MANAGEMENT OF STAKEHOLDERS AT KENYA PORTS AUTHORITY

BY

JAMES N DORO RAI

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DECLARATION

This research project is my original work and has not been presented for an examination in any other university.

Signature .................................. Date 12/11/2012

Name: JAMES NDORORAI
D61/71183/2009

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

Signature .................................. Date 13/11/2012

DR. JACKSON MAALU
School of Business
University of Nairobi, Kenya
DEDICATION

First and foremost, to my children: Chaka, Dzame, Umazi and Mwaka who bore the brunt of an absentee Daddy during the course of the study.

Lastly, to all my fellow Kenyans for embracing change.
I feel greatly indebted to many of my classmates, friends and lecturers for their assistance in one way or another that enabled me to complete this research project. It may not be possible to mention all of them by their names but a few have been singled out for their exceptional contributions.

My special thanks go to my supervisor, Dr. Jackson Maalu, for his careful guidance, constructive criticism and tireless effort to ensure that this research project was done to acceptable standards. Indeed his innovative and creative ideas helped me develop my insights into the concept of stakeholder management.

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This research paper would not have been completed in good time were it not the support and input of all the seven Heads of Divisions, some particular Heads of Departments and a critical section head of Quality Assurance Section under Internal Audit Department of Kenya Ports Authority. I owe them a lot for their useful information which helped me to conduct the data analysis to get the findings of the study hence narrowing the knowledge gap.

Most importantly, I thank the Almighty God, the creator of mankind, for my good health and for making me a pride in the society.
ABSTRACT

The concept of Stakeholder Management has become a fashion worldwide today. It is indeed a matter of necessity. Attention to stakeholders has become important throughout the strategic management process in all organizations. Success and certainly survival for organizations depends on satisfying key stakeholders. Researchers have shown that effective stakeholder management and favorable company results go hand-in-hand. The management of stakeholders has become exponentially more important and more difficult due to changes of business environment. This therefore demands a framework for handling stakeholder needs and demands.

The purpose of the study sought to examine Stakeholder Management at Kenya Ports Authority and in particular to determine the type of stakeholder management practices that the organization embraces for its major stakeholders and the factors that influence its Stakeholder Management. The literature review indicated that basically, stakeholder theory is an organizational management theory that complies with accepted business ethics addressing values and morals in the management of an organization.

The study adopted a case study research design as it sought to gain an in-depth understanding of the stakeholder management at the organization. The research findings of the study indicated that stakeholder management is heavily practiced at Kenya Ports Authority and that the following stakeholder management practices are heavily employed: Consultative meetings, Project management, Training, Sensitization, Communication, Joint industrial council deliberations, Performance monitoring, Target setting, Rapid Result Initiatives and Adherence to ISO standards. Several factors were noted to influence stakeholder management in the organization and the most prominent ones were as follows: technology, resources, policy issues, competition, knowledge gap, cost of doing business, business trends, availability of infrastructure/expertise, bureaucratic issues, geographical coverage, political instability/security, language barrier and critical role played in business of cargo clearance.
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<table>
<thead>
<tr>
<th>Abbreviation</th>
<th>Description</th>
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<tbody>
<tr>
<td>ASK</td>
<td>Agricultural Society of Kenya</td>
</tr>
<tr>
<td>CEO</td>
<td>Chief Executive Officer</td>
</tr>
<tr>
<td>CFS</td>
<td>Container Freight Station</td>
</tr>
<tr>
<td>CIM</td>
<td>Computer Integrated Manufacturing</td>
</tr>
<tr>
<td>DRC</td>
<td>Democratic Republic of Congo</td>
</tr>
<tr>
<td>FMS</td>
<td>Flexible Manufacturing Systems</td>
</tr>
<tr>
<td>ISO</td>
<td>International Organization for Standardization</td>
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<tr>
<td>ISPS</td>
<td>International Ships and Ports Security</td>
</tr>
<tr>
<td>JIT</td>
<td>Just-in-time</td>
</tr>
<tr>
<td>KEBS</td>
<td>Kenya Bureau of Standards</td>
</tr>
<tr>
<td>KEPHS</td>
<td>Kenya Plant Health Inspectorate Services</td>
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<tr>
<td>KIFWA</td>
<td>Kenya International Freight &amp; Warehousing Association</td>
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<tr>
<td>KPA</td>
<td>Kenya Ports Authority</td>
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<tr>
<td>KRA</td>
<td>Kenya Revenue Authority</td>
</tr>
<tr>
<td>KSAA</td>
<td>Kenya Ships' Agents Association</td>
</tr>
<tr>
<td>MPDP</td>
<td>Mombasa Port Development Project</td>
</tr>
<tr>
<td>SM</td>
<td>Synchronous Manufacturing</td>
</tr>
<tr>
<td>TEU</td>
<td>Twenty Equivalent Units</td>
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<td>TQM</td>
<td>Total Quality Management</td>
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CHAPTER ONE

INTRODUCTION

1.1 Background of the study

Management practices have undergone many innovations. Companies have been
down-sized, delay red, and hollowed out. Newly trained and empowered employees
have implemented many innovative practices including continuous improvement,
reengineering, just-in-time manufacturing, total quality management and Strategic
management. These processes are aimed at helping the management to imaginatively
plan how its actions might affect stakeholders and thus help to create the future
environment. Many of these innovations have fundamentally changed the
relationships between the organization and its employees, customers, suppliers, and
other stakeholders. In many instances, arm's-length transactions between independent
parties have been replaced by long-term partnerships in which intangibles such as
service, innovation, and flexibility are essential to success.

Stakeholders can influence the practices of organizations by exerting pressures on
them. As competition increases, firms can benefit from improved relations with
stakeholders (Berman, 1999). Of course, firms often face a multitude of conflicting
stakeholder pressures and demands that is quite challenging to manage. Addressing
this question, (Mitchell, Agle and Wood, 1997) argued that the degree to which
managers give priority to competing stakeholder claims is a function of the managers'
perceptions of three key stakeholder attributes: power, legitimacy, and urgency.
Resource dependence theorists argue that “organizations are not self-contained or
self-sufficient” and are dependent on their external environment for resources (Pfeffer
and Salancik, 1978). In fact, “it is the dependence of firms on environmental actors
(i.e., external stakeholders) for resources that gives those actors leverage over a firm”
(Frooman, 1999) and allows them to influence organizational outcomes (Pfeffer and

Moreover, the resource dependence assumption is that a target organization can
actively respond to those stakeholders (Nohria and Gulati, 1994). Stakeholders, then.
can influence a firm either directly or indirectly (Frooman, 1999). In summary, the more dependent an organization is on a group, the greater the power of that group, and the greater its ability to influence organizational outcomes.

Corporate planning simply recognized that stakeholders might place limits on the action of the firm. Thus, management should understand the needs of stakeholders in order to set the bounds of operation. The purpose of a stakeholder approach to strategic management is to actively plan a new direction for the firm. It builds on concrete facts and analysis, and thus is descriptive, but it has to go beyond such description to recommend a direction for the firm, given its stakeholder environment.

Management has to assess and evaluate these external forces in order to adjust them with corporate objectives and the stakeholder’s expectations. In handling its stakeholders, a business also has to accept that it will have to make choices. It is rare that “win-win” solutions can be found for key stakeholders. Almost certainly the corporation cannot meet the needs of every stakeholder group and most decisions will end up being “win-lose”: i.e. supporting one stakeholder means another misses out. There are often areas where stakeholder interests are aligned (in agreement) – where a decision can benefit more than one stakeholder group. In other cases, there is a clear conflict of interest (Phillips, 2003).

1.1.1 Strategic Stakeholders Management

Attention to stakeholders is important throughout the strategic management process because success for public organizations - and certainly survival - depends on satisfying key stakeholders (Bryson 1995; Moore, 1995). Rainey (1997) argued that public agencies are born of and live by satisfying interests that are sufficiently influential to maintain the agencies' political legitimacy and the resources that come with it. If key stakeholders are not satisfied, at least minimally, according to their criteria for satisfaction, the normal expectation should be that something will change - for example, budgets will be cut, elected or appointed officials will lose their job, new initiatives will be undermined, and so on.
A stakeholder is a person or entity with an interest or concern in something especially a business (Thompson, 1995). Johnson, Scholes and Whittington (2008) defined stakeholders as those individuals or groups who depend on an organization to fulfill their own goals and on whom, in turn, the organization depends. Stakeholder analysis can be defined as the identification of an organization’s key interest groups, an assessment of their interests, and the ways in which those interests affect the organization’s effectiveness and efficiency. The analysis contributes to the organization’s strategic purpose by identifying the goals and roles of different groups, thereby helping to formulate appropriate forms of engagement with these groups.

These stakeholders can be classified into groups to aid effective management (Clarkson, 1995). Primary stakeholders generally include investors, employees, customers, suppliers and the company’s stockholders. Some public stakeholder groups such as government and communities are also primary as they provide infrastructure for the company's operations. Secondary stakeholders, on the other hand, have been defined by Clarkson (1995) as those who influence or affect, or are influenced or affected by, the corporation, but they are not engaged in transactions with the corporation and are not essential for its survival. They are less influential but have some level of power to garner support and affect the organization (Frooman, 1999).

Instrumental stakeholder theory advocates that effective stakeholder management and favourable company results are purported to go hand-in-hand (Donaldson and Preston, 1995). Managers must be aware of stakeholder needs and then align the company strategy to more closely represent these needs (Wolfe and Puller, 2002). The management of stakeholders has become exponentially more important and more difficult due to a “heightened ethical sensitivity, greater competition and a hyperactive and judgemental media” (Harrison and Freeman, 1999). This is particularly true in the political arena.

Managers will often meet stakeholder requirements on a mutually satisfactory level, in order to secure the continued co-operation of all stakeholders. Carroll (1979) proposed four approaches for dealing with each stakeholder group: pro-action involves seeking out stakeholder requirements and resolving them before they become an issue of contention; accommodation accepts responsibilities to stakeholders when
they become apparent and will look for some concessions from stakeholders before finally fulfilling their demands; defensive approaches entail doing only what is required; and reactive approaches mean that companies either totally ignore the existence of stakeholders or actively resist addressing their concerns.

Heugens et al. (2002) also proposed a framework for handling stakeholder needs and demands, with three main integration strategies: Buffering allows the company to deal with a small number of controllable groups, through which a large number of stakeholders may be influenced. An example is working through a trade union. Co-optation involves absorbing and adapting the organization's leadership style and strategy to deal with its most powerful stakeholders, thus gaining the co-operation and support of these stakeholders. Meta-problem solving is used when organizations face joint problems that are ill-defined and complex and may have to collaborate with stakeholders on a network level to solve them. The picture painted in these stakeholder relationship classification systems is, generally speaking, one that ranges from outright hostility, through some kind of management or accommodation to genuine co-operation and collaboration.

Building strong relations with stakeholders such as employees, customers, suppliers and communities not only increases the firm's ethical standing, but may also lead to increased shareholder wealth and firm performance. A study on the effect of stakeholder relations by Hillman and Kiem (2001) concluded that extended stakeholder relations such as charitable actions only added public relations value and did not affect shareholder value or the firms' financial performance. The study emphasized the importance and benefits of building strong relations with primary stakeholders, while reserving their relations with non-primary stakeholders only for slack resources that they personally wish to use for a good cause.

Clearly understanding who the companies' stakeholders are avoids wasting resources on non-stakeholders or those who have no real legitimate interest or concern. Mitchell et al. (1997) have developed stakeholder theory to aid managers and organization to identify the power of certain stakeholders, and their salience to the organization. Their paper seeks to clarify the ambiguity of what Freeman (1994) calls “the principle of who and what really counts”. The development of a stakeholder salience theory helps
explain to what and whom managers should pay attention. The three attributes of power, legitimacy and urgency determine the validity of a group's claim of being a stakeholder of the firm. If the group has the power to influence/affect the firm, the legitimacy to have a say in the firm's operations, has an urgent requirement, or has some combination of three attributes, then the group may be classed as a stakeholder.

The resource dependence theory (Pfeffer and Salancik, 1978), suggests that power lies with those stakeholders that control resources that are valuable to the firm and needed for the firm's day-to-day operations. However, power alone cannot explain the salience of stakeholders. Mitchell et al. (1997) argued that power gains authority through legitimacy, and it gains exercise through urgency. Organizational theories such as institutional and population ecology posit that legitimate stakeholders are those that really count. However, much like power, legitimacy may be potent only in relation to the other two attributes. Mitchell et al. (1997) stated that legitimacy gains rights through power and voice through agency.

Strategic Stakeholder management suggests that stakeholder relationships can be created and influenced, not just taken as given. This is not merely a process of adapting the firm to management's best guess of the future environment. Strategic Stakeholder management is used to enrich management's understanding of the strategic options. The purpose of stakeholder management is to create methods to manage the different groups and relationships that resulted in a strategic fashion. Further Freeman (2004) thinks that the idea of stakeholders, or stakeholder management, or a stakeholder approach to strategic management, suggests that managers must formulate and implement processes which satisfy all and only those groups who have a stake in the business. The main task in this process is to manage and integrate the relationships and interests of shareholders, employees, customers, suppliers, communities and other groups in a way that guarantees the long-term success of the firm.

Pfeffer (1998) noted seven management practices of successful organizations, namely: employment security, selective hiring of new personnel, self-managed teams and decentralization of decision making as the basic principles of organizational design, comparatively high compensation contingent on organizational performance,
extensive training, reduced status distinctions and barriers, including dress, language, office arrangements and wage differences across levels and extensive sharing of financial and performance information throughout the organization. The author argues that effective management of stakeholders can produce substantially enhanced economic performance.

Stakeholder management practices vary across firms depending on the nature of activities and services rendered. For example, Bloom et al. (2005) noted that across 18 key management practices that appear to matter to industrial firms fall into broad areas, namely: shop-floor operations, performance monitoring, target setting and incentive setting. The authors argue that variations in management practices persist due to product market competition, firm’s age and stronger labour market regulation.

In a study to determine the critical success factors for stakeholder management process in a construction industry, it was noted that fifteen factors were regarded as critical by most respondents for the success of stakeholder management in construction projects (Yang, 2010). Olander and Landin (2008) in their study on factors affecting the stakeholder management process noted that stakeholder environment has a strong effect on project implementation. The environment will change in its nature depending on actions taken by different stakeholders and will affect project implementation in a certain way. The authors revealed five different factors as explanations for the differences in the outcomes of the stakeholder management process: analysis of stakeholder concerns and needs; communication of benefits and negative impacts; evaluations of alternative solutions; project organization; and media relations.

1.1.2.1 Maritime Industry

Maritime networks are among the oldest forms of spatial interaction. Port hierarchies and the spatial pattern of maritime linkages can be considered as illustrations of wider ongoing processes, such as the regionalization and globalization of trade patterns and business cycles, thus revealing a certain political economy of the world (Vigarié, 1995). Lewis and Wigen (1999) argue that the meta-geography of the world system would be better understood from the maritime looking glass of basins, seas, and
oceans. Following decades of adaptation and diffusion since the emergence of containerization, the global maritime container shipping network has become a reality (Fremont, 2007). The technological revolution of containerization has gradually produced new forms of relationships among countries, regions, and port cities, backed by a continuous pressure on transport costs (Limao and Venables, 2001) and an increasing power of shipping alliances and large carriers (Sys, 2009; Slack and Fremont, 2009). Investigating such changes would complement the lack of evidence about the spatial patterns of commodity chains (Leslie and Reimer, 1999), because ports compete not as individual places that handle ships but as crucial links within global supply chains.

While the main shipping routes and ports are well described in a number of studies, the structure and evolution of the global maritime network itself has not been fully documented. More extensive is the research on global airline networks due to their closer overlap with systems of cities (Guimera et al., 2005). Despite the local dereliction of port-city linkages in recent decades, maritime transport remains absolutely necessary for globalization. Its crucial weight in world trade volumes (90%) makes it a useful looking glass for analyzing the global economy and its geographic architecture (Fremont, 2007). In parallel, the spatial design of maritime transport not only follows trade demand but also possesses its own practical arrangements and network configurations, which also evolve over time.

Over the recent years, there have rising volumes of containerized cargo coupled with the growing need by ship owners to maximum utilization of economies of scale. This has seen more mega cellular fleets entering the market. In 2011, global volume of full TEUs was estimated at 125 million with Asia leading with imports and exports, followed by Europe and North America (KPA, 2012). In 1996, the largest vessel size was 4,000 TEU in capacity. This capacity increased to 6,000 TEU in 2001 and 16,000 TEU in 2011. It is projected that by 2014 and 2020 vessel capacity will be standing at 18,000 TEU and 20,000 TEU respectively (KPA, 2012).
The Kenya Ports Authority (KPA) is a statutory body that operates under the Ministry of Transport. It was set up by an act of Parliament in January 1978 with a mandate to maintain, operate, improve and regulate all scheduled sea ports situated along Kenya’s coastline. In 1986, the Authority’s mandate was expanded to providing port services after it merged with the former autonomous Kenya Cargo Handling Services Company. It has a board of Directors appointed by the Minister in Charge. The authority’s Managing Director is a member of the Board and the chief executive officer.

The Kenya Ports Authority’s Mission Statement is to facilitate and promote global maritime trade through the provision of competitive port services. This mission is geared towards attaining its vision of being the world class seaports of choice. The core values are customer focus, integrity, teamwork and social responsibility. KPA is a commercial entity that operates and manages the Mombasa Port. It is also responsible for other social infrastructure sea ports of Lamu, Malindi, Kilifi, Kiunga, Shimoni, Funzi, and Vanga. It has three inland container depots (ICDs) in Nairobi, Kisumu and Eldoret as well as a liaison office in Kampala which caters for all transit countries.

The Port has over the time been expanding in terms of its product lines and facilities. Currently, the Port has 16 deep-water berths, a total quay of length of 3,044 metres and maximum dredged depth of 15 metres. Mombasa is the best connected port in the region and serves over 35 shipping lines that call in with direct connectivity to over 80 sea ports worldwide. The Port business environment has become volatile over time caused strongly by globalizations and technological advancement. There have been a lot of tremendous changes on the part of the stakeholders and this has in turn greatly affected the way forward for the Port operations.

In addressing pertinent issues in meeting ever changing customers’ demands as well as accommodating growing traffic, the Port has undertaken significant investments among them equipment modernization, construction of berth 19 which will be
completed in December 2012 and the second container terminal well known as the Mombasa Port Development Project (MPDP) which began in March 2012 and its phase one which entails construction of berths 20 and 21 is scheduled to be completed by 2015. Other measures which have been undertaken recently to re-position Mombasa as the preferred Port of call in the region include extending port presence in Rwanda and Burundi to handle the Great Lakes market, automation of key port services, improved security, ISO certification, embracement of 24/7 work schedule, use of private container freight stations and enhanced stakeholder engagement. There has been continued engagement of key stakeholders in the industry so as to find better ways of delivering quality service to meet customer satisfaction (KPA, 2011). The Board of Directors has established some strategic goals in the Business Plan to give its way forward. The key elements of this Plan will be continuous innovation, process re-engineering, enhanced security, provision of world class customer service, infrastructure expansion and promotion of public private partnerships in order to achieve growth in market share and emerge as a world-class sea port of choice (KPA, 2010). Table 1 shows the high level management organization structure of the Kenya Ports Authority.

1.2 Research Problem

For a long time, corporations were controlled by the owners through direct control of the managers if not through direct management for the pursuit of economic goals. But as shareholding became dispersed, owner control weakened; and as the corporation grew to very large size, its economic actions came to have increasing social consequences. The government widely held corporations came increasingly under the implicit control of managers, and the concept of social responsibility, the voluntary consideration of public social goals alongside the private economic ones among others arose to provide a basis of legitimacy for their actions (Mintzberg 2011). Today, all players in business face the interest and the impact of different people and groupings. Especially government corporations have to care not only for the needs of their direct owners (public), but also of various other groups, like employees, public interest groups like environmental organizations, strategic partners, journalists or public monitoring bodies. According to each company's individual situation, this list
could easily be extended. Therefore, all corporations are operating within a complex system of interests and influences.

Kenya Ports Authority and in particular the Port of Mombasa is the heart of trade in Eastern and Central Africa and Southern Sudan. The Port of Mombasa also serves as a primary gateway to the Great Lakes Region and also serves the horn of Africa. It plays a strategic role in the economy of the region as a whole. Kenya Ports Authority has undergone tremendous transformations hence a lot of operational and management systems have changed. The liberalization of the maritime sectors has fuelled competition from other ports within the region namely the ports of Durban, Beira, Nacala, Salalah, Louis, Djibouti and Dar-Es-Salaam (Kamau, 2008). All these ports are competing for the regions share of commerce. The globalization of competition, saturation of markets, and development of information technology has resulted in the emergence of new stakeholders. In 2009, KPA developed and launched its first three-year strategic plan for the period 2009/2010 – 2011/2012 as an overall framework for planning and implementing of its programmes (KPA, 2010). The current KPA strategic plan 2010/11 -2012/13 presents the strategic directions that will guide the corporation for the next three years to realize its vision of being the world class seaports of choice (KPA, 2010). From the above noted, it is no doubt that KPA could be the only state corporation in the country with a wide range of different stakeholders. Almost every individual in the region depends on or is affected directly or indirectly by Kenya Ports Authority.

There are studies that have been conducted under the context of Kenya Ports Authority (Mwendar, 1987; Tai, 2007; Kamau, 2008; Kianne, 2010) but none of them had any conceptual argument on stakeholder management. Notwithstanding the above noted, there have had a lot of transformations of business operations in this organization especially from the year 1999. This is to note that concerns and priorities have changed over time, with new classes and configurations of stakeholders appearing or emerging in response to changing circumstances.

Prior to the year 2000, Kenya Ports Authority stakeholders used to work disjointedly. There was little collaboration amongst them and each made decisions independently without having the benefit of knowing how they could affect the overall business.
However, despite the efforts made by KPA to uphold a close relationship with its stakeholders, no research has been undertaken to determine the management practices that it embraces on its major stakeholders. It is against this background that this research paper aims at addressing the following questions: What type of stakeholder management practices does Kenya Ports Authority embrace for its major stakeholders? What are the factors that influence stakeholder management at Kenya Ports Authority?

1.3 Objectives of the Study

The objectives of the study are:

1. To determine the stakeholder management practices at Kenya Ports Authority and in particular the Port of Mombasa

2. To determine the factors influencing Stakeholder Management at Kenya Ports Authority.

1.4 Value of the Study

The research will benefit a number of individuals. Some of them are discussed here within. The scholars will have some research literature or many of them would realize some gaps for further research in theory and practice of stakeholder’s management. Policy makers will get information that would be relevant to them especially since the information will come from the stakeholders who directly impact on the performance of the port services.

The management of Kenya Ports Authority will benefit for the material because they will get information regarding management of stakeholders and how they can be able to handle some of the challenges they face while in pursuit of its businesses. Since research will provide empirical evidence, the data will be factual and relevant to them. Other researchers will also benefit for this material because they can get literature review information for their articles and journals. Generally, the research shall give suitable recommendations that can be used to manage stakeholders in government parastatals in Kenya.
CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This chapter focuses on the empirical and theoretical literature relevant to the problem being investigated showing clearly the linkage of literature review to the research questions. The chapter indicates what has been done by other researchers including the methodologies used and this enables the researcher to identify gaps clearly. The hypothesized variables are shown as subheadings of the literature review to form a framework that would help in analysis.

Stakeholder Management is a process and control that must be planned and guided by underlying principles. Stakeholder management, within business or projects, prepares a strategy utilizing information (or intelligence). Stakeholder agreement is a collection of agreed decisions between stakeholders. This may be the lexicon of an organization or project, or the values of an initiative, the objectives, or the model of the organization, etc. These should be signed by key stakeholder representatives. Contemporary or modern business and project practice favours transparent, honest and open stakeholder management processes.

2.2. The Stakeholder Theory

Basically, stakeholder theory is an organizational management theory that complies with accepted business ethics addressing values and morals in the management of an organization (Phillips & Freeman, 2003). This theory was emphatically propounded initially by Edward Freeman in his book, “Strategic Management: A Stakeholder Approach”. He identified the groups that are considered as stakeholders in any business entity or corporation. He also described the various models of the groups and presented recommendations to the management to give adequate regard and respect to the interests of all these groups (Freeman, 1984). Traditionally, the shareholders of an organization were considered as the main stakeholders. Later this principle was expanded to include investors, employees, customers, and suppliers as the four major stakeholders of a company. However, the modern stakeholder theory rightly points out that several other groups such as banks that provide finance to the company, trade
unions, governmental bodies such as tax authorities and company law regulators, political groups, associated corporations, and various communities with which the company interacts are all stakeholders in a company. For example, it is not possible for any organization to conduct its business in the present market conditions without seeking loans and other financial assistance from banks. As such, it is quite obvious that banks are major stakeholders in any organization with strong interests in the growth of the company.

The stakeholder theory integrates the resource-based viewpoint with the market-based viewpoint, while also adding social and political factors. The normative base of stakeholder theory is its main core, since identification of all moral and philosophical guidelines that are required for the management and successful operation of the company are included in this. In the above theory, eight types of stakeholders had been specifically identified as having influence on any organization. They are investors, suppliers, employees, customers, trade associations, governments, political groups, and communities (Donaldson & Preston, 1995). However, it is interesting to note that the banking sector, which is generally accepted as a major stakeholder in the functioning of any organization had not been directly included or mentioned in the above description.

The power of the stakeholders is the means or the power to impose their will on an organization due to their various levels of relationship with the company. The urgency is the criticality or time sensitivity of the claims of the stakeholders. The legitimacy is the socially expected and accepted behaviors, structures, and norms that the company should follow to serve the interests of the stakeholders in the best possible manner (Mitchell, et al. 1997). Since banks are the major contributors of finance for running an organization, all the above three factors of power, urgency, and legitimacy play an important role in their interests and influence on the organization. The stakeholder theory as brought out by Freeman consists of five major themes. They are definition and salience of stakeholders, actions and responses of stakeholders, actions and responses of the company, performance of the company, and debates on stakeholder theory and its validity.

The stakeholder theory of Freeman had been steadily getting prominence since 1995. There had been a substantial rise in both proponents and detractors of this theory.
proponents point out that only shareholders cannot be considered as stakeholders, since the interests of several other groups also have strong interests in the performance of an organization. On the other hand, the detractors of this theory argue that the stakeholder theory of Freeman undermines the principle of wealth maximization of the shareholders, which is the most fundamental goal or objective of any business. One of the major opponents of stakeholder theory is Charles Blattberg. He argues that the stakeholder theory mainly consists of balancing or compromising the interests of various stakeholders, which is not a full solution. He proposes a ‘patriotic’ conceptual approach by an organization as an effective option to the stakeholder theory (Blattberg, 2004). Blattberg substitutes conversation as the right alternative to the negotiation theory of Freeman while dealing with conflicts among various stakeholder interests.

To arrive at a decision about the significance of stakeholder theory, we have to clearly understand the validity of stakeholder theory and the extent to which it can be applied to an organization. For this purpose, the stakeholders can be classified as primary stakeholders and secondary stakeholders. The interests of the company are decided by its relationship to these two types of stakeholders. The major objective of the company is to enhance its economic strength and increase the profits. The stakeholders also have the same interest but they are also keen on how the created wealth is distributed among the various groups of stakeholders. This is where the struggle starts between the different parties. The shareholders can demand that higher dividends be declared to them when profits increase. The government may intervene and decide on different tax structures for various sets of income levels. The employees can expect and fight for higher wages. The society can express that the company utilize a portion of the profits for the betterment of the communities from which the company is receiving its profits and fulfill its social obligations. The banks can increase the interest rates to benefit from the higher profits of the company. The different demands or expectations from the various stakeholders can easily create conflict and the company management might find it very hard to satisfy all of them. This is where the stakeholder theory helps an organization in balancing and compromising all these contradictory interests. Organizations are forced to explore contentious relationships and conflicts of interests among the stakeholders. They
should identify compatible and incompatible interests and introduce contingency procedures to examine and solve these conflicting interests (Friedman & Miles, 2002).

23 Empirical Studies on Stakeholder Management

The concept of stakeholder influence strategy is often used interchangeably with such concepts as 'influence tactic' (Hendry, 2005) and 'activities' (Rowley and Moldoveanu, 2003). Frooman (1999) discusses influence strategies as the "means" stakeholders use to get what they want and proposes that the nature of the resource relationship between the stakeholder and the firm determines what type of influence strategy will be used by each stakeholder. In his theoretical analysis, Frooman (1999) identifies four types of stakeholder influence strategies all based on the nature of resource relationships between stakeholders and the focal company. These strategies are: direct withholding, direct usage, indirect withholding and indirect usage. Withholding strategies are defined as those where the stakeholder ceases to provide a resource to a firm with the intention of making the firm change a certain behavior. Stakeholders may employ direct strategies, such as manipulating the flow of resources to the firm, or indirect strategies, such as working through an ally who manipulates the flow of resources to the firm.

Hendry (2005) has tested Frooman's (1999) propositions empirically by providing an account of different stakeholder influence strategies of four non-governmental organizations. In addition to the four influence strategies defined by Frooman (1999), Hendry (2005) brings up communication strategy as an important way of influencing a firm's behavior. Further, she identifies different kinds of influence strategies used by stakeholder organizations, such as, allying with other stakeholders, multi-stakeholder dialogue, letter-writing campaign, blockade, boycott, litigation and lobbying legislators. In addition to identifying a range of different influence strategy types that stakeholders can use to advance their claim, Hendry's (2005) empirical analysis focuses on identifying different determinants of influence strategy selection.

Prior research on the stakeholder side of the relationship has brought up some contextual factors that may explain stakeholder behavior. In addition to describing and examining the actual content of how stakeholders try to influence the organization
and what factors explain the choice of certain influence strategies, attention has recently been devoted to examining such factors that actually initiate and increase the likelihood of stakeholder mobilization and action (Rowley and Moldoveanu, 2003). Rowley and Moldoveanu’s (2003) work on stakeholder mobilization develops a theoretical model of stakeholder group action where the traditional interest-based action perspective is complemented with propositions concerning identity-based action. In turn, Rowley’s (1997) work proposes an inter-organizational network perspective and advocates how the network positions of stakeholders may actually explain their behavior. In addition to Rowley (1997), Neville and Menguc (2006) have also considered the interactions between stakeholders and their implications to the strength of stakeholder influence. In turn, Jawahar and McLaughlin (2001) adopt an organizational lifecycle perspective and provide insight into how the organizational lifecycle stage may actually affect stakeholders’ possibilities to influence managerial decision making.

2.4 Stakeholder Management Models

In a comment on the basic stakeholder model it was observed that “all stakeholder relationships are depicted in the same size and shape and are equidistant from the “black box” of the firm in the centre” (Donaldson and Preston, 1995). However, the impacts of the various stakeholders are not equal: not all carry the same weight, and stakes and risks may vary considerably. There are various categories of stakes and different degrees of risk (Clarkson, 1994). The stakeholders also vary in their power or influence. The density of interconnectedness varies (Rowley, 1997). The presence of some stakeholders represents a real asset, whereas others will be seen as a constraint. Mitchell et al. (1997) viewed stakeholder salience as a matter of multiple perceptions, and others see a constructed reality rather than an ‘objective one’ (Neville et al., 2004).

One of the interpretations of the stakeholder theory incorrectly sees it as arguing that a firm should take into account the aspirations of all its stakeholders and that they must all be treated equally irrespective of the fact that some clearly contribute more than others to the organization (Gioia, 1999; Marcoux, 2003; Phillips, 2004). However, stakeholder management does not imply that executives have to direct equal amounts of attention to all their constituents (Dentchev and Heene, 2003). Within the
stakeholder categories, the level of attention and obligation can vary with each attribute operating on a continuum, or series of continua, rather than as a binary, present or absent, term (Phillips, 2003; Mitchell et al., 1997; Neville et al., 2004).

The original graphical representation of the stakeholder model may be at the root of this misinterpretation since, for reasons of simplicity and clarity; it allotted to each stakeholder category an identical oval. Perhaps, to better reflect reality, one should represent the model with ovals of different sizes and intensities that reflect the relative importance of the various stakeholder categories.

Figure 2.1: Stakeholder Management Relationship Model


Mitchell, Agle and Wood (1997-99) have come up with stakeholder analysis model, that can help an organization manager in early phase of planning process to identify stakeholders and classify according to three major attributes, namely: (i) Power – to influence the organization or organization deliverables (coercive, financial or material, brand or image); (ii) Legitimacy – of the relationship and actions in terms of desirability, properness or appropriateness; (iii) Urgency – of the requirements in terms of criticality and time sensitivity for the stakeholder. Based on the combination of these attributes, priority is assigned to the stakeholder.
Mitchell et al. attribute model of stakeholder priority hierarchy becomes a common model used in management of stakeholders. The enabling and functional linkages are the most important for an organization to maintain long-term success which is clearly identified in this model. The enabling linkages are dominant stakeholders by definition, because groups such as stockholders and regulatory agencies have power over the organization and their interests are usually legitimate. If the issue affecting enabling stakeholders is urgent then they become definitive stakeholders and would be given highest priority. Functional input linkages, such as employees, suppliers, and unions, have a legitimate claim on the organization and high levels of involvement. They are economically dependent on. Therefore, Mitchell’s hierarchy model is important in the management of stakeholders because it helps management to group their stakeholders using different linkages.
2.5 Stakeholder Management Practices

Stakeholder management is critical to the success of every project in every organization. Researches have shown that organizations that have and live by their values, that put people (stakeholders) first, and that manage using high commitment work practices outperform those that don't. Equally, it has been evidenced that better management practices are significantly associated with higher productivity and other indicators of corporate performance, including return on capital employed, sales per employee, sales growth and growth in market share (Bloom et al. 2005). In a research by Bloom et al. (2005) noted that there has been an absence of good quality data on management practices measured in a systematic way across firms and nations. Stakeholder Management practices vary across firms depending on the nature of activities and services rendered. For example, the authors noted that across 18 key
management practices that appear to matter to industrial firms fall into broad areas, namely: shop-floor operations, performance monitoring, target setting and incentive setting.

Pfeffer (1998) noted seven management practices of successful organizations, namely: employment security, selective hiring of new personnel, self-managed teams and decentralization of decision making as the basic principles of organizational design, comparatively high compensation contingent on organizational performance, extensive training, reduced status distinctions and barriers, including dress, language, office arrangements and wage differences across levels and extensive sharing of financial and performance information throughout the organization. Bloom et al. (2005) argue that well-managed firms perform significantly better than poorly managed firms, with higher levels of productivity, profitability, growth rates and market values. The researchers continue to state that variations in management practices persist due to the following threefold: Firstly, product market competition is a primary driver of good management practices. Competition improves management practices mainly by forcing badly run firms to shape-up or close. Secondly, firm’s age seems to matter with very old firms having the lowest average scores for quality of management practices. This is consistent with the idea that new entrants find it easier than their old counterparts to adopt the best management practices of the era in which they were founded. Thirdly, stronger labour market regulation significantly impedes good management practices. This suggests that regulation impedes the adoption of new management practices.

Communication enhances stakeholders to effectively participate in organization decision making processes (Urich and Fisher, 1999). The authors further note that communication creates an enabling environment for stakeholders to engage in dialogue with members of the organization. According to Fearn-Banks (2007), communication with internal stakeholders before, during and after a crisis is vital. Stakeholder management entails communicating, negotiating and contracting, managing relationships and motivating them to respond to the organization in ways that benefit it. An organization should establish who its stakeholders are, what stakes do they hold and what opportunities and challenges they present to the organization. It should also be known what their economic, legal, ethical, and philanthropic responsibilities
the organization has to its stakeholders and in what way the organization can best communicate to them. As Lindsay (2006), observes that management strategies for stakeholders could be developed based on their potential power influence outcomes.

Cornelissen (2008) points out two models, notably: the salience and the power models as ways of helping to identify and categorize stakeholders. The salience model focuses on the urgency, the power and the legitimacy aspects of stakeholders. This salience brings out seven types of stakeholders notably: dormant, dominant, discretionary, definitive, dangerous, dependent and demanding types. On the other hand, the Power matrix model focuses on categorizing stakeholders on the basis of the power that they posses and the extent to which they are likely to have or show an interest in the organization’s activities.

Thus an organization should ensure that high power but low interest stakeholders are kept satisfied while minimal effort is put on those with low power and low interest. Those with high interest but low power should be kept informed while those with high interest and high power should be maintained as key players. Lindsay, (2006) along same argument says an organization should collaborate with stakeholders with high potential for threat even if their potential for cooperation is low. They are called mixed blessing stakeholders. On the other hand a stakeholder with high potential for cooperation but low for threat should be involved too.

Scholars argue that corporate communication plays a crucial role in enhancing an organization’s reputation by listening to the publics’ expectations, addressing them with planned flows of communication content and cultivating relationships with salient stakeholders. According to Romenti (2010), pursuing stakeholder engagement ascertains that there is continuous alignment between corporate identity and organizational behaviour on the one side, and between stakeholders’ expectations and organizational behaviour on the other side. In particular, he argues, the activation of co-decisional processes involving stakeholders, and the stimulation of supporting behaviour from them, enables an organization to improve on delivery.
2.6 Expectations and Influences of Different Stakeholders

In an effort to compete in a competitive global market, businesses are implementing innovative management strategies and new manufacturing technologies. These strategies and technologies include: total quality management (TQM), flexible manufacturing systems (FMS), computer integrated manufacturing (CIM), just-in-time (JIT) and synchronous manufacturing (SM). For simplicity, these strategies and technologies, as a group, are called improvement programmes (Hill and Jones (1992).

Literature describing these improvement programmes and identifying many of the stakeholder groups involved in achieving a successful programme is abundant. Often identified, as stakeholders are employees, management, customers and suppliers. However, a detailed evaluation of group expectations resulting from an improvement programme could identify many additional indirect stakeholder groups. Identification of indirect stakeholders to ensure their involvement and co-operation could further enhance the benefits of an improvement programme. The first step in identifying indirect stakeholders is to examine closely the impact of improvement programmes on primary stakeholders. The examination should reveal significant changes in expectations of the primary stakeholders, given the changes in production processes. Next, indirect stakeholders are identified by determining the groups which can assist in achieving the desired performance from primary stakeholders.

2.7 The Stakeholder Management Cycle

Stakeholder management plans operate at many different levels across any organization, from peak executive bodies to individual streams of projects. The stakeholder management cycle, which leads to the identification of stakeholders and the development of a stakeholder management plan, can be applied at each level in the same manner. The stakeholder management cycle consists of the 5 steps shown in figure 2.2 below:
2.8 Factors Affecting Stakeholder Management

In a study to determine the critical success factors for stakeholder management process in a construction industry, it was noted that fifteen factors were regarded as critical by most respondents for the success of stakeholder management in construction projects. The factor regarding social responsibilities is considered most important for managing stakeholders (Yang et al., 2009). The authors rank the critical success factors as shown in Table 2, where managing stakeholders with social responsibilities is rated most important and assessing stakeholders' behaviour being the least important.

Figure 2.4: Steps of Stakeholder Management cycle


Although the above steps can be initiated in a logical sequence, they can also occur concurrently and iteratively. The same steps are then used to review stakeholders and ensure ongoing alignment.
### Critical Success Factors for Stakeholder Management process

<table>
<thead>
<tr>
<th>Critical Success Factor</th>
<th>Ranking</th>
</tr>
</thead>
<tbody>
<tr>
<td>Managing stakeholders with social responsibilities (economic, legal, environmental and ethical)</td>
<td>1</td>
</tr>
<tr>
<td>Exploring stakeholders’ needs and constraints to projects</td>
<td>2</td>
</tr>
<tr>
<td>Communicating with and engaging stakeholders properly and frequently</td>
<td>3</td>
</tr>
<tr>
<td>Understanding the area of stakeholders’ interests</td>
<td>4</td>
</tr>
<tr>
<td>Identifying stakeholders properly</td>
<td>5</td>
</tr>
<tr>
<td>Keeping and promoting a good relationship</td>
<td>6</td>
</tr>
<tr>
<td>Analyzing conflicts and coalitions among stakeholders</td>
<td>7</td>
</tr>
<tr>
<td>Predicting the influence of stakeholders accurately</td>
<td>8</td>
</tr>
<tr>
<td>Formulating appropriate strategies to manage stakeholders</td>
<td>9</td>
</tr>
<tr>
<td>Assessing attributes (power, urgency, and proximity) of stakeholders</td>
<td>10</td>
</tr>
<tr>
<td>Compromising conflicts among stakeholders effectively</td>
<td>11</td>
</tr>
<tr>
<td>Formulating a clear statement of project missions</td>
<td>12</td>
</tr>
<tr>
<td>Predicting stakeholders’ reactions for implementing the strategies</td>
<td>13</td>
</tr>
<tr>
<td>Analyzing the change of stakeholders’ influence and relationships during the project process</td>
<td>14</td>
</tr>
<tr>
<td>Assessing stakeholders’ behaviour</td>
<td>15</td>
</tr>
</tbody>
</table>

### Table 2.1: Ranking of the 15 Critical Success Factors


Olander and Landin (2008) in their study on factors affecting the stakeholder management process noted that stakeholder environment has a strong effect on project implementation. The environment will change in its nature depending on actions taken by different stakeholders and will affect project implementation in a certain way. The stakeholder management process can thus be defined as having the aim of
maintaining the desired implementation of the project and avoiding unnecessary conflict and controversy with stakeholders. From their comparative study of two projects, the authors revealed five different factors as explanations for the differences in the outcomes of the stakeholder management process: analysis of stakeholder concerns and needs; communication of benefits and negative impacts; evaluations of alternative solutions; project organization; and media relations.
CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This chapter sets out various stages and phases that were followed in completing the study. It involves a blueprint for the collection, measurement and analysis of data. This section is an overall scheme, plan or structure conceived to aid the researcher in answering the raised research questions. In this stage, most decisions about how research was executed and how interviewees were approached, as well as when, where and how the research was completed is addressed. Therefore, in this section, the research identified the procedures and techniques that were used in the collection, processing and analysis of data. Specifically the following subsections are included: research design, data collection procedures and finally data processing and analysis.

3.2 Research Design

The research is a case of KPA. It aimed at getting detailed information regarding stakeholder management practices as well as the factors influencing stakeholder management at the Kenya Ports Authority. According to Yin (1994), a case study allows an investigation to retain the holistic and meaningful characteristics of real life events. Kothari (2004) noted that a case study involves a careful and complete observation of social units. It is a method in-depth study that places more emphasis on the full analysis of a limited number of events or conditions and other interrelations.

3.3 Data Collection

The study relied on primary data though researcher also utilized published reports on stakeholders. Primary data was collected using in depth face to face interviews with the high level management of the organization. The interviewees of the study were all the seven heads of divisions, namely: Operations division, Infrastructure development division, Board and Legal services division, Human resource and administration division, Corporate services division, Engineering services division and Finance division, and five heads of critical departments, namely: Procurement and Supplies, Container Operations, Marketing, Corporate Affairs and Security Services. Also included as a respondent, was a section head of Quality Assurance Section from
Internal Audit and Risk Management department. These respondents and in particular all the seven heads of divisions form the key decision making body of the corporation. All the interviewees were interviewed individually by the researcher in their offices at appropriate convenient times in order to get maximum concentration from them for the purposes of drawing detailed information.

3.4 Data Processing and Analysis

The data was collected through the mentioned data collection instrument. First the collected data was edited and classified according to the research study objectives. The researcher used qualitative techniques for content analysis. Krippendorf (1980) defined content analysis as research technique of making replicable and valid interferences from data to then context.

Neuendorf (2002) defined content analysis further by describing it as the systematic, objective, quantitative analysis of message characteristics. Content analysis is therefore an observational research method that is used to systematically evaluate the actual and symbolic content of all forms of recorded communication.
4.1 Introduction

This chapter presents the analysis of the data collected through the interview guide. It also presents the findings from the data collected and provides a discussion of the same.

4.2 Key Stakeholders at Kenya Ports Authority

From the respondents, the list of stakeholders at Kenya Ports Authority is endless. It is no doubt that KPA could be the only state corporation in the country with a wide range of different stakeholders as almost every individual in the region depends on or is affected directly or indirectly by Kenya Ports Authority. However, the respondents indicated that there are key stakeholders who are affected by or contribute significantly towards port business. According to the respondents, there are 26 key stakeholders (as shown in appendix IV) who meet on every Fridays to discuss matters of port operations and policy issues.

According to the respondents, all the stakeholders are important in one way or the other. However, with respect to the core business of KPA, the respondents indicated that out of the key stakeholders, the following were noted to be very critical for the day-to-day business of cargo clearance: KPA, KRA, KEBS, KEPHIS, Shipping line Agent, Clearing and Forwarding Agent, and the Kenya Police.

The respondents indicated that there are stakeholders who are by virtue of statutory requirements such as the KRA, KEBS, KEPHIS, Kenya Police, Port Health and Immigration Department. According to the respondents, there are customary stakeholders such as the local community and Mombasa Municipal Council. From the analysis of the data, the research noted that KPA stakeholders can be classified into categories such as: Government agencies (e.g. KRA, Kenya Police), customers (e.g. exporters, importers, shipping lines), country representatives (e.g. Uganda, Rwanda), service providers (e.g. employees, consultants, contractors, suppliers, financial.
institutions), customary stakeholders (e.g. local community, Mombasa Municipal Council) and employee representatives (e.g. Dockworkers Union).

4.3 Stakeholder Management Practices

Stakeholder Management is indeed highly practiced at Kenya Ports Authority. According to the respondents, the Kenya Ports Authority has adopted various stakeholder management practices. The noted practices were the following: conducting various types of meetings (consultative meetings) such as briefing meetings held on regular basis, daily, weekly depending on the stake of the stakeholders, contract management (compliance with the laws that govern the relationship with stakeholders, e.g. procurement laws) and implementation of operational procedures in compliance to the legal stakeholders agreements, effective communication, effective customer care, performance monitoring, target setting, Rapid Result Initiatives, adherence to ISO standards, project management, planned training, sensitization, adoption of teamwork, joint industrial council deliberations and engagement with local community through corporate social responsibility. The research noted that a practice like incentive setting is enshrined in the Authority’s Charter but it is not being implemented.

According to the respondents, the divisional and departmental managers’ roles in strategic stakeholder management processes are: profiling and addressing each stakeholder’s needs, settling disputes and other stakeholder concerns, advising the Board of Directors and the KPA management in general on various issues affecting KPA’s relations with its stakeholders, interaction with stakeholders, ensuring compliance with rules and regulations, planning and implementation of various recommendations, facilitating stakeholder participation in port issues, facilitating meetings and advising on matters of industrial relations. Interaction with stakeholders is enhanced by way of customer relationship management where for instance the head of marketing department whose overall key role is to drive the business by managing customer demand for services, undertakes customer visits and programs aimed at enhancing customer loyalty. On stakeholder concerns such as cargo fast clearance, the head of container operations department, for instance, plans and coordinates the terminal operations, monitors performance and takes corrective measures whenever
the situation so demands so that a sustained customer satisfaction is maintained. The
head of security oversees the investigation of all cases involving property and cargo
loss or damage. The strategic role of ensuring compliance with rules and regulations
including settling of disputes are facilitated by the general manager in-charge of board
and legal services through interpretation of legal agreements and advising on claims
for injuries to persons and cargo within the port’s jurisdiction. The general manager
in-charge of corporate services leads in formulation of strategic plan, driving the
reform agenda, overseeing the development of the corporate business plans, and
marketing and public relations functions. Stakeholder participation in port issues is
facilitated by head of corporate affairs who oversees the planning of corporate visits
by key stakeholders and government officials to solicit understanding and
appreciation of the Authority. On matters of industrial relations, the general manager
takes the lead to function as the management spokesman at the Joint Industrial
Council and directly liaises with the Ministry of Labour, Federation of Kenya
Employees, Industrial Court and other related bodies/Authorities on matters involving
negotiations/disputes and related issues with the union. The research noted that KPA
reorganized its high level organization structure in 2011 that culminated in updating
of job descriptions of the divisional managers in line with changing business needs as
shown in appendices III and V respectively.

According to the respondents, Kenya Ports Authority has various roles in the
management of stakeholders such as: holding consultative meetings, advising on
matters of industrial relations, coordinating training of stakeholders, sensitization of
various issues that affect the stakeholders, communication to the stakeholders about
new ports development to enhance their support and commitment, availing
representatives to attend stakeholders meetings, arranging for business luncheons and
press conferences.

All the respondents agreed that they modify the stakeholder management practices to
suit different needs of different stakeholders from time to time because of their
changing demands. The respondents indicated that Kenya Ports Authority
management is keen to modify their practices when they fail. According to the
respondents, the following were the main indicators that would give alarm of failing
management practices: performances being abnormally low, drastically reduced gate
deliveries (reduced cargo clearance), receiving too many complaints, late deliveries and high number of adverse decisions against KPA by court rulings.

The research noted that Kenya Ports Authority has in place some corrective measures in dealing with failing stakeholder management practices. The corrective actions that the respondents indicated are: supervisors’ reports and project management feedback, performance indicators customer feedback, post mortem meetings, continuous improvement process, internal management review, advising on issues of adherence to laws and taking appropriate remedial steps to minimize claims, and constant monitoring and review feedback.

4.4 Factors influencing Stakeholder Management

According to the respondents, there are several factors that influence stakeholder management at Kenya Ports Authority. The research noted that the factors differ from one stakeholder to the other. These factors are: technology, knowledge gap, resources (finances), behavior of stakeholders, Government policies (intergovernmental differences in policies) and legal regime, competition among other authorities in the region, project management requirement, business trends, cost of doing business, availability of infrastructure and expertise, bureaucratic issues, geographical coverage, political instability/security and language barrier.

Further inquiry about the presence of challenges in stakeholder management confirmed that there were several challenges. According to the respondents, the challenges of stakeholder management are: political interference, conflict of interest among various stakeholders, policy issues that conflict with the stakeholders’ expectations, limited resources, bureaucracies, lack of goodwill from key stakeholders, perception of different stakeholders, culture and diversity stakeholder needs, technology, personal interests, attitudes, infighting among stakeholders and resistance to change.

There is a mix of structural and cultural factors that shape how managers think about stakeholder relationships especially while addressing the key challenges they could be facing as they make decisions regarding different stakeholders. The research noted that the management of Kenya Ports Authority has put up several measures to deal
with challenges faced in stakeholder management. According to the respondents, Kenya Ports Authority uses approaches such as sensitization, strict adherence to the law, lobbying, increased budgets for stakeholder sensitization program, training, effective communication, change management, prioritizing of issues, adoption of service level agreements, selective hiring, constant consultations and adherence to ISO.

4.5 Discussions of Findings

Stakeholder management is critical to the success of every project in every organization. Equally, it has been evidenced that better management practices are significantly associated with higher productivity and other indicators of corporate performance, including return on capital employed, sales per employee, sales growth and growth in market share. The research noted several stakeholder management practices that are practiced at KPA. Holding operational meetings on a daily basis is one of the many such practices. Every day, Kenya Ports Authority organizes different meetings with all key stakeholders planning the next day’s operations and appraising the previous day’s performance. This is important because it enhances speedy correction from deviations from the plans. Non-performance is also noted in its earliest stages and corrective actions taken.

KPA invests heavily on training programmes for its staff. It coordinates training of its stakeholders especially its employees. According to the respondents, training instills to employees a set of management competencies essential for delivering of better competitive and commercial practice. Staff training is an important contributor to individual and group motivation. Training has been evidenced to increase staff involvement in the organization, improve communication between peers, facilitate change, eliminates confusion since everybody understands his or her role. Effectiveness of stakeholder management is, at least in part, affected by the quality of people involved in the process in which case quality refers to skills, capabilities, experiences and other characteristics of people required by a specific task or position.

On the question of sensitization of stakeholders on new ports developments, KPA conducts various programmes on various issues that affect its stakeholders. KPA takes the responsibility of educating the stakeholders on current business trends, importance
of teamwork among others to prepare them for the changing business needs. Sensitization is done in different forums and different stakeholders are sensitized on different topical issues on different occasions.

Kenya Ports Authority has embraced effective communication with its stakeholders about new ports development to enhance their support and commitment. Communication is effected through organizing of business luncheons, stakeholder dinners, annual suppliers' conferences, media press conferences, and dissemination of newsletters and port handbooks. This is usually done promptly to the affected stakeholders. KPA has embraced modern communication technology and it is well able to address different stakeholders in their various capacities. The Authority is able to offer its customers real time information on queries with regard to their cargo status and any other issue concerning itself and other stakeholders in the logistics supply chain. Effective communication throughout the organization has led to a clear understanding of key roles and responsibilities of all stakeholders. The challenge in this case however is that many of the stakeholders have not embraced modern communication technology and therefore there is no fully utilization of the system. As well, Kenya Ports Authority as a corporate body embraces the care of its communities around. The Authority engages with the local community through its corporate social responsibility programmes geared towards improving their welfare status.

Kenya Ports Authority embraces teamwork spirit in whatever it does and its final goal is to achieve efficiency which is a collective responsibility. Self-managed teams have been set in committees to spearhead in achieving certain goals. According to the respondents, examples of these committees are but not limited to the following: Change Management committee, Corporation Tender Committee, Human Resource Newsletter committee, ISO Management steering committee, Tariff Review committee, Corporate Social Responsibility committee and Trade Fair committee, commonly known as ASK Show committee. Teamwork has also been manifested in the establishment of One Stop Centres such as the Container Operations and the Conventional Cargo where various sections of the departments including key critical stakeholders are housed under one roof for easy of cargo verification and document processing. In this case, teamwork is an essential practice and this is manifested on grounds that indeed port efficiency is a function of many players.
Target setting and performance monitoring are very key practices at Kenya Ports Authority as far as port performance management is concerned. During the year 2010/2011, KPA had a performance contract targets which were but not limited to the following: working vessel turn-around of 2.8 days, container dwell time of 6.5 days, port cargo clearance time of 2.7 days and document processing time of 1.25 days. The respective actual performance in the year 2010/2011 were as follows: working vessel turn-around of 2.9 days, container dwell time of 6.2 days, port cargo clearance time of 2.9 days and document processing time of 0.73 days as shown in Table 4.2 (KPA, 2011).

### Table 4.3: Yearly Comparative Performance Monitoring

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<thead>
<tr>
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<th></th>
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</thead>
<tbody>
<tr>
<td>1 Working Vessel turnaround</td>
<td>Days</td>
<td>2.90</td>
<td>2.60</td>
<td>0.30</td>
<td>11.5%</td>
</tr>
<tr>
<td>2 Cargo throughput</td>
<td>DWT-Million</td>
<td>19.0</td>
<td>19.14</td>
<td>-0.14</td>
<td>-0.7%</td>
</tr>
<tr>
<td>3 Container dwell time</td>
<td>Days</td>
<td>6.20</td>
<td>5.10</td>
<td>1.10</td>
<td>21.6%</td>
</tr>
<tr>
<td>4 Port cargo clearance time</td>
<td>Days</td>
<td>2.90</td>
<td>2.90</td>
<td>0.00</td>
<td>0.0%</td>
</tr>
<tr>
<td>5 Document processing time</td>
<td>Hours</td>
<td>0.73</td>
<td>1.10</td>
<td>-0.37</td>
<td>-33.6%</td>
</tr>
</tbody>
</table>

Source: Research Data (2012)

The research noted that in the year 2010/2011, container dwell time and working vessel turnaround time deteriorated by 21.6% and 11.5% respectively. This deterioration was as a result of increased volume of containers taken for scanning and system downtime experienced by SIMBA system – a KRA operating system. During the year 2010/2011, document processing time improved by 33.6% while container dwell time increased by 1.1 days when compared with the previous year. The increased dwell time was influenced by numerous system failures at KRA leading to inability of KPA to clear cargo while the improved document processing time was enhanced by technological advancement. Performance monitoring is a daily activity at
KPA through its operational meetings. All these practices enhance and build up some competitive spirit as they benchmark the organization to certain international levels—a healthy practice in stakeholder management.

Rapid Results Initiative is a practice for a short term goal and it has been commonly practiced at Kenya Ports Authority especially to reduce congestion. It takes on the big objectives and tackles them on a small scale to achieve measurable results in a short period of time and applying that knowledge to sustain other initiatives. This practice improves service delivery by increasing daily off-take of containers and reducing ship waiting time among others. Indeed this practice saved the port in January 2012, when there was an unprecedented growth of container traffic of 20,780 TEUs against the terminal capacity of 18,500 TEUs (KPA, 2012).

Adherence to ISO as a practice has earned Kenya Ports Authority some recognition as it is a requirement in the performance contract. It defines the roles and responsibilities of each and everyone and establishes processes and guidelines for everyone to follow. This ensures consistency throughout production and staff accountability. The practice boosts staff morale and enhances service delivery to its customers. Lastly, compliance with the laws that govern the relationship with stakeholders, e.g. procurement laws, has been a practice that KPA has enforced to ensure that rights and privileges of all stakeholders are guaranteed. This practice instills discipline among the stakeholders and in doing so builds integrity confidence. This has won KPA confidence of many stakeholders. On the policy issues that conflict with stakeholders’ expectations, the research noted that many of the policies in place are draconian though ISO is working tirelessly to reduce some of the inconsistencies in policy implementation and review.

Factors affecting stakeholder management vary across firms depending on the nature of activities, services rendered and changing times. On the question of technology, it was found that it is a key factor that seems to drive operations at KPA. It is a driver of change in the maritime industry. Different organizations embrace technology at different levels and different organizations need different types of technology. Not all the stakeholders are in the same platform as far as technology is concerned. Some are lagging behind in terms of technological advancement. Hence stakeholders cannot be managed in the same way. For example, it is noted that while KPA has invested heavily in technology, some of its stakeholder have not invested in the same manner.
or do not embrace technology due to their own cultural perspectives. This poses a great challenge as there is no fully utilization of the technology that KPA has invested heavily to enhance fast cargo clearance as had been envisaged. For example, KRA has had numerous system failures and this as well has rendered KPA inability to utilize its system effectively.

Competition is another factor that directly affects how stakeholders are managed. Competition improves management practices mainly by forcing badly run firms to shape-up or close. KPA is facing major competition from the ports of Durban, Beira, Nacala, Salalah, Louis, Djibouti and Dar-Es-Salaam. For example, the Ugandan government has the option of switching to the port of Dar-Es-Salaam in Tanzania if it is not satisfied with the Mombasa Port. This poses a threat to Kenya Ports Authority and therefore this entails that KPA would do everything possible to ensure that it retains its customers by effecting proper stakeholder management practices. Of equal importance as a factor is political interference of the Port management. This means that there are many good decisions that are not implemented because of the parochial self interests of the political elites from the public stakeholders whose needs are satisfied even at the detriment of the port operations.

Resources are an important factor in the management of any organization. In this context, resources shall be construed to mean monetary resources. There are many programs that the port plans to embark, for example assisting the local community in corporate social responsibility projects and making frequent outreach visits to its potential customers, but constraints of resources become a bottleneck in implementation of these strategic stakeholder management practices. In many circumstances, finance is a scarce resource and prioritization of what is to be done becomes one of the key measures to be undertaken in order to curb the challenge of lack of resources.

Changing global business trends are directly affecting how KPA stakeholders are managed. For example, the maritime sector has changed significantly in the past few years. The research noted that mega vessels have entered the market to take advantage of economies of scale. This has demanded higher and better performing equipment, timely supply of cargo and ship services. All these have put pressure on KPA and equally its stakeholders. Every stakeholder must comply with the changes in order to
remain in business. This is causing a challenge because not all of them are adopting at
the same rate. This has actually caused KPA to enter into partnership with Container
Freight Station operators to be able to handle the changing business environment. As
well, technological revolution of containerization has gradually produced new forms
of relationships among countries, regions, and port cities, backed by a continuous
pressure on transport costs. Generally, changes in maritime industry and international
conventions in a way affect the way stakeholders are managed.

The factor of geographical coverage has an effect on the management of stakeholders.
Stakeholders are widely dispersed across the region with different cultures and
government regulations. This poses a great challenge to the management of
stakeholders at KPA. This is because the stakeholders cover a wide geographical area
and especially because of globalization, all cultures and governments are involved
hence a complex situation. All these require different approaches towards business
and managing stakeholders under this situation requires good knowledge on global
business strategy. For example, Rwanda, Uganda, Burundi and now Southern Sudan
are all of different social and cultural background, and also of different business
orientations. This also poses the challenge of language barrier in that some of the
countries are not English speaking hence at some times port marketers are required to
use the service of interpreters in their marketing mission.

Political instability/insecurity is a factor that was noted to affect the level at which
stakeholders are managed. Piracy, terrorist attacks and civil strife were noted to have
been so common in the recent past and that port security has been one of the most
important concerns today. This has resulted in the installation of Integrated Security
System – a multi-million project in compliance with the ISPS code. Threat of political
instability/insecurity hampers or sometimes cuts off rendering of services to
stakeholders notwithstanding the resulting of decline in cargo throughput. As well,
customers who visit the port in their business operations are heavily subjected to
security check a situation that does not instill a good customer relationship. Political
instability/insecurity is a very costly affair to deal with hence poses multiple
challenges at the Kenya Ports Authority.

Bureaucratic issues are occasioned by government policy directives,
intergovernmental differences in policies and also changes in legal regime. All these
affect the smooth management of stakeholders. Bureaucracies are found at two levels: internally within the organization, and at industry or governmental level by means of legislation and regulations. Over-regulation and over-control occurs when there is no or little leeway to be flexible, entrepreneurial and innovative. This presents a major challenge while considering some practices. According to the respondents, bureaucracy plays a major role in reducing efficiency and curtails decision making.

Project management as a factor affects management of stakeholders. This is especially so with the type of stakeholders who provide services, e.g. consultants, contractors and suppliers. According to the respondents, Kenya Ports Authority has embarked on major projects which are financed through donor funding. The way these major donor funded projects are managed is not the same way as local funded projects. This poses a challenge as KPA has to modify its management practice, i.e., its project management style, to apply it to a similar project depending on the source of funding.

Availability of infrastructure and expertise services play crucial roles in the management of stakeholders at Kenya Ports Authority. Availability of infrastructure reduces ship waiting time and ship turn-round (time taken by vessels to drop and pick cargo and leave the port). Expertise services such as pilotage and towage (the provision of pilots and tugs and other vessels to help ships to maneuver safely into and out of the port), including auxiliary services such as cargo security, fresh water supplies, ship repairs, etc., are very important practices in ensuring stakeholder satisfaction.
CHAPTER FIVE

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

This chapter presents the summary of findings, conclusions, recommendations, limitations of the study and suggestions for future research.

5.2 Summary of findings

The research was directed at establishing the stakeholder management practices used at the Kenya Ports Authority and also determining the factors affecting stakeholder management. The literature was drawn from various literatures available on written and documented materials and primary information from KPA. Interview guide was developed to collect data from all heads of divisions and some heads of certain key departments to provide information on the stakeholder management practices used at KPA and factors affecting its stakeholder management. Qualitative research analysis techniques were used to analyze content data. From the results, it emerged that stakeholder management is evident at Kenya Ports Authority and indeed it is highly practiced. The practices adopted by KPA are but are not limited to the following: consultative meetings, contract management, effective communication, effective customer care, performance monitoring, target setting, Rapid Result Initiatives, adherence to ISO standards, project management, training, sensitization, adoption of teamwork, joint industrial council deliberations and engagement with local community through corporate social responsibility.

The findings also indicated that there are various factors that influence stakeholder management. The most notably factors were found to be: technology, knowledge gap, resources (finances), behavior of stakeholders, Government policies (intergovernmental differences in policies ) and legal regime, competition among other authorities in the region, project management requirement, business trends, cost of doing business, availability of infrastructure and expertise, Bureaucratic issues, geographical coverage, political instability/security and language barrier.
The study noted KPA stakeholders can be classified into categories such as: Government agencies (e.g. KRA, Kenya Police), customers (e.g. exporters, importers, shipping lines), country representatives (e.g. Uganda, Rwanda), service providers (e.g. employees, consultants, contractors, suppliers, financial institutions), customary stakeholders (e.g. local community, Mombasa Municipal Council) and employee representatives (e.g. Dockworkers Union). The key stakeholders meet in a weekly basis to deliberate on matters of policy and operational issues. The study noted that all the stakeholders are important in one way or the other. However, with respect to the core business of KPA, the findings indicated that there are stakeholders who are very critical for the day-to-day business of cargo clearance: KPA, KRA, KEBS, KEPHIS, Shipping line Agent, Clearing and Forwarding Agent, and the Kenya Police.

5.3 Conclusions

Based on the findings, the researcher was able to conclude that there are various strategic stakeholder management practices that the organization uses in pursuit of its stakeholder management for business growth. In pursuit of stakeholder management, Kenya Ports Authority was found to be 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. Indeed, stakeholder management practices can go a long way in helping a company gain a competitive edge, help in defining the business of the organization, achieve right direction and benefit by having its various strategies entrenched and broadly accepted by all the employees guaranteeing successful implementation in the future.

Kenya Ports Authority was found to be a company optimistic that their current operating performance will be sustained in the future as a result of embracing strategic and stylish stakeholder management. Communication was found to be a key success factor within stakeholder management. Role of communication in the process of stakeholder management at Kenya Ports Authority was found to be acting as an effective vehicle for focusing the employees' attention on the value of the selected strategy to be implemented.
5.4 Recommendations

The study recommends that all KPA employees at all levels should undergo stakeholder management education to understand dealings with stakeholders as this was not found to be the case in the organization. Short term solutions should be avoided especially with the rapid response programs. Middle level managers should be highly sensitized on how to handle different stakeholders as the roles they play are pivotal in implementation of stakeholder management in most organizations.

The researcher further recommends that KPA should implement all its practices as it was noted that a practice like incentive setting is enshrined in the Authority’s Charter but it is not being implemented while it is a good practice in motivating of employees. Lastly, the following are also highly recommended: customer relationship management and public relations improvement including considering piloting before rolling out of policy and operational issues.

5.5 Suggestions for further research

The concept of stakeholder management is gaining recognition in the business world. The research design was a case study. However, for a wider and better overview, it is recommended that a survey be carried out to establish the different stakeholder management practices that are being employed in the maritime industry. Further research should be conducted on competitive advantage in adopting stakeholder management by Kenya Ports Authority. More studies should be carried out especially by replicating this study in other governmental parastatals to establish whether the same findings hold.

5.6 Implication of study for policy and practice

The research is an eye opener to the management of the Kenya Ports Authority. The stakeholder management practices that have been previously used have been credited by the respondents. Other practices or strategies that have not been used have been recommended to be applied in the stakeholder management at Kenya Ports Authority. Using the report will go a long way in improving the relationship between Kenya Ports Authority and its stakeholders as the Authority endeavors to perform its core
mandate as provided in the Act that established it. New policies can be introduced to accommodate the various proposals contained in the recommendations.
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Kenya Ports Authority (2010), *Business Plan*

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APPENDIX I

INTERVIEW GUIDE

My name is James Rai, a Master's student from the Nairobi University. As part of my requirement for the award of the master's degree, I am required to carry out a research study and submit the report to the examiners of the university. In this regard, I request to take a few minutes of your time so that you can provide me with the necessary information. Any information given will be treated with ultimate confidentiality and for no other purpose apart from specified academic purpose.

I thank you in advance for your time.

SECTION ONE: BACKGROUND INFORMATION

1.1 Name of the respondent (optional): ..................................................

(Delete where inapplicable)

1.3 Current Position: .................................................................

1.4 How long have you been in your current position: ..........................

(Tick as appropriate)
(i).Less than 1 year [ ]
(ii).Between 1 - 5 years [ ]
(iii).Between 6 - 10 years [ ]
(iv).Between 11 - 15 years [ ]
(v).Between 16 - 20 years [ ]
(vi). 21 years and above [ ]

1.5 How long have you worked in the organization: ..............................

(Tick as appropriate)
(i).Less than 1 year [ ]
(ii).Between 1 - 5 years [ ]
(iii).Between 6 - 10 years [ ]
(iv).Between 11 - 15 years [ ]
(v).Between 16 - 20 years [ ]
(vi). 21 years and above [ ]
1.6 How long have you worked in the Division/Department:..........................

(Delete where inapplicable and Tick as appropriate)
(i).Less than 1 year [ ]
(ii).Between 1 – 5 years [ ]
(iii).Between 6 – 10 years [ ]
(iv).Between 11 – 15 years [ ]
(v).Between 16 – 20 years [ ]
(vi). 21 years and above [ ]

SECTION TWO: STAKEHOLDER MANAGEMENT

2.1 Who are the organization’s stakeholders as it relates to your Division/Department?

2.2 Does your Division/Department or KPA as an organization practice stakeholder management? If yes, briefly explain how it is conducted.

2.3 As a Division/Department, what role do you play in strategic stakeholder management process in the organization?

2.4 Does your Division/Department or KPA as a whole employ stakeholder management practices?

Yes [ ]
No [ ]

If yes, what are the organization’s management practices as it relates to stakeholder management?

2.5 Do you modify or review your management practices?

Yes [ ]
No [ ]

If yes, how often do you modify or review your management practices with regard to stakeholder management?

2.6 How do you identify corrective measures when your stakeholder management practices fail? Please briefly explain.
2.7 What factors contribute to the adoption of stakeholder management in the organization?

2.8 Do you face any challenges in pursuit of stakeholder management in the organization?

<table>
<thead>
<tr>
<th>Yes</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>No</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

If yes, briefly explain some of the challenges faced by the organization in pursuit of stakeholder management.

2.9 List possible measures that can be undertaken in order to curb the challenges faced by the organization in pursuit of stakeholder management.

2.10 From the list of stakeholders mentioned above, who are stakeholders by virtue of statutory requirements?

2.11 From the list of stakeholders mentioned above, who are stakeholders by virtue of customary relationship?

2.12 Are there national and/or international bodies involved because of specific laws or treaties?

<table>
<thead>
<tr>
<th>Yes</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>No</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

If yes, list them.

**SECTION THREE: INFLUENCE AND IMPACT OF STAKEHOLDERS**

3.1. Who is directly responsible for decisions on issues important to the Kenya Ports Authority?

- Parent Ministry [ ]
- Board of Directors [ ]
- Chief Executive Officer [ ]
- Executive Management [ ]
3.2 Who holds positions of responsibility in interested or affected organizations?

Management Staff [ ]
Others (please specify) [ ]

3.3 Who will promote/support the Kenya Port Authority, provided that they are involved?

3.4 Who obstruct/hinder the decisions of the Kenya Ports Authority management if they are not involved?

3.5 Who has been involved in the key decisions making in the past?

3.6 Why did you choose them from all other stakeholders?

3.7 Who has not been involved up to now but should have been?

3.8 Why do you avoid them?

3.9 Do all your stakeholders have equal influence as to how you make decisions concerning them? If yes, what determines their level of influence: ————

If no, why ——

3.10 Any other suggestion relating to the stakeholder management at the Kenya Ports Authority?

Thank you for taking your time to provide the information.
UNIVERSITY OF NAIROBI
MOMBASA CAMPUS

DATE: 10TH SEPTEMBER, 2012

TO WHOM IT MAY CONCERN

The bearer of this letter, James Ndinya Rai of Registration Number D66/7118/2009 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 Management of Stakeholders 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 mailed to the interviewed organization on request.

Thank you.

[Signature]

Zephaniah Ogendo Nyagwak
Administrative Assistant, Administration, Mombasa Campus
APPENDIX III

HIGH LEVEL MANAGEMENT ORGANISATION STRUCTURE

<table>
<thead>
<tr>
<th>Board of Directors</th>
</tr>
</thead>
<tbody>
<tr>
<td>CEO</td>
</tr>
<tr>
<td>Security Department</td>
</tr>
</tbody>
</table>

**INTERNAL AUDIT DEPARTMENT**

**FINANCE DIVISION**

**CORPORATE SERVICES DIVISION**

**OPERATIONS DIVISION**

**INFRASTRUCTURE DIVISION**

**ENGINEERING SERVICES DIVISION**

**LEGAL SERVICES DIVISION**

**CONTRACTS & CONVEYANCING DEPT.**

**LITIGATION & DISPUTES DEPT.**

**INSURANCE & CLAIMS DEPT.**

**ETHICS & INTEGRITY DEPT.**

**HR & ADMN DIVISION**

**FINANCIAL ACCOUNTING DEPT.**

**MANAGEMENT ACCOUNTING DEPT.**

**PROCUREMENT DEPT.**

**CORPORATE AFFAIRS DEPT.**

**INFORMATION TECHNOLOGY DEPT.**

**MARKETING DEPT.**

**EMPLOYEE RELATIONS DEPT.**

**BANDARI COLLEGE**

**CONVENTIONAL CARGO DEPT.**

**MARINE OPERATION DEPT.**

**INLAND CONTAINER DEPT.**

**PROJECT DEVELOPMENT & MANAGEMENT DEPT.**

**CIVIL ENGINEERING DEPT.**

**ELECTRICAL ENGINEERING DEPT.**

**MECHANICAL ENGINEERING DEPT.**

**MARINE ENGINEERING DEPT.**

Table 1: High Level Management Organization Structure
Source: Derived from Kenya Ports Authority (2011), Bandari Staff Newsletter
### APPENDIX IV

**KEY STAKEHOLDERS AT KENYA PORTS AUTHORITY**

<table>
<thead>
<tr>
<th>No.</th>
<th>Stakeholders</th>
<th>Remarks</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Kenya Ports Authority</td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>CFS Operators Association</td>
<td>CFS companies</td>
</tr>
<tr>
<td>3</td>
<td>Kenya Police</td>
<td></td>
</tr>
<tr>
<td>4</td>
<td>Kenya Revenue Authority</td>
<td></td>
</tr>
<tr>
<td>5</td>
<td>Rift Valley Railways</td>
<td></td>
</tr>
<tr>
<td>6</td>
<td>Kenya Maritime Authority</td>
<td></td>
</tr>
<tr>
<td>7</td>
<td>Kenya Ships' Agents Association</td>
<td>Represents Shipping lines</td>
</tr>
<tr>
<td>8</td>
<td>Kenya International Freight &amp; Warehousing</td>
<td>Clearing &amp; Forwarding companies</td>
</tr>
<tr>
<td></td>
<td>Association</td>
<td></td>
</tr>
<tr>
<td>9</td>
<td>Uganda Representative</td>
<td></td>
</tr>
<tr>
<td>10</td>
<td>Rwanda Representative</td>
<td></td>
</tr>
<tr>
<td>11</td>
<td>DRC Representative</td>
<td></td>
</tr>
<tr>
<td>12</td>
<td>City Council of Mombasa</td>
<td></td>
</tr>
<tr>
<td>13</td>
<td>Kenya Transport Association</td>
<td></td>
</tr>
<tr>
<td>14</td>
<td>Road Transport Association</td>
<td></td>
</tr>
<tr>
<td>15</td>
<td>East Africa Tea Trade Association</td>
<td></td>
</tr>
<tr>
<td>16</td>
<td>Kenya Bureau of Standards</td>
<td></td>
</tr>
<tr>
<td>17</td>
<td>Ant-Counterfeit Agency</td>
<td></td>
</tr>
<tr>
<td>18</td>
<td>Kenya Plant Health Inspectorate Services</td>
<td></td>
</tr>
<tr>
<td>19</td>
<td>Port Health</td>
<td></td>
</tr>
<tr>
<td>20</td>
<td>Kenya Association of Manufacturers</td>
<td></td>
</tr>
<tr>
<td>21</td>
<td>Kenya Shippers Council</td>
<td></td>
</tr>
<tr>
<td>22</td>
<td>Kenya National Highways Authority</td>
<td></td>
</tr>
<tr>
<td>23</td>
<td>Kenya Urban Roads Authority</td>
<td></td>
</tr>
<tr>
<td>24</td>
<td>Cereal Millers Association</td>
<td>E.g. Grain BulkHandlers, etc</td>
</tr>
<tr>
<td>25</td>
<td>Northern Corridor Transit Transport Coordination</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Authority</td>
<td></td>
</tr>
<tr>
<td>26</td>
<td>Immigration Department</td>
<td></td>
</tr>
</tbody>
</table>

**Table 4:** Key Stakeholders at Kenya Ports Authority  
**Source:** Researcher Data (2012)
## APPENDIX V

### JOB DESCRIPTIONS OF RESPONDENTS

<table>
<thead>
<tr>
<th>No.</th>
<th>Designations</th>
<th>Summary of Job Descriptions</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>General Manager Finance</td>
<td>Formulate and implement financial policies and plans, provide accurate, timely and relevant financial information and provision of customer care</td>
</tr>
<tr>
<td>2</td>
<td>General Manager Infrastructure</td>
<td>Responsible for the control and coordination of capital projects and ensure the optimum provision, maintenance and repair of infrastructure</td>
</tr>
<tr>
<td>3</td>
<td>General Manager Engineering Services</td>
<td>Responsible for delivery of effective engineering services to support core operations of the Authority</td>
</tr>
<tr>
<td>4</td>
<td>General Manager Corporate Services</td>
<td>Formulates strategic plan, drive the reform agenda, oversee the development of the corporate business plans</td>
</tr>
<tr>
<td>5</td>
<td>General Manager Operations</td>
<td>Ensures marine/cargo handling operations are all in accordance with the Authority’s cost and performance objectives to achieve and maintain operational efficiency and meeting client expectations.</td>
</tr>
<tr>
<td>6</td>
<td>General Manager Board &amp; Legal Services</td>
<td>Discharging the statutory duties of a secretary and conducting the legal work and advising Authority’s management on all legal matters.</td>
</tr>
<tr>
<td>7</td>
<td>General Manager Human Resource &amp; Administration</td>
<td>Responsible for the entire spectrum of the HR programmes/strategies including the acquisition, development and retention of the human resources to meet the corporate objectives of the Authority.</td>
</tr>
<tr>
<td>8</td>
<td>Head of Corporate Affairs</td>
<td>Coordinates internal and external communications and advises the management on public relations and international relations</td>
</tr>
<tr>
<td>9</td>
<td>Head of Container Operations</td>
<td>Co-ordinates operations, monitors performance, takes corrective measures, maintains a sustained customer service satisfaction and takes immediate action on customer complaints and problems</td>
</tr>
<tr>
<td>10</td>
<td>Head of Marketing</td>
<td>Manages customer demands for services including designing appropriate market research programme &amp; customer analysis</td>
</tr>
<tr>
<td>11</td>
<td>Head of Procurement and Supplies</td>
<td>Manages the provision of purchasing and supplies services, liaises and negotiates with suppliers to ensure KPA obtains value for money</td>
</tr>
<tr>
<td>12</td>
<td>Head of Security Services</td>
<td>Manages port security and ensuring adequate measures are in place to protect the Authority’s assets, equipment, personnel and cargo</td>
</tr>
<tr>
<td>13</td>
<td>Quality Assurance Manager</td>
<td>Managing offering quality services and assuring the implementation and maintenance of the management systems, including promotion of efficiency, quality achievement and performance improvement</td>
</tr>
</tbody>
</table>

Table 4.2: Job Descriptions of Respondents  
Source: Researcher Data (2012)  
53