

**BENCHMARKING STRATEGY FOR SERVICE DELIVERY
ENHANCEMENT AT KENYA PORTS AUTHORITY**

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DECLARATION

This research project report is my original work and has not been submitted to any other university for award of a degree.

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DEDICATION

This project is dedicated to my late father, Mr. Daniel Mwayayi whose love and words of wisdom and encouragement keeps me focused on my academic career, my loving wife Elizabeth, my son Brian and my daughter Brenda for their love, encouragement and support and understanding during the cause of my study.

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ABBREVIATIONS AND ACRONYMS

KPA	Kenya Ports Authority
RDT	Resource Dependence Theory
SACCO	Savings and Credit Co-operative
TEUs	Twenty foot Equivalent Units
TOC	Theory of Constraints
UNCTAD	United Nations Conference on Trade and Development
KWATOS	Kilindini Waterfront Terminal Operating System
SAP	Systems Application Product
KENTRADE	Kenya Trade Company

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ABSTRACT

Benchmarking has been used as a tool, a methodology and a technique for continuous improvements in sectoral operations to gain and maintain competitive advantage. Participating on benchmarking has promoted a culture of thinking about quality, assessing one's own performance and taking responsibility for it. Ports are critical enablers of a country's competitiveness on the international market hence they need to be oriented towards the 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. The objectives of this study were to establish the extent to which Kenya Ports Authority employs benchmarking as a strategy for service delivery, identify the benchmarking methods used by Kenya Ports Authority in enhancing service delivery and identify the challenges faced by Kenya Ports Authority in the implementation of benchmarking. The research design used was a case study. The study used both primary and secondary data. Secondary data on service delivery was derived from KPA's corporate plans while primary data was collected using a self-structured interview guide. The interviews targeted the senior level managers of KPA. The study established that KPA employs numerous benchmarking practices aimed at enhancing service delivery at the port. Various industry performance indicators are applied by KPA as well UNCTAD performance measures. The study also established that KPA has benefited from benchmarking strategy through increased efficiency of operations, customer satisfaction and increased competitiveness. Challenges encountered included government bureaucracy and long procurement procedures for equipment, spares, services and materials. The study recommends that KPA should encourage a multi-sectoral disciplinary approach where all players in the port logistics and operations coordinate and work in tandem to realize the specific benchmarking strategies. The study also recommends that KPA should improve and increase infrastructure and superstructure to meet the increasing cargo throughput (1 million TEUS in 2014). The organization should also train and rationalize the labour force to achieve optimal production and quality service delivery. The study further recommends that KPA should be transformed into Landlord Status to minimize government interference. This will also tame the union and provide unlimited access to abundant labour market. The study was conducted on one entity KPA only. The findings can be verified by conducting further studies on a cross section of other state corporations in Kenya. This will help to identify if other state corporations have similar or different results. The study findings are according to KPA's senior management point of view. The scope of the study may also be extended to cover other strategic aspects of KPA.

CHAPTER ONE

INTRODUCTION

1.1 Background of the Study

Benchmarking has been used as a tool, a methodology and a technique for continuous improvements in sectoral operations to gain and maintain competitive advantage. Participating on benchmarking has promoted a culture of thinking about quality, assessing one's own performance and taking responsibility for it. This is aimed at improving customer relations and promoting self-criticism (Ogden & Wilson, 2000). Depending on how excellent, good, bad or indifferent an organization's operations are, it determines the direction, urgency and priorities for a sound base of appetite for change and for a continuous drive to enhance quality. At its simplest competitive performance standard, it would consist merely of judging whether the achieved performance of an operation is better than, the same or worse than that of its competitors (Norman, 2001).

This study is anchored on the theory of competition, theory of constraints and resource dependence theory. The theory of competition states that when two or more firms compete within the same market, one firm possesses a competitive advantage over its rivals when it earns (or has the potential to earn) a persistently higher rate of profit (Grant, 2005). Competitive advantage is more likely to be created and sustained if the organization has distinctive or unique capabilities that competitors cannot imitate. The theory of constraints (TOC) suggests that managers should focus on effectively managing the capacity and capability of these constraints if they are to improve the performance of their organization (Blackstone, 2001). Resource dependence theory is one of many theories of organizational studies regarding the

behavior of organizations. In many ways, the predictions of resource dependence theory are similar to those of transaction cost economics, but it also shares some aspects with institutional theory (Pfeffer & Salancik, 1978).

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 the 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, 2014). 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 Benchmarking Strategy

Benchmarking broadly refers to comparing and assessing performance. Comparing the performance of organizations, sectors and economies has received considerable attention and resources in recent years, particularly with growing internationalization of production, increasing trade across regions and subsequent intensification of global interactions. Competitive forces rule existing global economic relationships, and agents have a keen interest in knowing how well or bad they are performing in relation to their international competitors. It has been argued that at the level of the organization, the use of benchmarking can foster innovation, identify gaps and trajectories, and enhance the quality of products and services (Dattakumar & Jagadeesh, 2003). Additionally, at the level of the government, benchmarking is commonly used to formulate policies intended to affect performance at various levels, in order to achieve a specific target.

Benchmarking has been used as a tool, a methodology and a technique for continuous improvement in sectoral operations to gain and maintain competitive advantage. Participating on benchmarking has promoted a culture of thinking about quality, assessing one's own performance and taking responsibility for it. This is aimed at improving customer relations and promoting self-criticism. Depending on how excellent, good, bad or indifferent an organization's operations are, it determines the direction, urgency and priorities for a sound base of appetite for change and for a continuous drive to enhance quality. At its simplest competitive performance standard, it would consist merely of judging whether the achieved performance of an operation is better than, the same or worse than that of its competitors (Norman, 2001).

The first international benchmarking was undertaken in mid-1990s (Wragg, 1998; Fielden & Carr, 2000). Jackson (2001) noted that the challenge for organizations will be to develop benchmarking in a way that will help people learn and improve their own practice while improving the overall capacity of the system to develop, improve and regulate itself. The term benchmarking was first used by Rank Xerox to describe a process of self-evaluation and improvement through the systematic and collaborative comparison of practice and performance with competitors in order to identify own strengths and weaknesses and learn how to adapt and improve as conditions change (Camp, 1989). Benchmarking has been quickly adopted by many sectors of business and industry as part of the quality movement (Spendolini, 1992).

1.1.2 Service Delivery

Through the integration in the global traffic and logistic system, ports have acquired the function of accelerators of the global economic development. Being the initial and terminal points of the global flow of goods and unavoidable links in the traffic system chain (seaborne, land, and airborne ones), they render services to their customers thus contributing to the efficiency in the process of cargo movements from the point of origin to the point of destination (Kolanovic et al., 2011).

Gronroos (1983) described the total service quality as customer's perception of difference between expected service and perceived service. Asubanteng, McCleary and Swan (1996) defined service quality as the difference between customers' expectations for service performance prior to the service encounter and the perceptions of the service received. Gefan (2002) defined service quality as the subjective comparison that customers make between the quality of the service that they want to receive and what they actually get.

Services facilitate economic growth and represent almost two thirds of the total global output with the continuously growing trend in the trade of services which represents one fifth of the global trade. Such dynamics exercised by the development of services has caused changes within service providers whose business strategies have been targeted toward fitting the market and meeting the highest standards posed by customer quality-based requirements (Kolanovic et al., 2011).

1.1.3 Benchmarking and Service Delivery

Benchmarking is a tool for improving performance. It is a continuous and systematic process of comparing products, services, processes and outcomes with other organisations or exemplars, for the purpose of improving outcomes by identifying, adapting and implementing best practice approaches. One of the most important benefits of benchmarking is the discovery of innovative approaches. Benchmarking highlights problem areas and the potential for improvement, providing an incentive to change, and assists in setting targets and formulating plans and strategies (Meade, 1998).

Benchmarking can ensure that plans are being carried out and demonstrate areas of merit to stakeholders. To maximise the benefits of benchmarking, institutions must undergo a thorough self-analysis and have a clear understanding of their own processes which may be more useful than the comparison with another organisation. In order to be successful and to ensure positive outcomes for all partners, benchmarking must be approached with some insight into the potential pitfalls and problems that may arise. Potential challenges include the need to ensure agreed outcomes for all partners and selecting an appropriate partner (Wilson, et al., 2000).

Benchmarking is focused on improvement so it complements other improvement initiatives; the terms best practice, quality improvement and quality cycle are commonly used interchangeably. Benchmarking of public services matters because it is critical for governments and communities who need to know whether services are effective and efficient, who is accountable for service delivery, and whether the outcomes of service delivery are in the interests of the citizenry. It is an important

framework for policy decision making as well improving delivery (Wilson & Pitman, 2000).

1.1.4 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 cargos 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

Organisations as systems consisting of a large number of stakeholders rendering services to customers with various requirements have made it difficult to define quality service indices. Benchmarking is a preferred method for assessing service quality. The selection of product or process for benchmarking must be preceded by a diagnostic of the current situation and an analysis of factors of success. In services, benchmarking is carried out to measure efficiency or productivity. According to Bichou and Gray (2004), efficiency or productivity can be measured using physical indicators, factor productivity indicators, and economic and financial indicators.

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.

Liu (1995) benchmarked 28 British seaports; and Tongzon (2001) had studied the port efficiency of Australasia with 16 ports; while Martines-Budria (1999) assessed the 26 Spanish ports' efficiency followed by Coto, Baños and Podriguez (2000) also targeted the Spanish seaports economics efficiency with 27 ports. Turner, Windle and Dresner evaluated 26 North American seaports whereas Park and De (2004), Min and Park (2005) had targeted Korea seaports; Park and De (2004) studies 11 ports while Min and Park (2005) evaluated 11 container terminal. Barros and Athanassiou (2004) studied 6 ports from Greece and Portugal; Wang and Cullinane (2006) targeted 104 terminals' efficiency in Pan European countries; Barros (2006) studied 24 Italian ports while Munisamy and Singh (2011) extensively studied the technical and scale efficiency of 69 major Asian container ports. Amolo (2002) studied benchmarking the order delivery process for continuous improvement the case of the Kenyan oil industry while Gitonga (2005) conducted a survey of improvements through benchmarking in the Kenyan construction firms. Namu (2006) researched on benchmarking as a performance improvement tool the case of KPLC while Litunya (2006) evaluated benchmarking and performance in public secondary schools in Nairobi Province. Magutu (2006) conducted a survey of benchmarking practices in higher education in Kenya the case of public universities. Kombo (2007) did a survey of the extent of implementation of benchmarking practices in the manufacturing sector in Kenya while Tuitoek (2007) studied benchmarking health, safety and environmental performance measurement practices in the oil industry in Kenya.

Few studies have been done on benchmarking as a strategy for service delivery. This study therefore sought to answer the following research questions: To what extent does KPA employ benchmarking strategy in its service delivery? What specific

methods and techniques are used by KPA in enhancing service delivery? What challenges does KPA face in the implementation of benchmarking strategy?

1.3 Research Objectives

The study was guided by the following objectives:

- i. To establish the extent to which Kenya Ports Authority employs benchmarking as a strategy for service delivery.
- ii. To identify the benchmarking methods used by Kenya Ports Authority in enhancing service delivery.
- iii. To identify the challenges faced by Kenya Ports Authority in the implementation of benchmarking.

1.4 Value of the Study

This study is invaluable to the KPA management in that it provides an insight into the various effects of benchmarking on their performance and ultimately on service delivery. The policy makers will be able to know how well to incorporate the sector and how effectively to ensure its full participation. The study is also useful to the Government in policymaking regarding taxation and other regulatory requirements of ports in the country.

The study will generate information that may be used by various stakeholders interested in the port's performance. It will enable the board of directors and management of KPA to identify areas of weakness that need attention and foster sound strategic choices to deliver maximum investment value. The findings of this

study go a long way in identifying the benchmarking practices employed by KPA and factors influencing application of benchmarking strategy in this context.

This study avails pertinent information on activities that can be benchmarked by the ports in Kenya as well as other countries in the world. The study stimulates further interest among future researchers in this dynamic area of benchmarking as well as contributing to the body of knowledge.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This chapter summarizes the information from other researchers who have carried out their research in the same study of benchmarking. The specific areas covered here are theoretical foundation, benchmarking strategy, empirical review and knowledge gap.

2.2 Theoretical Foundation

Although benchmarking has no specific mapped out theories, various discussions have been done on the various types of benchmarking with a view to determining best practice in the approach to benchmarking. This study is anchored on three main theories; theory of competition, theory of constraints and resource dependence theory.

2.2.1 Theory of Competition

Barney (1991) noted that a firm has a competitive advantage when it is implementing a value creating strategy not simultaneously being implemented by any current or potential competitors. When two or more firms compete within the same market, one firm possesses a competitive advantage over its rivals when it earns (or has the potential to earn) a persistently higher rate of profit (Grant, 2005). Competitive advantage is more likely to be created and sustained if the organization has distinctive or unique capabilities that competitors cannot imitate. This may be because the organization has some unique resources.

Hax and Majluf (1996) stated that competitive advantage is created when resources and capabilities that are owned exclusively by the firm are applied to developing

unique competencies. A company's strategy is all about how management intends to grow the business, how it will build a loyal clientele and out-compete rivals, how each functional piece of the business will be operated and how performance will be boosted (Thompson et al., 2007). Benchmarking as a strategic approach is not only used for survival but for being distinct and different from the competition. Firms have to be able to formulate strategies to gain competitive advantage. This calls for a strategic fit on an organizations core competence levels, technology, leadership styles, markets, culture, people and environmental influence (Awino *et al.*, 2009). Benchmarking makes it easy to identify the gap between where the organization would like to be and where it actually is. This gap provides a measure of the improvement an organization would like to make (Finch & Luebbe, 1995). It is therefore an appropriate competitive strategy because in the short run, avoiding this gap and refusing to change will decrease the opportunities for survival in the long run (Matters & Evans, 1997).

2.2.2 The Theory of Constraints

The theory of constraints is a systems-management philosophy developed by Goldratt in the early 1980s. The fundamental thesis of TOC is that constraints establish the limits of performance for any system. TOC advocates suggest that managers should focus on effectively managing the capacity and capability of these constraints if they are to improve the performance of their organization. Three TOC paradigms that have evolved over the last twenty five years include logistics, global performance measures, and thinking processes (Blackstone, 2001). More recently Draman (1995) has referred to these three paradigms as decision making, performance measurement systems, and organizational mindset, respectively. Originally, the logistics paradigm had managers looking for, and elevating, system constraints in order to increase

throughput. This included using drum-buffer-rope scheduling techniques and the five focusing steps of TOC.

In the second paradigm, global performance measures were effectively utilized. These measures, based on throughput, operating expense, and inventory, allow managers to easily assess the impact of any given decision and help the manager to focus on the corporate goal. Most recently, the thinking processes have come into a more widespread use. Benchmarking is the process of studying industry or competitive practices, functions and products and finding ways to meet or improve upon them. Companies from all different industries use benchmarking to gauge their successes and pinpoint their shortcomings. The use of global performance measures and/or the TOC thinking processes can therefore be beneficial to improve service times, information flows and in reengineering of administrative functions (Spencer & Wathen, 1994).

The Theory of Constraints is a methodology for identifying the most important limiting factor (i.e. constraint) that stands in the way of achieving a goal and then systematically improving that constraint until it is no longer the limiting factor. The theory of constraints therefore is an important tool for operations managers to manage bottlenecks and improve process flows which is a basic concern in benchmarking.

2.2.3 Resource Dependence Theory

Resource Dependence Theory (RDT) is the study of how the external resources of an organization affect the behavior of the firm. The procurement of external resources is an important tenet of both the strategic and tactical management of any company. Nevertheless, a theory of the consequences of this importance was not formalized

until the 1970s, with the publication of *The External Control of Organizations: A Resource Dependence Perspective* (Pfeffer & Salancik, 1978).

Resource Dependence Theory has implications regarding the optimal divisional structure of organizations, recruitment of board members and employees, production strategies, contract structure, external organizational links, and many other aspects of organizational strategy. Resource Dependence Theory is one of many theories of organizational studies regarding the behavior of organizations. In many ways, the predictions of Resource Dependence Theory are similar to those of transaction cost economics, but it also shares some aspects with institutional theory (Pfeffer & Salancik, 1978).

2.3 Benchmarking Strategy

Benchmarking is defined as a continuous process during which processes and methods of operational functions as well as products and services of one's own company are measured against a benchmark, i.e. the maximum achievable performance (Falk, 2000). There are different types of benchmarking some of which are not necessarily mutually exclusive. It is upon the interested part to determine what type of benchmarking is most appropriate. All schemes for classifying benchmarking activities are somewhat artificial because many benchmarking exercises will combine a variety of approaches and straddle different categories of a scheme.

Benchmarking activities can be classified according to the nature of processes that underpin the activity (Jackson, 1998) and/or whether the process is implicit or explicit; conducted as an independent or a collaborative or partnership exercise; confined to a single organization internal, or involves other similar or dissimilar

organizations-external; focused on the whole process i.e. vertical benchmarking or part of process as it manifests itself across different functional units i.e. horizontal benchmarking; focused on inputs, process and outputs or a combination; based on quantitative/metric information data and/or qualitative/bureaucratic information; primarily about self-referencing against standards or expectation i.e. regulatory benchmarking (Hyland & Beckett, 2002).

Functional or generic benchmarking is used when the organization want to benchmark with partners drawn from different business sector or areas of activities aimed at finding ways of improving similar functions or work processes. Leads to innovation and dramatic improvement, when used to focus on improving activities or services for which counterparts do not exist and patents of benchmarking within the same sector exist and lastly when radical change is necessary (Jackson, 1998).

Internal benchmarking involves seeking partners within the same organization or example from business units located in different areas. The main advantage of internal benchmarking is that access to sensitive data and information are easier, standardized data is often readily available usually less time and resource are needed and there may be fewer barriers to implementation as practices maybe relatively easy transfer across the same organization. However, real innovation may be lacking and the best in class performance is more likely to be found through external benchmarking. It is appropriate to use this kind of benchmarking when; several business units within the same organization exemplify good practice, exchanging information and data with external organizations would be understandable in cases where there is inexperience in applying benchmarking and lastly time and resources are limited (Sharif, 2002).

The major focus of external benchmarking is seeking outside organizations that are known to be best in class and provides an opportunity of learning from those who are at the leading edge. Although not every best practice solution can be transferred to others, this type of benchmarking is appropriate when innovation is sought and examples of good practice are found in other organizations that are lacking in individual companies. Implementation is slower because of the - not invented here syndrome. The type of benchmarking may also take up more time and resources to ensure that comparability of data and information the credibility of the findings and the development of sound recommendations (Vic, 2000).

Strategic benchmarking is used where organizations seek to improve their overall performance by examining the long-term strategies and general a approaches that have enabled high-performers to excel. Nahmia (2000) critically examined core competences, new product and service development, changing balance of activities and improving capabilities for dealing with changes in the background environment making conclusions that changes resulting from this type of bench marking may be difficult to implement and the benefit are likely to take a long time to materialize (Darmont & Schneider, 2000).

Performance or competitive benchmarking is used where organization consider their position in relation to performance characteristics of key products and services. This refers to process of tearing down a competitor product to see what can be learned from its design and construction (Cartin, 2000). Benchmarking partners are drawn from the same industry and it is appropriate to use this type of benchmarking when the focus is on the relative level of performance in key areas or activities in

comparison with others in the same industry and finding ways of closing gaps in the performance (Appleby, 1999).

Process benchmarking invariably involves producing process maps to facilitate comparison. It is used when the focus is on improving specific critical processes and operations. The benchmarking partners are sought from the best practice organizations that perform similar work or deliver similar services. It is appropriately used when the focus is in improving key processes in a short time (Vic, 2000).

International benchmarking is used in situations where good practice organizations are located in other countries too few benchmarking partners within the same country to produce valid results and the aim is to achieve world-class status. This can take more time and resources to set up and implement. The results may need careful analysis due to national differences (Hyland & Beckett, 2002).

2.4 Challenges of Benchmarking

Benchmarking is the process by which companies look at the “best” in the industry and try to imitate their styles and processes. This helps companies to determine what they could be doing better. The decision to begin benchmarking is valuable to companies by opening up many different ideas to processes, approaches, and concerns (Allan, 1997).

Companies are benchmarking for a variety of reasons. The reasons can be broad, such as increasing productivity, or they can be specific, such as improving an individual design. By simply looking outside itself, a company can identify breakthroughs in

thinking. A similar process used in a different way can shed light on new opportunities to use the original process (Muschter, 1997).

Leapfrogging competition is another reason to use benchmarking as a strategic tool. A company's competitors may be stuck in the same rut as the company deciding to benchmark. It would be possible to get a jump on competitors by using new-found strategies. This opens up an opportunity for growth that the competitors may not be aware of. Another reason to benchmark is overcoming disbelief and enhancing learning. For example, seeing or hearing about another company's processes and how they are working will help employees to believe that there may be a better way to compete (Brookhart, 1997).

Benchmarking may cause a necessary change in the culture of an organization. After a period of time in the industry, an organization may become too practiced at searching inside the company for growth. The company would be better off looking outside its walls for potential areas of growth. An outward looking company tends also to be a future oriented company. This often leads to a more enhanced organization and increased profits

Benchmarking is defined as "the process of identifying and learning from best practices anywhere in the world" (Allan, 1997). By identifying the "best" practices, organizations know where they stand in relation to other companies. The other companies can be used as evidence of problem areas, and provide possible solutions for each area. Benchmarking allows organizations to understand their own administrative operations better, and marks target areas for improvement. It is an ideal

way to learn from other companies who are more successful in certain areas. Additionally, benchmarking can eliminate waste and help to improve a company's market share (Allan, 1997).

Benchmarking is increasing in popularity as a tool for continuous improvement. Organizations that faithfully use benchmarking strategies achieve a cost savings of 30 to 40 per cent or more. Benchmarking establishes methods of measuring each area in terms of units of output as well as cost. In addition, benchmarking can support the process of budgeting, strategic planning, and capital planning (Lyonnais, 1997).

Benchmarking also allows companies to learn new and innovative approaches to issues facing management which, in turn, provides the basis for training. Benchmarking acts as vehicle to improve performance by assisting in setting achievable goals that have already been proven successful. It overcomes disbelief that there are, by example, other ways of achieving and creating overall enhancement of an organization (Fuller, 1997).

2.5 Empirical Review

Different studies have been conducted regarding benchmarking and organizational performance. Akuma (2007) conducted a study on the use of benchmarking as a continuous improvement tool by the ministry of agriculture in Kenya found out that most parastatals had systems that facilitate the systematic comparison and evaluation of practice, process and performance with any best practices or smarter institutions in improvement and self-regulation.

A study by Mutuku (2010) on the relationship between benchmarking and financial performance of SACCOs in Nairobi found out that benchmarking is used at the SACCOs as an incremental continuous improvement tool that has enhanced overall business performance realized by the SACCOs by helping to change internal paradigms and see out of the box.

Magutu et al (2011) found out that participating in benchmarking would give Kenyan public universities a better understanding of practice, process, or performance and insights of the academic operations and functions. The three most critical factors facing the benchmarking processes in Kenya were found to be: time and resource availability; limited duration; comparability and compatibility which happened to be the probable reason why the institutions don't practice international benchmarking.

Sajabi (2012) analyzed benchmarking practices used by commercial banks in Nairobi. He sought to investigate whether commercial banks in Kenya benchmark, and if they do, in what specific areas of their operations, evaluate the success as well as the challenges they encounter in their quest to benchmark. The study concluded that benchmarking has had a tremendous effect in improving the operations of many firms and will continue to play a critical role in their success going into the future.

Kerandi, Nyaoga, Bosire and Nyambega (2014) sought to investigate the performance improvement through benchmarking in commercial banks in Kenya by focusing on the extent to which commercial banks used benchmarking, the relationship between benchmarking and organizational performance, and the challenges facing the adoption and implementation of benchmarking. The analysis indicated that on overall,

benchmarking has a positive and significant correlation with organizational performance.

2.6 Summary of Reviewed Literature and Knowledge Gap

Comparing the performance of organizations, sectors and economies has received considerable attention and resources in recent years, particularly with growing internationalization of production, increasing trade across regions and subsequent intensification of global interactions. The use of benchmarking at the level of organization level can foster innovation, identify gaps and trajectories, and enhance the quality of products and services. The theory of competition is of the view that, firms have to be able to formulate strategies to gain competitive advantage and this can be achieved through benchmarking. The use of theory of constraints thinking process can also be beneficial to improve service times, information flows and in re-engineering of administrative functions.

Public sector service provision is of critical concern in enhancing economic development of the country. The role of KPA is critical to the economy of Kenya and East Africa as a whole. It is on this view that this study will seek to analyze benchmarking strategy for service delivery enhancement at the KPA.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This chapter describes the research design that was used, population of study, data collection instruments and procedures, and the techniques for data analysis.

3.2 Research Design

The research design was a case study. Young (1999) posits that a case study is a powerful form of qualitative analysis that involves a careful and complete observation of a social unit, irrespective of what type of unit is under study. Kothari (2004) describes case study as a comprehensive study of a social unit be that unit a person, a group, a social institution, a district or a community. This research design was appropriate for this study since the unit of study was KPA.

3.3 Data Collection

The study used both primary and secondary data. Secondary data on service delivery was derived from KPA's corporate plans while primary data was collected using a self-structured interview guide (See appendix 1). The interview guide consisted of both open-ended and closed ended questions developed in line with the objectives of the research.

The interviews targeted the senior level managers of KPA since their role and position gives them the ability to respond to the questions appropriately. The interview guide was structured into two parts: Part A focused on the general information and the

extent of adoption of various selected benchmarking practices. Part B focused on the challenges and successes of implementing benchmarking practices.

3.4 Data Analysis

The aim of data analysis was to test for validity, completeness and consistency with the statement of the problem. Prior to data analysis, the filled interview guides were checked for completeness; entries checked for consistency and coding done. This being a case study data collected was analysed and presented qualitatively using content analysis.

Content analysis helps to determine the presence of key words or concepts within text. This tool helps researchers quantify and analyse the presence, meaning and relationships of such words and concepts and make inference about messages. This method further enables the researcher to include large amounts of information and systematically identify its properties (Kondracki & Wellman, 2002).

CHAPTER FOUR

DATA ANALYSIS, RESULTS AND DISCUSSION

4.1 Introduction

This chapter presents the study findings, analysis and discussion of the results. The study adopted personal interview to collect the data, which was recorded by way of writing the responses. The study intended to achieve three objectives: To establish the extent to which Kenya Ports Authority employs benchmarking as a strategy for service delivery; to identify the benchmarking methods used by Kenya Ports Authority in enhancing service delivery and to identify the challenges faced by Kenya Ports Authority in the implementation of benchmarking.

The data collected was analyzed and interpreted in line with these objectives using content analysis. This involves the analysis of meanings and implications emanating from respondents' information coupled with documented data regarding competitive strategies. The interviews targeted the senior level managers at KPA since their role and position enabled them to respond to the questions appropriately. The respondents in this study were drawn from the senior level of management at KPA. These managers are involved in strategy formulation and implementation of strategies in the company.

4.2 Respondents Profile

4.2.1 Gender of Respondents

The respondents were requested to indicate their gender during the interview. The data collected was analyzed and is presented in Table 4.1.

Table 4.1: Gender of Respondents

	Frequency	Percentage (%)
Male	15	75
Female	5	25
Total	20	100

Source: Research data (2015)

Table 4.1 shows that 15 (75%) of the respondents were male while 5 (25%) were female. This implies that majority of the respondents were male.

4.2.2 Years of Service

The respondents were then required to indicate how long they had served at KPA. The data collected was analyzed and is presented in Table 4.2.

Table 4.2: Years of Service

Range	Frequency	Percentage (%)
Below 5 years	0	0
5 -10 years	1	5
11 - 20 years	7	35
21 -25 years	6	30
More than 25 years	6	30
Total	20	100

Source: Research data (2015)

Table 4.2 indicates that 1 (5%) respondent had worked for 5 to 10 years, 7 (35%) for 11 to 20 years, 6 (30%) for 21 to 25 years while 6 (30%) for more than 25 years. None of the respondents had worked for less than 5 years. The results imply that most of the respondents interviewed had worked for KPA for more 10 years a clear indication that they were knowledgeable in the company strategic matters.

4.3 Benchmarking Strategy for Service Delivery Enhancement

The study sought to establish the benchmarking strategies that KPA employs to enhance service delivery. The results show that KPA conforms to international standards in port operations by adhering to the key performance indicators such as vessel turnaround, transit time, cargo dwell time, terminal tractor turnaround and crane moves per hour. They also indicated that KPA uses customer feedback and implements UNCTAD port performance indicators in order to enhance service delivery.

4.3.1 Benchmarking Strategies for Service Delivery

With regard to specific areas that benchmarking strategy had improved service delivery at KPA the respondents indicated that a number of key areas had benefited from benchmarking. These included marine operations, cargo operations and security operations. The introduction of fixed berthing window system, which provides a window for every vessel to berthing and operations, was cited as a product of benchmarking strategy at KPA. All these were based on fixed operation performance standards that are required to do 40 moves per hour and above. Others include equipment modernization and adoption of information technology to support the processes such as KWATOS and SAP. The port has gradually turned to become

customer friendly and it is evidenced by the fact the year to year improved customer service index. Simplification of processes has resulted to fewer delays to cargo and faster ships and terminal tractors turnaround. The commitment of KPA management to benchmarking strategy was rated at 60-65% as the KPA Board, Executive Committee and the entire organization is in the sense of commitment on achieving the corporate vision of being rated “World Class Seaports of Choice”. The employee commitment to benchmarking strategy was rated as good.

4.3.2 Existence of Benchmarking Systems

Regarding the existence of systems that facilitate the systematic comparison and evaluation of practice, process and performance with any best practices or smarter institutions in improvement and self-regulation, the respondents were all positive. The findings indicate that there are inbuilt systems to facilitate comparison and evaluation such as Quality Management Systems (QMS ISO 9001:2008). This enables the organization to design benchmarking parameters within QMS ISO 9001:2008 organizational objectives which are constantly being monitored to ensure realization of KPA strategies continuous improvements. KPA embraces QMS and provides departmental objectives to achieve collective corporate objectives.

The major reason for the systematic comparison and evaluation of practice, process and performance with any best practices or smarter institutions was the fulfillment of KPA’s vision statement ‘to be the world class seaport of choice’. Another reason was that the maritime industry was very dynamic and the organization found it prudent to continuously benchmark with the best ports to ensure survival and profitability. The demanding nature of the modern customers who know their rights, know what they

want and know where and how to get it was also an important reason for constant benchmarking at KPA. The major modern customers were shipping lines like Bolllore, Maersk, Oceanfreight and Sturrock. The findings also revealed that steadfast competition in the region and avoiding cargo congestion in the port that could affect the optimal efficiency of port operations were other key reasons for benchmarking.

The results further indicated that KPA embraces competition in the maritime industry in east and southern coast of Africa and how best to serve the esteemed customers. To sustain the dynamic environment in the maritime industry, KPA constantly monitors its operation systems (KWATOS), compares them with the best operating ports in order to keep itself abreast with the technological changes that the ports are operating on. In the effort of introducing seamless cargo to the hinterland, KPA and KENTRADE introduced the tracking network system that ensures the cargo reaches its destination safely.

The driving force behind the agenda of learning, improvement, innovation and change towards a self-determined improvement was the stiff competition in the maritime industry. KPA faces stiff competition especially from the eastern seaboard of Africa, hence there is need to improve, innovate and change work ethics to match with the dynamic port environment such as efficient equipment, operation processes and human capital.

4.4 Successes and Challenges of Benchmarking Strategy

The study sought to investigate the successes and challenges of benchmarking at the Kenya Ports Authority. The results indicated that there were numerous successes and a few challenges as discussed below.

4.4.1 Successes of Benchmarking Strategy

The respondents were also required to indicate the successes of benchmarking strategy at KPA. The purpose was to establish whether KPA had benefited from the benchmarking strategy over the years hence appreciating its importance in the performance of KPA. The successes of benchmarking strategy at KPA were highlighted as improved customer satisfaction, improved performance and improved employee satisfaction. The results indicated that KPA had benefited from benchmarking through reduced customer complaints, achieving performance targets and improved recognition and employee satisfaction. Through benchmarking KPA had managed to hit 1 million TEUs in traffic throughput. Benchmarking had also resulted in more efficient operations, prompt response to customers' complaints and periodic meeting with customers to discuss operational issues.

4.4.2 Challenges of Benchmarking Strategy

The findings on challenges encountered in benchmarking strategy were government bureaucracy, militant union and shortage of labour in operational areas. Another challenge was resistance to change in embracing modern programs to improve performance. Equipment maintenance and replacement was also cited as a challenge. The respondents indicated that there was a need to improve on the maintenance regime by ensuring timely maintenance schedules. Procurement procedures were too long and were compromising timely delivery of new equipment, spares, services and materials that were required to cope with demand in port efficiency. Professional training on maritime matters and utilization of resources were still lacking at KPA hence posing a threat to benchmarking strategy. Scarce availability and usage of

operations management systems was another major challenge at KPA. The results also revealed that a geographical limitation where the dredged depth of the sea was limited to 15 metres and the berth length was a major challenge to accommodate larger vessels. Ethics and security was also a challenge where more cases of theft and pilferage had been reported along the highways.

Despite KPA having modern systems and processes of handling cargo, benchmarking strategies are hampered by the highway logistical traffic jams to and from the port, hence it creates cargo congestion. This requires the government's intervention to create a dual superhighway right from the port to guarantee a smooth flow of cargo.

4.5 Discussion of Results

The first objective of the study was to establish the extent to which Kenya Ports Authority employs benchmarking as a strategy for service delivery. The results indicated that a number of key areas had benefited from benchmarking strategy at KPA. These include marine operations, cargo operations and security operations. The introduction of fixed berthing window system, which provides a window for every vessel to berthing and operations, was cited as a product of benchmarking strategy at KPA. All these were based on fixed operation performance standards that are required to do 40 moves per hour and above. Others include equipment modernization and adoption of information technology to support the processes such as KWATOS and SAP. The commitment of KPA management to benchmarking strategy was rated highly as the KPA Board, Executive Committee and the entire organization is in the sense of commitment on achieving the corporate vision of being rated "World Class Seaports of Choice". The employee commitment to benchmarking strategy was rated as good.

The second objective was to identify the benchmarking methods used by Kenya Ports Authority in enhancing service delivery. The results showed that KPA conforms to international standards in port operations by adhering to the key performance indicators such as vessel turnaround, transit time, cargo dwell time, terminal tractor turnaround and crane moves per hour. They also indicated that KPA uses customer feedback and implements UNCTAD port performance indicators in order to enhance service delivery.

The successes of benchmarking strategy at KPA were highlighted as improved customer satisfaction, improved performance and improved employee satisfaction. The results indicated that KPA had benefited from benchmarking through reduced customer complaints, achieving performance targets and improved recognition and employee satisfaction. Through benchmarking KPA had managed to hit 1 million TEUs in traffic throughput. Benchmarking had also resulted in more efficient operations, prompt response to customers' complaints and periodic meeting with customers to discuss operational issues.

The third objective of the study was to identify the challenges faced by Kenya Ports Authority in the implementation of benchmarking. The findings on challenges encountered in benchmarking strategy were government bureaucracy, militant union and shortage of labour in operational areas. Another challenge was resistance to change in embracing modern programs to improve performance. Equipment maintenance and replacement was also cited as a challenge. The respondents indicated that there was a need to improve on the maintenance regime by ensuring timely maintenance schedules. Procurement procedures were too long and were

compromising timely delivery of new equipment, spares, services and materials that were required to cope with demand in port efficiency. Professional training on maritime matters and utilization of resources were still lacking at KPA hence posing a threat to benchmarking strategy. Scarce availability and usage of operations management systems was another major challenge at KPA. The results also revealed that a geographical limitation where the dredged depth of the sea was limited to 15 metres and the berth length was a major challenge to accommodate larger vessels. Ethics and security was also a challenge where more cases of theft and pilferage had been reported along the highways.

These results are in line with Mutuku (2010) who found out that benchmarking is used by SACCOs as an incremental continuous improvement tool that has enhanced overall business performance. Another study by Magutu et al (2011) found out that participating in benchmarking would give Kenyan public universities a better understanding of practice, process, or performance and insights of the academic operations and functions. The three most critical factors facing the benchmarking processes in Kenya were found to be: time and resource availability; limited duration; comparability and compatibility. These findings concur with the findings of this study as it was established that KPA encounters similar challenges in benchmarking strategy.

Sajabi (2012) who analyzed benchmarking practices used by commercial banks in Nairobi concluded that benchmarking has had a tremendous effect in improving the operations of many firms and will continue to play a critical role in their success going into the future. These results agree with this study as it was established that

KPA had benefited a lot from benchmarking strategy by improving its performance. Another study by Kerandi, Nyaoga, Bosire and Nyambega (2014) indicated that on overall, benchmarking has a positive and significant correlation with organizational performance. This is also true at KPA as the findings revealed that the performance at the port had improved as a result of benchmarking strategy.

CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATION

5.1 Introduction

This chapter provides a summary, conclusion and recommendations to the study based on research findings. The study sought to establish the extent to which Kenya Ports Authority employs benchmarking as a strategy for service delivery, identify the benchmarking methods used by Kenya Ports Authority in enhancing service delivery and identify the challenges faced by Kenya Ports Authority in the implementation of benchmarking.

5.2 Summary of Findings

The results of the study indicated that KPA conforms to international standards in port operations by adhering to the key performance indicators such as vessel turnaround, transit time, cargo dwell time, terminal tractor turnaround and crane moves per hour. KPA uses customer feedback and implements UNCTAD port performance indicators in order to enhance service delivery. The major reason for the systematic comparison and evaluation of practice, process and performance with any best practices or smarter institutions was the fulfillment of KPA's vision statement 'to be the world class seaport of choice'. Another reason was that the maritime industry was very dynamic and the organization found it prudent to continuously benchmark with the best ports to ensure survival and profitability. The demanding nature of the modern customers was also an important reason for constant benchmarking at KPA. The findings also revealed that steadfast competition in the region and avoiding cargo congestion in the

port that could affect the optimal efficiency of port operations were other key reasons for benchmarking.

The findings indicated that there are inbuilt systems to facilitate comparison and evaluation such as Quality Management Systems. This enables KPA to design benchmarking parameters within QMS ISO 9001:2008 organizational objectives which are constantly being monitored to ensure realization of KPA strategies continuous improvements. The results further indicated that KPA embraces competition in the maritime industry in east and southern coast of Africa and how best to serve the esteemed customers. To sustain the dynamic environment in the maritime industry, KPA constantly monitors its operation systems (KWATOS), compares them with the best operating ports in order to keep itself abreast with the technological changes that the ports are operating on. In the effort of introducing seamless cargo to the hinterland, KPA and KENTRADE introduced the tracking network system that ensures the cargo reaches its destination safely.

The results further indicated that government bureaucracy, militant union and shortage of labour in operational areas were major challenges. Another challenge was resistance to change in embracing modern programs to improve performance. Poor equipment maintenance and replacement was also cited as a challenge. Procurement procedures were too long and were compromising timely delivery of new equipment, spares, services and materials that were required to cope with demand in port efficiency. Lack of professional training on maritime matters and utilization of resources were a threat to benchmarking strategy. Scarce availability and usage of operations management systems was another major challenge at KPA. The results

also revealed that a geographical limitation where the dredged depth of the sea was limited to 15 metres and the berth length was a major challenge to accommodate larger vessels. Ethics and security was also a challenge where more cases of theft and pilferage had been reported along the highways.

5.3 Conclusion

Based on the findings of this study, it can be concluded that KPA employs various aspects of benchmarking strategy with a view to enhancing service delivery. KPA applies a number of industry performance indicators to compare its performance with other major ports in the world. KPA also constantly reviews its performance targets with a view to ensuring the company remains competitive in industry. The results also indicate that there are specific benchmarking methods and practices that KPA has adopted in enhancing service delivery at the port.

This study also concludes that KPA has enjoyed numerous benefits from the benchmarking strategy which have all improved efficiency in operations and customer satisfaction. However, there are a number of stumbling blocks that need to be addressed to ensure that more benefits are enjoyed from benchmarking strategy. Government bureaucracy and long procurement procedures were cited as key challenges in benchmarking strategy at KPA.

5.4 Recommendations

The study recommends that KPA should be transformed into Landlord Status to minimize government interference. This will also tame the union and provide unlimited access to abundant labour market. The management should encourage a multi-sectoral disciplinary approach where all players in the port logistics and

operations coordinate and work in tandem to realize the specific benchmarking strategies.

The study also recommends that KPA should improve and increase infrastructure and superstructure to meet the increasing cargo throughput (1 million TEUS in 2014). The organization should also train and rationalize the labour force to achieve optimal production and quality service delivery. Continuous audits and monitoring should be conducted and other parameters of ensuring achievements of targets and continuous improvements.

5.5 Limitations of the Study

Although this study aimed to make a significant contribution to the body of knowledge on benchmarking strategy and service delivery, certain areas still need to be explored or expanded. The study was on one entity KPA and results were based on the views of the senior management.

5.6 Suggestions for Further Research

The study was conducted on one entity KPA only. The findings can be verified by conducting the same study on a cross section of other state corporations in Kenya. This will help to identify if other state corporations have similar or different results. The study findings are according to KPA's senior management point of view. The scope of the study may also be extended to cover other strategic aspects of KPA.

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APPENDICES

Appendix I: Interview Guide

PART A: BACKGROUND OF RESPONDENTS

1. Gender of respondent:
2. What position do you currently hold at KPA? :
3. How long have you worked at KPA? :

PART B: BENCHMARKING STRATEGY FOR SERVICE DELIVERY ENHANCEMENT

4. What benchmarking strategies does KPA use in enhancing service delivery?
5. Are there systems that facilitate the systematic comparison and evaluation of practice, process and performance with any best practices or smarter institutions in improvement and self-regulation?
6. What is the major reason for the systematic comparison and evaluation of your practice, process and performance with any best practices or smarter institutions?
7. What drives the agenda of learning, improvement, innovation and change towards a self-determined improvement?

8. In what specific areas has benchmarking strategy improved service delivery at KPA?
9. How can you rate management commitment to benchmarking strategy at KPA?
10. How can you rate employee commitment to benchmarking strategy at KPA?

PART C: SUCCESSES AND CHALLENGES OF BENCHMARKING

11. What are the successes associated with the benchmarking strategy at KPA?
12. What challenges does KPA encounter in implementing the benchmarking strategy?
13. What would you recommend should be done to address the challenges?

Thank you for your time and co-operation

Appendix II: Letter to Respondents



UNIVERSITY OF NAIROBI MOMBASA CAMPUS

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Tel: 020 8095398
Mombasa, Kenya

DATE: 25TH September, 2015


KENYA PORTS AUTHORITY

The bearer of this letter, **Rogers D. Mwayayi** of Registration Number **D61/80401/2012** is a Master of Business Administration (MBA) student of the University of Nairobi, Mombasa Campus.

He is required to submit as part of his coursework assessment a research project report. We would like the student to do his project on ***Benchmarking strategy for service delivery enhancement at Kenya Ports Authority.*** We would, therefore, appreciate if you assist him by allowing him to collect data within your organization for the research.

The results of the report will be used solely for academic purposes and a copy of the same will be availed to the interviewed organization on request.

Thank you.


Dr. Joseph Aranga
Assistant Coordinator,
School of Business-Mombasa Campus

