IMPLEMENTING ORGANISATIONAL CHANGE THROUGH RISK MANAGEMENT: THE CASE OF CUSTOMS EXCISE AND PREVENTIVE SERVICE, TEMA HARBOUR

by

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DECLARATION

I declare that this research paper presented for the award of a Masters in Business Administration at the Graduate Section of the Kwame Nkrumah University of Science and Technology, has not been previously submitted by me or anyone else for a degree at this or any other university.

That it is my own work and materials employed have been duly acknowledged.

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ABSTRACT

In recent years, the international trading environment has been transformed dramatically in terms of the manner in which goods are carried and traded, the speed and sheer volume of such transactions. In 2003 CEPS marked a shift in customs control mechanism from the traditional gatekeeper method to the risk management approach. The study sought to examine the risk management system as an efficient control tool and the nature of the corresponding change process that launched the concept.

Data was gathered through interviews, questionnaires and published works relevant to the study. Findings were analyzed by use of SPSS version 17.0 to generate tables/diagrams and to establish relationships among variables.

Findings indicated that the changing global trends and challenges stimulated the need for change: exponential growth in international trade; the emergence of non-traditional international crimes and the upsurge of transnational crimes. The study further revealed that risk management enhanced service in CEPS. However, the change process was found to be structural and did not adequately involve, train, and provide needed orientation for the organizational participants who are central to the change process. Conclusion drawn revealed that the purpose for which the study was embarked on had been significantly achieved.

The study recommended among others the concurrent replication of the risk management concept at all customs stations, the review of customs laws to involve mandatory compliance to dictates of risk management profiling and the involvement of stakeholders in change processes.

DEDICATION

I dedicate this thesis to my wife, Dorcas; and children, Alexander, Richard, Stephen, Monica and Emmanuel for the understanding and encouragement they provided during the entire course of study.

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TABLE OF CONTENT

ABBREVIATIONS

CEPS --- Customs, Excise and Preventive Service

CRMS --- Customs Risk Management System

GCNET --- Ghana Community Trade Network

NRCD --- National Redemption Council Decree

RP & M --- Research, Planning and Monitoring

SMCD --- Supreme Military Council Decree

UNCTAD --- United Nations Conference on Trade and Development

WCO --- World Customs Organization

WTO --- World Trade Organization

SPSS … Statistical Package for the Social Sciences

LIST OF TABLES

TABLE PAGE

LIST OF FIGURES

CHAPTER ONE

GENERAL INTRODUCTION

1.0 Background information to the study

Economic integration within the framework of free trade agreements have been a major force to international trade liberalization resulting in a phenomenal boom in trade volumes. The increases in world trade in recent times have placed increasing demand on Customs administration the world over (Customs Modernization Handbook, 2009). Every shipment passes through customs control, at least twice, (i.e. once through import and once through export), making Customs a key player in the international supply chain process. This development had resulted in the need for Customs to adjust its control mechanism to accommodate the exponential growth in trade since there was no commensurate increase in staff and other non-human resources.

Prior to 2003, the control strategy employed by Customs, Excise and Preventive Service (CEPS) in Ghana, was that of the traditional gatekeeper system which essentially involved a thorough examination of import and export consignments which were examined regardless of the potential risks they present. From 2003 to date, the gatekeeper system was replaced with the risk management concept of Customs control with the view of reducing physical examination to twenty per cent (Guide for Importers and Exporters, 2002). The risk management style, unlike the previous approach, involved the degree of customs control based on identified potential risk.

Expectations were that the new approach would favorably confront the changing global order and thereby enable CEPS to achieve her organizational objectives and satisfy the needs of customers and employees.

1.1 PROBLEM STATEMENT

Examination of cargo, one of the core functions of customs administrations involves significant outlay of time, energy and financial commitment. In 2003, CEPS introduced a new mode of cargo examination that marked a departure from the "traditional" method of examining consignments to the risk management system. This operational shift required a change process capable of ensuring successful migration from the old regime to the new system of examination. However, these merits as a result of the change management process of risk management was expected to find expressions in improving upon the quality of work performed by modifying its operational structure, policy, work processes and procedures, improved service delivery and customer satisfaction but have failed in curbing all these issues.

It was against this problem been envisaged in CEPS that this study had sought to find solutions to, by identifying and examining the changing global trends vis-à-vis the corresponding changes in her role to respond constructively to the changing global phenomenon of risk management practices to be adopted to suite current situations in Ghana and the extent to which it had enhanced or hampered successful implementation processes.

1.2 OBJECTIVES OF THE STUDY

1.2.1 GENERAL OBJECTIVE

The general objective of the study was to examine the effect of the new risk management system introduced by CEPS on the consignments inspection processes from 2003 to 2010 and nature of the change process that launched the transformation.

1.2.2 SPECIFIC OBJECTIVES

Specifically, the study aims to;

1. Identify factors that occasioned change management process of CEPS in Ghana in relation to consignment inspection.
2. Examine how the change process in relation to risk management system had influenced the operations of CEPS in Ghana.
3. Analyze the degree to which risk management system had been useful to CEPS in Ghana in the attainment of the set goals of the concept.
4. Evaluate the extent to which change strategies adopted had enhanced or hampered successful implementation.
5. Offer recommendations based on findings to help improve performance of CEPS in Ghana.

1.3 RESEARCH QUESTIONS

1. What factors occasioned the risk management process of CEPS in Ghana?
2. To what extent has the implementation of risk management influenced the operations of CEPS in Ghana?

3. How has the implementation of risk management by CEPS in Ghana introduced any change processes that have garnered any improvement in service delivery to customers?
4. Has the introduction of new risk management by CEPS improved staff as well as customers satisfaction?

1.4 RELEVANCE OF THE STUDY

CEPS find themselves increasingly under pressure from national government and international organizations to facilitate clearance of legitimate trade while responding to the upsurge in the volume of transnational trade. These competing interests require the effective implementation of risk management practices to achieve these goals.

Secondly, the study had sought to contribute towards an understanding of how public organizations respond toward the phenomenon of global socio-economic changes as well as changes in the environment in which they are located.

It elucidates the dynamics of organizational change with particular reference to CEPS as dictated by the concept of risk management in cargo inspection. The rising non-traditional security issues such as the terrorist attacks of September, 11 had brought to the fore the need for a more purposive form of customs control with risk management as key component.

Furthermore, the study was intended to contribute to knowledge that could be of benefit to practitioners of organizational change through risk management through eliciting views from

respondents that would form the basis and reference point for further study on risk management as well as provide an insight into administrative behavior of a public organization faced with restructuring a system and managing the painful process of change.

1.5 SCOPE OF STUDY

The concept of change is a pervasive and continuous phenomenon which involves constant review of progress. It is, therefore, tedious to review organizational change within a broad parametric framework. As a result the study covers the period from 1999 to 2010. Responses to research questions were generated from the Tema Port sector of the service.

The Tema port generated about 80% of the total revenue of CEPS, thus, reflecting the volume of trade transactions in Ghana. Tema Port was noted for congestion and excessive delays in cargo clearance (GNA, 2005). This situation, therefore, renders the port more sensitive to the impact of the risk management system. From the above, the study sought to limit its scope to staff of CEPS and clearing agents at Tema Port in order to assess the impact of risk management in CEPS on its revenue generation for the country.

1.6 LIMITATIONS AND ANTICIPATED SOLUTIONS TO THE STUDY

The primary limitation of this methodology relates to time, considering the time scale for the completion of the research it is necessary that a project with a specific life cycle which allows for an appraisal period after its completion be used for the purposes of the research. Additionally it can be argued that major problems with participant bias can exist in this type of research. It will therefore be necessary to gain the trust of the participants in the researcher

and the research process both to nullify any fears they might have over the content of the project and reduce any performance measurement bias associated with research of this type. In this aspect then an inclusive and participative environment within which the research can be conducted is vital, (Cooper and Schindler, 2003).

1.7 ORGANIZATION OF THE STUDY

The study was organized into five chapters. Chapter one offered a background introduction to the study, problem statement, objectives (both general and specific), research questions, relevance, scope, and limitations as well as anticipated solutions of the study.

Chapter two reviews related literature of the study by providing a historical background information to the study, a theoretical framework and empirical analyses to the study while chapter three explains the various methods used to espouse information from respondents which include a research design, population, sampling and sampling techniques, sources of data, instrumentation, data presentation and analyses procedures.

Chapter four analyses and discusses the results of the study while chapter five summarizes, offer recommendations and conclusion for the study.

CHAPTER TWO

LITERATURE REVIEW

2.0 INTRODUCTION

This chapter reviews related literature of the study through a historical background, a theoretical framework and empirical analyses that are of significant relevance to risk management as a change management strategy being implemented by CEPS, Ghana.

2.1 HISTORICAL BACKGROUND OF CUSTOMS, EXCISE AND PREVENTIVE SERVICE (CEPS) IN GHANA

The Customs and Excise Department was established in 1939 with the mandate to collect, account

and protect indirect taxes. In 1986, the government begun a programme aimed at restructuring and rationalizing its major revenue collecting agencies. The role of this department was enhanced with the strengthening of her preventive functions to include duties for which the erstwhile Border Guards were previously responsible (PNDC Law 330, 1993). The department was re-named Customs, Excise and Preventive Service (CEPS) coupled with new administrative structures to accord with its corporate, para-military and quasi self-accounting status. These structural changes were given legal effect with the promulgation of the Customs, Excise and Preventive Service Law in 1986. (PNDC Law, 144)

PNDC Law 144 restated and consolidated all major existing enactments that guided the administration and operations of CEPS in a convenient form, raised penalties to realistic

levels and introduced provisions aimed at strengthening the preventive capacity of the new service.

(CEPS Law 330, 1993) After the enactment of the PNDCL 144, it was found necessary to consolidate once again all existing Customs laws including the Customs and Excise Decree, 1972 (NRCD 114), the Sales Tax Act 1965 (Act 257, and the Vehicle Purchase Tax Decree, (SMCD 184), and among others. The outcome of the consolidation saw the enactment of the Customs, Excise and Preventive Service Management Law, (PNDCL 330), (Danquah 2008, p. 46)

Further to this major restructuring, new personnel were recruited and new departments were created while a new training facility, the CEPS Academy was established at Kpetoe out of a legacy bequeathed by the Border Guards Unit.

A recent landmark is the introduction of the Value-Added Tax Service (1995, 1998) under which the VAT Service was created to collect indirect taxes comprising Service tax administered by the Internal Revenue Service(IRS) and the Sales Tax handled by CEPS. The rationale for this move was to enable CEPS concentrate on its Customs and Preventive functions while the IRS focuses on the collection of Income, Property and Corporate taxes. Since then CEPS has been responsible for the collection of Import Value-added tax on behalf of the VAT Service.

Customs, world over, however, performed a number of revenue (i.e. critical scrutiny of documents and examination of consignments with a view of determining the amount of duties and taxes payable, collecting/accounting as well as protecting revenues generated) and

non-revenue (i.e. facilitation of international trade, control of movement of persons across a country's frontiers, enforcement of international laws and regulations, import and export restrictions, exchange control, ensuring public health and safety and gathering of trade statistics) functions on behalf of other government departments and institutions (Danquah, 2007).

In Ghana, the introduction of automated risk management system involved the introduction of a computer system code-named, the Ghana Community Trade Network (GCNET), an innovative solution designed to facilitate a fast and effective processing of Customs related operations. The system was composed of a fully integrated customs management software connected over a network to various parties' interaction with Customs in the processing of import/export consignments. (Training Manual for Customs Officers, 2008)

2.2 NATURE OF ORGANIZATIONAL CHANGE

Organizations undergo change either to adapt themselves to the varying external conditions or to overhaul their existing internal processes and systems. Organizations have been perceived as corporate entities that remain static and as a result do not undergo change once they have been established. This view-point defines organizations as "Close Systems" (Scott, 1998).

Schein (1988) defines organizations as "planned co-ordination of the achievement of some common explicit purpose or goal through division of labor and through a hierarchy of authority and responsibility. By implication, the above definition pre-supposes a static orientation as opposed to dynamics. All social systems including organizations consist of

patterned activities of a number of individuals. Moreover, these patterned activities were complementary or independent with respect to some common output or outcome and hence, the objectives of an organization could be best achieved through people who innately epitomize change.

With attainment of goals, Weber (1964) emphasized that there exist well laid down structure of formal rules and regulations that guide behavioral pattern of members in an organization. He recognized a rigid hierarchy of control which defines prescribed tasks for each member within the corporate entity. This corroborated Schein's (1988) definition of an organization as neither a static set-up nor easily defined but was shaped to remain pervious to their environment.

Open system theory was initially developed by Bertanlanffy (1956), a biologist, but it was immediately applicable across all disciplines. It defines the concept of a system, where all systems are characterized by an assemblage of parts whose relations made them interdependent (Scott, 1987, pg. 77). As one moves from mechanical to organic and social systems, the interactions between parts of the system become more complex and variable. In this view, participants do not necessarily hold common goals or routinely seek the survival of the organization. Participants, in effect, have transitory coalitions. (Scott, 1987, pg. 25)

Kath and Kahn (1978) viewed organizations as open systems in constant interaction with their environments while others have averred that organizations, individuals, institutions and structures consistently interact dynamically with forces external to themselves. Scott (1987)

stressed that organizations should be recognized and accorded primary attention rather than viewing it as alien and hostile. The interdependence of the organization and the environment therefore received significant boost in the open system perspective. The open system model stresses reciprocities that binds and relate the organization to those elements that surround and penetrate it. (Scott, 1987, pg .91)

2.2.1 GOALS OF CHANGE

Ability to change, reform, innovate, alter or adapt was vital to any form of life, and organizations are no exemptions. Owing to the turbulent socio economic, political, and technological development in the environment in which organizations operate, it was not surprising that, the idea of change have become increasingly popular in the literature of organizational management.

Greiner (1967) argued that while change today was a universal and continual aspect of organizations which offered unprecedented opportunities for growth. It, nonetheless, often presented threat to the very survival of organizations. Change in one breath could mean discontinuity and destruction of familiar structures and relationships, while in another breath means experiment and creation of something new. Organizational change therefore, embodied both aspects of change which entailed a discontinuity of the old way of doing things to a shift to new methods of organizational efficiency.

Kanter (1985), espoused that change could be regarded as the process of analyzing the past to elicit the present actions required for the future. It thus, involves moving from the present

state, through a transition to a future desired state. Some authors (Landier, 1984, Wilpert, 1987) referred to development outside the organization to which the organization must necessarily adjust to survive.

According to Fineman and Mangham (1987), organizations express the need for change in order to survive. The logic of commercial enterprises (competition, profit, growth) compels managers to seek cheaper and more efficient means of production and administration. Non-commercial organizations such as police, social work departments, the civil service and schools may have the objective of finding new ways of providing services at less cost. Warr (1987) was of the view that organizational change should aim at making organizations more efficient, democratic and responsive to ensure lasting personal benefits.

Mullins, (1995) defined change as a pervasive influence that constitutes an inescapable part of both social and organizational life such that everyone was subject to one form of change or another. In view of the systems relationship, change at one level was inter-related with changes at the other levels. It was, thus, difficult to study one area of change in isolation. It affected all aspects of the operation and functioning of the organization. Although change was a loaded word that had multiple meanings and multiple applications, change generally should aim at bringing about new problem solving processes into use. It was the acceptance and implementation of new ideas, processes, products and services and involved the capacity to adapt to situations.

Change theorists provided insight into groups and how to change group culture to be able to introduce new ideas, values and norms. In this respect, change was synonymous with

organizational development which referred to specific approaches of creating desired changes in an organization's functioning processes (French and Bell, 1990).

2.2.2 FORCES FOR CHANGE

There are a wide range of forces acting upon organizations which make the need for change inevitable. An organization was therefore, subject to many pressures for change. Scott (1987) and other theorists, who viewed the organization from the open-system perspective, saw organizations as one that was in continual interaction with the environment, thus, an essential factor underlying systems viability. It was very essential that organizations respond to the opportunities, challenges, the risk and limitations presented by the environment. Organizational performance and effectiveness was dependent upon the successful management of the opportunities, challenges and risks presented by changes in the environment (Mullins, 1995).

Kaufman (1983) argued that only organizations that can strive in a turbulent environment were those that can change and match organization's change with changes in the environment in a fashion that compensated for new conditions, but kept the organization running as well or better than before. Failure to make adjustments resulted in organizational death.

Mullins, (1995), held the view that organizational change have two main sources identified as external and internal sources. In other words, change was induced by internal and external conditions and organizations must be responsive to them as matter of course.

Permetin (1987) referred to these forces for change as extrinsic and intrinsic changes respectively, and share the view that organizations have no control over the former, as against the latter.

Moorhead and Griffins (1992) shared the view that organizations today have to deal with external environmental changes at a speed and complexity never experienced. Uncertain economic conditions, fierce world competition, government economic policies or intervention, scarcity of natural resources and rapid development with new technology were some of the external factors that trigger change. Organizations therefore have to operate in an increasingly volatile environment.

Kaufmann (1983) also espoused that it was how effective an organization interacted with its environment that measured its success. These environmental changes could have such profound effect that organizations would radically transform themselves to survive in an altered environment in order to succeed.

Gilbert (1988) also argued that organizations should not submit passively to external change, but should manage and even provoke the necessary internal transformation in the organization. In effect, organizations should not wait to be assailed by external triggers for change before they react but rather prompt such changes when needed.

Internal causes of change also originates within the organization itself when there was the need to modify the attitudes, motives, behavior, knowledge and relationships of an

organization's members to improve which forms part of the natural process of ageing of the organization. Schemerhorn, et al, (1991) identified the forces of changes as arising from the life cycle of organizations as it passes through and toward maturity.

Organizations grow old and stultify as their members do. (Down, 1967:92) Changes in the culture and structure for instance, may be some organizational attempt to adjust to the pattern of growth. Broadly, several factors are identified as forces that trigger off changes internally, some of which are material and human resources, interdependence, conflicts, and frustrations and time lags.

Organizational change can evolve slowly within department or could be originated by change in other departments within the organization. Some of these changes could be managed through careful planning such as regular repair and maintenance, choice of introducing new technology, effective human resource planning, training and staff development (Hard, 1994).

Huczynski and Buchanan (1991) identified a third source of change which they referred to as proactive change. They emphasized that, apart from the internal and external forces that compel an organization to change, organizations should have a third source that made them capable of anticipating changes and advance ways of dealing with it even before the change took place.

2.2.3 TYPES OF CHANGE

Stoner and Freeman (1992) have espoused that an organization could be changed by altering the structure, its technology or its people. If change was seen as technological, the emphasis should be on modifying the level of technology within the organization, although the structure and people may also be affected. The focus of this type of change should be on such factors as modifying attitudes and leadership skills of employees.

However, because organizations are systems made up of interaction of independent elements, any change programme would more or less be more effective if it acknowledges this interaction and tries to change more than one element. Change could also be designated as incremental, transformational or radical, depending on the magnitude of the change and the time scale involved (Saddler, 1995).

2.2.4 PLANNED CHANGE

Planned change have been given different definitions by different scholars in the literature among these are Thomas and Bennis (1972), Mullins (1995), Moorhead and Griffin (1992). Thomas and Bennis (1972) emphasized planned change and viewed it as the deliberate design and implementation of structural innovation, a new policy or goal or a change in operating philosophy and style. It was thus greater in scope and magnitude than reactive change. It was however, difficult for planned change programmes to accurately predict and respond to all forces for change in the complex environment. There was therefore, the need for an appropriate response when the entire organization or a major part of it must prepare for or adopt to change.

Planned change according to Mullins (1995) represents an intentional attempt to improve in some important way the operation effectiveness of the organization often triggered by the need to respond to new challenges or opportunities presented by the external environment or in anticipation of the need to cope with potential future problems. It may be a reaction to intended government legislation, a new product development or some technological advances.

According to Mullins (1995), the key objectives underlying planned change may thus involve modifying the behavioral pattern of members of the organization; and improving the ability of the organization. Mullins (1995) adopted a systems approach to change whereby organizations are to be viewed as system and analyzed in terms of its major inter-related variables which he identified as task, technology, structure, people and management. Owing to the inter-relatedness of these variables, a change in one variable is likely to incite changes in other variables. It, therefore, behooves managers to understand the interrelationship among all major variables of the organization given the dynamics of system approach.

Moorhead and Griffins (1992) also saw planned change as a process that required as a systematic process of moving from one condition to another. They highlighted that planned change involves an attempt to plan organizational change thus excluding spontaneous and haphazard initiatives. That specific intention of planned change was to improve the organization which excluded changes that merely imitate those of another organization forced on the organization by external pressures, or are undertaken merely for the sake of change.

Again, planned improvement must be based on the knowledge of the behavioral science such as psychology, sociology, cultural anthropology and related field of study rather than a financial or technological consideration. The opinion of these authors is that in as much as external elements may force change on organizations it is ideal that organizations do not only respond to change but anticipate it, prepare for it through planning and incorporate it into the organization strategy. It could be noted that while Mullins (1995), Hosking and Anderson (1992) saw planned change as a reactive measure, Moorhead and Griffin (1992) believed that it should be seen as a proactive measure as well as a position corroborated by Huczynki, Buchanan and Gilbert (1998). These scholars shared the view that when organizations are able to predict the future and initiate change themselves, they do so in a better and more relaxed way than when they are forced by circumstances to implement change which was often done under much pressure.

Hosking and Anderson's (1992) definition of planned administration was very instructive. According to them scholars, planned change was a process that involved carrying out changes in the organization with the purpose and result of changing the organization itself. The objectives of planned change in their view was to improve the organization's problem-solving and renewal process, with the forces on the organization's capacity to adapt to its environment, to respond to external stimuli and change to become more viable. They are in agreement with others that planned change was the development of the whole organization and not just its component parts.

From the review, it could be postulated that planned change which was the focus of this study was a systematic attempt to redesign an organization in a way that would help it adapt to changes in the external and internal environment and to achieve new goals.

2.2.5 PROCESSES FOR PLANNED CHANGE

The choice of the appropriate change process was crucial for an organization that was confronted with the prospect for change whether proactive or reactive. The change process involved how an organization carried out the change process. The challenge of initiating change was of utmost importance in view of the realization that people resisted change even when the goals were apparently highly desirable (Schein 1980). Several theorists have advocated different approaches to the change process, notably Lewin (1981), French, Kast and Rozenzweig (1985).

Moorhead and Griffin (1992) averred that corporate change required a systematic process of drifting from one condition to another. Lewin's (1981) three-step change corroborates this change process.

Lewin (1981) further advocated a three-step change process which emphasized a multi-stage process that reflected efforts to ensure planned change in organizations. His model of planned change, in this regard, was made up of three steps that are unfreezing, movement, and refreezing. According to Lewin (1981), the first step in the process of change was the unfreezing of current attitudes as the process by which those to be affected by the change process became aware of the need for change. This was significantly crucial in the change

management process because, satisfaction with current practices and procedures may result in little or no interest in making changes within the organization. According to Lewin (1981), it was only when one understood the motives and the effect of an action that one would be favorably positioned to appreciate the need for that change and even contribute to its implementation.

The second step in the change process according to Lewin (1981) was the movement stage which involved taking action that would change the social system from its original level of behavior to a new level. It was at this point that the actual movement from the old ways of doing things to the new took place. This action may find expressions in the installation of new equipments, organization restructuring, and other means that alter existing structures, relationships or activities.

The final stage also known as refreezing according to Lewin (1981) involves the re-establishment of attitudes which entails the establishment of a process that would make the new level of behavior relatively permanent and resistant to further changes (Lewin, 1981) solidified through supporting mechanisms such as policies, structures or norms.

Lewin (1981) advocated that repeating newly learnt skills in training sessions and role playing to ensure lasting change to unblocking or unfreezing the present social system. Subsequently, behavioral movement must occur in the effect of the desired change while conscious steps must be taken to ensure that the newly acquired behavioral pattern remains relatively permanent.

2.2.6 RESISTANCE TO CHANGE

Change was often resisted at both the individual and corporate level regardless of the positive outcome of change. People dislike change because it involves re-organization which implied disturbance of the status quo and an upset to established ways of doing things. (Mullings, 1995) Most people prefer predictability and stability in both their personal and professional lives. The resistance continues and, in some cases increases, until they are able to recognize the benefits of a change and perceive the gains to be worth more than the risk to their self-interest.

Nigel and Anderson (1995) pointed out that resistance could be expressed through reduced organizational commitment, increased hostility to initiators of the change process, increased absenteeism, lateness, or even sabotage of producing systems and reinforcement of group norms and in-group pressures resulting in reduced performance and inter-group conflict.

2.2.7 MANAGEMENT OF RESISTANCE TO CHANGE

Resistance in all forms needs to be prevented but not always the situation. Organizational resistance need not be eliminated entirely but could be used and controlled in the interest of the organization. Moorhead and Griffin (1992) argued that resistance should not be regarded as a negative signal, rather, it should be perceived as constructive if well used. By disclosing a genuine and legitimate concern that a proposed change may be harmful to the organization, resistance may elicit the alertness to the organization to reconsider the proposed change. Emphasis should, therefore, be placed on the manner by which resistance was confronted

rather than the quest to quell it completely. Leaders should anticipate resistance, prepare for it and make special effort to assess and deal with it.

Lawrence (1969) emphasized the importance of employee participation and involvement in the change process as a means of reducing resistance to change. Lewin, (1981) in his force-field analysis envisaged resisting forces as a direct counter balance to forces for change. His argument for minimizing resistance was that resisting forces first have to be investigated and minimized before the existing driving forces could be activated to the level required to effect the desired change within organizations.

It was evident from this analysis that most appropriate means to reduce resistance to change was to involve those who would be affected in the decision making process. Leaders must enlist the support of organizational members and credibly communicate these changes throughout the organization and allow enough flexibility for the changes to take place. Individuals involved in planning, devising and implementing change are likely to feel more committed to ensure success.

2.3 DEFINITION OF RISK

The Risk Management Guide for Tax Administration (2006) defines risk as "anything negative that can affect the organization's ability to achieve its objectives". It further stated that "risk consisted of the following characteristics as vulnerability, severity or significance and relative occurrence or frequency". The risk management guide emphasized that risk definition made it clear that the organization's objectives are a starting point for identifying

risks which have to start with high-level objectives and continue with other objectives on different levels. The Guide states that "if the objective for Customs administrations was to increase the level of voluntary compliance, dishonest taxpaying behavior would represent a risk.

Silva and Braga (2001) defined risk as the degree of exposure to the chance of non-compliance, which would result in loss or injury to trade, industry or the public. Other areas include non-compliance with customs laws such as licensing requirements, valuation provisions, rules of origin, duty-exemption regimes, trade restrictions, honest declarations of consignments, security regulations, as well as the potential failure to facilitate international trade (Customs Modernization Handbook, 2004).

Risk management is also considered as the systematic application of standards, approach, methods and procedures to the tasks of identifying and evaluating risks, and then planning and implementing responses towards the risk (Great Britain Office of Government Commerce, 2007). Risk management must always be considered as a supporting element of the entire development and operational aspects of an organization or company, regardless of the industry or place it operates.

Skipper (2007) asserted that risk have no general definition, thus, it can be defined as the variability of results or consequences with respect to risk. On the other hand, Shimpi (2001) described risk as the lifeblood of every company and therefore, managers, focus on managing risk head-on when it appears. In addition, it is important to take note that risk was not just

perceived as a threat to an organization, but was also being considered as possible opportunities (Gupta, 2011). This was the reason why companies and organizations from different parts of the globe are spending high amount of money, involve great effort in order to come up with strategies and procedures in managing risk.

In general risk was seen as uncertainty associated with a future outcome or event (Banks, 2004).

Historically, risk management was concentrated on removing or reducing the possibility of failure or unexpected performance (Chapman & Ward, 1997). They further argued that risk management was about creative thinking and capturing opportunities requiring effective information flows and cooperation among staff by reducing their fears associated with risks.

According to Turner (1992) a project was considered as an endeavour in which human, material and financial resources were organized in a particular way to undertake a unique scope of work of given specification within constraints of cost and time so as to achieve beneficial change through the completion of certain objectives. This definition stresses the need for an organization to draw on a variety of resources in order to achieve organizational objectives. It also allowed for the inherent uncertainty within objectives which requires effective risk management tools to minimize the possibility of losses. Additionally, the basic questions in this process are identified as the six W's i.e. who, why, what, which way, wherewithal and when (Chapman & Ward, 1997). Morris and Hough (1987) additionally

stressed the importance of setting clear objectives for implementing risk management systems in an organization.

Risk management processes are usually motivated by the large scale use of new and untested technologies while executing major projects (Shtub & Bard, Globerson, 2005). It was argued that the essential role of risk management was about improving project performance through systematic identification, evaluation and management of project-related risks (Artto, 1997). Additionally effective risk management should be present at the design of the project in this sense risk management should be proactive not reactive (Banks, 2004). Reactive risk management would consist of a panic element to some extent whereas in contrast proactive risk management sought to develop both basic plans and incident plans, (Chapman & Ward, 1997).

Therefore it was arguably essential that risk management should be prepared for as early as possible. For example where there are several project related interested parties it was advisable to identify and plan for manageable risks during design and planning through attempting to define what was to be done, how, when, by whom and what was the cost. Furthermore tight costs or time limits are believed to be a major contribution in increasing the risks thus further highlighting the importance of planning (Kliem & Ludin, 1997).

Kliem & Ludin, (1997) further asserted that due to the nature of risk, effective management should be planned in the earliest stage when uncertainty was great. This was because inappropriately defined or unclear objectives in risk management are themselves a risk.

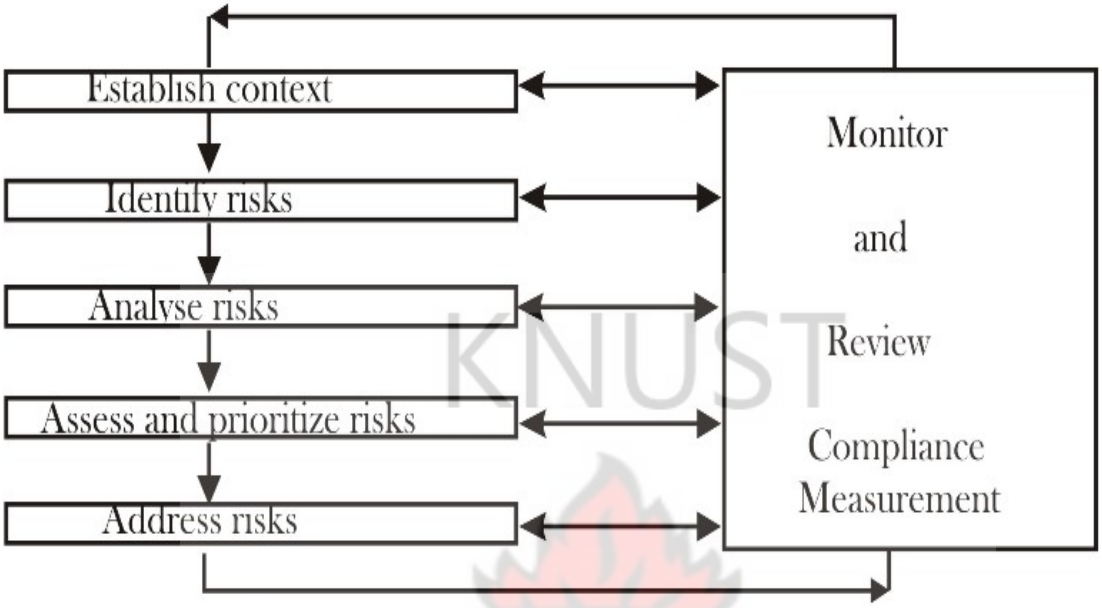
However, it was impossible to prepare against all risks in every project so the ideal way was to institute the right management structure at the right time so that the risks of failure are minimal and chance for success was higher (Hartman, 1997). Hartman, (1997) further argued that in order to achieve project goals efficiently and effectively, risk management must be in place to identify and institute the most appropriate project management processes.

Thus, it must be handled as best practices for companies and organizations, which would focus on safeguarding the interest of both organization or company and the employees through well developed policies, standards, procedures and plans (Blyth, 2009).

2.3.1 RISK MANAGEMENT PROCESS

The risk management process comprises the establishment of the risk management context, risk identification; risk analysis; risk assessment and prioritization; risk treatment (addressing), risk monitoring and review (Compliance management) as demonstrated in the diagram below:

Figure 2.2.1 **RISK MANAGEMENT PROCESS**



Source: WCO, 2000.

The risk management context establishes the strategic and organizational context in which the risk management will take place. Risk areas have to be identified and the criteria against which risk will be assessed and the structure of the analysis well defined.

The second step and involves two interdependent processes of risk identification, comprising the identification of events that may occur, followed by an identification of how such events may occur. The first element serves to identify the nature of the risk in general terms, while the second element provides key information about the potential causes. Some risks may be controllable while others may not. Akashi Matsumoto (2004) identifies Evasion of Customs Duties, Increase in outright smuggling, Delay in cargo clearance process and heightened insecurity as risk components. He advocated the adoption of risk management as a means of

facilitating trade, generating revenue, implementation of trade policies, securing trade and protecting society.

The third step refers to risk assessment, which involves analyzing and evaluating risks. This is designed to help establish the significance of identified risks, in order to make informed decisions on what strategies and resources may be required to manage them. It entails the examination of the risk to discover essential components. Aspects which play significant role include the frequency (number of risk/risky taxpayers), likelihood (the degree of probability that the risk is to occur), and the impact (the consequence of the occurrence of the risk which refer to the magnitude of harm). These elements are combined to establish the level of risk. This is achieved by analyzing the relationship between the likelihood of the risk occurring and the resultant consequences. The result of this relationship provides an assessed level of risk for each identified risk. This process generates a mechanism for the comparison of identified risks (Widdowson, 2003). There are different types of ranking systems: the assessment into High, medium and Low is widespread. In complex environment a more detailed may be needed, such as a range from one to hundred (1-100).

High risks are generally likely to arise and have severe effects Medium risks may be less likely to arise, or have less severe effects. Low risks are acceptable risks that can be assessed by standard or routine procedures or even where no action is necessary (European Commission Risk Management Guide, 2006).

The fourth step is the addressing of risks (compliance measurement). This entails the acceptance and monitoring low-priority risks while developing and implementing specific management plan.

The fifth step is the monitoring and reviewing performance, effectiveness and efficiency of the risk management system and changes which might it. To remain efficient any system of risk management has to test the assessment of previously identified risks and be flexible enough to reflect newly identified risks (WCO 2004). Evaluation and review should be carried out by Customs through a regular compliance measurement process. It can be carried out through external government audits such as the Comptroller or Auditor General. Although scope and methods of these reviews differ, the objective is to identify weaknesses in the control and to make recommendations for improvement.

Risk indicators emerge at all times, therefore, Customs should keep them up to date by accessing various information sources such as WCO Enforcement Bulletin, international data bases on trader information (WCO, 2004).

2.3.2 RISK MANAGEMENT CONTEXT IN CUSTOMS

Risk management within Customs can be strategic, operational or tactical. Risk management may also apply across all of these three levels.

Strategic risk management is the study of comprehensive information to identify areas of risk and sifting out those of minor importance and intervening only where experienced and practical judgement so requires (Kyoto Convention, 2000).

Operational risk management entails the determination of the level of control necessary to deal effectively with the assessed risk. An example is determining the audit controls applied

to an importer or how to deploy limited manpower strength and equipment effectively. Using this approach, the Custom moves from the "gatekeeper" checking every movement, to checking only selected movements which demonstrate the greatest risk.

Tactical risk management ii deployed by officers at their work place in dealing with immediate situations. Using set procedures combined with experience and skill, they decide which movements require greater controls.

2.3.3 SELECTIVITY, PROFILING AND TARGETING

Selectivity, Profiling and Targeting are integral parts of risk management.

Selectivity criteria for dutiable goods include the history of the importer, exporter, carrier, agent. Risk indicators represent specifically selected selectivity criteria such as: specific commodity code, o\country of origin, country whence consigned, licensing indicator, value, trader, level of compliance, means of transport and purpose of stay in the country.

Risk profiling is the means by which Customs puts risk management into practice. It replaces random examination of documents and goods with a planned a planned and targeted working method, making minimum use of manpower strength (Kyoto Convention, 2000).

The risk profile should contain a description of the risk area, an assessment of the risk and counter measures to be taken, an action date, the results and evaluation of the effectiveness of the action taken as demonstrated in the diagram below:

Figure 2.2.2 **RISK PROFILE**

Source: WCO 2000

Once established, the profiles along with other information and intelligence will provide a basis for targeting potentially high risk movement of consignment, means of transport or travelers.

2.3.4 THE POSITION OF THE WCO ON FORMS OF CUSTOMS TRADE CONTROL

The World Customs Organization, (WCO), an intergovernmental body that involves Customs administration of member countries, charged with the responsibility of improving the effectiveness and efficiency of Customs administrations at the global level. Established in 1952, it have a current membership of 169 nations. Its headquarters located in Brussels with coverage of 99% of world trade. The WCO develop and maintain standard instruments, provision of technical assistance and a forum for discussion for member countries.

The position of the WCO on the prescribed form of customs control are expressed in two of its instruments, that is, the Revised Kyoto Convention (1999) and the Risk Management Guide (2003). The Guide stressed that when risk management was adopted as a philosophy, it enables Customs to carry out its key responsibilities and organize its resources in a manner to improve overall performance. In managing risk a balance must be struck between costs and benefits to address all risks equally. Criteria were needed to decide what constitutes an acceptable or unacceptable level of risk (Risk Management Guide, 2003).

The Kyoto Convention (1999) incorporates important concepts of contemporary compliance management which include the application of new technology, new philosophies of customs control and the willingness of the private sector partners to engage with Custom's authorities in mutually beneficial alliances. Central to the new governing principles of the convention was a required commitment by Customs administrations to provide transparency and predictability for all participants of international trade. In addition, administrations were required to adopt the use of risk management techniques, co-operate with other relevant authorities and trade communities, maximize the use of information technology, and implement appropriate international standards.

WCO was an early proponent of the need for Customs authorities to reconsider their traditional approach to international trade control and to abandon the "gate-keeper" mentality that had traditionally dominated their thinking (Hayes, 1993). Through the provisions of the Revised Kyoto Convention, WCO was essentially attempting to achieve a general adoption of a risk-managed style of regulatory compliance (Revised Kyoto Convention, 1999). In

relation to the concept of Customs control, WCO states that "The principle of Customs control was the application of Customs laws and compliance with other legal and regulatory requirements with maximum facilitation of international trade and travel".

The framework Of Standards (2005) has an objective, among others, to enhance the role, functions and capabilities of Customs to meet the challenges and opportunities of the 21st Century. One of the four core elements of the framework is for member countries to be committed to the use of a consistent risk management approach to address security threats. The position of the WCO, through its instrument amply demonstrated the preference for automated risk management as an approach for effective customs control as a result of the volume, speed and complexity of international trade in recent times.

2.3.5 CLEARANCE PROCEDURES UNDER RISK MANAGEMENT

The first step in the clearance procedure by CEPS was the electronic submission of manifest to Tradenet (computer system), by shippers and routed to the Ghana Customs Management System (GCMS) which was to be done 72 hours prior to the arrival of the vessel.

The clearing agent prepares electronic Customs Declaration on the Ghana Community Trade Network (GCNet) and transmits the electronic Customs Declarations to the GCMS. Upon electronic receipt of the validated Customs Declaration, the clearing agent prints out a copy of the Customs Declaration, signs it, and attaches all supporting documents such as invoice, packing list, bill of lading, Final classification and Valuation Report, Exemption letters, etc,

proceeds to any of the designated banks to settle applicable taxes as computed. Bank confirms payment electronically to the system.

If the GCMS Risk Assessment Module identified declaration as "low risk", the clearing agent was required to submit all documents to Customs for verification. In such cases, no physical examination was required and consignments could be cleared without any further Customs intervention. However, if GCMS Risk Assessment Module identified declaration as being medium to high risk, the clearing agent was required to submit all documents to Customs for verification at the Compliance Section. In such cases, the extent of physical examination was required based on the risk level. (CEPS News, January-March Edition: No. 005).

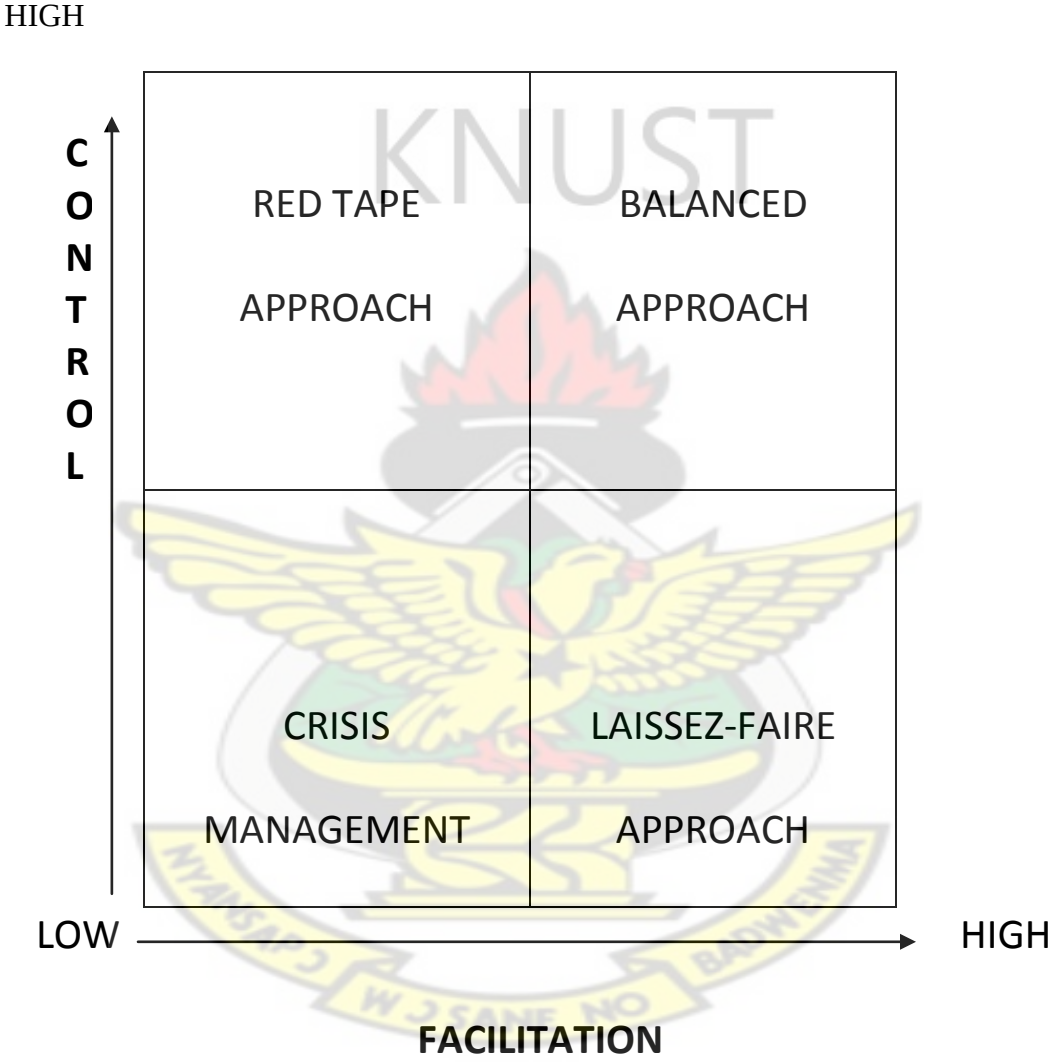
2.4 Conceptual Framework

A Compliance Management Matrix developed by Widdowson (2003) in "Intervention by Exception", provided a construct to illustrate the relationship between the variables of Trade Facilitation, regulatory control and risk management.

Ordinarily, the enforcement of regulatory control and trade facilitation may seem to be two variables at the opposite sides of a continuum, and it was common to refer to the apparent "paradox" of achieving both facilitation and control often assumed that, as the level of facilitation increases, the level of control decreases. On the other hand, when controls are tightened, facilitation of trade suffers. These are simplistic views, as they assume the only way a process may be facilitated was by loosening the reins of controls. Widdowson (2003)

averred that such a contention was flawed since facilitation and control represented two distinct variables as depicted in the matrix below:

FIGURE 2.2.3: FACILITATION/CONTROL MATRIX



The top right quadrant (high control, high facilitation) represents a balanced approach to both variables. The application of risk management represents the tool that provides the

attainment of this compliance management balance which benefits both customs and the international community.

Second, the migration from one form of control to other requires a change management process as postulated to various researchers of change management. An example is the Kurt Lewin's Three – Stage change management Model of Unfreezing, Change and Refreezing. These change management theories provide the conceptual framework to demonstrate the change process required to launch the risk management process identified in the literature.

2.5 EMPIRICAL ANALYSES

This section had sought to provide a critique of similar studies in relation to the study starting with studies on Ghana before elsewhere.

To begin with, Mutahaba (2009) noted that measures by most African public services failed to give adequate and appropriate attention to human resource management issues in various reform interventions. Adedeji (1974) emphasized that 'there was no doubt that administrative reforms that are pre-occupied with only structure and ignore cultural and human factors are doomed to fail.' As observed, the planned process involved infrastructural changes within the administration much to the neglect of behavioral demands of those involved in the implementation process. It is vital to change the mentality of staff and management, so that everybody appreciates the value and effectiveness of risk management. Awareness courses are recommended for the entire organization to increase the understanding of the new procedures, while specialized, technical programs should be arranged for staff directly involved in the implementation and operation of the risk management process. It is believed

that such programs for individuals implementing the change will make them feel more committed and ultimately result in a favorable response to the new concept of risk management.

Gilbert (1988) argued that organizations should not submit passively to external change, but should manage and provoke the necessary internal transformation in the organization. Organizational performances and effectiveness was dependent upon the successful management of the challenges and risks presented by changes in the environment. Kaufman (1983) averred that organizations that can strive in a turbulent setting are those that can change and match changes in the environment in a manner that not only compensates for the new conditions but keeps the organization running better than before.

Widdowson (1998) in examining the changing role of Customs in contemporary times corroborated the views of Braga (2001) by stating that the changing expectations of the international trading community was based on commercial realities of its own operating environment through the simplest, quickest, cheapest and most reliable way of getting goods in and out of the country while seeking for certainty, clarity, flexibility, and timeliness in dealing with government. He averred that the traditional gate-keeper approach adopted by Customs administrations represented a barrier through which international trade must pass in an effort to protect the interest of the nation. He therefore emphasized that in this day and age social expectations no longer accept the concept of intervention for intervention's sake. Rather, the current catch-cry was an intervention based on identified risk of trade control.

Emphasizing on the need for modernization and reference to risk management as the main tool, Braga (2001) further noted that modernization was of Customs services is the way to achieve excellent procedures in order to face the new scenario in international trade. He stressed that automation plays a very important role in the modernization process with significant reliance on the use of intelligence as a tool for greater selectivity in the inspections and audits. He opined that risk management is a natural reaction to minimize the level of potential harm and recommended that risk management must be practiced in a more uniform, systematic and disciplined manner.

Braga, (2001), in assessing US Trade Compliance and the Risk Management Process, identified globalization and the new role of Customs coupled with the need for modernization with risk management as main tool of contributing to the evolutionary role of Customs. He admitted that globalization represented one of the most important phenomena of the modern world which could lead to a fully integrated international market with free movement of goods, labor and capital. His study further recognized that globalization affected Customs administrations with the increasing demand of government, importers, brokers, travelers, carriers and the society for higher revenue, faster service, more reliable information, better statistics, increased protection and improved enforcement procedures. With the explosive growth in international trade in terms of volume and complexity, there exist additional pressures on Customs administrations to perform their work with resource constraints.

CHAPTER THREE

RESEARCH METHODS

3.0 INTRODUCTION

This chapter explains the various methods employed to espouse information for the study which include the research design, population, sampling and sampling procedures adopted, sources of data, data collection techniques, and procedures for data presentation and analyses to provide an insight into the phenomenon of change management in CEPS in connection with the migration from the gate-keeper control mechanism to the concept of risk management system.

3.1 RESEARCH DESIGN

It was envisaged that a combination of observational methods conducted during planned meetings and interviews with respondents would give an insight into responses to the implementation of risk management system within CEPS.

This project made use of both qualitative and quantitative tools of investigation to ensure that research questions were subject to triangulation, or investigation from a number of points to enhance our claims to veracity. By adopting an action research platform with a case study approach which incorporates the participants into the research process it was hoped that an effective and workable solution to these problems could be devised, (Costello, 2003, Yin, 2003).

3.2 POPULATION

Population of a study is defined as a group of individuals, the number of elements, items that share one or more characteristics from which data can be gathered and analyzed.

Table 3.1: Category of respondents

Category	Population Size	Sample Size	Percentage
CEPS Officers	210	50	23.80%
RP& M Officers	15	6	40.00%
Top Management	6	4	66.66%
Agents	120	60	50.00%
TOTAL	351	120	

Source: ***Field Work, 2011***

(*http://www.investorwords.com/3738/population.html*). Ideally, the study should have covered the entire population but due to the limited time frame and financial resources available a sample of the population was used for the study. The population and sample size for various categories of respondents were provided in Table 3.1 above.

S3.3 SAMPLING AND SAMPLING PROCEDURES

Typically, a population of a study was very large, and making a census or complete enumeration of all the values in that population was infeasible. A sample thus, forms a manageable subset or a portion of the population which could be analyzed in order to draw

inferences regarding the population as a whole. Sampling methods may be either random or nonrandom (Pedhazur & Schmelkin, 1991) and the most common reason for sampling was to obtain information about a population.

A probability sampling scheme such as the simple random sampling method was adopted for the study, where every unit in the population had an equal chance (greater than zero) of being selected and which could be accurately determined. Respondents were chosen randomly in order to espouse information from them for the study.

This study covers employees of CEPS and Customs House Agents in Tema within an established time-frame and who have experienced the migration from the traditional gate-keeper style of customs control to that of risk management. Consequently, the selection of respondents was based on purposive sampling technique. Those selected were key individuals who could give information required for the study.

Expert sampling was also adopted for gathering information from respondents in specialized areas of CEPS namely officers in the research and monitoring department and members of CEPS top management.

The combination of traits of all respondents made it possible to produce unbiased estimates of the study population by weighting sampled units according to their probability of selection to minimize bias and to simplify the analysis of results. In particular, the variance between individual results within the sample was a good indicator of variance in the overall population, which made it relatively easy to estimate the accuracy of results.

3.4 SOURCES OF DATA

The study made use of both primary data and secondary sources. This was done to combine the advantages of both sources and to minimize the disadvantage of an exclusive use of either of them.

Questionnaires (close-ended and open-ended) were used to espouse relevant information from respondents for the study. Though close-ended was emphasized because it was easier to answer, open-ended questions used offered respondents the opportunity to offer suggestions and opinions for the study. Face to face interviews (structured and unstructured) were also conducted for the study.

Secondary sources involved the use of literature relevant to the study include in-house journals of CEPS, the internet, the WCO Risk Management Guide and other WCO instruments, statistics on revenue performance from CEPS Head office, and among others.

3.5 DATA COLLECTION

Data collection techniques are the methods used in collecting data. Primary data was collected from questionnaires administered to respondents as well as face-to-face interviews conducted with employees of CEPS at Tema Harbour, members of the research and development unit of CEPS, top management of Tema Harbour, and agents who were randomly selected for the study. Ambiguity was reduced and a better rate of return of the interviews was achieved. The interview included both structured and unstructured forms of questions.

The structured form of questioning was used in order to present the respondents with a fixed set of choices while the unstructured form of questioning sought to encourage respondents to share as many information as possible in an unconstrained manner. The questionnaires were administered through hand delivery. Questionnaires were chosen as the instrument for the study because the relevant respondents were all literate. Questions asked were based on the objectives of the study which comprised of both open-ended and close-ended questions.

3.6 PROCEDURES FOR DATA PRESENTATION AND ANALYSES

Information gathered through interviews, questionnaires administered, published and unpublished works related to the study were analyzed under each category of findings by the use of SPSS version 17.0 and presented using tabular forms and diagrams and to establish relationships among variables.

Both quantitative and qualitative approaches were used in analyzing the data. The quantitative approach used enabled statistical representation of data gathered from respondents. Quantitative tools such as tables and diagrams were used in presenting the results to enable a clear understanding and interpretation of the various information espoused from respondents in answering the research questions. Data was gathered from the interviews conducted and questionnaires administered to respondents.

Qualitative approach was used mainly to find out whether the study confirmed or disagreed with other studies for which conclusions were drawn.

After retrieving the questionnaires from respondents, time was spent to read through all of them to check for consistency in the responses and correctness. All accurate responses were compiled and coded. Frequency tables were used to give the summary of the data for easy

understanding and comparison. Percentages were used to show relative frequencies of the data and charts to show diagrammatic representation of responses.

Statistical Package for Social Sciences (SPSS) version 16.0 was used in analyzing the data because of its computational and analytical power that could facilitate understanding and comparison of complex data.

CHAPTER FOUR

ANALYSES AND DISCUSSIONS OF RESULTS OF THE STUDY

4.0 INTRODUCTION

This chapter discusses as well as analyzes the respective findings of the study which are outlined below.

4.1 DEMOGRAPHIC DATA OF RESPONDENTS

Demographic data of respondents' gathered were discussed and analyzed below. To begin with, in order to have a fair representative of as well as views expressed from both sexes for the study, both males as well as females were interviewed. Majority of respondents (i.e. 65.45 percent) were males as compared with 34.45 percent of the remaining respondents been females. Again, about 54.55 percent (i.e. majority) of respondents consist of clearing agents and their respective supporting staff as compared with the remaining 45.45 percent of respondents interviewed been Customs officials. (See Table 4.1 below)

Table 4.1: Sex distribution of respondents

Sex	**Frequency**		**Total**	**Percent**
	Male	**Female**		
CEPS	42	18	50	45.45
Other respondents	40	20	60	54.55
Total	82	38	110	100

Source: Field Data, 2011

Table 4.2: Position/rank in CEPS

Ranks	Frequency	Percent	Valid Percent	Cumulative Percent
Collection Assistant	15	30.0	30.0	30.0
Principal Collector	10	20.0	20.0	50.0
Assistant Commissioner	5	10.0	10.0	60.0
Collector	10	20.0	20.0	80.0
Senior Collector	10	20.0	20.0	100.0
Total	50	100.0	100.0	

Source: Field Data, 2011

Majority of respondents (ie 30%) were of the rank of "Collection Assistants while 10% were Assistant Commisioners. Principal Collectors constituted 20% and so also were Senior Cllectors and Collectors (20% apiece). (See Table 4.2 above)

On the other hand, various respondents other than customs officials interviewed were however willing to make the various positions they held in their firms known. About 40 percent of these respondents were Executive Directors of various clearing agents' in and around Tema Harbour as compared with 10 percent (i.e. minority) being accountants working for respective clearing agents operating at the port. Next, about 30 percent of other respondents interviewed were managers while the remaining 20 percent of them were

secretaries to the various clearing firms identified within the Tema Harbour (see Table 4.3 below).

Table 4.3: Position in respondents company (other respondents)

Ranks	Frequency	Percent	Valid Percent	Cumulative Percent
Executive Director	24	40.0	40.0	40.0
Manager	18	30.0	30.0	70.0
Accountant	6	10.0	10.0	80.0
Secretary	12	20.0	20.0	100.0
Total	60	100.0	100.0	

Source: Field Data, 2011

To find out how long respondents (i.e. clearing agents) had been in the clearing and forwarding business, about 10 percent each of respondents (i.e. minority) did explain that they have been in such business for 26 years and more as compared with remaining respondents working with respective clearing and forwarding firms for between 1-5 years and 6-10 years respectively whereas majority of respondents (i.e. 30 percent) had worked for between 11-15 years clearing and forwarding goods at the Tema Harbour, hence, in a better position to explain the effect of

Table 4.4: Length of years in clearing and forwarding venture

Duration	Frequency	Percent	Valid Percent	Cumulative Percent
1-5 years	6	10.0	10.0	10.0
6-10 years	6	10.0	10.0	20.0
11-15 years	18	30.0	30.0	50.0
16-20 years	12	20.0	20.0	70.0
21-25 years	12	20.0	20.0	90.0
26+ years	6	10.0	10.0	100.0
Total	60	100.0	100.0	

Source: Field Data, 2011

both systems employed by CEPS in assessing the influence of risk management in contemporary times. A further 20 percent each of the remaining respondents had also worked for between 16-20 years and 21-25 years respectively with clearing and forwarding agents, who would also be able to provide a fair assessment of both systems employed by CEPS in the management of risk at the various ports to improve trade flows in Ghana. (See Table 4.4 above)

According to Customs officials interviewed, 30 percent (i.e. majority) each of respondents had worked for the institution for between 11-15 years and 16-20 years respectively as compared with about 10 percent each of respondents who have worked for CEPS for between 1-5 years and 6-10 years respectively. About 20 percent of remaining respondents were identified to have worked for the institution (i.e. CEPS) for 21+ years. Since about 80 percent of respondents (i.e. CEPS officials interviewed) have worked and still working for the institution and had witness both systems of trade control, information offered with

respect to the system of trade control before and after the new concept of risk management would enrich the study as compared with about 20 percent (i.e. minority) of respondents been CEPS officials who have worked for the institution from between 1-10 years after the introduction of the new concept of risk management by CEPS. (See Table 4.5 below)

Table 4.5: Duration spent on present job. (i.e. CEPS)

Duration	Frequency	Percent	Valid Percent	Cumulative Percent
1-5 years	5	10.0	10.0	10.0
6-10 years	5	10.0	10.0	20.0
11-15 years	15	30.0	30.0	50.0
16-20 years	15	30.0	30.0	80.0
21+ years	10	20.0	20.0	100.0
Total	50	100.0	100.0	

Source: Field Data, 2011

4.2 STIMULI FOR CHANGE

The stimuli for migration from the gate-keeper approach to risk management referred to factors that necessitated the change process. Globalization, had led to an extraordinary expansion of the global market place and inter-relationship among countries with free movement of goods and services. Catalyzed by free trade an agreement among countries for

which Ghana was a part, globalization had resulted in an exponential growth in world trade. Data from WTO

(2009) indicated that world trade increased by 88% between the periods 1990 and 2000.

The international trading environment have been transformed dramatically in terms of the manner in which goods were carried and traded between and among countries, the speed of such transactions, and the sheer volume of goods now being transported around the globe. This, together with mounting pressure from the international community to minimize government intervention, had caused Customs authorities to place increasing emphasis on trade facilitation.

For centuries, the Customs role of controlling trade had been that of "gatekeeper system," with Customs authority's representing a barrier through which international trade must pass, in an effort to protect the interest of the nation. Such a role was manifested by regulatory intervention in commercial transactions for intervention's sake.

One of the central challenges that confront world trade was to understand the new role of Customs in contemporary times. Global economic integration characterized by increased movement of people, goods and capital across borders had not only increased the work load and complexities of customs authorities, but also exposed the vulnerabilities in international trade supply chain.

WCO grappled with the implications of the changing global trade and developed responses that enabled Customs administration respond to challenges that confront world trade by prescribing risk management as a control mechanism.

Subjecting the increased and complex trade transactions to the traditional gatekeeper system of control, customs control would have significantly impeded international trade and undermined trade facilitation. The traditional gatekeeper approach had, therefore, paled into irrelevance of trade control in the current international trade realities.

Risk management, (a systematic, structured, disciplined and targeted approach to customs control) was emphasized as the way forward for managing the presumable dichotomy between trade facilitation and regulatory control in the changing global trading environment. Implementing an effective risk management system not only ensure effective use of limited resources but also helps in trade facilitation.

Risk management was central to the modernization agenda of WCO (2004) with financial support from international and bilateral donors.

Globalization and free trade agreements have redefined the agenda for international trade control by Customs authorities.

The freedom of movement had contributed to increase in trade as well as security problems for a nation. As barriers to commerce came down, it became more difficult to control traffic in goods, or services, organized crime, terrorism, fraud, smuggling, intellectual property rights violations and other crimes related with Customs organizations.

One of the key goals of Customs authorities, in the perspective of WCO was to reconcile the facilitation and control of trade, whilst protecting the society. WCO (1999) prescribed the adoption of (the risk management mechanism to its member states through its instruments as the surest way to confront the seemingly conflicting goals of facilitation and controlling trade.

There exist a myriad of forces acting upon organizations which make the need for change inevitable. Scot (1987) viewed an organization from the open system perspective as one that was in continual interaction with its environment. Migrating from the gatekeeper system of control to the risk management system was in response to the changing global phenomena of exponential growth in trade as well as the rise in traditional and non-traditional security problems.

4.3 THE CHANGE PROCESS AND LEVEL OF PARTICIPATION

Next, majority (i.e. 70 percent) of CEPS officials interviewed affirmed that they were not involved in the change process of the institution they worked for when the new change process of managing risk was to be introduced as compared with a minority of 30 percent (see Table 4.6)

Table 4.6: Involvement in the change process of the institution

Responses	Frequency	Percent	Valid Percent	Cumulative Percent
Yes	15	30.0	30.0	30.0
No	35	70.0	70.0	100.0
Total	50	100.0	100.0	

Source: Field Data, 2011

above) explained that they were involved in the change process at the implementation stage of the new concept of risk management at the Tema Harbour (see Table 4.7 below). CEPS officials interviewed averred that risk management as a customs control mechanism is a

prescription by WCO (1999) to which CEPS representatives submitted proposals at meetings in Brussels. The change was, therefore, centrally driven or top-down in its orientation.

Table 4.7: Stage of involvement in change

Stage	Frequency	Percent	Valid Percent	Cumulative Percent
implementation stage	15	30.0	30.0	30.0
not applicable	35	70.0	70.0	100.0
Total	50	100.0	100.0	

Source: Field Data, 2011

Table 4.8: Knowledge of change in implementation by CEPS

Responses	Frequency	Percent	Valid Percent	Cumulative Percent
Yes	18	30.0	30.0	30.0
No	42	70.0	70.0	100.0
Total	60	100.0	100.0	

Source: Field Data, 2011

Free access to and flow of information in relation to introducing some concept for all who would be affected by its implementation beforehand was vital so as to achieve its success. When respondents were asked whether they were duly informed about a change in Customs control prior to the introduction of risk management in 2003 to manage trade flows, majority of them (i.e. 70 percent) affirmed that they were not informed about such a drift from the

gate-keeper system of controlling trade flows to the new risk management system of control, as compared with about 30 percent of remaining respondents who affirmed that they were informed of such a change. (See Table 4.8 above)

Of the 30 percent of respondents confirming that indeed, they were duly informed about the change process, 20 percent of them confirmed that they were informed through a seminar organized for them by Customs officials while the remaining 10 percent of respondents

Table 4.9: Medium of notification of change

Medium	Frequency	Percent	Valid Percent	Cumulative Percent
Seminar	12	20.0	20.0	20.0
Clearing agents meeting	6	10.0	10.0	30.0
Not applicable	42	70.0	70.0	100.0
Total	60	100.0	100.0	

Source: Field Data, 2011

confirmed that, they were informed through clearing agent's meeting (see Table 4.9 above). This was however not the same with Customs officials interviewed who espoused that they were indeed inform about such a change through their immediate bosses (see Table 4.10 and Table 4.11 below).

Table 4.10: Information about the proposed change

Responses	Frequency	Percent	Valid Percent	Cumulative Percent
Yes	50	100.0	100.0	100.0

Source: Field Data, 2011

Table 4.11: Medium of information about the new concept of risk management introduced into the service

Responses	Frequency	Percent	Valid Percent	Cumulative Percent
other (immediate boss)	50	100.0	100.0	100.0

Source: Field Data, 2011

Table 4.12: Involvement in the change process

Responses	Frequency	Percent	Valid Percent	Cumulative Percent
No	60	100.0	100.0	100.0

Source: Field Data, 2011

While all respondents affirmed to the fact that the new concept of risk management by CEPS was indeed, a more efficient form of customs control as compared to the gate-keeper system of control (see Table 4.12 above), all respondents other than CEPS officials interviewed further indicated that they were not involved in the change process in any way, and espoused

that their involvement would have contributed immensely to help address some pitfalls of the new system of control.

The introduction of the new risk management system of control and speed up in trade flows by CEPS was largely seen as essential in contemporary times when majority of respondents (i.e. 80 percent of clearing agents), strongly agreeing that such a concept of managing risk by CEPS was highly significant as compared to the gate-keeper system of control prior to 2003 with a further 20 percent of the remaining respondents also agreeing to such reform in controlling risk. (See Table 4.13 below)

Table 4.13: The necessity for the introduction of risk management

Responses	Frequency	Percent	Valid Percent	Cumulative Percent
Strongly agree	48	80.0	80.0	80.0
Agree	12	20.0	20.0	100.0
Total	60	100.0	100.0	

Source: Field Data, 2011

Again, majority of CEPS respondents interviewed (i.e. 90 percent) strongly agreed to the fact that the new concept of risk management by CEPS in contemporary times had positively affected structural changes within the institution they work, thus, leading to an enhanced and efficient way of controlling trade in recent times. This was further confirmed by the remaining 10 percent of respondents (i.e. CEPS officials) also agreeing to this assertion. (See Table 4.14 below)

Table 4.14: The risk management of CEPS

Responses	Frequency	Percent	Valid Percent	Cumulative Percent
Strongly agree	45	90.0	90.0	90.0
Agree	5	10.0	10.0	100.0
Total	50	100.0	100.0	

Source: Field Data, 2011

When asked the relevance of this new system of control implemented by CEPS, majority of respondents each (i.e. 30 percent) other than CEPS officials identified that the increased in risk associated with international trade had necessitated the need for a new concept of risk management to be implemented in order to curtail such risk on international frontiers as well as safeguard the country. The introduction of risk management by CEPS as indicated by respondents was also due to increase in trade volumes without a corresponding increase in staff strength.

Furthermore, about 20 percent of remaining respondents advocated that for a more disciplined way of examining trade flows, a more structured risk management system should be implemented other than the previous system of control (i.e. gate-keeper system) while enhancing compliance on the part of both clearing agents and customs officials (i.e. 20 percent of remaining respondents) were among the reasons espoused by respondents in assessing the need for such a system to be introduced by CEPS. See Table 4.15 below)

Table 4.15: Reasons for the necessity for the introduction of risk management by CEPS in 2003

Responses	Frequency	Percent	Valid Percent	Cumulative Percent
Compliance rate has increased for both clearing agents and Custom officials	12	20.0	20.0	20.0
Trade volume has increased without a corresponding rise in staff strength	18	30.0	30.0	50.0
A more structured and disciplined way of examining trade flows	12	20.0	20.0	70.0
Increased in risk associated with international trade i.e. terrorism, narcotics et al.	18	30.0	30.0	100.0
Total	60	100.0	100.0	

Source: Field Data, 2011

It was evident that employees of the service who were to implement the concept were not involved in the change process in the formative stage. Employees did not undergo an elaborate program of sensitization to acquaint themselves with the necessary details. The clearing agents, representatives of importers who were targeted beneficiaries were also not involved in the change process. In sum, the concept was a WCO policy which did not involve the stakeholders.

Change theorists such as Lewin (1981), Kast and Rosenzweigh (1985) espoused the idea that members of target organizations be involved in defining and finding solutions to problems they were confronted with. Involving employees in the process of change ensured acceptance and the needed commitment to ensure its success.

Furthermore, when respondents were again asked their opinion about the change process adopted by CEPS on trade control, majority of them (i.e. 70 percent) identified the failure of CEPS to involve all stakeholders to discuss every aspect of such trade control before its introduction whereas the remaining 30 percent (i.e. minority) of respondents saw the change process not well organized though a very good concept (see Table 4.16 below).

Table 4.16: Opinions towards the change process adopted for the introduction of risk management

Responses	Frequency	Percent	Valid Percent	Cumulative Percent
Failure of CEPS to involve all stakeholders before the introduction of the new concept of risk control	42	70.0	70.0	70.0
Change process was not well organized though very good concept	18	30.0	30.0	100.0
Total	60	100.0	100.0	

Source: Field Data, 2011

4.4 DELAYS IN CLEARANCE OF GOODS

Delay in processing documents to enable clearing agents clear their goods within the shortest possible of time were according to respondents inevitable. Compliance seat is the first point

of contact by agents with CEPS officials after taxes have been paid. Documents are presented to designated officers for scrutiny after which consignments are either released outright or referred to the Examination Section for examination. Majority of respondents (i.e. 33.33 percent) identified the long room (i.e. compliance seat) procedures to follow before clearing their goods as been the highest place where delay was indeed highly inevitable as compared to the preventive gate where minority of respondents (i.e. 15 percent) identified as spending less time to clear their goods. The preventive gates are the final exit gates of the harbor where final checks of consignments are conducted.

Table 4.17: Noted areas for delays in clearance system in CEPS

Responses	Frequency	Percent	Valid Percent	Cumulative Percent
Compliance seat	20	33.33	33.33	33.33
Examination process and valuation section	19	31.67	31.67	65.00
Preventive gate	9	15.0	15.0	80.00
Re-examination by task force	12	20.0	20.0	100.0
Total	60	100.0	100.0	

Source: Field Data, 2011

However, the remaining 31.67 percent of respondents espoused that lots of delay were encountered at the examination processing and the valuation units where some examination officers disregarded the selectivity process and insisted on full scale of consignments. Examination officers did not have the requisite faith in the risk management process and felt it could be abused. Valuation in this regard refers to the process of valuing goods that are not in commercial quantity or passengers' baggage due to deliberate delays to induce gifts and some officers were not very efficient in the use of the computer system to generate values. A further 20 percent of respondents espoused that, they did send lots of time at the re-examination by task force unit at the Tema Harbour respectively. (See Table 4.17 above) o further find out from respondents the various causes of these delays with the new system of trade control, 50 percent of them (i.e. majority) identified some custom officials expecting bribes before speeding up the process of clearing goods Officers expected "facilitation fees'' by soliciting inducements from declarants. Exercise of inappropriate discretion by officers by disregarding the dictates of the risk management system. They explained that in situations where only document verification was required, officers insisted on full-scale examination of consignments. Such inducements according to respondents were more pronounced when consignments were selected for documentary verification only. Officers perceived releasing of consignments without examination as a favor hence the inducements. A further 20 percent of remaining respondents (i.e. minority) linked such delays to incompetence on the part of some custom officials at the various units to go through before clearing one's goods from the port, and only interested in revenue collection to the detriment of trade facilitation while others were not dedicated to their jobs which undermined the tenets of risk management.

However, the remaining 30 percent of respondents were in fact indifferent to the causes of such delays. (See Table 4.18 below)

Table 4.18: Causes of delays in trade control

Responses	Frequency	Percent	Valid Percent	Cumulative Percent
Incompetence	12	20.0	20.0	20.0
Expecting bribe	30	50.0	50.0	70.0
Indifferent	18	30.0	30.0	100.0
Total	60	100.0	100.0	

Source: Field Data, 2011

Negative attitude among customs officials remain prevalent i.e. lateness to work and the creation of needless delays as well as the frequent break-down of the net-work system (GCNet) that occasionally grinds the clearance process to a standstill were among some views expressed by top Customs officers when asked through face-to-face questioning to find out some root causes of such delays pointed out by respondents (i.e. clearing agents).

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views expressed by top Customs officers when asked through face-to-face questioning to find out some root causes of such delays pointed out by respondents (i.e. clearing agents).

4.5 RISK MANAGEMENT SYSTEM AND EMPLOYEE-CUSTOMER SATISFACTION

Theorists of organizational change like French and Bell (1990), Mullings (1995), Moorhead and Griffin (1992) stated that planned change that are well executed, improve the operational effectiveness of the said institution. When respondents were asked about their opinion on the type of change which ushered in the concept of risk management, their responses were outlined in Table 4.19 below. Majority of respondents, (i.e. 92.70%) were of the view that change management strategy was structural whereas 2.70 percent of respondents (i.e. minority) disagreed that change management was indeed structural, and stated that it was indeed due to enhance skills and attitudinal change. However, 4.60 % of the remaining respondents were undecided about change management strategy been implemented by CEPS.

Table 4.19: Opinions about the change in trade control

Responses	Frequency	Percent	Cumulative percent
Structural change	102	92.70	92.70
Change in attitude and skills	03	2.70	95.40
Undecided	05	4.60	100.00
Total	110	100.00	

Source: Field Data, 2011

This was an indication that the process had led to any significant attitudinal change in the members of the organization as required by planned change theorists. This conclusion drawn by the findings supports that the change approach adopted by CEPS was structural.

According to Lewin(1951), the new way to enhance trade control involves putting up new and necessary organizational structures that are prerequisites for carrying out planned change for organizational development. The success of a change process was highly dependent on the approach adopted to carry it out.

Table 4.20: Satisfaction with the concept of risk management since its inception to date

Responses	Frequency	Percent	Valid Percent	Cumulative Percent
Yes	48	80.0	80.0	80.0
No	12	20.0	20.0	100.0
Total	60	100.0	100.0	

Source***: Field Data, 2011***

Majority of respondents (i.e. 80 percent) espoused that they were satisfied with the new concept of risk management since its inception to date as compared to the remaining 20 percent confirmed that they were not satisfied with the new concept of controlling trade flow at the Tema Harbour by Customs officials. (See Table 4.20 above) According to respondents (i.e. clearing house agents), inspite of CEPS not informing them about the introduction of their new form of risk control, majority (i.e. 50 percent) of them as well as a further 40 percent strongly agreeing and agreeing respectively to the assertion that the new risk management system had resulted in an improvement in compliance by clearing agents whereas the remaining 10 percent of remaining respondents were indeed undecided. (See Table 4.21 below)

Table 4.21: The risk management process has resulted in an improvement in compliance by Customs House Agents.

Responses	Frequency	Percent	Valid Percent	Cumulative Percent
Strongly agree	30	50.0	50.0	50.0
Agree	24	40.0	40.0	90.0
Undecided	6	10.0	10.0	100.0
Total	60	100.0	100.0	

Source: Field Data, 2011

Probing further to identify reasons for their satisfaction as well as dissatisfaction about the introduction of risk management, 60 percent of respondents have identified expeditious cargo clearance through the new concept of controlling risk but were indifferent on the part of some Custom officers cheating through considerable delays while the remaining 20 percent of respondents said it had enhanced quick clearance as well as improving compliance to regulatory requirements at the port respectively been satisfied. However, the remaining 20 percent of respondents who were not satisfied with the system identified some Customs officers who continue to exercise inappropriate discretion in clearing goods by refusing to adhere to the dictates of the system. (See Table 4.22 below)

Table 4.22: Control system preferences (risk management concept vs. the traditional gatekeeper approach)

Responses	Frequency	Percent	Valid Percent	Cumulative Percent
The gate-keeper system	12	20.0	20.0	20.0
The risk management system introduced by CEPS	48	80.0	80.0	100.0
Total	60	100.0	100.0	

Source: Field Data, 2011

Table 4.23: Reason(s) for expressed views above

Responses	Frequency	Percent	Valid Percent	Cumulative Percent
Expeditious cargo clearance but indifference on the part of some CEPS officers cheating through considerable delays	36	60.0	60.0	60.0
It has enhanced quick clearance and improved compliance to regulatory requirements at the port	12	20.0	20.0	80.0
Some customs officers continue to exercise inappropriate discretion by refusing to adhere to the dictates of the system	12	20.0	20.0	100.0
Total	60	100.0	100.0	

Source: Field Data, 2011

To further inquire from respondents which of the two system of trade control they would refer to adhere to, majority of them (i.e. 80 percent) affirmed that they would prefer the new system introduced by CEPS in 2003 as compared to a minority of remaining respondents (i.e. 20 percent) preferring the old system of controlling trade prior to 2003 (see Table 4.23 above). When further asked why they (i.e. majority) preferred adhering to the new concept of risk management and not the previous one, above 50 percent of respondents attributed it to

the straight jacket mode of control with resultant delays in clearing ones goods from the port while the remaining 30 percent of respondents identified the needless and excessive cost involved with the clearing processes at the ports which have been reduced since the introduction of the new system. (See Table 4.24 below)

Table 4.24: Inadequacies of the previous method of control used by CEPS that the risk management system has adequately addressed

Reponses	Frequency	Percent	Valid Percent	Cumulative Percent
Straight jacket mode of control with resultant needless delays in clearance	30	50.0	50.0	50.0
Needless and excessive cost of clearance process	18	30.0	30.0	80.0
Not applicable	12	20.0	20.0	100.0
Total	60	100.0	100.0	

Source: Field Data, 2011

Majority of Customs officials interviewed (i.e. 40 percent) pointed out that the new concept of controlling trade had brought in its wake a greater degree of professionalism in the performance of Customs functions as compared to minority (i.e. 10 percent) of them identified the new concept of risk control had indeed enhanced the capacity of CEPS to grapple with increased work load without a corresponding increase in the numerical strength of employees. About 28 percent of remaining respondents explained that it had ensured

expeditious clearance of consignments and reduced congestions at the Port of Tema as well as 22 percent of respondents have identified clearing agents becoming more compliant due to awareness of the consequences of non-compliance and were highly satisfied with the new system of trade control. (See Table 4.25 below)

Table 4.25: Contribution of the new concept of risk management to the operations of CEPS

Responses	Frequency	Percent	Valid Percent	Cumulative Percent
Greater degree of professionalism	20	40.0	40.0	40.00
Enhanced capacity of CEPS	5	10.0	10.0	68.0
Ensured expeditious clearance of consignments	14	28.0	28.0	90.0
Awareness consequences of non-compliance	11	22.0	22.0	100.00
Total	50	100.0	100.0	

Source: Field Data, 2011

4.6 REVENUE PERFORMANCE OF CEPS AND TEMA HABOUR

To ascertain if there had been any impact over the past few years of the operation of the new risk management system of CEPS on her revenue collection performance was examined. As postulated in this study, risk management enabled the achievement of regulatory control (including revenue) as well as trade facilitation. The impact of risk management on the work

of CEPS was measured by the volume of revenue the organization had collected for the period 1999 to 2006 to identify its trend presented in Table 4.26 below.

Table 4.26: Revenue Performance Reports of CEPS *(1999-2010)*

YEAR	ACTUAL REVENUE COLLECTED (GHCMILLION)	PERCENTAGE INCREASE
1999	75.86	-
2000	90.23	18.94
2001	121.75	34.93
2002	218.36	79.35
2003	536.09	145.50
2004	704.13	31.34
2005	884.80	25.53
2006	985.70	11.40
2007	896.26	(9.07)
2008	1123.32	25.33
2009	1575.21	40.22
2010	1834.73	16.47

Source: Research and Monitoring Department, CEPS Headquarters, Accra (2011).

The revenue performance of CEPS as presented in Tables 4.26 above was used to assess revenue improvement or otherwise, yearly revenue growth rate of the Tema port to the overall national revenue of CEPS. Table 4.26 above indicated that prior to 2003, yearly percentage increases were 18.94, 34.93 and 79.35 for years 2000, 2001 and 2002

respectively. In 2003 when the risk management system was introduced, there was a phenomenal increase of 145.50% after which 31.34, 25.53 and 11.40 percentage increases were recorded in subsequent years (see Table 4.26 above).

The 145.50% increase in revenue was attributable to the effectiveness of the risk management processes and procedures been implemented.

Table 4.27: Analysis of revenue performance of Tema and CEPS, 1999-2006 (GHC million)

YEAR	TEMA	CEPS: NATIONAL	% CONTRIBUTION OF TEMA
1999	75.86	192.68	39.37
2000	90.23	264.52	34.11
2001	121.75	303.67	40.09
2002	218.36	439.39	49.69
2003	536.09	713.92	75.09
2004	704.13	934.30	75.36
2005	884.80	1,131.60	78.19
2006	985.70	1,281.91	76.89
2007	896.26	1,286.90	69.64
2008	1,123.32	1,930.03	58.20
2009	1,575.21	2,083.20	75.60
2010	1,834.73	2,442.73	75.12

Source: Revenue Performance Report of CEPS: Research and Monitoring Department, Tema Port (2012)

On the other hand, Table 4.27 above showed the yearly contributions of the revenue collection of Tema Harbour to the overall national revenue of CEPS for the period 1999-2010. This showed that Tema Harbour contributed less than 50% to total revenue from 1999 to 2002 as compared with about 145.50% increase in revenue which raised the contribution of Tema to 75.09 percent of the total national revenue for CEPS. This figure was improved upon in the ensuing years as 75.36%, 78.19%, and 76.89% in 2004, 2005 and 2006 respectively.

The findings deduced from the analysis attest to the evidence that, revenue collection for CEPS at Tema Harbour had improved considerably since the inception of the risk management system as compared to the period before the introduction of the new concept of trade control.

4.7 SUGGESTIONS TO IMPROVE TRADE CONTROL

On information generated from respondents (i.e. clearing agents) about ways of improving trade control since the inception of the new way of controlling trade to date, majority (i.e. 40 percent) of respondents suggested that capacity building involving all stakeholders was indeed essential for the success of such a concept. Twenty percent (20%) of respondents advocated that attitudinal change by clearing agents as well as CEPS officials especially had to be encouraged. Twelve percent (12%) suggested an effective supervision by management of CEPS to be enhanced and regular refresher courses consistent with current realities respectively. (See Table 4 below)

4.28: Means of improving trade control by CEPS

Responses	Frequency	Percent	Valid Percent	Cumulative Percent
Capacity building	24	40.0	40.0	40.0
Attitudinal change	12	20.0	20.0	60.0
An effective supervision by management of CEPS	12	20.0	20.0	80.0
Regular refresher courses which are consistent with current realities	12	20.0	20.0	100.0
Total	60	100.0	100.0	

Source: Field Data, 2011

4.29: What is the attitude of CEPS officials towards the concept of risk management since it was introduced?

Responses	Frequency	Percent	Valid Percent	Cumulative Percent
some emphasize excessively on revenue to the detriment of trade facilitation	24	40.0	40.0	40.0
some exhibit a great sense of professionalism and honour the new system	18	30.0	30.0	70.0
some officers expect facilitation fee and exhibit excessive	18	30.0	30.0	100.0
discretion in clearing goods				
Total	60	100.0	100.0	

Source: Field Data, 2011

4.12.2 MEASURES TO IMPROVE THE NEW CONCEPT OF TRADE CONTROL

When accorded the opportunity to offer suggestions to improve performance of the concept, responses identified by respondents (i.e. Customs officials) to improve the system were outlined below.

Awareness programmes as well as courses must be organized regularly for the staff and management of CEPS to equip them with modern trends in trade facilitation as well as to recognize the value and effectiveness of risk management as a control tool.

Table 4.30: Measures to improve Trade Control in future

Responses	**Frequency**	**Percent**	**Valid Percent**	**Cumulative Percent**
Creating more exit routes to correspond with risk profiles	14	28	28	28
Ensure well paid and motivated staff	12	24	24	52
Creating a separate unit within CEPS to maintain the new system	9	18	18	70
Awareness programs organized for staff of CEPS	8	16	16	86
Review customs laws and regulations to reflect the new concept of trade control	7	14	14	100.0
Total	50	100.0	100.0	

Source: Field Data, 2011

Next, customs laws and regulations need to be reviewed to reflect the use of risk management techniques within legal boundaries of the country.

A separate unit within CEPS must be established with the responsibility of maintaining the operation of the system to be implemented fully in all entry points of the country while

efforts must be made to confer adherence to the dictates of the risk management system by all stakeholders to ensure transparency.

Management of CEPS should ensure a well paid and motivated staff to reduce the incidence of soliciting inducements from clearing agents while enhancing an effective supervision.

A number of exit routes must be created to correspond with the risk profiles of consignments so that low risk goods are cleared more expeditiously at the various points of entry into the country.

Table 4.31: Factors are to be considered in carrying out change process

Reponses	Frequency	Percent	Valid Percent	Cumulative Percent
Efforts by CEPS to ensure adherence to dictates of risk management system	18	30.0	30.0	30.0
Inputs must be sought from all stakeholders in advance prior to implementation	12	20.0	20.0	50.0
a well planned program on attitudinal change for stakeholders especially customs officers	18	30.0	30.0	80.0
consistent seminars organized to entail all facets in change management	12	20.0	20.0	100.0
Total	60	100.0	100.0	

Source: Field Data, 2011

In espousing from clearing agents interviewed, various factors that management of CEPS should consider in carrying out any change process similar to this in future, majority of respondents each (i.e. 30 percent) advocated that efforts by CEPS need to be encouraged to ensure that adherence to dictates of risk management system be promoted and a well planned program on attitudinal change for all stakeholders at the various points of entry especially CEPS officers be encouraged respectively as compared to 20 percent each of remaining respondents identified that consistent seminars be organized to entail all facets in change management be promoted coupled with inputs be sought from all stakeholders in advance prior to implementation of such change programs respectively. (See Table 4. Above)

It was evident that employees are divided in their expression of satisfaction or otherwise of the new system of control. Lewin (1981) emphasized that the first step in the change process is unfreezing the present level of behavior – that is to reduce prejudices. It is the process by which people to be affected by the change become aware of the need for change. This was crucial because satisfaction with current practices may trigger little or no interest in making changes.

During the last decade (1990-2000), the percentage growth in international trade was pegged at 80 per cent (WTO internet Site). The details are as follows:

Table 4.32: Comparison between the growth of Total GDP and Total Imports of the world

Years	Total GDP in the world (1990=100)	Total imports in the World (1990 =100)
1990	100	100
1995	107	147
2000	125	188

Note: Data from WTO internet site.

Table 4.33: Amount of Exports in some selected regions.

	Exports (US billion)			Imports (US billion)		
REGIONS	1980	1990	2000	1980	1990	2000
World total	2035	3442	6364	2,075	3,542	6,669
North America	294	522	1058	320	641	1,504
Latin America	110	147	359	123	130	388
Western Europe	816	1637	2,441	926	1,700	2,567
Asia and Oceania	324	792	1,828	351	762	1,661

SOURCE: WTO Internet site.

The data depicts an exponential growth in international trade as a result of the globalization process. Da Silva (2001) emphasized that there has been successive rounds of multi-lateral and regional trade liberalization has resulted in the booming trade volumes (pg. 7)

Since world War ll, barriers to international trade have been considerably lowered through international agreements. Particular initiatives carried out by GATT (General Agreements on Tariffs and Trade.) and the WTO have included the promotion of free trade and the elimination of tariffs, the creation free trade zones with reduced or no tariffs. (http://en.wikipedia,org). Da Silva termed the concept of free trade as "the liberalization Revolution", a freeing up of markets with a process of free movements of goods, services, labor and capital. As barriers to commerce are minimized, coupled with increasing trade, it becomes more difficult to stop traffic in goods, services, organized crime, terrorism, immigration, fraud, contraband, intellectual property violations and all crimes related with customs operations.(pg. 10)

Da Silva (2001) noted that Customs operations have had to grapple with the challenges of rapid, smooth and secure processing of goods clearance operations. More than ever before, the key goals of Customs are to reconcile the facilitation and control of trade while protecting our society (pg. 11).

CHAPTER FIVE

SUMMARY, RECOMMENDATIONS AND CONCLUSION

5.0 INTRODUCTION

This concluding chapter seeks to summarize the work of the preceding chapters, offer recommendations based on the findings and conclusion for the study.

5.1 SUMMARY

The study was designed to determine the extent to which the new concept of risk management enabled CEPS enhanced its role, functions and capabilities to meet the challenges in examining consignments. The study therefore, addressed the problem of why CEPS made a change over from the old system of trade control (i.e. the gate-keeper system) to the new concept of risk management and the extent to which it had influenced revenue mobilization as well. To enable the study find solutions to the problem, the study addressed the following: the reasons for the risk management process, how the change process was pursued in terms of the approach adopted, and how the risk management process had enabled CEPS to achieve its goals of maximizing revenue, reduction in cost and time of cargo clearance, and staff-client satisfaction.

To achieve the objectives of the study, an exploratory approach was adopted to help gather a lot of information from all stakeholders at the Tema Harbour change process was measured. These include the structural contents put in place and the process of change itself in terms of level of participation and involvement of stakeholders in the exercise. The findings revealed that the process covered the provision of technology, intelligence data base, and re-definition

of procedures without adequately involving the staff and other stakeholders. There was not enough training and orientation to change the mentality of staff to recognize the value and effectiveness of the concept as well as other stakeholders, most especially, clearing agents. The findings of the study were presented in tabular forms, graphs and discussions.

In applying the concept of planned change as a strategy to enhance organizational performance from an open-system perspective, the research identified how this theoretical framework informed the change in operational control embarked upon by CEPS. For a planned such as this to succeed, three considerations are paramount: the need for a goal for change; the presence of propelling forces for change; and the adoption of requisite approaches for the implementation and management of the change process.

The study on the change process embarked upon by CEPS indicated that these factors were present. For instance, changing global trends and challenges stimulated the need for such reforms in customs control. It also confirmed that, as an open-system, no organization could afford to remain insensitive to prevailing conditions in its environment. Organizations operate within a broad system and events within the system affect it.

CEPS changed the existing control structure to grapple with changes that were identified by the World Customs Organization. Analysis of revenue performance and cargo clearance among others over the period indicated an improvement in performance. However, employees and customers acknowledged that the excellent mark had not yet been attained. Their responses bore testimony that a lot more need to be done by CEPS to garner an emphatic customer and employee satisfaction.

The use of the risk management technique must be extended to all CEPS operational points.

The Preventive Unit must be strengthened to combat smuggling at the nation's borders.

The intelligence unit must be resourced to identify rogue traders who use multiple taxpayers' identity numbers to clear their consignments at the Tema Harbour.

Traders with good track records will eventually take undue advantage of their status to abuse the system.

The new risk management system was only operational at the Tema Harbour, the Accra International Airport and the Takoradi Harbour only while other Customs entry points still operated the old gatekeeper system of trade control. This situation could be exploited by rogue traders who have the option of deciding which of the two systems to adopt.

The possibility of importers having multiple taxpayers' identification numbers to obscure their identity and to undermine the determination of their real status. However, traders would take advantage of trade facilitation to commit customs related offences.

The intelligence system in CEPS is not sophisticated enough to track importers resulting in inaccurate profiling system.

The porous nature of the country's entry points was identified through the study as a fertile ground for outright smuggling by some traders which could lead to huge loss of revenue for the state. The identities of smugglers who use these entry points are not captured by the risk management system. The system should be upgraded in order to address this situation.

5.2 RECOMMENDATIONS

The findings of the study indicated that though the new concept of trade control by CEPS had made some significant improvement on its operations, the study identified problems that have been conspired to undermine a comprehensive attainment of set objectives the process was fashioned to achieve. These issues and challenges could be addressed by the management of CEPS, and contribution as well as involvement of all stakeholders as outlined below.

To begin with, it had become increasingly clear over the years that many planned change processes have partially achieved the desired objectives. This was attributable to the approach employed in implementing such change, where, majority of respondents when asked in the previous chapter espoused that, they were only informed about such changes during clearing agents' meeting and by their immediate bosses with respect to Customs officials respectively. It was suggested that, when such a change would be embarked upon in the future, authorities of Customs should try as much as possible to discuss as well explain such concepts with all stakeholders for views to enhance such change processes.

Next, it was also recommended that the new concept of trade control need to be operationalized in all sectors and stations where Customs have physical presence. The study revealed that some officers of Customs continue to operate the old "gate-keeper" approach along some borders of the county, hence, not been able to effectively control trade in contemporary times as well as to contribute immensely to revenue mobilization for the country. Operating the two systems concurrently, provide options for errant and non-compliant traders to exploit the weaker system of controlling trade. A trader may subject a

consignment to the old method for examination and clearance if the new method was likely to expose him. The situation also undermined the integrity of the risk profiling mechanism as records of cargo clearance of trade by the old method were not captured in the computer system. All ports and stations, as a matter of urgency, should be equipped as well as implement the new concept of risk management system of trade control.

Furthermore, the study recommends that Custom laws and regulations need to be reviewed to reflect the use of the risk management mechanism within legal boundaries. The study revealed that some Customs officials do not feel obliged to accept the dictates of the risk management process. Some officers perceived release of consignment without examination as a favor and not a requirement. Laws and regulations must, however, make room for isolated situations where the dictates of the risk management process may be ignored due to very compelling reasons. The legal provision would however inject confidence and acceptance of the concept by all stakeholders.

Again, Customs officials do not operate in isolation at the various ports and borders within the country, but in collaboration with other operatives that include GPHA, the Police, and the National Security Unit and among others. Such stakeholders must be given the needed orientation to have an understanding of the new concept. The study gathered that release of consignments without examination would be perceived as negligence by other stakeholders. Situations arise where the preventive unit, the Police or the National Security detain released cargo for re-examination, thereby causing needless delay.

The internal structure CEPS had adopted through the creation of a Risk Management Committee, with representatives from various Customs offices (regional and local) should be

reviewed. The objective of this unit was to discuss and agree on periodic redefinition of risk criteria to ensure relevance with current realities.

5.3 CONCLUSION

Organizational change is such an indispensable factor in determining corporate success that efforts need to be harnessed in ensuring change processes are effective as possible. The study revealed that organizational change was fashioned to elicit results. The realization of stated objectives was largely dependent on how planned changed is nurtured and managed. This emphasized the approach adopted for its implementation, commitment and selflessness of those charged with the responsibility of the change process.

First, the analysis of the migration from the traditional gate-keeper approach to the risk management system indicated a structural approach of changing an organization. It did not adequately involve, train and provide orientation for the organizational participants who are central to the change process. The risk management exercise led to the attainment of revenue targets but had not engendered the corresponding attitudinal change of some of the employees and clients.

Second, the change process had not fully achieved its distinctive mark since it lacked total commitment, skill and internalization of the concept of risk management among the staff of CEPS.

Third, the study revealed that the change process did not cover the entire nation as some CEPS stations continued to operate the traditional gate-keeper system of examination and documentation of goods. Employing two systems concurrently provide a breeding ground for rogue traders to exploit the system to their advantage.

Fourth, the research has shown that the risk management system was central to effective and efficient job performance in customs examination. The challenge was to practice it in a more uniformed, systematic and disciplined manner.

It could be concluded that the findings indicated that the purpose for which the study was embarked on had been significantly achieved. It had also been able to establish the factors that necessitated the employment of the risk management system, how the change process was implemented and the extent to which stated objectives had been met.

In spite of the limitations of the study, the study could be regarded as adequate enough to encourage further studies on risk management in examination of trade by CEPS with the ultimate objective of extending the frontiers of modernization and the provision of quality job performance.

To conclude it is hoped that this study would highlight the processes involved in the design and implementation of risk management controls. Critically, it was also envisaged that an insight into the experience of those involved in these processes could be used through a cyclical means of refining the models used and thus allow for novel and innovative methods of risk management to be explored and devised, (Gill and Johnson, 2002).

It was further hoped that the lessons learnt in particular would be of further use in a broader context in investigating problematic aspects of risk management within other organizations.

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APPENDIX

INSTITUTE OF DISTANCE LEARNING

KWAME NKRUMAH UNIVERSITY OF SCIENCE AND TECHNOLOGY

KUMASI

QUESTIONNAIRE FOR CUSTOMS OFFICERS

TOPIC: MANAGING ORGANISATIONAL CHANGE: THE CASE OF CUSTOMS, EXCISE AND PREVENTIVE SERVICE IN THE INTRODUCTION OF COMPUTERIZED RISK MANAGEMENT CONTROL PROCESS IN 2003.

Kindly provide answers to the following questions to generate data for the above stated research.

Respondents are assured that information given will be treated with utmost CONFIDENTIALITY.

1. State Gender: Male [ ] Female [ ]

2. What is your position/rank in this organization? ----------

3. How long have you been on your present job?

   (a) 07-10 years [ ]

   (b) 11-15 years [ ]

   (c) 16-20 years [ ]

   (d) 21-24 years [ ]

   (e) 25-28 years [ ]

   (f) Any other (specify) ----------

4. The introduction of Risk Management in 2003 was necessary:

   a. Strongly agree [ ]

   b. Agree [ ]

   c. Undecided [ ]

   d. Disagree [ ]

   e. Strongly disagree [ ]

   f. Agree [ ]

5. Kindly give reasons for your response

   a. ----------

b. ----------

c. ----------

d. ----------

e. ----------

f. ----------

6. Were you involved in the change process?

   a. YES [ ] NO [ ]

      If YES, at what stage did you get involved?

      (i) Preparatory stage: (a) [ ] (b) [ ]

      (ii) Implementation stage (a) [ ] (b) [ ]

7. If you participated in the change process, identify the role you played:

   (Tick as appropriate)

   a. Submission of proposals for change [ ]

   b. Defining problem and proposing solutions [ ]

   c. Any other, specify ----------

      ------

8. Were you informed about the proposed change?

   a. YES [ ] [ ]

b. If YES, state the medium through which you were informed. (tick as applicable)

c. Through radio announcement [ ]

d. Through newspaper [ ]

e. Through Staff Association durbar [ ]

f. Through Memo from CEPS Management [ ]

g. Any other, (Specify)

_____

_____

9. The risk management exercise of CEPS has effected structural changes in the organization since its inception in 2003.

   a. Strongly agree [ ]

   b. Agree [ ]

   c. Undecided [ ]

   d. Strongly disagree [ ]

   e. Disagree [ ]

10. The risk management concept has changed the function and processes of the organization.

a. Strongly agree [ ]

b. Agree [ ]

c. Undecided [ ]

d. Strongly disagree [ ]

e. Disagree [ ]

f.

11. The change process has changed the attitudes and leadership skills of employees of the service.

a. Strongly agree [ ]

b. Agree [ ]

c. Undecided [ ]

d. Strongly disagree [ ]

e. Disagree [ ]

12. In your view which of the following statements best describe the change process of CEPS in introducing the risk management concept?

a. In involved structural changes

b. It involved inputs from employees and involved attitudinal change

c. Any other (Specify)

---

13. Has the risk management concept been really effective?

a. YES [ ] NO [ ]

b. If YES, give reasons for your position

(i) ---

(ii) ---

(iii) ---

c. If NO, what are some of the issues that need to be addressed?

(i) ---

(ii) ----------

(iii) ----------

---

14. Delays are in the clearance process is inevitable. Identify an area in CEPS operations where delays are prevalent and assign causal factors

---

---

15. In your opinion what factors are to be considered in carrying out any change program like this in future?

(i) ----------

(ii) ----------

(iii) ----------

(iv) ----------

(v) ----------

(vi) ----------

THANK YOU.

INSTITUTE OF DISTANCE LEARNING

KWAME NKRUMAH UNIVERSITY OF SCIENCE AND TECHNOLOGY

KUMASI

QUESTIONNAIRE FOR CUSTOMS HOUSE AGENTS

TOPIC: MANAGING ORGANIZATIONAL CHANGE: THE CASE OF CUSTOMS, EXCISE AND PREVENTIVE SERVICE IN THE INTRODUCTION OF THE RISK MANAGEMENT CONTROL PROCESS IN 2003.

Kindly provide responses to the following questions to generate data for the above stated research.

Respondents are assured that information given will be treated with utmost CONFIDENTIALITY.

1. What is your position in your company?

   a. Executive Director [ ]

   b. Managing Director [ ]

   c. Manager [ ]

   d. Accountant [ ]

   e. Secretary [ ]

   f. Other, (specify)----------

   -----

2. How long have you been in the clearing and forwarding venture?

   a. 07-10 years [ ]

   b. 11-15 years [ ]

   c. 16-20 years [ ]

   d. 21-24 years [ ]

   e. 25-28 years [ ]

   f. Any other, (specify)

   ----

3. The introduction of risk management concept of control in 2003 was necessary:

   a. Strongly agree [ ]

   b. Agree [ ]

   c. Undecided [ ]

   d. Strongly disagree [ ]

   e. Disagree [ ]

4. Give reasons for your response to question 3

   ---

5. The risk management process has resulted in expeditious clearance of consignments: (tick as applicable)

   a. Strongly agree [ ]
   b. Agree [ ]
   c. Undecided [ ]
   d. Strongly disagree [ ]
   e. Disagree [ ]

6. The risk management process is a more efficient form of customs control than the gate-keeper approach:

   a. Strongly agree [ ]
   b. Agree [ ]
   c. Undecided [ ]
   d. Strongly disagree [ ]
   e. Disagree [ ]

7. Were you involved in the change process in any way?

   a. YES [ ] NO [ ]

   b. If YES, state the form of involvement

   ---

8. Were you informed about the change in customs control prior to the introduction of the risk management concept?

   a. YES [ ] NO [ ]

   b. If YES, state the medium/media through which you were informed

   ---

9. The risk management process has resulted in an improvement in compliance by Customs House Agents:

   a. Strongly agree [ ]

b. Agree [ ]

c. Undecided [ ]

d. Strongly disagree [ ]

e. Agree [ ]

10. Are you satisfied with the concept of risk management since its inception?

a. YES [ ] NO [ ]

b. State reasons ----------

---

11. Delays are inevitable. Which of the following sections in CEPS do delays occur most?

    a. Long –room procedure [ ]

    b. Valuation of goods [ ]

    c. Examination process [ ]

    d. Preventive gate [ ]

    e. Re- examination by task force [ ]

12. For those who are delayed by CEPS as indicated in question 11, which of the following could be the cause?

    The CEPS officer was…

    a. Incompetent [ ]

    b. Expecting bribe [ ]

    c. Indifferent [ ]

    d. Officially too busy [ ]

    e. None of these(please specify)----------

    ----

13. What, in your opinion, can be done to improve the quality of service of CEPS?

---

14. What is the attitude of CEPS officers towards the concept of risk management since it was introduced?

---

15. What is your opinion towards the change process adopted for the introduction of risk management?

---

16. State some adequacies of the previous method of the control that the risk management system has adequately addressed?

a. ---

b. ---

c. ---

d. ---

e. ---

17. In your opinion, what factors are to be considered in carrying out any change process like this in future?

a. ----------

b. ----------

c. ----------

d. ----------

e. ----------

THANK YOU.