

**STRATEGIES ADOPTED BY KENYA PORTS AUTHORITY IN ITS QUEST TO  
BE A WORLD CLASS SEA PORT OF CHOICE**

**By**

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**DECLARATION**

This research project is my original work and to the best of my knowledge has not been presented to any other institution.

**Signed:** ..... **Date**.....

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**SUPERVISOR’S DECLARATION**

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

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## **DEDICATION**

I dedicate this work to my beloved family and all those who supported me in the completion of this project.

## **ACKNOWLEDGEMENT**

I take this opportunity to give thanks to the Almighty God for seeing me through the completion of this project.

I acknowledge all who supported me through my studies and research. Special thanks to my supervisor Prof. Martin ogutu for his professional guidance, advice and unlimited patience in reading through my drafts and suggesting workable alternatives, my profound appreciation to you.

## **ABSTRACT**

The survival and success of an organization occurs when the organization creates and maintains a match between its strategy and the environment and also between its internal capability and its strategy. KPA envisions itself to be World class seaports of choice with a mission of facilitating and promoting global maritime trade through provision of competitive port services. Strategies are the various game plans developed by organizations in respond to the challenges posted by the operating environment. Organizations have to adequately and promptly respond to these challenges in the environment for them to be successful. The objectives of this study included: determining the strategies adopted by Kenya Ports Authority in its quest to be a world class sea port of choice and determining the effectiveness of these strategies developed in transforming the Port into a world – class sea port. This study adopted a case study design. The study used primary data collected using interview guides on the CEO and general managers at KPA. The data obtained from the interview guide was analyzed using content analysis. The data was then presented in prose format. The study concludes that KPA had plans of improving quality of services offered which were achieved through customer service charter, Performance standards, ISO Certification, baseline surveys to establish as is position, annual customer satisfaction survey, internal work standards measurements, annual financial performance measures (accounts) and bulletin of statistics. The study also concludes that KPA uses employee training and development as a strategy to improve its operations. Further the study concludes that KPA engages in collaborations with other sea ports like Port of Singapore, Shanghai, Egypt, Durban, the collaboration has influenced world-class status attainment at KPA by bench marking with world-class service providers worldwide. The study recommends that further training and study tours be used to allow the exchange of ideas among KPA employees and those in world-class service ports. The study also recommends that there is need to understand competitor strengths in the market and then position one's own offerings to take advantage of weaknesses and avoid head on clashes against strengths.

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# **CHAPTER ONE**

## **INTRODUCTION**

### **1.1 Background of the Study**

A strategy is defined as a complete plan which specifies what choices an organization will make in every possible situation in order to reach a preset objective. As a plan, strategies may be general or specific but in general, it is a set of beliefs on how a firm can achieve success in a highly dynamic and competitive environment (Woods and Joyce, 2003). A strategy is the main route to attain corporate goals and an objective, leading to enhanced long-term performance meaning that strategy is much more than beliefs and encompasses a deliberate search for a plan of action that will develop a business's competitive advantage and compound it (Pearce and Robinson, 2005).

The survival and success of an organization occurs when the organization creates and maintains a match between its strategy and the environment and also between its internal capability and its strategy (Grant, 2002). Ports are critical enablers of a country's competitiveness on the international market hence they need to be oriented towards supply chain to meet the changing needs of their customers. Kenya Ports Authority's mandate is to maintain, operate, improve and regulate all scheduled sea ports situated along the coastline (KPA, 2012). To be more responsive to customers' demands and keep abreast with global shipping trends, the Kenya Ports Authority has resorted to various strategies to uplift its services to the world-class level.

### **1.1.1 Concept of Strategy**

Woods and Joyce (2003) define strategy as a set of beliefs on how a firm can achieve success. They affirm that strategy is the main route to attain corporate goals and an objective, leading to enhanced long-term performance meaning that strategy is much more than beliefs and encompasses a deliberate search for a plan of action that will develop a business's competitive advantage and compound it. A strategy is important because it aligns corporations to their changing immediate environment. The core concept of strategic management is strategy because it breaks down the long term goals of an organization into multiple short term goals.

The iterative process of strategic management includes predictions and forecasts on challenges and opportunities that an organization is likely to encounter as a result of changes in the external environment. However, it assumes a rational process and approaching strategy in the right way (Sauer and Willcocks, 2003). Even if there were strong pointers to a possible right way, it is arguably difficult for strategists to make decisions without reference to their own views on how strategy should be determined (Frishammer, 2003). Strategic management involves strategy formulation, implementation evaluation and control.

### **1.1.2 Kenya Ports Authority**

The Kenya Ports Authority (KPA) is a state corporation charged with the responsibility of managing the Port of Mombasa, and all other ports along the Kenyan coastline. KPA is one of the leading parastatals in the Country and a major facilitator of sea-borne trade within the East and Central African region. Its strategic direction is guided by her vision



“world class seaports of choice”. The mission is to “facilitate and promote global maritime trade through provision of competitive port services”.

The port is equipped to handle a wide range of cargoes including dry bulks such as grain, fertilizers, cement and soda ash and liquid bulks such as crude oil and oil products as well as bagged products like coffee, tea, sugar, among others, break-bulk including iron and steel, timber, motor vehicles, machinery and containerized cargo. The Authority’s mandate is to maintain, operate, improve and regulate all scheduled sea ports situated along Kenya’s coastline. Other ports include Lamu, Malindi, Kilifi, Mtwapa, Kiunga, Shimoni, Funzi and Vanga. It is only the port of Mombasa which is fully developed with modern equipment hence making it the principal port in the region. At the port of Mombasa the Kenya Ports Authority’s core business is to provide: safe navigation, pilotage, berthing, mooring, Pollution control, stevedoring, shore handling and storage services.

KPA envisions itself to be World class seaports of choice with a mission of facilitating and promoting global maritime trade through provision of competitive port services. To achieve these vision and mission, KPA is guided by five key objectives which include: improving managerial, operational and financial performance; developing, maintaining and sustaining port facilities and infrastructure to meet the customer needs; promoting the Port of Mombasa as a primary gateway to the great lakes region and also serve the horn of Africa; maintaining and promoting a clean, safe working and rewarding environment; integrating the functionality of the Port of Mombasa in the development

vision of the republic of Kenya and the region; and instilling sound corporate governance practices.

## **1.2 Research Problem**

Strategies are the various game plans developed by organizations in respond to the challenges posted by the operating environment. Organizations have to adequately and promptly respond to these challenges in the environment for them to be successful. Ansoff (1999) brought out the need of organizations to match their strategies to the level of competitiveness in the operating environment. Organizations exist in complex and volatile commercial, economic, political, technological, cultural and social environments. The environmental changes occasioned by these factors are more complex for some organizations than others due to differences in economies of scale. For survival, an organization must maintain a strategic fit within the environment. The environment is indispensable and an organization has to respond to its dynamism, heterogeneity, instability and uncertainty (De Carolis, 2003). It is only through strategies that organizations are able to achieve their vision and mission plans.

KPA is currently facing high level of inefficiencies as seen by the high levels of congestion of containers at the port. It has taken more than three days to be cleared. The services at the Port have not been up to standard as the operations at the Port are way below the world class services. In the quest to improve service delivery, the management team at KPA have developed strategic plan that aims at transforming the port into a world class sea port of choice.

Several scholars have reviewed the subject of strategies developed by organizations in response to the changes taking place in the operating environment. Swaleh (2007) studied competitive strategies adopted by petroleum retail stations in Kenya using a case of Mombasa City and he concluded that they used reactive strategies but he did not mention anything on oil distribution. Mwarania (2008) conducted a study on strategic responses to changes in the external environment the case of Kenya Re Corporation and found that they mainly used focus strategies while Gichumbi (2008) did a study on strategic responses by NSSF to changing environmental conditions in Kenya and found that they mainly employed reactive and decisive strategies. Agumba (2012) reviewed the competitive strategies in response to challenges of external environment by Water Resources Management Authority in Kenya.

Agumba (2012) established that in order to improve its competitiveness, the Authority needed to emphasis more on corporate social responsibility and create working relationships with corporate organizations that can sponsor the Authority in its efforts to protect the water catchments. Mwikali (2012) also looked at the response strategies adopted by Kenya Pipeline Company Limited to the challenges of oil distribution in Kenya. Mwikali established that KPC devised several strategies to counter the challenges emanating from the changes in its operating environment including: reviewing the petroleum supply chain infrastructure, systems and investment in the sector to guarantee reliable, efficient and cost effective supply chain; commissioning the construction of more storage facilities.. It is in this light that the study sought to fill the existing gap in this area of sea port services bench-making in Kenya because there is no study which has been carried out in this area by answering the following questions; What strategies have

been adopted by Kenya Ports Authority in its quest to be a world class sea port of choice?  
How effectiveness are these strategies developed by Kenya Ports Authority in transforming the Port into a world –class sea port?

### **1.3 Research Objective**

The objectives of this study included:

- i. To determine the strategies adopted by Kenya Ports Authority in its quest to be a world class sea port of choice
- ii. Determine the effectiveness of these strategies developed in transforming the Port into a world –class sea port.

### **1.4 Value of the study**

This study would contribute to the theory on strategic management in organizations. In particular, the study will be useful to researchers and academia in the field of strategic planning and responding to changes in the operating environment. They would be able to identify the changes that have taken place in the sea transport and see how they can improve service delivery to the standards of world-class sea ports.

The study would further contribute to the practice of strategic planning and in particular demonstrate the strategies developed by organizations to respond to challenges in the operating environment. It would therefore provide a framework upon which more efficient strategy responses can be developed in organizations to effectively deal with the changing environment.

This study would be of importance to members of management of the Kenya Ports Authority in enabling them to understand the dynamics of developing strategies in response to the changes in the operating environment. Through the findings of the study, management would equip themselves with the relevant skills and knowledge necessary to ensure efficient strategic planning and implementation at the Authority. This would enable them to develop responsive strategies and to deal effectively implement them for the betterment of service delivery at the Port.

## **CHAPTER TWO: LITERATURE REVIEW**

### **2.1 Introduction**

This chapter summarizes the information from other researchers who have carried out research in the same field of study. The specific areas covered here are: Theoretical perspective, organizational strategies where corporate, business and operational strategies are discussed and then finally the concept of world class sea port. The chapter is basically concerned with discussing literature by other scholars on the concept of strategic management.

### **2.2 Theoretical Perspective**

Open systems theory holds that organizations are strongly influenced by their environment which consists of other organizations that exert various forces of an economic, political, or social nature (Scott, 2002). A system that interfaces and interacts with its environment, by receiving inputs from and delivering outputs to the outside, is called an open system. The environment also provides key resources that sustain the organization and lead to change and survival. Open systems theory was developed after World War II in reaction to earlier theories of organizations, such as the human relations perspective of Elton Mayo and the administrative theories of Henri Fayol, which treated the organization largely as a self-contained entity. The adaptability and survival of open systems has been exhibited in society's recent global information age. Current information technologies have absorbed new technologies and approaches have sustained long term success (Luhmann, 1995). Systems which incorporate efficient data

representation, storage, and transfer, and good operating system design and effective use of processor power have retained their public user base.

According to organizational Development theory, development is a necessary process that all organizations must undergo. There are many factors that make organizational development important for organizations to thrive and be successful. Organizational development is a complex process that is described as a "set of behavioral science-based theories, values, strategies, and technologies aimed at planned change of the organizational work setting for the purpose of enhancing individual development and improving organizational performance, through the alteration of organizational members' on-the-job behaviors" (Britt and Jex, 2008, Ch. 15). The process of organizational development cause changes in the daily workplace routine, and these changes cause success and productivity in the workplace. Organizational developments help an organization to improve and evolve into a more successful organization. Organizational development is necessary for any organization to survive and be successful. Many theories have helped organizations to understand and implement organizational developments. It is important that conditions be correct in an organization if changes are expected to be successful.

### **2.3 Organizational Strategies**

According to Porter (1980) strategy is about competition and the means by which an organization tries to gain a competitive advantage. He has described a category scheme consisting of three general types of strategies that are commonly used by businesses. To survive in a dynamic and highly competitive business environment, different

organizations have had to engage various strategies to survive. Boseman and Phatak (1989) argue that if a firm wants to remain vibrant and successful in the long run, it must make impact assessment of the external environment, especially such relevant groups as customers, competitors, consumers, suppliers, creditors and the government and how they impact on its operations success is dependent on productivity, customer satisfaction and competitor strength. Effective strategy may enable a business to influence the environment in its favour and even defend itself against competition.

Aaker (1992) also adds that given the current focus in business, there is need to understand competitor strengths in the market and then position one's own offerings to take advantage of weaknesses and avoid head on clashes against strengths. Kottler (1998) says that to adapt to environmental changes, firms require effective leadership. He further states that, while leadership is crucial, most organizations are over-managed and others under-led. In this regard therefore it is necessary to examine what impacts does leadership and strategic management have on an organization in relation to its external environment.

### **2.3.1 Corporate Strategies**

In most corporations there are several levels of strategy they are corporate level, business level and operational levels. The "lowest" level of strategy is operational strategy and is very narrow in focus and deals with day-to-day operational activities such as scheduling criteria. Operational level strategies are informed by business level strategies which, in turn, are informed by corporate level strategies. According to (Porter, 1998), developing a competitive strategy is developing a broad formula on how a business is going to



compete, what its goals will be and what policies would be needed to carry out these goals. According to Pearce and Robinson (2005) it is through strategic responses that a firm is able to position and relate itself to the environment to ensure its continued success and also secure itself from surprises brought about by the changing environment.

Corporate strategy refers to the selection and development of the markets in which a firm competes (Pearce and Robinson, 2005). Corporate strategy deals with what industries a firm seeks to compete in thereby facilitating the development of appropriate strategies to ensure the firm enters and survives in the said industry. Business level strategies including low cost, differentiation, and focus are how a firm competes in a single market or industry. Fundamental forces of change have been experienced in the global business environment resulting in unprecedented competition. Organizations responding to these changes have realized their existing strategies and configurations may no longer serve them (Ansoff and McDonnell, 1990). Ansoff and McDonnell (1990) see strategic management as a systematic approach to position and relate the firm to its environment in a way that will assure its continued success and make it secure from environmental surprises. Hamamel and Prahalad (1990), perceived an organization as a foundation for sustained competitive advantage when it poses skills or resources that provide superior value to customers and that are difficult to imitate. In a turbulent environment, the more enduring advantage is ability to anticipate evolving customer needs and to generate new values creating capabilities based on that knowledge. And unless there is an advantage over competitors that is not easily duplicated or connected, long term profitability is likely to be elusive.

The company's corporate strategy should help in the process of establishing a distinctive competence and competitive advantage at the business level. There is a very important link between corporate-level and business level. According to Johnson and Scholes (2002), corporate level responses is the first level of strategy at the top of the organization, which is concerned with the overall purpose and scope of the organization to meet the expectations of owners or major stakeholders and add value to different parts of the enterprise. This includes issues of geographical coverage, diversity of product / services or business units and how resources are to be allocated between the different parts of the organization. At a general strategic level Ansoff and Mc Donnell (1990), suggests three reasons why firms diversify. The objectives can not be achieved by continuing to operate in their existing market.

Pearce and Robinson (2005) reported that there is need to adopt new strategies that match the challenges from the environment. Reengineering, downsizing, self-management and outsourcing are some of the dominant strategies that have been used for restructuring in the 1990's. Ansoff and McDonnell (1990) asserts that the management system used by a firm is a determining component of the firm's responsiveness to environmental changes because it determines the way that management perceives the environment, diagnosis their impact on the firm, decides what to do and implements the decisions.

Burnes (1998) the concern in real time responses is to minimize the sum to total losses and restore profitability to ensure organization's success in a turbulent and surprising environment. He also observed that unstable and unpredictable conditions in which organizations have to operate today means that the ability to think strategically and manage strategic change successfully is key competitive strength for a sustainable

competitive advantage. Real time strategic issue responses are necessary to facilitate the firm's preparedness in handling the impending issue, which may have profound impact on the firm.

The company's corporate strategy should help in the process of establishing a distinctive competence and competitive advantage at the business level. There is a very important link between corporate-level and business level. According to Johnson and Scholes (2002), corporate level responses is the first level of strategy at the top of the organization, which is concerned with the overall purpose and scope of the organization to meet the expectations of owners or major stakeholders and add value to different parts of the enterprise. This includes issues of geographical coverage, diversity of product / services or business units and how resources are to be allocated between the different parts of the organization. At a general strategic level Ansoff and McDonnell (1990), suggests three reasons why firms diversify. The objectives cannot be achieved by continuing to operate in their existing market.

The most frequent reason for diversification in the part of individual business is the achievement of growth and risk reduction. With regards to growth, any firm that attempts to expand within an industry immediately faces two limitations: The rate of growth of the market itself and reactions of its market competitors. Any business seeking to achieve a growth rate about the aggregate rate of expansion of the market which it is currently confined is implicitly or explicitly envisaging an increase in its market share.

Hill and Jones (2001), argue that focus strategy concentrates on serving particular market niche, which can be defined geographically, type of customer or by segment of the

product line. It differs from the first two because it is directed towards serving the needs of a limited customer group or a segment. Hence the company is specialized in some way. The company has enormous opportunity to develop its own niche and compete against low-cost and differentiated enterprises which tend to be larger. It differs from corporate strategy in that whereas corporate strategy involves decisions about the entire organization, strategic decision under the business units are basically concerned with how customers' or clients' needs can best be met. According to Johnson and Scholes (2002) "Business unit strategy is about how to compete successfully in particular markets".

### **2.3.2 Business Strategies**

Strategies adopted by companies reflect the firm's internal strengths and the opportunities faced in the external environment. Strategy will also consider how best to deal with internal weakness and avoid external threats. Hill and Jones (2001) note that internal new venturing is a strategy employed when a company has a set of valuable competencies in its existing business that can be leveraged to enter a new business area. Science based companies use their technology to create market opportunities in related areas mainly through internal new venturing. A firm can also use this strategy to enter and compete in a new business area or an emerging market where there are no established players.

According to Johnson and scholes (2000) corporate level deals with overall scope and purpose of the organization and it decides on the business of the organization. The business level strategy determines how the organization competes in its market. Operational refer to the responses developed to aid the smooth operation in an organization. They are mainly developed to ensure high level of effectiveness and

efficiency in the achievement of organizational vision, mission and objectives. They provide daily directions in the organization. These strategies are important because of their detailed outline of how operations are supposed to be conducted in an organization (Johnson and Scholes, 2002).

A business model articulates the logic and provides data and other evidence that demonstrate show a business creates and delivers value to customers. It also outlines the architecture of revenues, costs, and profits associated with the business enterprise delivering that value. The issues related to good business model design are all interrelated, and lie at the core of the fundamental question asked by business strategists e how does one build a sustainable competitive advantage and turn a super normal profit? In short, a business model defines how the enterprise creates and delivers value to customers, and then converts payments received to profits. To profit from innovation, business pioneers need to excel not only at product innovation but also at business model design, understanding business design options as well as customer needs and technological trajectories (Johnson and Scholes, 2002). Developing a successful business model is insufficient to assure competitive advantage as imitation is often easy: a differentiated (and hard to imitate) yet effective and efficient business model is more likely to yield profits. Business model innovation can itself be a pathway to competitive advantage if the model is sufficiently differentiated and hard to replicate for incumbents and new entrants alike.

Business models are necessary features of market economies where there is consumer choice, transaction costs, and heterogeneity amongst consumers and producers, and competition (Pearce and Robinson, 2005). Profit seeking firms in competitive

environments will endeavor to meet variegated consumer wants through the constant invention and presentation to the consumer of new value propositions. Business models are often necessitated by technological innovation which creates both the need to bring discoveries to market and the opportunity to satisfy unrequited customer needs. At the same time, as indicated earlier, new business models can themselves represent a form of innovation. There are a plethora of business model possibilities: some will be much better adapted to customer needs and business environments than others (Ansoff and McDonnell, 1990). Selecting, adjusting and/or improving business models are a complex art. Good designs are likely to be highly situational, and the design process is likely to involve iterative processes. New business models can both facilitate and represent innovation as history demonstrates.

### **2.3.3 Operational Strategies**

According to Johnson and Scholes (2002), operational strategies are concerned with how parts of an organization deliver effectively the corporate and business level strategies in terms of resources, process and people. Companies adopt strategies directed at improving, the effectiveness of basic operations within the company, such as production, marketing, materials management, research and development, and human resources. Even though strategies may be focused on a given function, as often as not they embrace two or more functions and require close co-operation among functions to attain companywide efficiency, quality innovation, and customer responsiveness goals.

Further, organizations may apply decisive strategic responses to changing environment through making dynamic moves to mitigate the consequences of the environmental

changes. Ansoff and McDonnell (1990) noted that strategic responses involve changes in the firm's strategic behaviours to assure success in transforming future environment. Pearce and Robinson (2005) defined strategic responses as the set of decisions and actions that result in the formalization and implementation of plans designed to achieve a firm's objectives. Therefore it is a reaction to what is happening in the economic environment of organizations.

Porter (1998) views operational responses as part of a planning process that coordinates operational goals with those of the larger organization. Hence operational issues are mostly concerned with certain broad policies and policies for utilizing the resources of a firm to the best support of its long term competitive strategy. Porter (1998) states that the goals of a competitive strategy for a business went in an industry is to find a position in the industry where the company can best defend itself against the five competitive forces – entry, threat of substitution, bargaining power of buyers, bargaining power of suppliers and rivalry among current competitors. These five forces constitute the industry structure and it is from industry analysis that the firm determines its competitive strategy. He identified three potentially successful generic strategy approaches to outperforming other firms in an industry. There are overall cost leadership, differentiation and focus, in formulating its strategic response to changes in its environment, a firm must have a first decided on a core idea of generic strategy about how it can best compete in the market place.

All organizations lend themselves to the external environment, which is highly dynamic and continually posing challenges as well as opportunities. Firms therefore need to develop capabilities to manage threats and exploit emerging opportunities. Pearce and

Robison (2005) point out that this calls for a proactive approach to business and the formulation of strategies that constantly match capabilities to the environment. The environment in an industry has great influence on the growth, survival and profitability of firms. According to Kotler (2000) to survive and prosper in an industry, a firm must meet two criteria; first, it must supply what customers want and second, it must survive the competition. Porter (1998) is of the view that it is very necessary for firms to understand the underlying sources of competitive pressure in its industry in order to formulate appropriate strategies and respond to competitive forces.

#### **2.4 World Class Sea Port**

World Class Service is exceptional professional service that matches or surpasses the level of service rendered by other organizations (Wheatcroft, 2007). World class means ranking among the foremost in the world; having international standards of excellence, of the highest order or something great in importance, concern or notoriety. World class service: requires service excellence, consistently exceeds customer expectations, involves frequent dialog with customers, is characterized by continuous improvement, uses benchmarking to foster superior service and surprises and delighting customers (Scheuing, 2004). The major importance of a sea port attaining a world class standard is to equip it handle a wide range of cargo within approved world service timelines.

Increased globalization of world economy, trade liberalization and international transport market-oriented development, especially the development of modern logistics, seaport no longer only has traditional load and discharge, storage, transfer function, but have become the catalyst for the development of region economic, trade, finance, produces



enormous radiation functions to surrounding area and economic hinterland, promotes regional and world economic and trade development (Scheuing, 2004).

In order to make full use of important node role to modern logistics supply chain, more and more seaports are developing into modern integrated logistics center in their quest to attain world class service standards (Wheatcroft, 2007). In such circumstances, seaports all over the world are in strict and orderly international economic networks, not only in the pursuit of high performance, but also constantly seeking favorable competitive environment and competitive position. In various means of competition, seaport informatization construction is important for improving seaport management ability, promoting management modernization, changing operation mechanism, building modern seaport enterprise system, reducing cost efficiently, accelerating technology development process, enhancing market competition ability, raising economic benefits and other aspects, and is the breach of driving seaport work innovation and function upgrade. Characteristics of World-class Service include; accessibility, competence, attitude; good communication; high level of credibility, features/Innovation and high responsiveness (Wheatcroft, 2007).

## **CHAPTER THREE: RESEARCH METHODOLOGY**

### **3.1 Introduction**

Research methodology sets out various stages and phases that were followed in completing the study. It specifically covers the research design, data collection and data analysis.

### **3.2 Research Design**

This study adopted a case study design meant to investigate the strategies adopted by Kenya Ports Authority in transforming the Port into a world – class sea port. Kothari (2000) define a case study as a description of a situation involving problems to be solved. A case study is also an in-depth investigation of an individual, group, institution or phenomenon (Mugenda &Mugenda, 2003).The study chose to use a case study because of its ability to collect in-depth information on a subject because case studies are more detailed. Since the Study sought to collect information on specific strategies adopted by KPA in it quest to attain world-class status, case study design is more appropriate.

### **3.3 Data Collection**

The study used primary data. The primary data was collected on the strategies adopted by Kenya Ports Authority in transforming the Port into a world – class sea port. The primary data was collected using interview guides. Interviewing was chosen for it allows for flexibility in the direction of question hence comprehensive data collection is ensured and the interviewer can direct the interviewees in case of difficulty in answering a question. The interview guide was structured into three sections named Section A, Section B and Section C; Section A sought to establish general information, Section B was on the strategies adopted by Kenya Ports Authority in transforming the Port into a world –class sea port, while Section C dealt with the effectiveness of these strategies. Interview was done to the Chief Executive Officer and 7 General Managers at KPA; the number was small enough to eliminate duplicity and redundancy of data collected and large enough to ensure comprehensive and exhaustive data collection on the strategies developed by

Kenya Ports Authority in transforming the Port into a world – class sea port. The interview was administered through personal interviews with the sampled interviewees after the researcher books appointments with the five senior managers at Kenya Ports Authority.

### **3.4 Data Analysis**

The data obtained from the interview guide was analyzed using content analysis. Nachmias and Nachmias (1996) define content analysis as any technique used to make inferences through systematic and objective identification of specified characteristics of messages. Kothari (2004) explains content analysis as the analysis of the contents of documentary and verbal material, and describes it as a qualitative analysis concerning the general import of message of the existing documents and measure pervasiveness.

The researcher analyzed the information provided by the respondents against known strategic management concepts and implementation models to describe and determine the strategies developed by Kenya Ports Authority in transforming the Port into a world – class sea port. Content analysis also enabled the researcher to identify, interpret and make a scholarly judgment on the strategies developed by Kenya Ports Authority in transforming the Port into a world – class sea port.

## **CHAPTER FOUR: DATA ANALYSIS, INTERPRETATION AND PRESENTATION OF RESULTS**

### **4.1 Introduction**

This chapter presented analysis and findings of the study as set out in the research objectives and methodology. The results are presented on the strategies adopted by Kenya Ports Authority in its quest to be a world class sea port of choice and the effectiveness of these strategies developed in transforming the Port into a world – class sea port. The data was gathered exclusively from interview guides as the research instrument which was designed in line with the objective of the study. The study targeted the Chief Executive Officer and 7 General Managers at KPA out of which the Chief Executive Officer and 5 General Managers scheduled interviews and provided responses used to complete this study giving a response rate of 75%. This commendable response rate was made a reality after the researcher made personal visits to book appointment for the interview and remind them of the timings. This response rate was excellent and representative and conforms to Mugenda and Mugenda (1999) stipulation that a response rate of 50% is adequate for analysis and reporting; a rate of 60% is good and a response rate of 70% and over is excellent.

### **4.2 General Information**

The study sought to establish the number of years that the interviewees had worked at KPA, the study established the respondents that had worked at KPA for the longest time was there for 15years while the respondents that had worked at KPA for the least period

of time had being there for 7 years. This shows that the respondents were credible enough to give sufficient information on the research topic. On the role that the interviewees play in strategy formulation the study established that they drafted the initial strategy draft at departmental level.

The study sought to determine how is the process of setting goals, objectives and milestones undertaken at KPA. It was established that every department undertakes its goals (internal targets) and the government sets its goals for KPA too. On how the monitoring, evaluation and feedback mechanism in monitoring the achievement of the strategic goals and objectives conducted, the study found out that KPA has a balanced scorecard tool kit that performs this function and the government has introduced performance contracting and annual reviews which monitor performance at KPA.

#### **4.3 Strategies Adopted To Improve Service Delivery at KPA**

The study sought to establish whether KPA had any plans of improving its quality of services offered. The interviewees agreed that KPA had plans of improving quality of services offered they further indicated ways in which this was to be achieved which included customer service charter, performance standards, ISO certification, baseline surveys to establish as is position, annual customer satisfaction survey, internal work standards measurements, annual financial performance measures (accounts) and bulletin of statistics.

The interviewees outlined some of the strategies that KPA has adopted in its quest to achieve world class standards. These strategies included benchmarking how best performing port operate, carry out comprehensive port improvement planning,

preparation of port master plan, high level organization structuring ,Cargo handling equipment improvement, Investment in IT both in operations and port security, Licensing of Container freight stations (CFS) to improve capacity of cargo storage, Capacity expansion – additional berth and Stakeholder consultation business lunch on i.e. getting feedback from the customer and what the industry requires.

The study sought to establish the challenges that KPA faced in the adoption of these strategies. These challenges included, Resistance to change, Political interference, financial constraints, Changes in technology and the Government bureaucracy which causes delay in implementation of strategy. In order to improve the speed with which these strategies are implemented change of regulatory framework which may involve the review of KPA Act to streamline the Act with vision 2030. Secondly they ought to engage in seeking external funding from Trademark East Africa, World Bank, JICA over and above income generated by the company and finally there is need to Involve internal stakeholders through the “Wajibika” change management program.

The study established that KPA made use of information technology in its operations through back office, automation of all their process, System application program (SAP), Kwatos, Integrated security services (ISS), Vessel Traffic Management Information System (VTMIS) and IP Telephony. By automating all its operations KPA has become paperless, linkage with KRA, clearance of cargo is on-line/automated. Internally all the modules are automated finance, H.R; MM therefore it is easy to do tracking. The study found out that KPA benchmarked its services to other world class ports – port of Singapore, Shanghai, and Durban. Further the interviewees indicated that KPA has

achieved certifications including – International safety management (ISM), ISO, Lloyds Certification for the marine craft NEMA, ISPS.

The interviewees also indicated that KPA use outsourcing strategy in some of its operations including – Security, printing, spare parts, maintenance, cleaning services, civil works. On the effectiveness of outsourcing strategy at KPA the study established that it increases efficiency of operation, enables KPA to concentrate with its core business of stevedoring and cargo handling, most of the workers in department where work is outsourced remain idle such as Civil, Electrical engineering. KPA uses customer service improvement strategy in its operational strategies including the baseline survey, annual surveys and reviews, customer service desks, website, emails, 24hours operations, liaison offices in Rwanda, Burundi, weekly stakeholders meetings are some of the few ways in which KPA has sought to improve customer service. The study established that these strategies were effective since congestion has reduced, clearing time has been shortened, ship turnaround has reduced (no ship queues), customers are satisfied. Under performance contracting KPA is getting good scores.

KPA uses employee training and development as a strategy to improve its operations. Some of the training courses offered to staff in the recent past include – management development programme I (MDPI), entrepreneurship, computer skills, basic operations management, supervisory development programme I, finance & accounting KPA engages in collaborations with other sea ports like – Port of Singapore, Shanghai, Egypt, Durban, the collaboration has influenced world - class status attainment at KPA by bench

marking. KPA also organized study tours where the pilots are taken to other countries for further training to improve their skills.

#### **4.4 Effectiveness of the Strategies Developed**

Before the strategies were introduced there were delays in cargo clearance, downtime and longer ship turn around, and with the introduction of strategy there is much efficiency in operation. The cost of repair and maintenance is low. Congestion at the port is reduced. Further the study established that all these strategies adopted by KPA have been propelling KPA towards world class service provision. The cost of doing business at the port is reduced; the port is now more flexible since the introduction of 24 hours service delivery, there is prompt response to customers' requirement. It takes shorter time to clear cargo now than before.

#### **4.5 Discussion of Findings**

The study established that KPA had plans of improving quality of services offered they further indicated ways in which this was to be achieved which included customer service charter, baseline surveys to establish as is position, annual customer satisfaction survey, internal work standards measurements and bulletin of statistics. These findings are in line with those of Porter (1998) who views operational responses as part of a planning process that coordinates operational goals with those of the larger organization. Hence operational issues are mostly concerned with certain broad policies and policies for utilizing the resources of a firm to the best support of its long term competitive strategy.



The study also established that KPA had adopted strategies in its quest to achieve world class standards. These strategies included benchmarking how best performing port operate, carry out comprehensive port improvement planning, preparation of port master plan, high level organization structuring, Cargo handling equipment improvement, Investment in IT both in operations and port security and Licensing of Container freight stations (CFS) to improve capacity of cargo storage. According to Scheuing, (2004) world class means ranking among the foremost in the world; having international standards of excellence, of the highest order or something great in importance, concern or notoriety. World class service: requires service excellence, consistently exceeds customer expectations, involves frequent dialog with customers, is characterized by continuous improvement, uses benchmarking to foster superior service and surprises and delighting customers.

In order to improve the speed with which the strategies are implemented change of regulatory framework KPA may involve the review of KPA Act to streamline the Act with vision 2030. Secondly, they ought to engage in seeking external funding from Trademark East Africa, World Bank, JICA over and above income generated by the company and finally there is need to Involve internal stakeholders through the “Wajibika” change management program. The findings are in line with those of Johnson and Scholes (2002), who indicated that operational strategies are concerned with how parts of an organization deliver effectively the corporate and business level strategies in terms of resources, process and people.

The study found out that KPA uses employee training and development as a strategy to improve its operations, some of the training courses offered to staff in the recent past

include Management Development Programme I (MDP I), Entrepreneurship, Computer Skills, Basic Operations Management, Supervisory Development Programme I, Finance & Accounting. According to Hamamel and Prahalad (1990), perceived an organization as a foundation for sustained competitive advantage when it poses skills or resources that provide superior value to customers and that are difficult to imitate. In a turbulent environment, the more enduring advantage is ability to anticipate evolving customer needs and to generate new values creating capabilities based on that knowledge.

The study found out that before the strategies were introduced there were delays in cargo clearance, downtime and longer ship turn around, and with the introduction of strategy there is much efficiency in operation. The cost of repair and maintenance is low. Congestion at the port is reduced. Further the study established that all these strategies adopted by KPA have been propelling KPA towards world class service provision. The cost of doing business at the port is reduced; the port is now more flexible since the introduction of 24 hours service delivery, there is prompt response to customers' requirement. It takes shorter time to clear cargo now than before. These findings go hand in hand with those of Johnson and Scholes (2002) who indicated that the strategies are important because of their detailed outline of how operations are supposed to be conducted in an organization.

## **CHAPTER FIVE: SUMMARY OF THE FINDINGS, CONCLUSIONS AND RECOMMENDATIONS**

### **5.1 Introduction**

This chapter provides the summary of the findings from chapter four, and also it gives the conclusions and recommendations of the study based on the objectives of the study. The conclusions and recommendations were drawn and are in quest of addressing the research question or achieving at the research objectives which were to determine the strategies adopted by Kenya Ports Authority in its quest to be a world class sea port of choice and to determine the effectiveness of these strategies developed in transforming the Port into a world – class sea port.

### **5.2 Summary of the Findings**

The study established that KPA had plans of improving quality of services offered they further indicated ways in which this was to be achieved which included customer service charter, Performance standards, ISO Certification, baseline surveys to establish as is position, annual customer satisfaction survey, internal work standards measurements, annual financial performance measures (accounts) and bulletin of statistics.

The study also established that KPA had adopted strategies in its quest to achieve world class standards. These strategies included benchmarking how best performing port operate, carry out comprehensive port improvement planning, preparation of port master plan, high level organization structuring, Cargo handling equipment improvement, Investment in IT both in operations and port security, Licensing of Container freight

stations (CFS) to improve capacity of cargo storage, Capacity expansion – additional berth and Stakeholder consultation business lunch on i.e. getting feedback from the customer and what the industry requires.

In order to improve the speed with which the strategies are implemented change of regulatory framework KPA may involve the review of KPA Act to streamline the Act with vision 2030. Secondly they ought to engage in seeking external funding from Trademark East Africa, World Bank, JICA over and above income generated by the company and finally there is need to Involve internal stakeholders through the “Wajibika” change management program.

The study found out that KPA uses employee training and development as a strategy to improve its operations, some of the training courses offered to staff in the recent past include Management Development Programme I (MDP I), Entrepreneurship, Computer Skills, Basic Operations Management, Supervisory Development Programme I, Finance & Accounting. Further the study established that KPA engages in collaborations with other sea ports like Port of Singapore, Shanghai, Egypt, Durban, the collaboration has influenced world-class status attainment at KPA by bench marking. KPA also organized study tours where the pilots are taken to other countries for further training to improve their skills.

The study found out that before the strategies were introduced there were delays in cargo clearance, downtime and longer ship turn around, and with the introduction of strategy there is much efficiency in operation. The cost of repair and maintenance is low. Congestion at the port is reduced. Further the study established that all these strategies

adopted by KPA have been propelling KPA towards world class service provision. The cost of doing business at the port is reduced; the port is now more flexible since the introduction of 24 hours service delivery, there is prompt response to customers' requirement. It takes shorter time to clear cargo now than before. The study established that KPA faced challenges in the adoption of these strategies. These challenges included, Resistance to change, Political interference, financial constraints, Changes in technology and the Government bureaucracy which causes delay in implementation of strategy.

### **5.3 Conclusions**

The study concludes that KPA had plans of improving quality of services offered which were achieved through customer service charter, Performance standards, ISO Certification, baseline surveys to establish as is position, annual customer satisfaction survey, internal work standards measurements, annual financial performance measures (accounts) and bulletin of statistics.

The study also concludes that KPA had adopted strategies in its quest to achieve world class standards and in order to improve the speed with which the strategies are implemented change of regulatory framework KPA may involve the review of KPA Act to streamline the Act with vision 2030 and/or there is need to Involve internal stakeholders through the “Wajibika” change management program.

The study also concludes that KPA uses employee training and development as a strategy to improve its operations. Further the study concludes that KPA engages in collaborations with other sea ports like Port of Singapore, Egypt, Durban, the collaboration has

influenced world-class status attainment at KPA by bench marking with world-class service providers worldwide. KPA also organized study tours where the pilots are taken to other countries for further training to improve their skills.

The study finally concludes that before the strategies were introduced there were delays in cargo clearance, downtime and longer ship turn around, and with the introduction of strategy there is much efficiency in operation. The cost of repair and maintenance is low. Congestion at the port is reduced. Further the study concludes that all these strategies adopted by KPA have been propelling KPA towards world class service provision have being effective as the cost of doing business at the port is reduced and the port is now more flexible since the introduction of 24 hours service delivery.

#### **5.4 Recommendations**

From the findings and conclusions, the study recommends that the management engage various strategies to survive in a dynamic and highly competitive business environment. The study recommends that further training and study tours be used to allow the exchange of ideas among KPA employees and those in world-class service ports. This way, the staff will be able to learn the best ways of improving service delivery.

The study also recommends that there is need to understand competitor strengths in the market and then position one's own offerings to take advantage of weaknesses and avoid head on clashes against strengths. Further the study recommends that to adapt to environmental changes, KPA require effective leadership.

## **5.5 Recommendations for Further Research**

The study recommends that further research be done on other organizations in the public sector so as to get comprehensive information on how the other players in the sector have responded towards the strategies adopted by the organizations in their quest to be a world class organizations of choice and the effectiveness of these strategies developed in transforming the organizations into a world – class organizations.

The study further recommends that future studies be done on challenges of implementing world class service standards in organizations. As more and more organizations seek world-class status, it is important that the challenges they encounter be brought to the fore so that other organizations intending to take the same root can plan in advance on how to deal with them.

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## **APPENDICES**

### **Appendix I: Interview Guide**

#### **SECTION A: GENERAL INFORMATION**

1. For how long have you worked at KPA?
2. What role do you play in strategy formulation?
3. Who undertakes this task and which people are involved?
4. How is the process of setting goals, objectives and milestones undertaken at KPA?
5. How is the monitoring, evaluation and feedback mechanism in monitoring the achievement of the strategic goals and objectives conducted?

#### **SECTION B: STRATEGIES ADOPTED TO IMPROVE SERVICE DELIVERY AT KPA**

6. Does KPA have any plans of improving its quality of services offered? Please indicate ways in which this is to be achieved.
7. Outline some of the strategies KPA has adopted in its quest to achieve world class standards? What challenges has KPA faced in the adoption of these strategies?
8. Are these strategies working?
9. What needs to be done to improve the speed with which these strategies are implemented?
10. Has KPA made use of information technology in its operations? Please comment on how KPA has made use of the information technology. How has information technology helped KPA in service delivery?
11. Has KPA benchmarked its services to any other organization? Please name a few organizations that KPA benchmarks its services with. Comment on the type of certifications achieved by KPA
12. Does KPA use outsourcing strategy in any of its operations? Please name a few services that have been outsourced. Please comment on the effectiveness of outsourcing strategy at KPA?
13. Does KPA use customer service improvement strategy in its operational strategies? Please name a few ways in which KPA has sought to improve customer service. Comment on the effectiveness of these strategies.

14. Does KPA use employee training and development as a strategy to improve its operations? Please name a few training courses offered to staff in the recent past.
15. Does KPA engage in collaborations with other sea ports? Please name a few sea ports that KPA collaborates with. How has the collaboration influenced world-class status attainment at KPA?
16. Briefly outline the capabilities before and after the strategies were adopted by KPA in achieving World class service standards?
17. How effective have all these strategies adopted by KPA been in propelling KPA towards world class service provision?

**THANK YOU!!!**

## **Appendix II: Data Collection Form**