastern and Southern Africa</td>
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<td>COSIS</td>
<td>Customs Oils Stocks Information System</td>
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<td>CRSP</td>
<td>Current Retail Selling Price</td>
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<td>CSD</td>
<td>Customs Services Department</td>
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<td>CSM</td>
<td>Customer Service Manager</td>
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<td>DA</td>
<td>Direct Assessment</td>
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<td>EAC</td>
<td>East African Community</td>
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<td>IDF</td>
<td>Import Declaration Form</td>
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<td>KENTRADE</td>
<td>Kenya Trade Network Agency</td>
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<td>KENSWS</td>
<td>Kenya National Single Window System</td>
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<td>KESRA</td>
<td>Kenya School of Revenue Administration</td>
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<td>KRA</td>
<td>Kenya Revenue Authority</td>
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<td>MBA</td>
<td>Master of Business Administration</td>
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<td>ORBUS</td>
<td>Customs Preclearance system</td>
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<tr>
<td>Acronym</td>
<td>Description</td>
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<tr>
<td>OSBP</td>
<td>One Stop Border Post</td>
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<td>RBV</td>
<td>Resource Based View</td>
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<tr>
<td>SWOT</td>
<td>Strengths, Weakness, Opportunities and Threat</td>
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<tr>
<td>VAT</td>
<td>Value Added Tax</td>
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<tr>
<td>WCO</td>
<td>World Customs Organization</td>
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CHAPTER ONE: INTRODUCTION

1.1 Background of the Study

The main existence of any organization is to satisfy customer needs and wants and through this way creates repeat sales and customer loyalty thus opening avenues for increased profits and overall performance of the organization. One of the factors affecting organizational performance is customer service, which is the main focus of this study. Customer service is an activity or series of activities of more or less intangible in nature that normally take place in interactions between the customer and the service employee and or physical resources or goods and/or systems of the service provider, which are provided as solutions to customer problems (Gronroos, 1996). An effective customer service satisfies customer needs in a consistent and dependable manner and is the lifeblood of any business. A firm can offer promotions and slash prices to bring in as many new customers as possible, but unless the firm gets some of those customers to come back, the business will not be profitable for long. Effective customer service is about bringing customers back and about sending them happy- happy enough to pass positive feedback about the firm’s business along to others, who may then try the product or service the firm offers to them and in turn become repeat customers.

In increasingly competitive markets, being able to build loyalty in customers is seen as a key factor in winning the market share and developing competitive advantage (Kottler et al, 2009). Based on the premise of the Resource Based View (RBV) theory, the desired outcome of managerial effort is sustainable competitive advantage. Understanding the anatomy of competitive advantage is of paramount importance to achieving superior performance. According to Porter (1980), sustainable competitive advantage lies in the possession and deployment of key resources and capabilities in its product market. Additionally, Porter (1980) argued that competitive advantage can be sustained if organizations select appropriate generic strategies to position the business unit in its environment. By incorporating advancement in technology and changes in customer demands, researchers can explore the impact of these factors on a firm’s performance. In this way, the strength of Resource Based View and Porter’s generic strategies can be enhanced by having a good customer service strategy.
Customer service is a competitive strategy for a service organization like Customs Services Department. This organization is charged with the mandate of revenue collection and protection of the society against importation of prohibited or harmful products. To achieve its mandate, the department has undertaken many reform and modernization initiatives. However, some of these initiatives are very complex for the common taxpayer. Further, some firms have been established to offer services that used to be offered by Customs. Additionally, due to the effects of technological advancement and sophistication of customer demands, some customers devise ways of evading payment of taxes leading to low revenue collection. To reverse this trend, Customs management needs to draft and implement appropriate customer service strategies that outcompete its rivals. It is this background that forms the focus of this study.

1.1.1 Concept of Strategy
Strategy was coined in Athens as the art of leading the army and emphasized meticulous planning ideas of vanquishing the enemy indirectly without the need to fight the general principles and tactics of engaging with the enemy (Heracleous, 2003). According to Chandler (1962), strategy is a road map followed by an organization to achieve its objectives. A long term coordinated strategy gives a company structure, direction and focus. Mintzberg (1987) views strategy as a ploy, pattern, perception and position or a deliberate approach to achieve organizational goals while Porter (1980) argued that strategy is building a defense against the competitive forces and finding positions in the industry where the forces are weakest.

Pearce and Robinson (2009) define strategy as a company’s game plan that reflects the company’s awareness of how, when, and where it should compete; against whom it should compete; and for what purposes it should compete. Furthermore, Hunger and Wheelen (2007) emphasizes that a strategy is a comprehensive plan that shows how an organization will achieve its mission and objectives. To be successful, an organization should develop long range plans that will ensure effective management of environmental opportunities and threats in the light of corporate strengths and weaknesses.
A company’s strategy consists of the competitive moves and business approaches that managers are employing to grow business, attract and please customers, compete successfully, conduct operation and achieve the targeted levels of organizational performance (Thompson et al, 2007).

From the foregoing definitions, it is worth noting that strategy is a multi dimensional concept in terms of content and substance. Most authors in terms of definitions emphasize on the essence and nature of strategy and agree that strategy is a unifying theme that gives coherence and directions to the actions and decisions of an organization in addition to transforming the organization from its current state to a better state usually perceived to be a better position for the organization which makes it gain a competitive advantage.

### 1.1.2 Competitive Strategy

This is the process in which an organization is able to continue with its business and making money over its competitors. It occurs when the organization is able to come up with a strategy that makes it possible to out compete its rivals. It concerns the specifics of management’s game plan for competing successfully and securing a competitive advantage over rivals (Thompson et al 2007). If these strategies are implemented well, the organizations will perform better. By implementing a competitive strategy, a firm acquires competitive advantage over its rivals. A firm is said to have a competitive advantage when it has the capabilities or means to push out its rivals in striving for customers’ favours.

David (2011) defines competitive advantage as ‘anything that a firm does especially well as compared to rival firms. Competitive advantage is thus an edge over rivals in attracting and defending against competitive forces. Ansoff and Sullivan (1993) argue that competitive advantage isolates unique characteristics of unique opportunities within the field defined by the product- market scope and the growth vector. It seeks to identify particular properties of individual product markets that will give the firm a stronger competitive position.
Smith and Flanagan (2006) on the other hand defines competitive advantage as ‘what separates you from the rest of the herd. It keeps your business alive and growing’. It is achieved by continuously developing the existing and creating new resources and capabilities in response to a rapidly changing market conditions.

Understanding the cultural context within which a firm operates is important in evaluating the ability of a firm to generate competitive advantages. To succeed in building competitive advantage, a firm must aim at providing buyers with what they perceive as superior value; prices lower than competitors for equivalent benefits and provision of unique benefits that more than offset premium price. No matter the size of the company or business one is in, the company’s competitive advantage should be the foundation of all its strategic and operational decisions. Ignoring them can be an expensive or even fatal mistake. Without a competitive advantage, a firm has limited economic reason to exist. Creating a sustainable competitive advantage may be the most important goal of any organization and may be the most important single attribute on which each firm must place its most focus.

1.1.3 Customer Service

Customer service is an activity, performance measurement and a philosophy. It is the way a business looks after its customer’s requirements through effective and efficient ways before and after sales services (CSM, 2012). It deals with series of activities designed to enhance the level of customer satisfaction- that is, the feeling that a product or service has met the customer expectations (Turban, 2002).

It is a science of how to communicate in any customer situation, in a way that produces the most possible outcome for everyone. It involves satisfying customer needs and like many things in life it is seen as a morality play. There are good people who have great attitudes and bad people who are indifferent and are insensitive to the concerns of their customers.
1.1.4 Organizational Performance

Organizational performance is the measure of actual output of an organization as measured against its intended output (goals or objectives). It also refers to the metrics relating to how a particular request is handled, or the act of performing; of doing something successfully; using knowledge as distinguished from merely possessing it. It is the outcome of all of the organization’s operations and strategies (Claessens, 2004). It is the extent to which an individual meets the expectations regarding how he should function or behave in a particular context, situation, job or circumstance. It is what people do in relation to organizational roles (Solomon and Solomon, 2004).

Performance is the achievement of organizational goals in pursuit of business strategies that lead to sustainable competitive advantage. To measure organizational performance more completely, one might use an approach similar to the balanced scorecard, which elevates non financial measures to a level consistent with a traditional focus on financial measures. In this age of global competition, technological innovation, turbulence, discontinuity, even chaos, change is inevitable and necessary. The organization must do all it can to explain why change is essential and how it will affect everyone (Mak and Yanto, 2003).

Performance indicators are statements of the performance expectations or requirements necessary for achieving the critical results of the position. They clearly communicate to employees what has to be done and employees should be involved in setting the standards under which their performance will be evaluated. Some of the indicators include; quality, teamwork and customer service measures (Sanda et al, 2003). The task of measuring performance of service organizations is difficult. This is because output of customers is frequently intangible, heterogeneous and ill defined. It is critical for an organization to ensure that the performance is consistent with performance of high performing service organizations. There is need to treat performance measures with caution, by not just celebrating success of service delivery but by determining the causality of bad service through poor performance.
The performance objectives, priorities and expectations should clearly be articulated not only for internal use but also to external customers and stakeholders in order to present a better understanding of how performance is achieved and to evaluate future requirements for improvement (Halachmi, 2002). An organization accomplishes what it measures hence its performance matrix must be aligned to its strategic goals. Every organization has a form of customer matrix that includes service level, product level, initial product quality, features, form, functions, product performance, reliability, value and price. Measuring performance in a firm is an important part of effectively managing the department and its work. It gives managers timely and accurate data for their duties. The end result improves understanding of a given situation which will lead to improved outcomes. In a service industry, it may measure the number of customer complaints received at a given time and the time taken to respond to those issues.

1.1.5 Kenya Revenue Authority

The Kenya Revenue Authority (KRA) was established by an Act of Parliament of July 1st, 1995 to collect and account for government revenue in accordance with the written laws and the specified provisions of the written laws (Kenya Revenue Authority Corporate Plan, 2009). The Authority operates in a turbulent and challenging environment that has been experiencing droughts, famine, post election violence, resistance to change among others. The Kenya government has an ambitious development agenda as outlined in vision 2030. It places a premium on maintaining a strong revenue effort because the ambitious revenue targets need to be achieved in an adverse global environment with the world economy in the throes of the global financial crisis. In this environment, the Authority will have to work extremely hard as it endeavors to meet revenue targets without placing an enormous compliance burden to taxpayers. In order to implement the corporate strategy and deliver its vision, mission and objectives, Kenya Revenue Authority has formulated its corporate strategy (plan) identifying the purpose of the organization, plan and actions to achieve that purpose. In order to achieve the strategic goals articulated in various Corporate Plans, Kenya Revenue Authority is becoming more aware of the need to identify who its customers are and developing processes and systems to meet customer requirements.
In its fifth Corporate Plan for the 2012/13 to 2014/15 period, Kenya Revenue Authority’s plan theme is ‘achieving excellence in revenue administration through organizational renewal, innovation and staff capacity enhancement for better customer focus’. The Authority’s ambition is to become an efficient, customer and people-centered organization comparable to other counterparts in the emerging economies. One of the strategic objectives of this plan is ‘improving customer service through benchmarking against service delivery standards of upper middle income economies, expanding the scope of the services that meet international best practice and increasing service options to taxpayers. Effective customer service practice in the Kenya Revenue Authority is imperative if the Authority is to effectively play a key role in the overall development in Kenya (Kenya Revenue Authority fourth corporate plan, 2012).

Customs Services Department (CSD) in KRA was established in 1978 to collect and account for Import Duty and VAT on imports, protect the society from illegal entry and exit of prohibited and restricted goods while at the same time facilitating legitimate trade. Its vision is to ‘be globally recognized as a modern Customs Administration that is responsive to the needs of the 21st century customer’. Customer service is an integral part of the department’s job and should not be seen as an extension of it. The department’s vital assets are the customers. Without them, Customs would not exist in business. The department has a wide range of external customers who include importers, Clearing Agents, banks, insurance companies, exporters, manufactures, transporters, shipping lines/ Agents, members of the public, other departments, among others. Customs officers on the other hand, are the department’s internal customers and they should be appreciated because of their role in ensuring that the department achieves its mandate.

1.2 Research Problem

One of the main goals of organizations is to satisfy customer needs and wants leading to increased profit. This implies that without the existence of customers, business activities will be futile. Some organizations concentrate more of their resources and efforts in trying to improve their business processes and products without due regard to customer service. On the other hand, other firms are exploring ways of becoming more competitive by implementing competitive strategies that give them an edge in attracting and retaining
customers. They try their best in understanding customer needs, values and concerns. They compete on the basis of the services they render hence attracting customers from organizations that do not serve them well and are able to perform better than their competitors.

Customs services department operates in an increasingly turbulent and complex environment consisting of many interacting and interrelated factors. Managing various and multifaceted internal activities and external environment pose challenges to many managers. As the environment changes, Customs policy management also changes. Under development of globalization, the role of Customs has been increasingly important not only for an individual economy, but also for the entire international community. Traditionally, the mandate of Customs was to collect national revenue as well as protecting the country’s borders. Recently, Customs has been facing new challenges such as increasing threat to peace and security as well as transnational organized crime, including more sophisticated smuggling activity. The need for revenue collection, opening up of markets such as Common Market for Eastern and Southern Africa (COMESA) and East African Community (EAC), greater focus on trade facilitation and border security, as well as their new role of collecting agency fees, has placed enormous pressure on the limited resources and capacities of the department. In the political arena, the performance of Customs has been in the limelight because of congestion at the Port of Mombasa and other exit points like Malaba and Busia. Further, formation of Kenya Trade Network Agency (KENTRADE) to spearhead implementation of the national Single Window offers competition in trade facilitation and such Customs has to devise ways and means of remaining relevant in revenue collection.

Despite the efforts made to improve service delivery, previous research has shown that customer service delivery in Kenya Revenue Authority has not been satisfactory. Mutune (2010) did a study on the evaluation of customer and revenue strategy framework adopted by the Authority and found out that Kenya Revenue Authority has not been able to make effective changes to its business strategies in order to align them to the overall strategic direction.
According to the study, staff resistance to change, inadequate resources and lack of donor funding have hindered the success of these initiatives. The study recommended that Kenya Revenue Authority needs to lobby the Treasury for more funding, engage in value adding partnerships with external partners, enhance taxpayer education and automate its business processes.

Mule (2008) conducted a study on the evaluation of the public relation techniques applied in Kenya Revenue Authority and found out that there exists poor service delivery in the registries due to lack of funds to purchase modern storage facilities, lack of training of registry staff, poor policies and strategies in service delivery. The study recommended that in order to improve service delivery, Kenya Revenue Authority should train registry staff on registry management, job description should be clearly spelt out, customer complaints should be addressed to ensure that customers are satisfied with the registry services. Allet (2008), in his study on the implementation of the Customs Reform and Modernization, established that, resistance to change, lack of requisite skills among staff hindered the implementation of the strategies. The study recommended that a strong visionary leadership was important for the project’s success. Additionally, there is need to translate taxpayer education to Kiswahili and local dialects to hasten the expansion of taxpayer base in order to reduce taxpayer apathy.

Nzyoki (2010) did a study on improving service quality measurements on sustainable tax administration and found out that service quality is the key to the success of public service delivery. The study found out that despite the fact that Kenya Revenue Authority has undertaken initiatives to improve customer service, service delivery at Domestic Taxes Department has not been satisfactory as highlighted by issues raised through the complaints and information Centre. Customers are referred from office to office, lack of proper and timely information to the customers, rudeness and aggressive behavior of some staff, allegations of corruption and bribery and long queues. Further, the study found out that customer queries take long time to be responded to despite the development and implementation of the taxpayer charter that spells out the rights and obligations of the taxpayers and the Authority. This has led to increased cost of conducting business, low revenue collection and increased barriers to trade.
Arising from the above, it is clear that a knowledge gap exists in the area of customer service in Kenya Revenue Authority. None of the studies addressed customer service in Customs Services Department whose main asset are the customers hence customer service delivery is an important strategy in enhancement of performance. This therefore creates a gap in knowledge that the proposed study seeks to fulfill. This study therefore aimed at filling the knowledge gap by determining the effectiveness of customer service as a competitive strategy for the performance of Customs Services Department (CSD). This study sought to address the following question:

i. What is the influence of customer service on the performance of Customs Services Department?

1.3 Research Objective
To determine the effectiveness of customer service as a competitive strategy for enhancing performance in Customs Services Department

1.4 Value of the Study
This study will contribute to the existing body of knowledge in the area of competitive advantage strategies by presenting considerations that should be kept in view in terms of effective customer service and performance. The results of the study will assist Kenya Revenue Authority top management in effective strategic management by addressing the challenges facing Customs in implementing customer service objectives and draft strategies to resolve these challenges with the aim of improving its performance.

Policy makers would obtain knowledge of the customer dynamics and the responses that are appropriate; they will therefore obtain guidance from this study in designing appropriate strategies that would involve all Customs staff. It is important to public corporations as it will serve as a reference point for similar studies in the public sector.
The study will contribute to the existing theories in the area of generic strategies by presenting findings that effective customer service is a strategy that firms can use to achieve and sustain competitive advantage. Further, the Resource Based View highlighted that deployment of unique resources and capabilities can result in superior performance. This study highlights that in addition to the organizational capabilities and resources, implementation of an effective customer service strategy will improve the performance of a service oriented organization.
CHAPTER TWO: LITERATURE REVIEW

2.1 Introduction

This chapter summarizes information from other researchers who have carried out research in the same field of study. It includes theoretical foundation of the study, relationship between strategy and performance, competitive strategy and performance and customer service and performance.

2.2 Theoretical Foundation

During the last few decades, emphasis in the strategic management literature has shifted from viewing competitive advantage as primarily determined by environmental factors to Resource Based View (RBV) that highlights how deployment of unique organizational resources and capabilities can result in superior performance (Porter, 1980). This model suggests that firms can be viewed as collection of productive resources and competitive advantage can be achieved if the firms possess and utilize superior resources if they have value, are rare and cannot be imitated or substituted.

Porter (1980) emphasizes the need for a firm to select an appropriate generic strategy to position the business unit in its environment by highlighting three generic strategies that a firm can use to achieve and sustain competitive advantage. These strategies are; cost leadership, differentiation and market segmentation. He argues that the environment poses threats and opportunities and suggests that the environment could be analyzed using the five forces analysis to identify issues which affect the level of competition in the industry. These forces include the power of suppliers, the power of buyers, potential of new entrants, rivalry among competing sellers and firms in other industries offering substitute products. Thompson et al (2007) builds on Porters model and observes that buyers gain a degree of bargaining level if the costs of switching to competing brands or substitutes are relatively low, the numbers of the buyers is small or if a customer is particularly important to a seller, the buyer demand is weak and sellers are scrambling to secure additional sales of their products, well informed about sellers products, prices, costs and have discretion on whether and when they purchase the product.
2.3 Strategy and Performance

A firm needs to conduct a strengths, weakness, opportunities and threat (SWOT) analysis to find out its current position in relation to its competitors, where it wants to go in the future and the roadmap to take the organization to the desired place. This roadmap to the desired state is the strategy. Strategy guides an organization to superior performance through establishing competitive advantage. The firm will meet its objectives if the strategy is translated into carefully implemented action or guidelines for the daily activities of the firm’s employees. This according to Pearce and Robinson (2003) implies that the success of strategies will depend on elements that are simple, consistent and long term leading to single mindedness of goals, unity of purpose and long term focus.

Firms that effectively implement their strategies perform better than those that lag behind in strategy implementation. However, it is important to note that firms have different forms of structure that will enhance or hinder strategy implementation and consequently enhance or hinder performance. This implies that, in order to ensure achievement of the firm’s objectives, it must ensure that its structure is aligned to the strategy.

2.4 Competitive Strategy and Performance

Many organizations today are focusing on becoming more competitive by launching competitive strategies that give them an edge over rivals in attracting customers and defending themselves against competitive forces. Kanter (1990) observed that in order to be successful, firms must remain focused on their core competencies and invest in their development and de-emphasize activities that do not add value. Kimani (2012) observes that a competitive strategy is the key determinant factor of superior performance. Superior performance being the ultimate goal of the firm becomes the foundation of higher growth. Competitive strategy for a service firm is less concerned with a product itself and more with the wider aspects of the organizations that make up that service. For a firm that competes on the basis of the services it provides, the competitive advantage is likely to be more related to the extent to which customers value less tangible aspects of the firm.
To ensure improved performance, organizations have to focus on a well thought out and planned customer service strategy, a strong service culture and to incorporate customer service strategy into their business goals. These strategies should be incorporated into employee goals to help the organization reach its corporate objectives. There is little evidence to suggest that firms competing in markets which appear to offer attractive opportunities perform better than organizations that compete in markets which seem less attractive. Gerry and Kevan (2001) observed that the success may result from creating strategies not so much on existing market opportunities but on the basis of the views of the future in which its competencies unique to the organization provide advantages over the competition.

2.5 Customer Service and Performance

Some authors have argued that satisfaction of a customer’s need is the ultimate test of a business success. According to Kimani (2012) in her study on adoption of call centers as source of competitive advantage of commercial banks argued that satisfied customers are more likely to concentrate their businesses in one organization and this improves revenue growth of an organization. The study further noted that companies are increasingly paying more attention to customer- contact employees to achieve the desired profit and market share and are adopting a more people oriented approaches. This is as a result of realization that customer service is the key to attracting and maintaining customers leading to increased business and revenue. Customer service can therefore be used as a turnaround strategy for an organization that is performing poorly. This can be achieved by an organization investing in training its staff in customer care skills. The staff will have customer insights, know who their customers are and what their needs are, deliver focused education, clarify issues and fears through meetings with the stakeholders, support and motivate them and provide timely and professional service delivery. This will reduce the time spent by a customer in seeking the service, will improve customer goodwill and confidence in the organization, encourage repeat sales, reduce costs of doing business and improve the overall performance of the organization. It is worth noting that, an effective customer service is important to the organization because it will lead to improved staff morale and faster delivery of services hence minimizes corruption,
enhance a positive image of the department and cost savings leading to increased revenue collection and facilitation of legitimate trade. Customer satisfaction matters not only to the customer, but also to the department since it impacts on the department’s revenue and is one of the important components of the department’s positive image.

According to Munyoki (2011) customers may be dissatisfied by a product or a service if the product or service does not meet the expected quality standard or the product is not compatible with the customer’s conditions of use or the customers have developed a bad perception either towards the product or service or the company. The study recommends that the organization needs to identify why the customer is unable to buy or use the service and respond appropriately. Ultimately, this will motivate the customers and will lead to improved performance of the organization.

Service delivery is the key to the success of public service delivery which is the individual’s perception of the performance of the service in relation to expectations. Improving service delivery is one of the strategic goals of tax administration’s efforts to minimize customer compliance costs and enhancing customer service (Nzyoki, 2010). Unless a company can serve its current customers better than the competition can, it will fail. This requires a relentless focus on the kinds of innovations that customers will pay for. Hoping that customers will settle for anything less than everything you have is not often a winning strategy (Raynor, 2007).

Morgan et al (2007) argued that the most evident characteristic of any peak performing workforce is the energy level it exudes. The activity levels are more intense, attitudes are more positive, interactions are less constrained and formal positions are less evident. People work hard and take full advantage of a widespread sense of humor. This could be the significant factor why Yahoo has grown at double digit rates and has a net profit margin of over 30 percent.

Morgan et al (2007) conducted a study on customer service for British Airways; an attempt to minimize the amount of time it took to recover a lost bag and found out that one of the cornerstones of customer service is responsiveness to problems. The study stated that the right metrics focus people’s attention on doing the right things. If
organization focuses on deficit, they get more deficits. If it focuses on what is working, they get more of what is working. Additionally, the study found out that British Airways has benefited greatly from a study of deficits to a creation mentality based on appreciation of what is working. In the early 1990s, many public services in UK were keen to redress the balance of attention they were paying to various stakeholders. In particular, the voice of the client was encouraged through various means, including, what became known as the Citizen’s Charter.’ For instance, in 1992, a Patients charter was lodged and it contains among other elements, publication of performance standards clarifying the expectations that the government had of management in the health service in terms of quality of service. These performance standards raised the visibility to the users of the organization’s performance, creating some measure of market pressure (Johnson and Scholes, 2001).
CHAPTER THREE: RESEARCH METHODOLOGY

3.1 Introduction

This chapter presents the general methodology used to conduct the study. It outlines the research design, data collection methods and finally the data analysis methods.

3.2 Research Design

This refers to the methods and procedures followed in conducting the study. The aim of the study was to determine the effectiveness of customer service as a competitive strategy for enhancing performance in Customs Services Department. For this study, the research design was a case study since the unit of analysis is one organization. A case study allows an investigation to retain the holistic and meaningful characteristics of real life events. It involves a careful and complete observation of social units.

According to Cooper and Schindler (2003) research design is a method of study in depth rather than breadth and places more emphasis on the full analysis of a limited number of events or conditions and other interrelations. Primarily data collected from such a study is more reliable and up to date.

3.3 Data Collection

The study used both primary and secondary data. Primary data was collected using an interview guide in order to gain a better understanding and possibly enable a better and more insightful interpretation of the results from the study. The interview guide was administered through personal interviews in order to get their opinions about customer service delivery in the department.

The respondents of the study were eight (8) senior managers, two (2) customer service desk officers and ten (10) Customs officers drawn from various divisions of Customs Services Department and twenty (20) clearing agents drawn from various clearing and forwarding companies, who represent the external customers. On the other hand, secondary data was obtained from review of Kenya Revenue Authority’s strategic plans, Tax payer charter, internal memos and other related documents.
3.4 Data Analysis

Before processing the responses, the completed interview guide was edited for completeness and consistency. Data analysis sought to analyze how Customs services department applied customer service to implement its strategy. It also involved identifying challenges Customs Services Department faced service in its endeavor to provide effective service delivery and the benefits accruing thereof. The primary data was qualitative in nature hence content analysis was used to identify and extract key themes, concepts and arguments.

Cooper and Schindler (2003) argued that content analysis is a technique for making inferences by systematically and objectively identifying specified characteristics of messages and using the same to relate trends. The data obtained was compared with existing literature in order to establish areas of agreement and disagreement.
CHAPTER FOUR: DATA ANALYSIS, FINDINGS AND DISCUSSION

4.1 Introduction

This chapter presents the findings of the study and the analysis of the data collected from the interview guide that was administered to Customs Services Department’s senior managers. The respondents to the interview guide were drawn from the various CSD divisions.

The interview guide was also administered to the clearing agents. The aim was to collect independent and honest views and opinions of the external customers who interact with Customs staff on day to day activities. The interview guides (appendix 2 and 3) were used to collect data on customer service in Customs Services Department. A total of forty (40) interview guides were sent to both the Customs officers and Clearing agents and thirty six (36) interview guides were returned and analyzed. This represents a response rate of 90%.

4.2 Quality of Products/ Services

The study found out that the main tasks of customer service in Customs involve processing of declarations, inspection and release of cargo at the entry and exit points, refunds processing, Licensing, provision of exemptions and waivers, bonds execution and cancellation, resolution of customer complaints, advise of classification of goods, simplification of customs processes, and adherence to taxpayer charter timeliness and provision of focused taxpayer education and sensitization. Further, the services/products offered by the department include online customs processing systems like Simba 2005, Customs Oil Stocks Information System (COSIS), Cargo Management Information System (CAMIS), ORBUS, and Direct Assessment (DA), Valuation templates, Common Cash Receipting System (CCRS), Current Retail Selling Price (CRSP) tables, Valuation and Tariff ruling and printing of payment authorization forms (F147s).
According to the interviewees, the most commonly used product/service is online Simba system. Although sometimes there is system down times, the respondents indicated that the quality of services provided is good with room for improvements. Other products provided by Customs include Import Declaration Forms (IDF) for approval to import goods, Certificates of exports (COE) to prove that goods have been exported out of the country and issue of licensing to clearing agents to act on behalf of importers and exporters on clearance of cargo.

Customs sensitizes and educates taxpayers on changes in the customs laws and policy. However, most of the respondents indicated that, sometimes changes that affect them are implemented without the customers being sensitized on when the changes will occur and the impact of the changes to their businesses. For instance, during the implementation of the online Customs clearance system (Simba 2005 system) in 2005, the stakeholders in clearance process had not been adequately sensitized and most of them lost businesses to their competitors. This in effect led to the customers protesting and resisting the changes and this had an overall negative effect on the performance of Customs.

4.3 Services and Environment

The respondents highlighted that there are few customer service desks in KRA headquarters with the main customer care desk located on first floor Times Tower. The unit is not accessible to physically challenged persons because it is located on the first floor of the building and can only be accessed through escalator, stairs or through strict security checking to access the unit from inside the building which is cumbersome and takes long.

Additionally, the respondents highlighted that the unit is not adequately equipped with the necessary tools and equipments like computers, printers and direct telephone lines. This makes communication to the staff difficult. Further, most respondents reported that the unit is not adequately staffed giving an example of a service desk managed by two. This implied that, some inquiries will not be resolved in the unit, there are long queues leading to loss of precious time and increased cost of conducting business.
4.4 Customs Staff Attributes

Most of the respondents indicated that the customer service staff are available on time and are willing to offer quality services to the customers. However, the respondents indicated that despite the staffs’ availability some of them were unfriendly to the customers. Additionally, it was indicated that although the officers exhibit knowledge of services and products offered by the department, some lacked information on the policy changes in the department.

Most of the respondents highlighted that though the officers have been trained in Customs procedures and policies, they require refresher courses on Customs laws to acquaint themselves with changes in the environment and align themselves with the requirements of World Trade Organization (WTO) and World Customs Organization (WCO) on simplification of Customs procedures and facilitation of trade. Additionally, most respondents highlighted that the front line officers need to be trained in modern customer service techniques in addition to benchmarking their services with organizations like banks and airlines.

On the relationship between external customers and Customs staff, most of the respondents argued that there exists a cordial relationship between them. However, some of the respondents argued that there is a fair relationship between the two parties. A small number of respondents argued that there exists a poor relationship between the parties. The respondents from customer service desk insist that some customers are very rude to them and they hurl insults at them saying that they are junior staff. This frustrates the Customs officers hence they are not motivated to offer quality services to the customers.

According to the study officers working at customer service desks are not motivated to work at the sections because the unit is viewed as a place for underperformers as demonstrated by the fact that junior officers are deployed at the customer service desks. The external customers hurl insults unto them because they know that they are of the lowest grade. The officers have not been trained in customer care and failure to train and promote the officers demotivates them. Additionally, there is no clear supervision and reporting mechanisms. There is no clear job description hence officers perform tasks
unrelated to their work at the expense of their core task of customer service. Some respondents highlighted that Customs Services Department is faced with corruption practices like engaging in bribery which leads to misdeclaration of documents leading to importation of counterfeit items and loss of government revenue.

Most of the respondents were not aware of existence of any other organization offering functions like those of Customs. However, some respondents indicated that Kenya Trade Network Agency (KENTRADE) that has been formed to implement a Single window to facilitate trade. Further, some respondents indicated that the East African Community (EAC) has come up with a project called Single Customs Territory. This project is implementing a single clearance system for all exports and imports on the region.

4.5 Performance of Customs Services Department

Most of the respondents indicated that Customs Services Department does not involve customers in the formulation of Customs Reforms and modernization initiatives. However, some of the customers especially the Authorized Economic Operators (AEOs) are involved in the piloting of the initiatives. Further, the interviewees argued that they are rarely sensitized on the changes that affect the provision and delivery of services. This according to them leads to the learning curve taking a lot of time leading to low compliance levels and low revenue collection.

On the issue of whether or not the Kenya Revenue Authority top management supports Customs operations, all respondents indicated that there is a lot of support from the Authority as can be seen in the funding and training programs. The interviewees however argued that more needs to be done especially publicity and taxpayer education as is being done for other departments like Domestic Revenue and Large Taxpayers Departments.

Most respondents argued that Customs Services Department’s performance has improved since the automation of the clearance system (Simba) in 2005. Although the department surpassed its revenue target in the last financial year 2012/2013, the respondents indicated that the performance was lower as compared to the performance of the other departments. They argued that this because of the election period and other unforeseen circumstances.
On the issue of the strategies to be adopted to improve the performance of the department, most respondents argued that there is need to improve service delivery through training and sensitization of the public, automation of manual processes, setting up of customer service units in all Customs Services Department stations, training of the Customs officers in customer service delivery, promotion, reward and recognition of best performers, resolution of customer complaints, provision of adequate tools and equipments and management of queues in the customer care desks through benchmarking of service delivery in banks, insurance companies and airline. To solve the queuing challenges, the department can adopt the queue management system being implemented by Kenya Commercial Bank at Moi Avenue Branch and Equity bank head offices.

4.6 Discussion

The researcher found out that, the performance of Customs Services Department has been fairly good. For instance, the performance of the department for the financial year 2012/2013 was affected by factors like election period in which importers feared to import goods, transfers and deployment of officers, poor customer service skills, lack of common approach in dealing with Customs issues, resistance of staff to adapt to changes in the department leading to low revenue collection. According to the KRA Fifth Corporate plan, KRA top management is concerned about the service delivery in the Authority and has highlighted measures that need to be followed to improve service delivery. Such measures include staff training and motivation, implementation of change management policies, adherence to the taxpayer charter, customer sensitization and education, implementation of the Balance Score Card (BSC).

The quality of customer service in the department has not been satisfactory as highlighted by issues raised through the complaints and information Centre. There are very few customer service desks in the department and most of them are not adequately staffed. The staff deployed in some of these sections is not motivated to work there because the sections are viewed as places for underperformers. The officers are not promoted neither are they considered for training opportunities. Some of the officers have stayed in the same sections for a long time leading to monotony of work and lack of interest in their work.
There are poor communication channels between the staff and their supervisors in addition to lack of clear job description for the customer service desk staff. There is a suspicious relationship between the CSD staff and the customers leading to lack of trust on the compliance level of customers and allegations of corruption and bribery. This in effect leads to customers being referred from office to office, lack of proper and timely information to the customers, ambiguous and lengthy inspections and verification of consignments, rudeness and aggressive behavior of some staff, long queues, time consuming services and unavailability of online services. Customer queries take long time to be responded to despite the development and implementation of the taxpayer charter that spells out the rights and obligations of the taxpayers and the Authority. This has led to increased cost of conducting business, low revenue collection and increased barriers to trade.

There is no customer involvement in the design, formulation, development and piloting of Customs Reforms and Modernization initiatives. The customers are not adequately sensitized on the changes that affect the provision and delivery of services. The lack of customer involvement makes them resist the changes initiated, leading to low clearance of cargo, diversion of cargo and low revenue collection. There exists some mistrust between top management and technical staff. Some managers do not listen to the staff and some of them are too hard on them. Additionally, the staff is not involved in major decisions that affect them and this often than not has led to some staff engaging in some misconduct thereby affecting the performance of the department. When the officers feel not trusted by the management, they become less willing to accept responsibility for organizational performance and develop low responsibility norms leading to reduced productivity and overall departmental performance.

Service delivery in some offices has not been good because of poor work environment. For instance, the customer service desk at Times Tower is inappropriately located for customers with special needs (physically challenged). The offices are congested with no privacy. Some services are not fully automated and there are few/ limited physical resources like computers, telephone lines and stationery. The department’s website is not regularly updated and there is no alternative site for customers whose first language is not
English. The inability of customers to seek assistance from the customs staff affects the quality of declarations and consequently affects revenue collection. Further, failure of the management to supervise the staff and lack of job description may lead to staff performing tasks that are not related to their core business while others may engage in malpractices leading to suspension or even dismissal. This creates a gap in knowledge transfer and consequently leading to inefficient service delivery.

The implementation of Kenya National Single Window System (KENSWS) according to some respondents was like transferring some mandates of Customs to be performed by the agency a move that some managers resisted. However, after sensitization and due to the issuance of a President directive on the implementation of the single window, they have come to accept the change and even offered support to the implementation of the project. In fact, the managers highlighted that Customs has assigned some officers to participate in the integration testing exercise. This project according to the respondents will reduce the clearance dwell time from the current eight (8) days to three (3) for the port of Mombasa, from three (3) days to one (1) day at the Airports and a few hours at the border stations. This according to the interviewee will reduce cost of conducting business, reduce corruption associated with delays and consequently lead to improved revenue collection and facilitation of legitimate trade.

The interviewees suggested some of the possible solutions to the challenges of customer service delivery. These include but not limited to; training and promotion of officers, rotation of staff, development of job descriptions, proper communication channels, staff sensitization and involvement of staff in major Customs decisions. Further, there is need to automate all Customs processes, enhance the available clearance systems to improve performance. Additionally, some of the respondents argued that Customs Services Department should be well equipped to implement customer service practices in its day to day activities to the levels which might be acceptable to the customers.
CHAPTER FIVE: SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

This chapter presents the summary of key data findings, conclusion drawn from the findings highlighted and recommendation made there-to. The conclusions and recommendations drawn are in quest of addressing the research question or achieving the research objective which is customer service and performance.

5.2 Summary

According to the study, good customer service is necessary if the department is to facilitate seamless flow of information and trade. It assures the importers and exporters of secure, efficiently managed, transparent and accountable clearance process. The size and number of the staff in a section has an impact on the quality of customer service offered. Some Customs staff are slow in decision making because of bureaucracy, lack of training, lack of proper supervision and poor communication channels between the staff and the supervisors while others lack confidence in their areas of operations and this leads to poor service delivery.

The study revealed that some divisions in the department lack appropriate tools and equipments and this affects the quality of services offered. For instance the customer service section lacks adequate computers, printers and stationery leading to long queues and complaints from the taxpayers. Additionally, the section is not adequately staffed hence unable to cope up with the increasing number of taxpayers’ inquiries. The taxpayers are referred from one office to another in search of the assistance that is unavailable at the service desks. Additionally, junior staffs are deployed in the customer service desks and most of them have not been trained in customer service and have not been promoted for a long time. This in effect affects their morale and inhibits efficient service delivery.
The Customs automated clearance system (Simba system) which was implemented in 2005 is slow and sometimes unavailable. This frustrates the taxpayers because the system’s unavailability increases cargo dwell time, increases storage charges at the ports leading to increased cost of conducting business. Additionally, the unavailability of the system leads to long queues in the verification areas and to circumvent the increase in storage charges, some clearing agents collude with some Customs officer whereby they offer some inducements to them leading to corruption and bribery. This affects the quality of declarations made and taxes paid leading to loss of government revenue and overall poor performance of the department.

On the area of resolution of customer disputes, the study found out that the process is long and tedious. The taxpayers take long to have their complaints resolved and this affects the clearance process leading to long delays and loss of business. The taxpayers are forced by circumstances to pay the tax demanded under protest and launch complaints later. If the case is ruled in their favour, the taxpayers claim for a refund of the taxes erroneously paid. However, the refund process is manual, long and cumbersome thus frustrating the customers. This according to the study is an avenue for corruption that needs to be addressed to save the department from negative publicity.

Further, the study found out that some of Customs offices are located in areas that are inaccessible to persons with disability. For instance the department’s customer service help desk and Exemptions offices are located in first floor of Times Tower building which can either be accessed through the escalator or the stairs posing a challenge to the physically challenged persons. To get the services, the study found out that the customers has to get an aid to assist or pass through tight security checks.

5.3 Conclusion

The researcher concludes that the main tasks of Customs Services Department’s customer service involve processing of declarations, release of cargo at the entry and exit points, refunds processing, Licensing, bonds execution and cancellation among others, resolution of public complaints, simplification of customs processes, and adherence to taxpayer charter timeliness and provision of focused taxpayer education and sensitization.
Customer service at Customs Services Department is reflected in the interaction among customers and staff, among staff themselves and among top management and technical staff. There is a fair relationship between Customs staff and external customers. However, there exists some mistrust among the staff and this negatively affect team work and productivity of the staff. Further, customer service helps in defining the relation between Customs Services Department and its general environment, the social and political systems in which it operate and also linked the way management and control were organized thus affecting the performance of the department and it’s long run competitiveness.

Customer service delivery determines the performance level of an organization. Service delivery in the in the department has not been satisfactory and has been translated to a fair performance in terms of revenue collection. However, this situation can be improved if the department formulates good strategies aimed at attracting, satisfying and retaining customers. Senior managers should ensure good customer service objective setting, achieve strategic awareness, manage resistance to its implementation, give a clear guidance, sustain vigorous strategy implementation efforts, align structure to strategy, envision change for future competences and critically assess current strategy.

Service delivery can be enhanced by recruiting officers with high integrity and relevant skills, deploying adequate number of staff to various sections, promoting team building, regularly training and promoting them will boost their morale and offer efficient customer delivery. Provision of adequate tools and equipments, formulation of job description and close supervision of the staff, promotion of team building activities will boost their morale and offer efficient customer service. The supervisors should be ready to increase the frequency of meetings in order to encourage staff participation in decision making, sensitization of the staff on changes in the policy and legislations and discussion of the factors affecting the staff growth and development. This in turn will enable the officers offer efficient service leading to achievement of the departmental objectives.
5.4 Limitations of the study

There were limitations in this study that need to be acknowledged. First, the data was collected within Kenya Revenue Authority headquarters only hence the reliability of the results restricts the extent to which the facts are generalized. That notwithstanding, the amount of data collected from the respondents reached, was sufficiently large to the extent that findings will not change if all stations were covered.

Secondly, due to the ‘confidential’ nature of Customs Services Department’s operations, some respondents refused to be interviewed while others were reluctant to give out information. This reduced the probability of reaching a more conclusive study. However, conclusions were made with this response rate. Further, most of the respondents were busy throughout the data collection period and had to be continuously reminded and even persuaded to provide the required information.

5.5 Recommendations

From the discussion and conclusion in this chapter, this study found out that the working conditions in some sections are not satisfactory. The study therefore recommends an improvement in the working environment. This involves locating customer service units in accessible areas preferably on the ground floor of the buildings, adequately equipping the sections with necessary tools and equipments. Additionally, Customs Services Department can adopt or customize the Queue Management System (to manage the long queues) as implemented by organizations like Kenya Commercial Bank, Equity Bank, Kenya Power, Pan African Insurance among others.

The study found out that some officers lack appropriate customer service skills and it is therefore recommended that, the department instills strong principles among Customs officers to become exemplary leaders in the front lines, equip them with knowledge that sends a positive image as ambassadors for the department, empower them to deliver quality services with courtesy, sensitivity and minimum delays. Further, there is need to benchmark against service delivery of other organizations like banks and airlines, expand the scope of services that meet international best practice, revamp the integrity programme, create an enabling environment to enhance staff morale, efficiency and
effectiveness, simplify customs clearance processes and enhance participation in tax system of all stakeholders. The study further recommends that there is need to employ and retain service minded people, train them to provide excellent service. There should be an increase in the frequency of meeting between supervisors and the staff. This will allow for consultations and discussions on the direction the department is to take to counter the changes in the operating environment.

Customs Services Department performed fairly in the last financial year. The study recommends the following the application of the following strategies for the improvement; the relationship between Customs top management and technical staff should be enhanced. The management needs to listen to the technical staff, motivate lower cadre officers through training, promotions, rewards and recognition. Customs staff should be involved in the major Customs decisions. This will enable them own and accept the changes that occur in the department. All customs processes should be automated in order to reduce human interference with the aim of reducing the malpractices associated with manual processes. Additionally, the available systems need to be enhanced to ensure performance and security of the declarations. Further, there is need to have online updates of the changes in the system in addition to having an alternative site, preferably in Kiswahili for customers whose first language is not English. Lastly, there is need to rotate officers among various sections of the department to ensure that all the staff understand Customs operations in addition to eliminating incidences of getting used to some importers or clearing agents with the overall objective of enhancing service delivery.

5.5.1 Implication on Policy, Theory and Practice

The study found out that some Customs officers have overstayed in one section and this has negatively affected their productivity. In order to reverse this trend, it is important that recruitment, deployment and transfer process be implemented such that it ensures a balanced mix of proficient individuals and that each of those appointed is able to add value and bring independent judgment to bear to the decision making process. These processes should ensure that a proper policy is in place and the structure functions to maintain departmental integrity, reputation and responsibility.
Customs Services Department should come up with a monitoring and evaluation tool for customer service delivery to ensure that it progresses as planned and rectifies any deviations. The top management should monitor and evaluate the implementation of strategies, policies and management performance criteria gearing at improving the performance. Customs senior management decision makers should take serious notice of these findings and implement policies that sustain an efficient customer service delivery. Further, it is highly recommended that training in customer service should be included as a common and mandatory course in Kenya School of Revenue Administration (KESRA) for all graduate trainees, refresher courses and clearing agents.

### 5.5.2 Area for Further Research

This study was conducted at Kenya Revenue Authority headquarters hence further research should be done at all Customs stations spread across the country. Additionally, the scope of the interviewee should be extended to include all stakeholders involved in the clearance of cargo.

The study assessed customer service delivery in Customs Services Department. However, further studies should be done in all other departments to ensure improvement in service delivery for the whole organization. Additionally, further studies should be done on the challenges of customer service and the effect of these challenges on the performance of Kenya revenue Authority.
REFERENCES


APPENDICES

Appendix 1: Introduction Letter

9th September, 2013

The Senior Deputy Commissioner- Human Resources,

Kenya Revenue Authority,

P.O Box 48240- 00100

NAIROBI

Thro’

Commissioner- Customs Services Department

Dear Madam,

RE: MBA RESEARCH PROJECT

I am a student at University of Nairobi pursuing a Master of Business Administration program. Pursuant to the requirement for the award of the degree, I would like to conduct a research project about ‘Customer Service as a competitive strategy for enhancing performance of Customs Services Department, Kenya Revenue Authority’.

I kindly seek your authority to conduct the research at Customs Services Department through research interviews. Enclosed herein, please find copies of the title page of the proposal and a proposal correction form for ease of reference.

Yours faithfully,

Caroline Tabitha Mutema

P/NO 6106
Appendix 2: Interview Guide for Customs Services Department Senior Managers.

This study is designed to gather information about customer service at Customs Services Department. The results will provide valuable insights on how customer service can be used as a competitive strategy for enhancing performance of Customs Services Department.

Section One: Bio-Data

1. What is your designation at Kenya Revenue Authority?
2. What is your professional qualification?
3. How many Customs staff do you supervise?
4. How many customers on average do you handle per day?

Section Two: Quality of products/services

5. How often do you use Customs Services Department products/services?
6. What products/services have you purchased/used the most from Customs Services Department?
7. How would you rate Customs Services Department’s products/services?

Section Three: Service and Environment

8. What are the main tasks of Customs Services Department’ customer service?
9. Are there customer service desks in your section?
10. Have you ever sought services from Customs Services department?
11. How long did you have to wait to place your order or to be served?
12. What is the longest time you have waited for the product to be delivered to you or to be served?
13. How many of your questions did the Customs staff resolve?
14. What is the relationship between Customs staff and the customers?
15. Is there another organization that offers similar functions to Customs?
16. If the answer in 12 above is yes, what is the name of the organization and what are its main functions?

Section Four: CSD staff attributes

17. Was the Customs staff available to serve you and on time?
18. Did the Customs staff greet you and offer to assist you?
19. Was the Customs staff courteous, friendly and cheerful throughout?
20. Did the Customs staff exhibit knowledge of the products/services?
21. Are the Customs staffs adequately trained to offer quality services/products to the customers?

Section Five: Performance of Customs Services Departments

22. Are the Customs Services department’s customers involved in the formulation, piloting of Customs Reforms and modernization initiatives?
23. Are the Customs Services department’s customers adequately sensitized on the changes that affect provision and delivery of services?
24. What is your experience on the performance of Customs Services department’s systems?
25. Has the Kenya Revenue Authority’s top management been supportive of Customs Services department’s operations?
26. Customs Services department performed minimally in the 2012/2013 financial year as compared to the other Kenya Revenue Authority’s revenue departments. In your own opinion, what could be the reason for this performance?
27. What strategies do you propose for the improvement of Customs Services department service delivery?
28. What measures can be undertaken to improve the performance of Customs Services department in the financial year 2013/2014
Appendix 3: Interview Guide for Clearing Agents

This study is designed to gather information about customer service at Customs Services Department. The results will provide valuable insights about how customer service can be used as a competitive strategy for enhancing performance of Customs Services Department.

Section One: Bio-Data

1. What is the name of your organization?
2. What is the designation in the Kenya Clearing and Forwarding Association?
3. What is your professional qualification?
4. What is your area of specialization?
5. How many staff do you supervise?

Section Two: Quality of products/services

6. How do you purchase or use Customs Services Department’s products/services?
7. How often do you use Customs Services Department’s products/services?
8. What products/services have you purchased/used the most from Customs?
9. How would you rate the products/services?

Section Three: Service and Environment

10. What is customer service in relation to Customs Services Department?
11. What are the main tasks of Customs customer service?
12. Have you ever visited Customs customer care desks?
13. Are the customer service desks located in an accessible location for all customers?
14. Do the customer service desks have adequate facilities to provide the necessary services or products?
15. How long did you have to wait to place your order or to be served?
16. Have you ever forwarded a complaint to Customs Services Department?
17. On average, how many cases have you ever forwarded to the Customs customer service desk?
18. Were these complaints ever resolved?
19. What is the relationship between Customs staff and the customers?
20. Is there another organization that offers similar functions to Customs Services Department?
21. If the answer in 12 above is yes, what is the name of the organization and what are its main functions?

Section Four: CSD staff attributes
22. Was the Customs staff available to serve you and on time?
23. Did the Customs staff greet you and offer to assist you?
24. Was the Customs staff courteous, friendly and cheerful throughout?
25. Did the Customs staff exhibit knowledge of the products/services?
26. How many of your questions did the Customs staff resolve?
27. Are the Customs staffing adequately trained to offer quality services/products to the customers?

Section Five: CSD Performance
28. Are the Customs Services Department’s customers involved in the formulation, piloting of Customs Reforms and modernization initiatives?
29. Are the Customs Services Department’s customers adequately sensitized on the changes that affect provision and delivery of services?
30. What is your experience on the performance of Customs systems?
31. Has the Kenya Revenue Authority’s top management been supportive of Customs Services department’s operations?
32. Customs Services Department performed minimally in the 2012/2013 financial year as compared to the other Kenya Revenue Authority’s departments. In your own opinion, what could be the reason for this performance?
33. What strategies do you propose for the improvement of Customs customer’s service delivery?
34. What measures can be undertaken to improve the performance of Customs Services Department in the financial year 2013/2014?
Appendix 4: Approval to conduct Research

Ref: 6106

13th September, 2013

Caroline Mutema
Principal Revenue Officer
CUSTOMS SERVICES DEPARTMENT

Thru Commissioner- CSD

Dear Madam,

RE: REQUEST TO UNDERTAKE RESEARCH

Reference is made to your letter dated 9th September, 2013 on the above subject.

We are pleased to inform you that approval has been granted for you to undertake research on, Customer Service as a Competitive Strategy for Enhancing Performance of Customs Services Department at Kenya Revenue Authority.

The research you intend to undertake should be for academic purposes only and any data or information given should be treated with utmost confidentiality.

Please submit a copy of your research report for retention in the Library.

Yours faithfully,

Magdalene Gathogo
For Senior Deputy Commissioner- Human Resources