

**MAKERERE UNIVERSITY**

**MANAGEMENT ATTITUDES, ORGANIZATIONAL CAPABILITIES AND EXPORT  
READINESS OF FIRMS IN THE CENTRAL REGION OF UGANDA**

**By**

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**(PLAN A)**

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### Declaration

I hereby declare that this work is original and an outcome of my personal effort as well as determination. Where the works of other scholars were consulted and used, due acknowledgement has been provided.

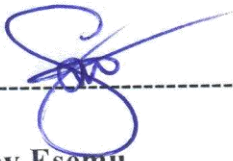
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### Approval

We hereby acknowledge that this dissertation titled “**Management Attitudes, Organizational Capabilities and Export Readiness of Firms in the central region of Uganda**” is an original piece of academic work prepared by Balibali Bukosera Noreen Kamoti as an outcome of an empirical research study undertaken by her under our supervision. The dissertation is now ready for formal submission for examination with our permission.

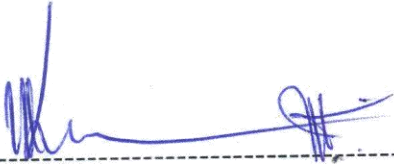


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## **Dedication**

This dissertation is dedicated to my late dad Mikaya Balibali and mum Jesica Khanakwa Balibali for the Christian upbringing as well as providing the necessary conducive social and academic environment which enabled me achieve this milestone.

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### **List of Abbreviations**

CBI	Centre for Promotion of Imports from Developing Countries
COMESA	Common Market for Eastern and Southern Africa
EAC	East African Community
EU	European Union
GMP	Good Manufacturing Practices
ICT	Information Communication Technologies
ITC	International Trade Centre
LDCs	Least Developed Countries
MTIC	Ministry of Trade Industry and Co-operatives
NDPII	National Development Plan II
NEDS	National Export Development Strategy
NTP	National Trade Policy
SMEs	Small and Medium Enterprises
UBOS	Uganda Bureau of Statistics
UEPB	Uganda Export Promotion Board
UNCTAD	United Nations Conference on Trade and Development
WTO	World Trade Organization

## **Abstract**

The global business environment is being dominated by the trade liberalization agenda. In this context increasing exports has been an important aspect to many countries like Uganda as it contributes to economic growth. A study was conducted to examine export readiness among firms in Uganda. The specific objectives were; to analyse the export readiness of firms in Uganda, to analyse the relationship between management attitudes and export readiness of firms, to analyze the relationship between organizational capabilities and export readiness, and to analyse the extent to which organizational capabilities mediate the relationship between management attitudes and export readiness.

A questionnaire was used to collect data from 139 export firms on their perception and level of export readiness at Uganda Export Promotions Board. Descriptive statistics, factor analysis and inferential statistics in form of correlations and regressions were generated to answer the research questions.

The study findings revealed that there was a significant positive relationship between management attitudes and export readiness of firms in Uganda ( $r = .539, p < .01$ ). Further still export readiness had a significant positive relationship with factors of management attitudes, these are, export commitment ( $r = .469, p < .01$ ) and international orientation ( $r = .475, p < .01$ ). There was also a significant positive relationship between organizational capabilities and export readiness ( $r = .557, P < .01$ ). The sobel test for mediation showed that the mediating effect was significant ( $Z = 3.177, p < .01$ ), implying that organizational capabilities, has a partial mediation effect on the relationship between management attitudes and export readiness.

The study concludes that management attitudes had a positive association with export readiness and organization capabilities hence having positive association with export readiness. To this end therefore, the study recommends focus on creating firm's competitiveness by leveraging on the firm's organizational capabilities, further research and analysis on foreign markets, as well as setting up of a good information systems to provide management with information about the export market and their customers as well as information regarding their competitors.

# **CHAPTER ONE**

## **INTRODUCTION**

### **1.1 Introduction**

This study is about the role of management attitudes and organizational capabilities in explaining the export readiness of firms. Its main focus is on firms operating in the context of a least developed country (LDCs). Over the past 20 years, global trade has nearly quadrupled, reaching US\$ 19 trillion in 2013 compared with US\$ 5 trillion in 1996. Not only has the world trade expanded on average of 7.6% annually in the period 1995 – 2015, but the developing world's share of global trade has also grown to reach almost half (WTO, 2016). Among the factors fueling this growth is the shift to outward-looking economic policies, the impact of new transport and communication technologies and the world economy being more open than before. For their part emerging economies have been able to harness globalization to achieve high economic growth rates, while LDCs still lag behind due to trade related infrastructure and supply-side constraints (UNCTAD 2016).

Responding to the challenges of export development will require deliberate intervention from governments with support from development partners to build capacities at both national and firm levels to enable exporting firms understand and prepare to comply with market access requirements. As free market access under the WTO special preference has not yielded the desired results, there is need for interventions to improve market access and this will hinge partly on understanding export readiness as this is critical to minimize risks associated with doing business in unfamiliar foreign environment.

The export market environment is dynamic and associated with frequent occurrences and shifts in economic, technological, social and regulatory domains (Barreto, 2010), which bring to test the readiness of exporters to exploit the opportunities in such markets. Hence the initial step for any firm to enter the global market place is to first determine where the weaknesses and potential areas lie. In order to do this, the firm needs to evaluate its export readiness thoroughly. Identification of areas which are lacking in terms of factors needed to go international is paramount (Rosnan H., et al 2015) as the survival of firms in foreign environments requires the necessary factors in place to make them export ready. Among the factors; Rosnan H., et al (2015) recommends that when a firm is analyzing its readiness to internationalize, it must examine its organizational elements, management motivation and the needed capacity for successful internationalization. Export readiness signifies that a firm has the character, capacity and courage to enter into this particular business (Barreto, 2010; Eldik & Viviers, 2005).

The unpreparedness of exporting firms in Uganda partly explains the country's vulnerability and instability, consequently the country's economy remains fragile due to the uncertainty of exporting firms.

There is a notable gap in literature in offering a fairly comprehensive export readiness mode that has been thoroughly analyzed to produce a systematic and proven model. However, some of the available models have examined export readiness in the context of developed and developing economies (Hamidizadeh & Zargaranyazd, 2014). This gap is acknowledged by Lamb P., et al (2002) who proposed that research in this area is still in need of further development. This study therefore addresses a knowledge gap on export readiness in the context of a least developed country.

The chapter presents the background to the study, statement of the problem, purpose of the study, research questions, scope of the study, significance of the study, conceptual framework and the structure of the dissertation.

## **1.2 Background to the study**

Although companies in low income countries can enter international markets through different approaches for example franchising, licensing and foreign direct investment , exporting seems to be the most preferred approach because it is less risky, flexible to execute and requires less resource commitment ( Marginean, 2013; Ricard, Saiyed, & Le Pennec, 2013). However, failure rates of nascent export firms is high, suggesting that they might be approaching the competitive international markets without building sufficient capacity and readiness to initiate export business operations. Yet preparation for entry into export markets is essential for any firm seeking growth in a foreign market. An export ready company is one which has the drive, experience, financial resources, and capacity to successfully meet demand for its products in a foreign market (O'Farrell, Zheng, & Wood, 1996). It shows whether or not a firm has character, capacity and courage to enter into export markets. According to the Food Export for USA, having the ability to learn and manage the unknown and successfully penetrate the foreign market is a common profile of an export ready firm (Jensen & Davis, 1998).

Export readiness may be market specific in that a firm is export ready for one foreign market but not ready for another because of possible factors such as the nature of the products and services offered, the expertise of the company on foreign market requirements and preferences (Rosnan H., 2015). For example exporting to the EU market or the United States of America can be extremely difficult for a Ugandan firm because of the stringent requirements which makes

compliance difficult and costly as it requires investment in laboratories, safety and management systems and technical expertise, depending on the product being prepared for export. In trading with these countries the exporter must take into consideration the regulations, culture, the logistics involved and customers' tastes and preferences (Eldik & Viviers, 2005).

Furthermore, Knight & Cavusgil (2004) indicate that export readiness calls for a firm's state of informedness on target foreign market(s) and the means for entering them. Information and knowledge about foreign markets is essential for a firm's preparedness to export. Before exporting, firms need knowledge about the market including competitors and customers. In addition to the market potential and market growth as these inform the firm's preparations and propensity to commence export activities in foreign markets (Hamidizadeh & Zargaranyazd, 2014; Knight & Cavusgil, 2004). Firms can improve their export activities through product quality improvement measures based on consumer tastes and interests in the target markets.

Tan, Brewer, & Liesch (2010) proposed that export readiness is a point of assessment that links a firm's pre-internationalization phase with its initial international commitment. This is a crucial stage because not all firms become regular exporters. Accordingly, firms should understand the requirements of the foreign markets and build the capacities in production, finance and marketing. In line with this Siriphatrasophon et al., (2013) agree that firms need to evaluate their strengths and weaknesses in order to determine their ability and readiness for adjustment for foreign market entry.

In this study, we define an export ready firm as one whose management has the appropriate attitude and the capacity to successfully meet demand for its product in a foreign market.

Accordingly, export activities require a considerable level of management perspective, financial and productive resources. Management perspective considers the decision maker as the central aspect of readiness while financial and productive resources relate to organization capabilities. All these have been known as accelerators of export readiness among firms in the literature as observed by Eldik & Viviers (2005).

This study argues that a firm whose management has intentions of growth will consider expanding its activities into foreign markets. In this case a firm ought to go thorough preparatory process which will involve establishment of whether there are markets for its products and hence organize the necessary resources and produce the product according to the market requirements.

Understanding the determinants of export readiness of firms is a crucial foundation for ensuring stability and growth of exporting firms (Rosnan, Saihani, Yusof, & Daud, 2016; Siriphatrasophon & Saiyasopon, 2013). Similarly establishing the preconditions that determine export readiness would assist to inform the necessary support to enable the companies' to transit quickly from being either non-exporters or occasional exporters into becoming active exporters.

It is important to consider export readiness at two different levels; at national level and firm level. At national level export readiness is fundamentally about productive capacity development. Such a task constitutes expansion of production and export supply capacities, including physical infrastructure development, greater access to affordable finance, improved trade facilitation and other private sector development enablers (NEDS 2015). Key amongst these would include the `nurturing of domestic firms to become export ready so as to attain their full potential of producing and selling their goods and services abroad.

The determinants of export readiness broadly include; production, marketing and financial factors (Ecel, Atukunda, Napakor, & Otim, 2013). Whereas we recognize the different factors in explaining export readiness, management attitudes and organizational capabilities play a crucial role in providing the underlying framework with which firms can harness these factors to stimulate the initial adoption, subsequent development and sustainable export activity.

Scholars Gray & McNaughton (2010); Hamidizadeh & Zargaranyazd (2014a), further propose that export readiness is determined by ensuring: sufficient production, effective marketing and financial soundness of a company. Hence setting out to penetrate foreign markets can be challenging for certain firms not possessing certain management competences such as motivation or specific capabilities to face the hurdles associated foreign markets (Kabagambe et al., 2012). The current study hence underscores the importance of understanding the preparedness to exporting by probing into the concept of export readiness.

Besides, a few studies which have been carried out have tended to concentrate on firms in developed countries as opposed to least developed countries (Altomonte & Békés, 2016; Gerschewski, 2007; Calof & Beamish, 1995). As previous studies have tended to explore the role of export readiness to a firm's export success largely focusing on developed economies. This study explores export readiness of firms in a least developed country Uganda whose share of world exports has continued to be small (ITC Trade map 2016).

### **1.3 Statement of the problem**

As a means of promoting exports Uganda has negotiated for market access however the penetration of these markets is still low. Resulting in the country being economically fragile and

continuing to register undesirable macroeconomic indicators such as high unemployment rates, exchange rate volatility and rising inflation on account of inter alia imported inflation. An analysis undertaken in 2015 on exporting firms indicated that in 2004 there were 360 exporters and by 2014 there were 1,172 exporters. Out of those that registered in 2004, only 103 were still in active export business (NEDS 2015). The dropout rate of 71 per cent between 2004 and 2014 is quite alarming and yet not empirical explanation has been provided.

A qualitative study could shed light onto the high failure rate by examining how firms prepare for export, and exactly which factors should be taken into account when considering this influence. The literature suggests that a firm must be in a state of readiness (Knight and Leisch, 2002) to become involved internationally. However, studies in this area are quite limited as acknowledged by scholars like Lamb P., et al (2002) who proposed that research on export readiness is still in need of further development. Ecel, Atukunda, Napakor, & Otim ( 2013) explored the subject of export readiness and noted the limitation in terms of the small number of companies exporting studied. The point of this research is to contribute to a better understanding of the degree of export readiness and how management attitudes and organizational capabilities contribute to the readiness of firms to export.

#### **1.4 Purpose of the study**

The purpose of this study is to analyze the role of management attitudes and organization capabilities in explaining the export readiness of firms in the central region of Uganda.

#### **1.5 Research objectives**

1. To analyze the export readiness of firms in the central region of Uganda.

2. To analyze the relationship between management attitudes and export readiness of firms.
3. To analyze the relationship between organizational capabilities and export readiness.
4. To analyze to what extent organizational capabilities mediate the relationship between management attitudes and export readiness.

## **1.6 Research questions**

1. What is export readiness for firms in the central region of Uganda?
2. What is the relationship between management attitudes and export readiness among firms in the central region of Uganda?
3. What is the relationship between management attitudes and organizational capabilities among exporting firms in the central region of Uganda?
4. What is the mediating role of organizational capabilities in the relationship between management capabilities and export readiness among firms in the central region in Uganda?

## **1.7 Scope of the study**

### **1.7.1 Conceptual scope**

The study focused on analyzing management attitudes and organization capabilities as the key determinants of export readiness. To explain the changes in the dependent variable the study considered management attitudes as the independent variable and organization capabilities as the moderating variable towards the export readiness of firms in the central region of Uganda. Export readiness was studied in terms of the firms' capabilities to develop and implement export strategies. The model posits that management attitudes moderated by organizational capabilities leads a firm towards readiness to initiate and sustain an export activity.

Management attitudes were studied in terms of export commitment and international orientation, while organization capabilities considered include competitive intelligence, and financial and production capabilities. Management perceptions towards exporting stimulate the development of organizational capabilities to ensure that firms become ready to undertake exports.

### **1.7.2 Geographical scope**

The study covered the central region and focused on companies operating in Kampala, Entebbe/Wakiso and Mukono Districts because of these districts form the business hub of the country with a high level of export activity. This was backed by the Uganda Export Promotion Board Exporters database 2014, which indicated that the majority of firms had their physical location within these districts.

### **1.7.3 Time Scope**

The study was conducted from September 2015 to May, 2017.

## **1.8 Significance of the study**

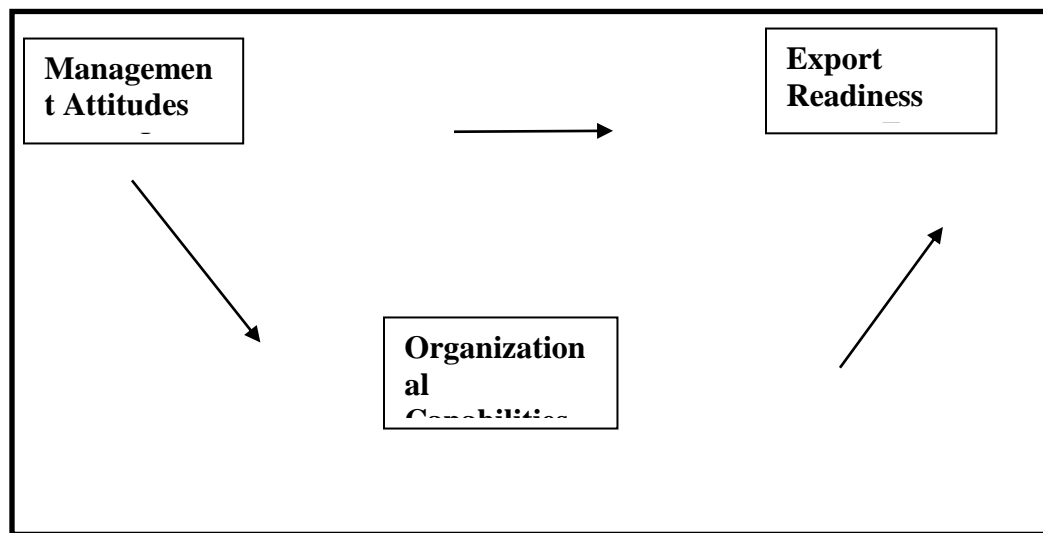
The study contributes to the body of knowledge on export readiness of firms in a least developed country context and specifically the role of management. Understanding export readiness is extremely important for a least developed country like Uganda with a fledging export sector. The findings from this research provide insights on how to assist firms to build capacity for their market entry and sustainable engagement in international business.

The information derived from this study can be used by government agencies like the Uganda Exports Promotions Board (UEPB) as input in the design of export promotion programs. The

study will also contribute to knowledge specifically in understanding the role of management attitudes and organization capabilities in explaining export readiness in the context of a least developed country.

## 1.9 Conceptual Framework

**Figure 1.1: Conceptual framework**



**Source:** *Adapted and modified from Gerschewski (2007) and Calof & Beamish (1995).*

Gerschewski (2007) in his model of export readiness conceptualizes export readiness as a function of management attitudes and organizational capabilities, in which the scholar considers management attitudes of the decision makers in shaping the development and preparedness of and commencement of an export activity. Oupendranath (2014) also developed an export readiness model which showed that involvement in export activities was mainly stimulated by management attitudes. This model is in agreement with Calof & Beamish (1995) who developed

a framework that demonstrated with 82 percent accuracy that involvement in export activities was mainly stimulated by management attitudes.

The current conceptual framework proposes that management attitudes play a key role to sense and interpret opportunities, and re-align internal capacities to capitalize on those opportunities. Managers with a desire to export are more inclined to build capabilities towards the development of an export strategy with a focus on product policy and market selection. Furthermore, management with a positive attitude develops the organizational capabilities of the firm to appropriately adapt, integrate and reconfigure organizational skills and resources to select, penetrate and compete in foreign markets.

## **CHAPTER TWO: LITERATURE REVIEW**

### **2.1 Introduction**

This chapter presents a review of the literature on export readiness. It also explores the literature on management attitudes, organizational capabilities and their relationship with export readiness of firms. The chapter starts by giving an introduction; this is then followed with a structured discussion on export readiness and its dimensions, the relationship between management attitudes and export readiness of firms and, the relationship between organizational capabilities and export readiness of firms. The last part of the chapter provides a summary of the review and the conclusions.

### **2.2 Firm export readiness**

This study is primarily concerned with analyzing firm export readiness in Uganda. This section will therefore examine what export readiness is, its role and importance in sustaining firm export operations and success, and its dimensions.

Export readiness refers to preparations undertaken by the firm to be able to sell its products or services to the international market (Rosnan et al., 2016). Such preparations include producing or manufacturing quality products, making arrangements for pre-shipment and post shipment financing and marketing. The exporting firm has to make sure that it offers more worthwhile goods and services than their competitors (Sirisuwat & Jindabot, 2014). Thus, the firm's capacity to compete plays a key role in increasing export readiness. This depends on the unique selling proposition of the product and services offered to customers in the target export market.

Export readiness plays a key role in sustaining export operations, avoidance of risks and economic development of domestic and foreign markets. This explains why development partners and policy makers have generated a great interest in the subject of export readiness for firms (Altomonte & Békés, 2016; Balabanis et al., 2004).

Hamidizadeh & Zargaranyazd (2014) refers to export readiness as a crucial process because not all firms are exporters or have the capacity to engage in export trade. To this end it becomes necessary to evaluate the strengths and weaknesses of firms in order to determine their export ability beforehand and readiness for adjustment before foreign market entry. Herwina et al

(2015) confirm that export readiness of firms is critical in the minimization of risks associated with doing business in unfamiliar foreign markets. For instance changes in market requirements arising from the need for food safety and export documentation procedures among others.

Firms with the intention to export should devote time and resources in understanding the characteristics of the target market and how to run a business in other countries that have different rules and environment (Kotler and Keller, 2011). In this respect, export readiness involves a firm assessing its strength, weaknesses and potential opportunities as well as threats with a view of developing the necessary capabilities to become export ready (Rosnan, Saihani, Yusof, & Daud 2016). Such assessments enable the firm to determine its resource levels, production capacity and management motivation to participate in international trade. Where inadequacies exist, this will form the basis for capacity building and development for export market operations.

Export readiness is a term that is often used by export assistance organizations to identify firms with character, capacity and courage to enter international markets. In this respect, therefore, a company is said to be export ready when certain key aspects of the company's business have met a certain threshold in terms of capacity to initiate and sustain an export activity (Eldik & Viviers, 2005).

According to the Resource Based Theory (RBT) advanced by Penrose (1959), export readiness of firms is achieved after an optimal allocation of resources. This arises because optimal allocation of resources allows firms to exploit opportunities and neutralize threats in competitive foreign markets. Firm as well as intermediary resources are essential in strengthening export readiness of firms. Both tangible (physical assets) and intangible resources such as the knowledge and experience about markets, technological know-how as well as business network resources are essential for developing export readiness (Barney, 1991; Penrose, 1959).

Export readiness can also be looked at in terms of the operations of the target markets, particularly regulatory and non-regulatory factors. This perspective to export readiness requires gathering and analysing data on market access requirements, customer tastes and preferences, transportation, storage and handling requirements, and determining whether there are internal firm capabilities to match those market requirements (Eldik & Viviers, 2005). Thus, firms that

are preparing to export should ensure that their marketing strategies match with their marketing mix elements of product, price and promotion in order to achieve firms export objective (Fernández-Mesa & Alegre-Vidal, 2013).

The criteria often used to measure export readiness has a number of indicators including; business history and profile, motivation to engage in exporting, management attitude towards real market development, market activity sophistication, product characteristics, domestic competitive position, operations, technology, and facilities, financial condition and stability. This checklist is commonly used in the assessment of agribusiness firms exporting in European markets (Ken, 2013). The kind of check list is often used by government agencies mandated to build firm capacity for export, or support them in order to access export markets. However, this type of checklist may not be intuitively reliable depending on the size of the firm and the type of commodities to be exported.

A study by Tan et al (2010) on measuring export readiness using a multiple export index shows the key role that access to information plays in market readiness given the fact that the organizational capacity of firms may not have a huge control on the external environment in the exporting country. The current study confirms the contribution of market knowledge towards the firm's readiness for foreign markets.

The Uppsala model presents internationalization and subsequently export readiness as an incremental process in which a firm passes through a progressive development of processes such as generation of knowledge about foreign markets, resource commitment as well as the performance of current business activities. According to the Uppsala model, export readiness is affected by the compatibility between a firm's experiential knowledge and its resource capabilities to engage in export trade (Tan, Brewer, & Liesch, 2007).

In export readiness, lack of knowledge is perceived as a risk factor which can only be reduced through incremental decision-making and learning about foreign markets and operations given the fact that market research is a prerequisite for successful commercial decision-making as it leads to increase in the export knowledge of firms (Ali & Ali, 2013; Lengnick-Hall, Beck, & Lengnick-Hall, 2011), Ken (2013), confirm that the ability of the firm to continuously supply and sustain the market is a good indicator of export readiness. Mabel & Rico (2010) indicate that

cases of sporadic export behaviour serve as an indicator that a firm is not export ready. They indicate that such firms are not in position to have a regular supply of products to the market as per the product delivery commitments. It is also common for a local firm to lack capability to access successfully a viable foreign market that has been identified.

Non-fulfillment of export orders coupled with failure of firms to take advantage of globalization has prompted countries to put in place deliberate efforts through incentives to support firms' access the foreign markets. In the United States and Canada for example, much encouragement has been given to firms to enter foreign markets as manifested by deliberate strategies such as market concentration and market spreading. Export market concentration strategy refers to a strategy in which a firm confines its export marketing to a single market while export market spreading is a strategy when a firm diversifies its marketing efforts across multiple markets. The US Federal government and Canada have designed their national export policies to support export concentration and export market spreading (Jensen & Davis, 1998; Ken, 2013).

While on the African continent Kenya and Ethiopia have instituted deliberate policies to develop and support the flower industry in their respective countries. With the intervention their firms have successfully accessed the stringent developed countries' markets such as the EU and USA. The success of the flower in industry in Ethiopia has been linked to a generous support package by government in transport co-ordination, access to land and provision of long-term credit Gebreeyesus M., & Sonobe T., (2011).

In this study, export readiness is constituted by export strategy, competitiveness and export capabilities and these components are explored next.

### **2.2.1 Export strategy**

Export operations involve both strategic and tactical issues. Strategic decisions encompass issues such as the choice of the countries/markets, product markets, target segments, modes of operation, and timing of market entry (Seyayi S., 2015). Export readiness can be achieved when there is an export strategy. In this respect, export strategy refers to a decision taken by a firm which involves assessing a product's export potential and how it will be delivered to the export market (Rosnan et al., 2016). There are two main export strategies that are considered by different firms in export readiness activities, namely direct and indirect market entry strategies.

The principal consideration in determining whether to export directly or indirectly is the amount of resources a firm is willing to invest in the international marketing effort. Other factors that influence the choice of whether to export directly or indirectly include, the firm's tolerance to risk, nature of products and services, previous export experience and expertise and business conditions in the selected market (Welch et al., 2007 & Seyayi S., 2015). However, direct export strategy requires significant capital investment in establishing and maintaining physical presence and involves incurring substantial marketing costs. On the positive note, direct export strategy increases direct control of the market including the export strategies adopted by the firm (Seyayi S., 2015).

Direct exporting strategy involves a firm establishing an export department within an organization. An export manager is appointed to handle export activities. Other arrangements considered include foreign distributor, overseas retailers, central trade offices and trading companies (Siriphatrasophon & Saiyasopon, 2013).

The indirect export strategy involves an exporter working through an intermediary in a foreign country. These include; Export Management Company, Export Trading Company, Overseas intermediary such as licensing, franchising and contracting (Yabs & Awuor, 2016). A firm is export ready if it is able to identify an intermediary in the exporting country and then establish a mutual agreement of operations between the two parties.

Export planning is key in export readiness given that building a sustainable international business operation requires patience and takes time to realize benefits. In particular, export planning helps in determining future resource requirements for exploiting identified market opportunities. The main goal of export planning is to identify export opportunities and development of an action plan to turn these opportunities into profitable business (FAO, 2015; ITC, 2012). Indeed, export planning is linked to the acquisition of sufficient export market knowledge, sufficient financial resources and a product of the right quality for the export markets.

### **2.2.2 Competitiveness**

According to Porter (1980), competitiveness at firm level refers to the ability of a firm to continue selling products and services in the international markets and growing market share

while realizing profits and return on investment. It is therefore concerned with the sustainability of the firm's operations in the export markets.

The ability of a firm to compete in export markets depends on the level of management commitment to developing the export market. It also depends on the expected value of the product and services intended for sale in the export markets and the extent to which this exceeds the perceived cost (Sirisuwat & Jindabot, 2014).

Competitiveness is also linked to the analysis of specific export markets where to operate, flexibility and ability to rearrange export business operations to suit the dynamics and changes in export markets as well as the significance attached to exports as a survival tool (Bonaglia & Fukasaku, 2002). Firms which invest resources to understand foreign markets and are able to appreciate the market environment are likely to generate capacity to compete with other firms in the foreign market.

### **2.2.3 Export capacity**

The export capacity of a firm refers to its ability to meet export market requirements in terms of volume, standards and the procedures for accessing the markets. Analysis of export capacity is important to a firm venturing into export markets because of economic, socio-cultural, environmental and political regulatory requirements for accessing export markets. Knowledge about these factors can be obtained through systematic market analysis which involves primary and secondary market research, review of foreign trade statistics and public-private sector market intelligence reports (Eldik & Viviers, 2005).

According to Bonaglia & Fukasaku (2002), the major barrier of firms intending to export their goods and services in developing countries is usually lack of trade support services. This is attributed to lack of political will by the governments to promote export trade. The findings are based on the survey conducted in five African countries of Ethiopia, Uganda, Tanzania, Mozambique and Madagascar. Trade support services included trade finance, trade promotion, logistics, communication, marketing services as well as other general business services. Existence of trade support services provides free advisory services to firms intending to engage

in export trade including provision of information on market potential and the requirements to enter international markets.

The government of Uganda has contributed to building capacity of the private sector firms (FAO, 2015). This is being achieved through its export promotion strategies of maintaining a stable and competitive exchange rate, zero-rated duty and VAT exemption on exports. The National Export Strategy 2008 and the National Export Development Strategy 2014 are all efforts towards improving the capacity of exporting firms. The Government of Uganda has also come up and supported a number of export capacity development initiatives including; the Enhancement of Market Access and Promotion of Value Added Exports (2011-2015), and the East African Community Export Promotion Strategy (2013-2016).

Trade capacity of Ugandan firms to participate in international trade is hindered by both domestic supply related constraints and foreign market access factors. These constraints include; economic infrastructure bottle necks, variable productive capacity and the inability to meet international quality standards. In 2005, the World Trade Organization (WTO) launched Aid for Trade (AFT) programme to strengthen trade capacity in developing countries including Uganda (Ijjo & Shinyekwa, 2014).

Export capacity of a firm is assessed using an export readiness decision matrix which portrays the level of export readiness and the level of willingness to commit resources to export in a foreign market (Tan et al., 2007). The matrix portrays four kinds of firms in the export readiness stage as shown in Figure 2.1. The first firm (Firm A) begins to export after achieving a high level of export readiness and is more likely to achieve a long term success in comparison to a firm that begins exporting when its level of export readiness is still relatively low for instance Firm C. In addition, there is a likelihood that some firms may not export because they are not ready. Firm B may have already achieved some readiness but have not yet commenced export operations hence are potential exporters. Firm D for example ought to recognize that the benefits of exporting may not be within their reach hence encouraged to remain local firms (Tan et al., 2010). In a nutshell, firms use export readiness matrix to assess the level at which they are export readiness. This enables the firms to put in place the necessary framework or address the limitations so that they are able to successful enter into international trade.

**Figure 2.1: Export readiness decision matrix**

High	← Level of export	_____ Low
↑	readiness	
Level of		
resource		
commitment to		
export		
↓		
Low		
	<b>Firm A:</b> likely to export with high potential for success	<b>Firm C:</b> Likely to export with less potential for success
	<b>Firm B:</b> unlikely to export but has acquired sufficient export capability	<b>Firm D:</b> unlikely to export and low potential for success

**Source:** Tan, Brewer, & Liesch (2010)

### 2.3 Management attitudes and export readiness

Management is the major force behind the beginning of development, sustenance and prosperity in exporting (Kabagambe et al., 2012). Management attitudes have been referred to as the decision makers' subjective evaluation of problems and opportunities associated with foreign markets (Ken, 2013). The current study considers management attitudes to be the desirability of a specific behavior from the decision maker's perspective in the involvement in export business operations. Management attitudes shape the way decision makers perceive foreign markets and activities associated with pursuing such markets.

Attitude towards export activities affects the integration of information by managers and the way they perceive foreign operations. A number of studies have linked management attitudes towards decision making on export activity (Gerschewski, 2007; Gray & McNaughton, 2010; Kabagambe et al., 2012). Additionally, Calof & Beamish (1995) established that the majority (80%) of foreign market entry decisions were made on the basis of an intuitive or gut-feel process on the part of the SME decision-maker. The study found that 24% of all export related

decisions; the basis was the manager's belief that they were comfortable to make commitment towards developing export markets.

Attitudinal commitment is an individual phenomenon which ultimately influences the commitment of resources as a pre-requisite to export readiness. According to Canabal & White (2008), there is a strong relationship between management attitudes and export readiness. This is because a manager with positive attitude to exporting is likely to carefully develop programs that will enable the firm to enter the export market. This is justified by the fact that management's predisposition to internationalization positively influences the firm preparedness to engage in exporting. During the pre-internationalization phase, attitudinal commitment behaviours exhibited by decision makers as a response of stimuli include export commitment and international orientation (Ali & Ali, 2013).

Attitudes are highly functional for individuals because they guide their perceptions, information processing, and behaviour which on the overall affects the organizational capacity of firms since decision making is embedded into the founders minds (Burnett, 2010; Fernández-Mesa & Alegre-Vidal, 2013; Gerschewski, 2007; Schienstock, 2009). Attitudes also intervene when selecting alternatives in the decision process considering that it consists of the direction given in response to the presence of the object. Attitudes also allow the individual to make choices more quickly although the decision making is subject to biases. It should however be noted that within an international context, we can expect that attitude toward internationalization will be linked to the speed with which the entrepreneur is eager to develop international activities (Ricard et al., 2013).

Basing on the standpoint of innovation-adoption to export, factors such as expectations, beliefs and attitudes of management towards exportation are considered as some aspects of management behaviour that are effective on the development of export trade and readiness. Similarly, positive attitude of management towards exportation has a positive impact on the development of exports hence the attitude of management toward marketing and investigation is an important element in the export readiness of firms (Ricard et al., 2013; Fernández-Mesa & Alegre-Vidal, 2013).

Some firms are motivated to be export ready after having excess production domestically while others respond to unsolicited product inquiries from abroad or are faced with a levelling-out of their domestic markets and are seeking expansion options (Boonpattarakan, 2012). For instance, successful agricultural harvests may prompt some firms engaged in agricultural marketing to find it very necessary to sell the excess food to the neighbouring countries (Leonidou, 1995). Before such food is sold to the neighbouring countries, the entrepreneurs have to ensure that they fulfil all the prerequisite of export readiness say export certification, meeting product standards and even assessing the prevailing market in the importing country.

According to Leonidou (1995), a well-prepared and strongly motivated firm is likely to have a better opportunity for success in international markets than an ill-prepared and weakly motivated firms. Many scholars have proven that management attitudes play a significant role in export success of firms (Ali & Ali, 2013; Gerschewski, 2007; Gray & McNaughton, 2010; Hamidizadeh & Zargaranyazd, 2014).

### **2.3.1 International orientation and export readiness**

International orientation is a phenomenon in which firms have the desire to deepen their understanding of international markets; on consumers, competitors, and the general business environment (Diego, et al., 2012). This is a very important component of managerial attitude since firms with dedicated staff who are willing to study foreign markets will find it easier to engage in export trade (Hamidizadeh & Zargaranyazd, 2014).

Firms attain market orientation by doing rigorous export market intelligence in the foreign markets where they intend to sell their products and services (Chugan & Singh, 2015; Eldik & Viviers, 2005). This study confirms that export market oriented activities are necessary in order for the firm to be able to predict, identify and react efficiently to market environment changes. Besides, international orientation enables firms to better sieve opportunities, identify threats and device means of mitigation of the threats in export markets.

### **2.3.2 Export commitment and export readiness**

Export commitment refers to the amount of resources devoted by the firm managers towards exporting activities (Chugan & Singh., 2015). Management commitment to exporting is very

important for the attainment of high levels of export preparedness because when the manager has commitments to exports they will plan carefully to enter foreign markets. Activities to be planned for require managerial and financial resources which lead to the formalization of export activities through an export department.

Consistent with the above discussion, Siriphatrasophon & Saiyasopon (2013) observe that export commitment is the amount of planning undertaken by managers, and the level of financial and managerial resources devoted to the development of export operations of the firm. The higher the amount of resources allocated to export business, the more the firm commitment since these resources help the company to improve planning and implementation of strategies necessary for the company to approach export markets.

#### **2.4 Organizational capabilities and export readiness**

Organizational capability refers to a company's ability to manage resources effectively to gain an advantage over competitors with the main focus of meeting customer demands (Schienstock, 2009). Effective organizational capability is important for export readiness as it fosters innovation. The capability of an organization is expressed in terms of human resources, physical and material resources, financial resources, information resources and intellectual resources (Fernández-Mesa & Alegre-Vidal, 2013). Human resources considered include; their number, quality, skills and experience. Physical and material resources include machines, land and buildings. Financial resources include money and credit. Information resources include a pool of knowledge and databases (Marginean, 2013). On the other hand, intellectual resources include copyrights, designs and patents among others (Ali & Ali, 2013).

A number of capability indicators that are useful in export readiness have been proposed for good and well-managed firms; talent, speed, shared mindset/brand identity, accountability, collaboration, learning, leadership, customer connectivity, strategic unity, innovation, and cost efficiency (Ali & Ali, 2013). The current study looks at three types of organizational capabilities since they are very pertinent in export trade and these include; competitive intelligence, financial capability and production capability (Mabel & Rico, 2010).

### **2.4.1 Competitive intelligence and export readiness**

Competitive intelligence refers to the act of defining, gathering, analyzing, and distributing intelligence about products, customers, competitors, and any aspect of the environment needed to support management in making strategic decisions for an organization (Boonpattarakon, 2012). Competitive intelligence focuses on providing an understanding and learning of what is happening in the world outside a business so as to make it more competitive. Competitive intelligence is necessary for a firm seeking to venture into export operations to establish the opportunities and risks in the prospective export markets (Ecel et al., 2013; Kabagambe et al., 2012). In addition, it helps the firm to understand their competitors' strength and weaknesses (Burnett, 2010) and hence how to react to the prevailing situation.

A study done in South Africa showed how international competitive intelligence contributes to global export trade performance. The study showed that domestic firms that wished to venture into international business are offered targeted assistance and an enabling environment. Domestic firms are given training and capacity building to enable them gain insights into the requirements, competitor activities and the way they do their business. Through competitive intelligence, firms also acquire new technologies, partnerships and product design which consequently increases the likelihood of being export ready (Eldik & Viviers, 2005).

According to Kabagambe et al. (2012), international competitive intelligence had a strong relationship with export readiness of firms in Uganda. Competitive intelligence helps domestic firms to establish the existence and size of the markets for their products, prices, potential buyers and competitors in foreign markets.

In New Zealand, competitive intelligence was also found to have a significant relationship with market potential of polymer products by Cape firm. Competitive intelligence was conducted by undertaking research on product development, testing and retesting as a mechanism of export readiness. Competitive intelligence helped the Cape firm to develop products that met the customer requirements in the importing countries (Gerschewski, 2007).

#### **2.4.2 Financial capability and export readiness**

Financial capability refers to the ability to mobilize financial resources to support the development of export market operations. Firms endowed with financial resources are able to undertake systematic market analysis, staff trainings, and production of goods and services, among others in pursuance of their export market dreams (Boonpattarakarn, 2012). Indeed, financial resources contribute immensely towards running operations that are needed to prepare and build capacity to venture into export markets (Ricard et al., 2013).

As firms prepare to engage in export business, there is need to develop financial resource plans to guide the processes of preparation and the actual export trade. A financial resource plan shows budgets for export activities, sources of funding and the returns on investments. These plans also show working capital, product modification, medium-term credits to foreign customers and the development of a communication strategy for the target export market (Siriphatrasophon & Saiyasopon, 2013).

In a study done on Uganda-China trade focusing on the export readiness of oil-seed exporters, financial capability played a significant function towards export readiness (Ecel et al., 2013). The researchers concluded that financial capability is mainly associated with having access to timely working capital. This is because favorable or low cost sources of financing to oil-seed exporters significantly improved Uganda's performance in lucrative international markets. In addition, financial capability as a dimension of organizational capability looks at management being able to allocate sufficient funds for export activities. This is because firms that intend to engage in international export trade often require sufficient amounts of money to fund aspects such as product modification and other related operational costs such pre-shipment and post-shipment, staffing, communication and travel expenses, all of which are necessary for the launch and sustainability of export business (Eldik & Viviers, 2005).

#### **2.4.3 Production capability**

Marketing a product internationally as well as domestically requires the ability to produce or manufacture the product (Eldik & Viviers 2005). A firm should therefore possess the capacity in terms of technology and skills necessary in the adoption of new methods and ideas in the

production and manufacturing processes. Production capability is a precursor of a firm's ability to meet export market demand and/or expand quickly in order to meet and sustain export orders and opportunities as they unfold (Kabagambe, et al., 2012).

Production capability of firms also involves assets and a network of knowledgeable people to perform their tasks effectively (Oupendranath, 2014; Ricard et al., 2013). Studies showed that assets are competencies when they are managed efficiently and effectively by people (Lengnick-Hall et al., 2011; Mabel & Rico, 2010; Ritter, 2006). In the same vein, a network of knowledgeable people is key in production advisory services for instance on packaging of products to ensure that they conform to market entry requirements and are economical to ship (Lengnick-Hall et al., 2011; Tan et al., 2010). Firms with adequate assets and a network of knowledgeable staff are more likely to demonstrate readiness to export compared to those that lack such a capability.

## **2.5 Summary of literature review**

The reviewed literature has suggested that several factors can be implemented and adopted to improve management attitude and build organizational capabilities. Organizational resources and their effective management is key for any firm to thrive. Most literature has indicated that the role of organizational and managerial factors on the internationalization's readiness of an enterprise cannot be undermined. In general, few studies have investigated firm export readiness especially in least developed countries like Uganda and therefore this study should address knowledge gap in respect of the firm export readiness in the context of Uganda.

## **CHAPTER THREE: RESEARCH METHODOLOGY**

### **3.1 Introduction**

This chapter explains the methodological approach adopted for the empirical study. It presents the research design, the study population, the sample size, the sampling techniques, data sources used, data collection instruments, procedure for obtaining data, reliability of instruments, validity of the data, data analysis and presentation, ethical considerations as well as the limitations of the study.

### **3.2 Research design**

The research design adopted for the study is the cross sectional survey design employed with a focus on the quantitative approach. According to Kothari (2004), cross sectional survey design is the collection of data mainly using questionnaires or structured interviews to capture quantitative or qualitative data at a specific point in time. The design was chosen because it is time saving and also less costly since a researcher goes to the field once (Frechtling, 2002).

### **3.3 Study Population**

The study population consisted of exporting companies registered by the Uganda Export Promotion Board (UEPB), an agency under the Ministry of Trade, Industry and Cooperatives. The UEPB is a statutory body set up by the Act of parliament to promote the export of Uganda's products and services to regional and international markets. The names of the exporting companies were derived from UEPB database of 2014 in which 1,172 companies had been registered.

The inclusion criteria was adopted in coming up with the study population as follows; out of 1,172 companies registered in the UEPB data, only 529 had functioning contact details and had at least exported in the previous year as per national statistical data by the Uganda Bureau of Statistics (UBOS). Out of the 529 companies, only 300 companies with a physical address in Kampala, Wakiso and Mukono districts were selected to participate in the study. Kampala, Wakiso and Mukono are found in the central business hub of the country and therefore location

for majority of exporting firms. Besides, inadequate financial and time resources to conduct a nationwide study merited a focused study.

The companies formed the unit of analysis and the top managers from each company were the unit of inquiry for this study. The manager or the managerial team were targeted, and specifically those directly responsible for the decision to export or to make export marketing decisions.

### **3.4 Sample size and sampling technique**

A sample size of 169 firms (registered exporters) was obtained from UEPB using the 1970 Krejcie and Morgan technique table (Krejcie & Morgan, 1970) as shown in Appendix II. This technique provides a sample size in terms of standard numbers arising from a given population.

A simple random sampling technique was adopted to select the managers interviewed from 169 of the 300 companies targeted for the study. This technique gives an equal chance to all respondents to be included in the study. The UEPB list of registered companies was used as a sampling frame. A random number table was used to earmark the names of companies that took part in the research. Simple random technique was chosen because it minimizes sampling bias due to the availability of a sampling frame (Mugenda & Mugenda, 2003).

### **3.5 Data sources**

The study relied on both secondary and primary data. Secondary data sources comprised of journals, reports and online statistical tools while primary source involved data collection from the field using a questionnaire administered to the managers of the targeted companies.

### **3.6 Data collection instruments**

A self-administered questionnaire was used to collect data from the managers of sampled exporting companies (Appendix I). The questionnaire was appropriate for the study because the researcher was able to circulate them to the respondents in quite a short period of time. It was also convenient for the respondents since they were able to complete the questionnaire at their own convenience (Mugenda & Mugenda, 2003).

### **3.7 Procedure for obtaining data**

The researcher obtained a letter of introduction from the Faculty of Graduate Studies and Research of Makerere University Business School. This letter of introduction was attached to the questionnaires and delivered to the target respondents by the researcher and her assistants.

The researcher made efforts to secure permission from the participating firms to access respondents. The respondents provided the required data by ticking or writing their responses in the spaces provided in the questionnaire. After data collection, all the filled questionnaires were compiled together for data entry and analysis.

### 3.8 Measurement of the study variables

**Table 3.1: Measurement of the study variables in the conceptual framework**

Variable	Constructs	Anchored scale	Sources of scale
Export Readiness	Export strategy	1 – 7	Hamidizadeh and Zargaranyazd (2014), Amoroo O., (2014)
	Competitiveness	1 – 7	
	Export capacity	1 - 7	
Management Attitudes	International orientation	1 – 7 1 - 7	Miesenbock (1998), Allen and Meyer (1990)
	Export commitment		
	Competitive		
Organizational Capabilities	intelligence	1 -7	CBI (2010)
	Financial capability	1-7	
	Production capability	1-7	

Source: **Extended Literature Review**

In this study, the researcher employed the dimensions of export strategy, competitiveness and export capacity as a measure for export readiness, a criterion developed by Hamidizadeh & Zargaranyazd (2014) and Amoroo O., (2014) who used it to measure the international readiness of SMEs. The responses were anchored on a 7-point Likert scale categorized as 1 =Strongly Disagree, 2=Disagree, 3=Mildly Disagree, 4=Neutral, 5=Mildly Agree, 6=Agree and 7=Strongly Agree.

The management attitudinal questions were adopted and measured around issues highlighted in the previous work by Miesenbock (1998) and Allen and Meyer (1990). Participants were asked how strongly they appreciated their involvement in foreign markets, using export commitment and international orientation as the measures. The responses were also anchored on a 7-point

Likert scale categorized as 1 =Strongly Disagree, 2=Disagree, 3=Mildly Disagree, 4=Neutral, 5=Mildly Agree, 6=Agree and 7=Strongly Agree.

The aspect of organization capabilities were successively examined using competitive intelligence, production capability and financial capability (CBI, 2010). The responses were also anchored on a 7-point Likert scale categorized as 1 =Strongly Disagree, 2=Disagree, 3=Mildly Disagree, 4=Neutral, 5=Mildly Agree, 6=Agree and 7=Strongly Agree.

### **3.9 Reliability and Validity**

#### **3.9.1 Reliability**

The reliability of the research instrument was determined through pilot testing of the instrument with a sample of twenty firms. The results contributed to the refinement of the questionnaire. In the process of data analysis, the Cronbach Alpha correlation coefficient formula was used to compute the correlation coefficient that indicated the degree of reliability of the final instrument used and the results are presented in table 3.2.

**Table 3.2: Reliability analysis**

<b>Variables</b>	<b>Cronbach's Alpha</b>	<b>Number of Items</b>
Management Attitudes	0.948	17
Organizational capabilities	0.932	12
Export readiness	0.700	12

Source: **Primary data**

Cronbach's Alpha test for reliability of the research questionnaire was done and according to the results in Table 3.2. All items; management attitudes, organizational capabilities and export readiness were found to be reliable since they had a coefficient above 0.70 threshold set by

Nunnally and Nunnally (1978). This indicated a good construct reliability of all the constructs. The descriptive analyses for the mean and standard deviations showed that the variable means were slightly above average and there were some variation in responses.

### **3.9.2 Validity**

The validity of the research instrument refers to the degree to which an instrument measures what it sets out to measure hence it refers to the appropriateness of the measures adopted in the study (Mugenda & Mugenda., 2003). The data collection instrument used in this study was assessed in terms of validity to ensure that the study used the correct measures based on literature and theory. The constructs adapted from the literature, a test instrument (questionnaire) were validated by experts in international business and trade and later subjected to a pilot test before final administering in the survey. Research assistants were briefed, trained and provided with sufficient explanations to ensure collection of quality of data.

### **3.10 Data analysis and presentation**

The data collected from the field survey was carefully edited, cleaned and coded using the appropriate methods. Data collected through use of the questionnaire was analyzed using the Statistical Package for Social Scientists (SPSS). This analysis generated descriptive statistics, factor analysis and inferential statistics in form of correlations and regressions. The results are presented in form of tables in chapters 3 and 4.

### **3.11 Ethical considerations**

A number of ethical considerations were observed in this empirical study. In the first instance, the researcher obtained permission from all the respondents and also presented to them an introductory letter from Makerere University Business School (MUBS) indicating that the study was for academic purposes only. The researcher observed extreme confidentiality while handling respondents. Besides, the respondents were assured that the study would not cause any danger directly or indirectly and that their participation was voluntary and based on their consent.

## CHAPTER FOUR:

### PRESENTATION AND INTERPRETATION OF FINDINGS

#### 4.1 Introduction

This chapter presents the results of the data analysis and their interpretation. The results are presented in line with the study objectives. The chapter is structured as follows; background characteristics of the respondents and firms studied and analysis of the main research constructs.

#### 4.2 Background characteristics of the firms and the respondents

During the study, respondents were asked about their personal information such as gender, education level attained and age. Information about the firm included; nature of the business, number of employees, turnover, duration in export business.

**Table 4.1: Background characteristics of the respondents**

Variable	Category	Frequency	Percent
Gender	Male	74	53.2
	Female	65	46.8
	<b>Total</b>	<b>139</b>	<b>100.0</b>
Age	25 to 35	44	31.7
	36 to 45	44	31.7
	46 to 55	31	22.3
	above 55	20	14.4
	<b>Total</b>	<b>139</b>	<b>100.0</b>
Education	Secondary	33	23.7
	Diploma	28	20.1
	Degree	57	41.0
	Masters/ Professional	21	15.1
	<b>Total</b>	<b>139</b>	<b>100.0</b>

**Source: Primary data**

The background characteristics of the respondents presented in table 4.1 shows that most of them were male (53.2%) while females constituted (46.8%). This gender distribution however did not

influence the results of the study because the percentage difference between the female and male correspondents was not substantial, and besides, the study was not gender based.

The age distribution indicates that majority of the respondents were between the age of 25 -45 years accounting for 63.4%, followed by the 46-55 years (22.3%) and above 55 years representing the least (14.4%). This age distribution indicates that most firms have young people in management positions.

The distribution of the respondents' education level was such that the highest percentage of the respondents had degrees (41.0%), followed by secondary (23.7%), diploma (20.1%) and lastly Masters or Professional (15.1%). This education profile indicates that managers of these firms are well educated and hence able to comprehend the study items in order to provide relevant responses.

**Table 4.2: Background characteristics of the firms**

<b>Variable</b>	<b>Category</b>	<b>Frequency</b>	<b>Percent</b>
Duration of existence of business	<1 year	7	5.0
	1-5 years	28	20.1
	6-10 years	56	40.3
	10 - 15 years	30	21.6
	> 15 years	18	12.9
	<b>Total</b>	<b>139</b>	<b>100.0</b>
Number of Employees	< 10	40	28.8
	11 - 30	33	23.7
	31 - 50	30	21.6
	51 - 100	24	17.3
	Above 100	12	8.6
	<b>Total</b>	<b>139</b>	<b>100.0</b>
Turnover (US\$ million)	< 0.5	16	11.5
	0.5 – 2	36	25.9
	2 - 10	33	23.7
	10 - 20	23	16.5
	20 - 40	20	14.4
	>40	11	7.9
	<b>Total</b>	<b>139</b>	<b>100.0</b>
Duration in export business	< 1 year	53	38.1
	1 - 5 years	32	23.0
	6 - 10 years	31	22.3
	11 - 15 years	23	16.5
	<b>Total</b>	<b>139</b>	<b>100.0</b>
Nature of Business	Agriculture	62	44.6
	Manufacturing	31	22.3
	Mining	10	7.2
	Trade	36	25.9
	<b>Total</b>	<b>139</b>	<b>100.0</b>

**Source: Primary data**

The descriptive analysis of the firms shows that majority (40.3%) of the firms had been in existence for 6 – 10 years, followed by 21.6% which had been in existence for a period between 10 to 15 years. This indicates that the firms that were studied had been in operation for long enough to provide relevant and valid data.

Concerning the number of employees, most firms had less than 10 employees (28.8%), followed by those with 11 – 30 employees (23.7%) and 21.6% with 31 – 50 employees. This distribution

shows that most of the firms were micro, small or medium size enterprises, confirming that the study included the appropriate firms in the sample.

Results in table 4.2 revealed also that sales turnover of most firms (25.9%) was between US\$ 500,000 and US\$ 2 million, followed by 23.7% of the firms with US\$ US\$ 2 million to 10 million, 16.5% (US\$ 10 – 20 million), 14.4% (US\$ 20 – 40 million), followed by 11.5% and the least number of firms with a sale turnover of above than US \$ 40 million. This implies that the small enterprises dominated the study. However medium enterprises were also fairly represented.

Findings on the distribution of the length of time the firms had spent in exporting business indicated that most of them (38.1%) were as new as less than one year old, followed by 23.0% which were in exporting business for between 1 – 5 years, 22.3 (6 – 10 years) and lastly 16.5% (11 – 15 years). This signifies that over 40% had been running exporting business for longer than 5 year, which period is long enough for the managers of these firms to be knowledgeable about export operational matters.

Lastly majority of the firms (44.6%) that were studied engaged in agro business followed by trade (25.9%), manufacturing (22.3%) and mining (7.2%) in Art & Craft (31.5%). This distribution is typical of trade in least developed countries dominated by agriculture as opposed to manufacturing developing and developed countries.

The next section presents results on factor analysis of the main research constructs.

### **4.3 Factor Analysis**

Factor analysis was carried out for all the study variables so as to identify their factor structure.

Specifically, the analysis was intended to establish;

- i) The hierarchy of importance of the components of the major constructs and
- ii) The indicators of the items that best explain the constructs by virtue of the factor loadings associated with them.

Using the Varimax method for principal components measurement, only those factors with an Eigen value greater than 1 were retained according to Guttman-Kaiser (1954) .

**Table 4 3: Factor structure of Management Attitudes**

	International Orientation	Export Commitment
We generate a lot of information in order to understand the forces which influence our foreign customers' needs and preferences	.849	
In this company, we generate a lot of information concerning trends (e.g regulations, technological developments, political, economic) in foreign markets	.816	
We periodically review the likely effect of changes in the external environment (e.g regulations, tariffs )	.785	
We generate information about export markets periodically	.734	
We have an understanding of export procedures/documents and their roles	.662	
We obtain ideas from clients to improve products and services	.661	
We have a strong domestic base to support our export activities		.835
We have sufficient resources to handle administrative matters of exports efficiently		.825
We appreciate the importance of exporting to foreign markets because we believe that exporting will contribute to the firm's overall performance		.813
We have efficient communication systems to handle export operations (telephone, internet, email, website, fax) or to respond to enquiries or complaints		.798
<i>Eigen value</i>	7.414	3.805
<i>Variance (%)</i>	43.612	22.384
<i>Cummulative Variance (%)</i>	43.612	65.996

***Note: Extraction Method: Principal Component Analysis. Rotation Method: Varimax with Kaiser Normalization. a. Rotation converged in 3 iterations.***

**Source: Primary data**

Of the two constructs of management attitudes indicated in the conceptual framework, international orientation (Eigen value = 7.414, Variance = 43.612%) was more prominent and export commitment (Eigen value = 3.805, Variance = 22.384%). Noteworthy is the fact that both factors collectively explained approximately 66% of variance in management attitudes, which is evidence of considerable level of validity of the items captured in the factor structure. Further still the results in the table summarize the items that measure each of the components of the management attitudes in their order of significance. The magnitude or level of importance of each item is illustrated by the factor loadings, where a higher value indicates a higher magnitude. To this effect items with factor loadings below 0.5 were eliminated and as shown in table 4.3, all items loaded above 0.6 which signifies considerable validity of measurement.

**Table 4.4: Factor structure of Organization capabilities**

	Competitive Intelligence	Financial capability	Production capability
Our company has a marketing strategy/plan covering product unique selling proposition, pricing, distribution and promotion	.805		
We regularly collect/gather information on competitors, their products and prices on an informal or formal basis	.758		
We have knowledge of potential buyers of our product(s)	.717		
We have information/knowledge on the size of the world market for our product(s)	.700		
We have access to adequate financial resources at reasonable cost to support our export marketing development program		.876	
We can afford to invest in adapting our product/packaging if required		.801	
We have a recent financial report (profit and loss) statement and balance sheet which shows health position		.551	
We have undertaken research and development in order to improve our product(s) features or range of products			.549
We have a functional quality management/assurance/ control system in place			.833
Our products comply with UNBS and or any other international standards and specifications			.652
<i>Eigen value</i>	<i>3.614</i>	<i>3.013</i>	<i>2.262</i>
<i>Variance (%)</i>	<i>30.113</i>	<i>25.109</i>	<i>18.851</i>
<i>Cummulative Variance (%)</i>	<i>30.113</i>	<i>55.222</i>	<i>74.073</i>
<b>Extraction Method: Principal Component Analysis. Rotation Method: Varimax with Kaiser Normalization. a. Rotation converged in 7 iterations.</b>			

**Source: Primary data**

Organizational capabilities as depicted in the conceptual model of the study was operationalized by three factors; competitive intelligence, financial capability and production capability. Results in table 4.4 revealed that all of the three factors were significant and in their order of importance in measurement is as follows; competitive intelligence (Eigen value = 3.614, Variance = 30.113%), financial capability (Eigen value = 3.013, Variance = 25.109%) and production capability (Eigen value = 2.262, Variance = 18.851%). This implies that all of the factors cumulatively explained approximately 74.1% of the variance in organizational capabilities.

Noteworthy is the fact that all of the items retained in the factor structure of organization capabilities loaded above 0.55, which signifies substantial validity of the measurement items.

**Table 4.5: Factor structure of export readiness**

	Export Strategy	Competi tiveness	Export capacity
We believe that the quality of our product is good for the export market	.881		
Our company has sufficient knowledge about the export markets	.859		
Our company has established relationships with distributors in the export markets	.856		
Our company has adequate financial resources for export operations	.760		
We have developed a specific export business strategy	.759		
We are ready and able to commit a substantial amount of time to the development of an international market (exporting)		.881	
We are prepared to rearrange the way the business operates to become internationally competitive		.878	
We have identified and analyzed specific markets where to export our products		.864	
We are convinced that exports are an important aspect of our company's future survival		.708	
We believe that the company has developed sufficient capacity to meet export market delivery schedules			.883
Our company staff are familiar with export procedures and documents			.781
Our company complies with and meets the required standards in export markets			.736
Eigen Value	3.410	2.808	2.008
Variance (%)	28.416	23.403	16.731
Cumulative Variance (%)	28.416	51.819	68.55
<b><i>Extraction Method: Principal Component Analysis. Rotation Method: Varimax with Kaiser Normalization. a. Rotation converged in 4 iterations.</i></b>			

**Source: Primary data**

The factor analysis of export readiness extracted three significant factors and these were identified as export strategy (Eigen value = 3.410, variance = 28.416%), followed competitiveness (Eigen value = 2.808, variance = 23.403%) and export capability (Eigen value = 2.008, variance = 16.731%).

Export strategy was found to explain approximately 28.4% of variance in export readiness, competitive and export capacity contributed 23.4% and 16.7% respectively of the variance in export readiness. The items or indicators that explained the three factors significant are summarized under export strategy, competitiveness and export capability shown in table 4.5 above. Worth noting is that the magnitude of the factor loading for each item signifies its importance regarding the measurement of the respective factor.

#### 4.4 Correlation analysis

Correlation analysis was conducted to establish the relationship between the variables under study as summarized in table 4.6 below.

This analysis was particularly important in addressing the study objectives.

**Table 4.6: Correlation analysis**

	Mean	SD	1	2	3	4	5	6	7	8	9	10	11
<b>1. Management Attitudes</b>	5.24	1.13	<b>1</b>										
2. Export Commitment	5.29	1.31	.879**	1									
3. International Orientation	5.19	1.27	.872**	.534**	1								
<b>4. Organizational Capabilities</b>	<b>5.09</b>	<b>1.25</b>	<b>.758**</b>	<b>.591**</b>	<b>.739**</b>	<b>1</b>							
5. Production Capability	5.14	1.50	.757**	.654**	.673**	.900**	1						
6. Financial Capability	5.04	1.48	.560**	.393**	.591**	.888**	.693**	1					
7. Competitive Intelligence	5.10	1.27	.698**	.520**	.706**	.863**	.678**	.647**	1				
<b>8. Export Readiness</b>	<b>4.24</b>	<b>0.79</b>	<b>.539**</b>	<b>.469**</b>	<b>.475**</b>	<b>.557**</b>	<b>.633**</b>	<b>.396**</b>	<b>.442**</b>	<b>1</b>			
9. Competitiveness	5.25	1.45	.767**	.630**	.715**	.924**	.981**	.727**	.732**	.632**	1		
10. Export strategy	2.48	1.33	.063	.082	.028	.010	.011	-.011	.029	.668**	.005	1	
11. Export capacity	5.84	1.26	.060	.062	.042	-.042	.059	-.106	-.069	.349**	.036	-.105	1

**Source: Primary data**

#### **4.4.1: The relationship between management attitudes and export readiness of firms in Uganda**

Findings in table 4.6 revealed that there is a significant positive relationship between management attitudes and export readiness of firms in Uganda ( $r = .539, p < .01$ ). Further still export readiness has a significant positive relationship with factors of management attitudes, these are, export commitment ( $r = .469, p < .01$ ) and international orientation ( $r = .475, p < .01$ ). Comparing the two factors international orientation and export commitment the former has a slightly stronger relationship than export commitment. The slight difference implies that the management element is crucial in carrying out the tasks associated with exporting (like, budgeting and documentation). The results confirm that strong positive management attitudes are associated with the desire to allocate sufficient resources for exporting, especially those related to building the exporting infrastructure. Accordingly, positive management attitudes in terms of export commitment and international orientation are associated with high levels of export readiness.

#### **4.4.2: The relationship between organizational capabilities and export readiness of firms in Uganda**

Findings in table 4.6 showed that there was a significant positive relationship between organizational capabilities and export readiness ( $r = .557, P < .01$ ). From the conceptual framework organizational capabilities were operationalized as competitive intelligence, production capability and financial capability. A significant positive relationship was found to exist between export readiness and each of the organizational capabilities, and more specifically, production capability ( $r = .633, P < .01$ ), financial capability ( $r = .396, P < .01$ ) and competitive intelligence ( $r = .422, P < .01$ ). Worth noting is that production capability was found to have the

closest relationship of ( $r = .633$ ,  $P < .01$ ), with export readiness compared to the other components of organizational capabilities. This implies that production capability positively and significantly affects the export readiness of firms. Overall the results imply that high levels of organizational capabilities are associated with high levels of export readiness of firms in Uganda.

#### **4.5 Hierarchical regression model**

##### **4.5.1 Hierarchical regression model of export readiness of firms in Uganda**

The study employed a hierarchical regression analysis of export readiness on the size of business, nature of business, management attitudes and organizational capabilities. This analysis was intended to establish whether management attitudes and organizational capabilities of firms in Uganda significantly predict export readiness. The hierarchical linear regression was employed because it facilitates the determination of the individual contribution of the independent variables to the variation in the dependent variables.

**Table 4.7: Hierarchical regression analysis of export readiness of firms in Uganda**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
					R Square Change	F Change	df1	df2	Sig. F Change
1	.169 <sup>a</sup>	.028	.014	.78018	.028	1.989	2	136	.141
2	.557 <sup>b</sup>	.310	.295	.65988	.282	55.107	1	135	.000
3	.598 <sup>c</sup>	.358	.339	.63907	.048	9.938	1	134	.002

a. Predictors: (Constant), nature of business, size of business

b. Predictors: (Constant), nature of business, size of business, management attitudes

c. Predictors: (Constant), nature of business, size of business, management attitudes, organizational Capabilities

#### Coefficients<sup>a</sup>

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	3.903	.193		20.249	.000
	Size of Business	.053	.051	.088	1.042	.299
	Nature of Business	.096	.054	.152	1.790	.076
2	(Constant)	2.027	.301		6.739	.000
	Size of Business	.042	.043	.069	.961	.338
	Nature of Business	.082	.045	.129	1.794	.075
	Management Attitudes	.369	.050	.531	7.423	.000
3	(Constant)	1.909	.294		6.501	.000
	Size of Business	.040	.042	.066	.956	.341
	Nature of Business	.070	.044	.111	1.587	.115
	Management Attitudes	.193	.074	.278	2.613	.010
	Organizational Capabilities	.210	.067	.336	3.152	.002

a. Dependent Variable: Export Readiness

#### Source: Primary data

The results in Table 4.7 present the summary of the estimation of three regression models. Model 1, included; firm size and nature of business and the results show that there was no significant effect of firm size (beta = 0.088,  $p > 0.05$ ) and nature of business (beta = 0.152,  $p > 0.05$ ) on the variation in export readiness. The predictive power of model 1 is 2.8% (R Squared change = .028) but the model was not significant (F Statistic = 1.989,  $p > .05$ ). This finding implies that the characteristics of the firms which were thought to affect export readiness were not found to be

significant predictors. This could probably be attributed to technological advancement, specifically ICT in supporting export readiness.

Model 2 included management attitudes on top of firm size and nature of business and the results show that there is a significant positive effect of management attitudes on export readiness (beta = 0.531,  $p < 0.01$ ). This implies that the better the attitudes of the managers of the firms (especially commitment to export trade), the more it contributes to firm's export readiness. Management attitudes were also found to account for approximately 28.2% of the variation in export readiness (R Square change = 0.282) and hence it is an appropriate predictor at 1% level of confidence. (F change = 55.107,  $p < 0.01$ ).

Model 3 included organizational capabilities on top of management attitudes. The introduction of organizational capabilities in model 3 reduced the effect of management attitudes but it was still significant at 5% level (beta = 0.278,  $p \leq 0.01$ ). Further still, organizational capabilities also had a significant positive effect (beta = 0.336,  $p \leq 0.01$ ) implying that an improvement in the capabilities of the firms in respect to finances, production and competitive intelligence, would translate into high levels of export readiness. The results of Model 3 also showed that organizational capabilities raised the predictive power of export readiness by 4.8% (R Square Change = 0.048) and model 2 was also significant (F change = 9.938,  $p < 0.01$ ).

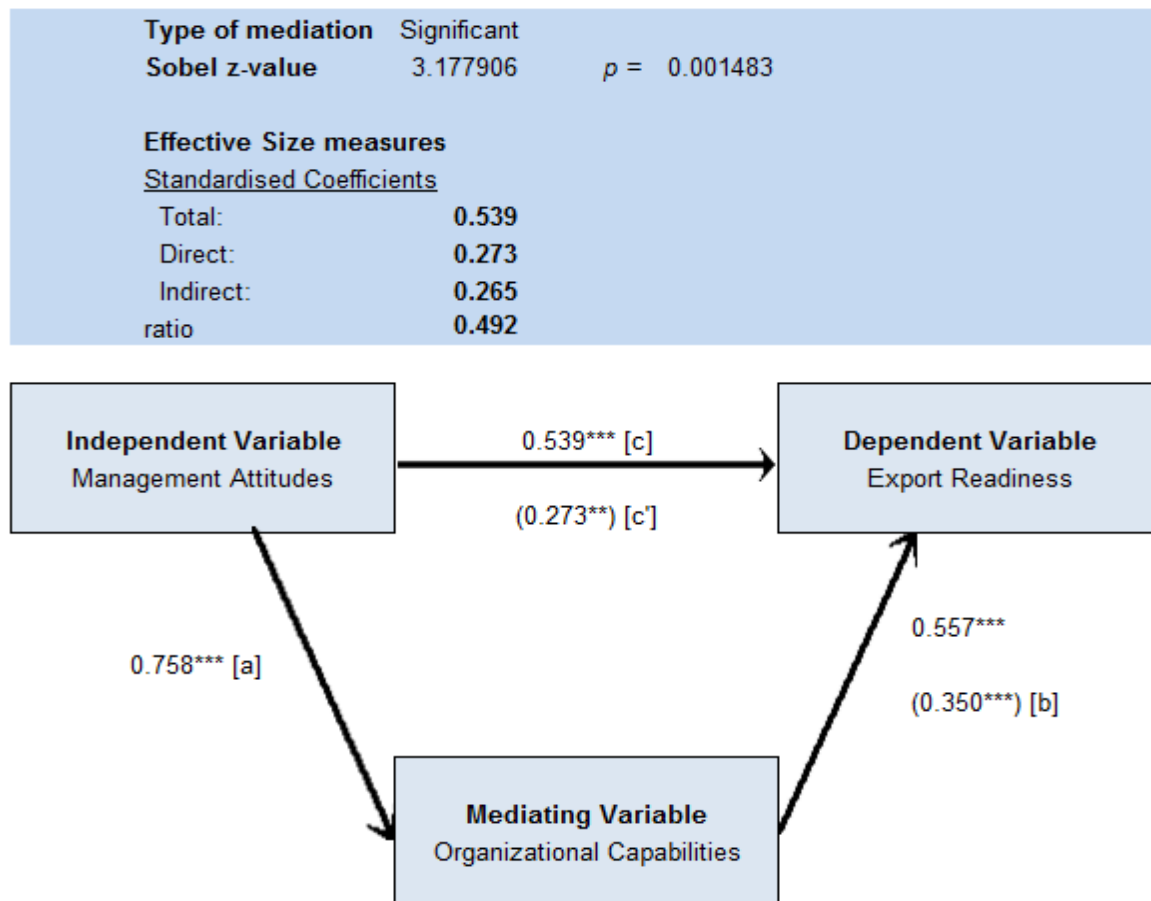
The reduction of the influence of management attitudes on introducing organizational capabilities in model 3 suggested a possibility of existence of a mediating relationship. Accordingly, a mediation test was carried out to determine whether or not organizational capabilities mediates the relationship between management attitudes and export readiness and its results are discussed in the next section.

## 4.5.2 Mediation test

### 4.5.2.1 The mediating role of organizational capabilities in the relationship between management attitudes and export readiness of firms in Uganda

As depicted in the conceptual framework, where organizational capabilities are hypothesized to mediate the relationship between management attitudes and export readiness, a mediation test was conducted following the Baron and Kenny (1986) procedure.

**Figure 4.1: Mediation of the relationship between management attitudes and export readiness**



Source: Primary data

Results of the medgraph in figure 4.1 above indicated that there was a significant relationship between management attitudes on export readiness ( $\beta = .539, p < .01$ ) and on controlling for organizational capabilities, the relationship was lowered but still significant, ( $\beta = .273, p < .01$ ). Further still, the sobel test for mediation showed that the mediating effect was significant ( $Z = 3.177, p < .01$ ), implying that organizational capabilities, has a partial mediation effect on the relationship between management attitudes and export readiness. In other words, the effect of management attitudes on export readiness is partially direct and partly indirect through organization capabilities.

#### **4.6 Chapter summary and conclusion**

In summary, all the research questions were answered in the affirmative. Specifically, export readiness was found to be positively related with both management attitudes and organizational capabilities, implying that the level of export readiness of the firms is directly related to both management attitudes in terms of export commitment and international orientation and organizational capabilities in terms of production, financial capabilities and competitive intelligence.

## **CHAPTER FIVE:**

### **DISCUSSION OF FINDINGS, CONCLUSIONS AND RECOMMENDATIONS**

#### **5.1 Introduction**

This chapter presents the discussions of the findings of the study. The discussion is presented in relation to the study objectives. The discussion is followed with the conclusions and recommendations. This is then followed with a statement on limitations of the study and indication of areas for further research.

#### **5.2 Discussion of key findings**

In the analytical chapter of this study we match the theories that we presented in the theoretical framework together with the collected empirical data to assess the four objectives in the most comprehensive manner.

##### **5.2.1 Export readiness of firms in Uganda**

The first objective of the study was to analyze the export readiness of firms in Uganda. The results confirm that management attitudes and organizational capabilities influence firms' readiness to enter international markets. Management attitudes were evaluated with regard to export commitment and international orientation. While organizational capabilities were evaluated in terms of production, financial capabilities and competitive intelligence. We found that the majority of the factors demonstrated a significant correlation with competitiveness of the firm. This implies that competitiveness has a significant and positive impact on firm's readiness to enter international markets. The study therefore suggests that competitiveness of a firm in the export market place is a good signal to export readiness. This comes from the suitability for the firms to initiate the export process and sustain it through offering products which are in demand.

##### **5.2.2 The relationship between management attitudes and export readiness of firms in the central region of Uganda**

The second objective of the study was to analyze the relationship between management attitudes and export readiness of firms in Uganda. The results show that there is a significant positive

relationship between management attitudes and export readiness of firms in Uganda. This is an indication that firm managers that possess positive attitudes are likely to undertake more careful planning before they consider committing their firms to enter export markets. Managers' favourable attitude towards foreign opportunities enables them to develop an export oriented behavior. Firms which are export market oriented are better informed about the needs and wants of their targets markets, and will be better positioned and therefore ready to tailor their products for the export market. Thus they develop an export market oriented behavior with a deliberate interest and willingness to commit resources to formulate and implement export strategies. Positive management attitudes were therefore found to be directly influencing export readiness as this intent drives management to commit resources in making a proactive export strategy, which is critical to successful business performance in foreign markets.

The higher the degree of knowledge about the foreign markets in terms of export documentation processes, regulations, and the international marketing process, the better managers handle and overcome potential obstacles and progressively obtain a positive perception of foreign market environment. Better understanding of the export market enables firms to meet customers' needs and preferences as well as comply with the regulatory requirements hence become export ready. This observation is consistent with the scholarly works of Ali & Ali, (2013), Antonin & Abrab (2015), Calof & Beamish, (1995) who had previously established a strong relationship between favorable management attitudes and export readiness. This study therefore adds to the existing scholarly work which points out that management's predisposition positively influences the firm's preparation to enter international markets. In effect, managers who maintain positive attitudes towards exporting activity through export market orientation and export commitment build the necessary export infrastructure and become export ready.

### **5.2.3 The relationship between organizational capabilities and export readiness of firms in the central region of Uganda**

The third objective of the study was to analyze the relationship between organization capabilities and export readiness of firms in Uganda. Results show that there is a significant relationship between organizational capabilities and export readiness. The strong relationship points to the fact that organizational capabilities are essential in a firm's preparations to enter export markets. In this study it was established that organizational capabilities found to be essential to export readiness were competitive intelligence, production capability and financial capability.

Competitive intelligence enables firms to analyze information in a continuous process. This equips firms with the critical information about the market end which builds their ability to better plan their operations and develop market entry strategies. The market intelligence enables firms to confirm the market potential, size of the market for nature of products and potential buyers. It also helps to ascertain if there is a chance to compete through knowing the international competitors, their products and prices. Market knowledge generated is vital in the selection of potential markets as well as the initiation of the market development processes. Thus competitive intelligence supports firms in their preparations for penetrating export markets, this finding is consistent with earlier observations made by Kabagambe et al., (2012).

In this study production capability has been found to have a strong positive relationship with the export readiness of firms in Uganda. Selling a product internationally requires the capacity to produce or manufacture the product. The company should therefore possess the space for production and storage, equipment, technology and systems such as the Good Manufacturing Processes and traceability systems which can support production of quality products needed for

the specific export markets. The production capacity should be available to handle and store additional orders, because expanding into the international marketplace will call for increased volumes and therefore need for the export infrastructure. This is consistent with Eldik & Viviers (2005) and Kabagambe et al., (2012) who noted through empirical analysis that production capacity is a necessary for export readiness.

Associated with production capability is the financial capacity, which according to the study was found to have an equally strong relationship with the export readiness of firms in Uganda. Firms ready to export should plan to allocate sufficient funds and create an adequate budget for export activities. This is because exporting requires funds for working capital for product modification to meet country specific requirement as well as customer preferences in targeted markets. This is in agreement with the scholarly works of Siriphatrasophon & Saiyasopon, (2013) who established that financial capability has a positive relationship with the export readiness of firms. The implication here is that those firms which become export ready require financial resources for undertaking operations such as market exploration visits, product adaptation, promotion and staffing.

#### **5.2.4 Mediation of organization capabilities on the relationship between management attitudes and export readiness**

The fourth objective was to analyze the mediating role on the relationship between management attitudes and export readiness. The results indicate that management attitudes have a significant positive effect on export readiness that is still significant even after introducing organizational capabilities. This is an indication of a partial mediation effect. The finding indicates that the association of management attitudes with export readiness is partially dependent on organization

capabilities. So, the ability of firms to become export ready is determined by the attitudes of the decision makers and their ability to develop firm capabilities which ensure sustainable competitive advantages. Concretely, the results of the study highlight the importance of organization capabilities, which include competitive intelligence, financial and production capabilities, as a partial mediator between management attitudes and export readiness, a point that is crucial to understanding the success of exporting firms in Uganda.

### **5.3 Conclusion**

Many studies have been conducted to identify the influence of management and organization capabilities on exporting. However, little and most likely no previous studies have tried to mention all important management attitudinal characteristics and organization capabilities that influence export readiness. Thus based on the systematic literature reviews, it is possible to design management and organizational factors that determinant the export readiness model which may help firms to focus on management attitudes as the important elements to enhance export readiness of firms. This conceptual synthesis model is based on management and organizational determinants of export readiness that have been previously recorded by researchers in various publications. In order to develop a classification that may provide a comprehensive base for firm export readiness the independent variables were classified into management attitudes and organization capabilities. Attitudinal characteristics were further classified into international orientation and export commitment and organization capabilities into competitive intelligence, financial and production capabilities.

The study shows that management attitudes have positive associations with export readiness and organization capabilities having positive association with export readiness.

## 5.4 Recommendations

The results of this study have managerial implication for firms that seek to achieve export readiness in order to successfully perform international activities. This research has identified the process in which export readiness occurs and what managers need to pay close attention to. Since the identified factors can facilitate the process for export readiness by foreseeing and providing reference on what is important to commence and manage to stand out in global markets.

Our recommendation is for managers to take these influential factors into consideration such as international orientation, export commitment, competitive intelligence and production and financial capabilities, in order to achieve export readiness by undertaking the following actions:

1. Focus on creating the firm's competitiveness by leveraging on the firm's organizational capabilities.
2. Continuously carry out research and analysis on foreign markets so as to understand customers' actual and future needs. Market research enables firms to gather information about the consumption patterns, trends, prices of similar products for competitive pricing. In order for firms to get export ready, they ought to understand consumer tastes and preferences, product quality aspects, export documentation processes as well as ensuring compliance with legal requirements in both the home country and the export markets.
3. Endeavor to set-up good information systems in order to provide management with information about the export market and their customers as well as information regarding their competitors.

## **5.5 Implications of the study**

The results of the study imply that management attitudes and organization capabilities contribute to export readiness of firms in Uganda. These results are useful to the different stakeholders.

### **5.5.1 Implication to policy makers**

Exporting is a significant policy issue; hence it is in the interest of the government to assist in the development of a vibrant export sector. In this regard, the positive and significant relationship between management attitudes, organizational capabilities and export readiness provides insights to both the MTIC and UEPB in building export readiness at national and firm levels. The results of this study may provide some direction on how to support firms prepare for export. For instance the identified two factors which influence export readiness (management attitudes and organization capabilities) can be used in policy and program development.

The results confirm the importance and the need for managers of exporting firms to possess appropriate attitudes towards exporting activity. Consequently, institutions responsible for the development of foreign trade should consider a mindset change which comes from deepening orientation to market and commitment of the export firms.

Given UEPB's mandate of export promotion and development, it should support the export readiness process of exporting firms through capacity building programs in market proposition product readiness and processes to be able to deliver the product to the market. Besides any market entry support program could be intertwined with Export Readiness Assessment to inform the provision of technical or financial support to exporting firms.

### **5.5.2 Implication to the scholars**

The necessary elements were gathered through the literature review for developing a required structure to direct the empirical research. The review brought together theoretical foundations of export readiness, management attitudes and organizational capabilities coming up with a tailored framework for the needs of firms' export readiness. Thus this study has theoretical implications by contributing towards expanding the existing literature in the area of management attitudes, organization capabilities and export readiness of firms. In developing and testing the hypotheses, we make several contributions to the literature. The proposed conceptual framework may be referred to by other researchers in future studies.

### **5.5.3 Recommended Future Research**

Other factors might have been left out of this study, because the arguments were developed from a limited existing literature base grounded on empirical findings in developed countries. These findings were tested in Uganda, a least developed country, and the three hypotheses found to be applicable in developed countries. The literature from Uganda or any other least developed country was very limited. It is important that more research on export readiness is conducted in Uganda in order to allow a better understanding of the two factors of export readiness. The research should focus on specific sub-sectors as opposed to the whole export sector.

Research on the moderation effect of organization capabilities should be carried out to establish the effect of the levels the predictor has on export readiness.

Research on the influence of age of the firm should be carried out to analyze its effect on export readiness of firms in Uganda.

### **5.6 Limitations of the study**

The study had a number of limitations for instance; the researcher was limited by funds to facilitate a more detailed study hence a representative sample of respondents was considered for this study. The researcher also made several movements which was extremely an exhausting exercise. The researcher worked out a comprehensive plan that provided direction to this study. In addition, all efforts were made to ensure the completion of the study.

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## APPENDICES

### Appendix I: Research Questionnaire

#### MAKERERE UNIVERSITY BUSINESS SCHOOL QUESTIONNAIRE

**Dear Respondent,**

Thank you for accepting to participate in this study. This questionnaire is intended to facilitate the study of **Management Attitudes, Organization Capabilities and Export Readiness of firms in Uganda**. The purpose of the study is purely academic and your response will be treated with utmost confidentiality. I appreciate your busy schedules and would kindly request that you spare some time to answer the following questions. You may NOT indicate your name on the questionnaire.

Respondent's Code .....

#### Section A

- Background Information (Respondent)**

1. Your position in the company

.....

2. Gender: Male ☐ Female ☐

3. Age: 25 – 35 ☐ 36 – 45 ☐ 46 – 55 ☐ Above 55 ☐

4. Please indicate the highest level of education you have attained

Secondary ☐ Diploma ☐ Degree ☐ Masters/Professional ☐

Any other please specify .....

- Background Information (Company)**

5. For how long has the company been in existence?

Less than 1 year ☐ 1-5 years ☐ 6-10 years ☐ 11-15 years ☐ over 15 years ☐

6. Sector in which the company is active

Agriculture ☐ Manufacturing ☐ Mining ☐ Construction ☐ Trade  
Transport ☐ Financing ☐ Services ☐ other specify ☐

.....

7. What is the average size of your workforce (employees) at the moment?

Less than 10 ☐ 11-30 ☐ 31-50 ☐ 51 – 100 ☐ above 100 ☐

8. How long (years) has your company been in export business?

Not yet ☐ Less than one year ☐ 1-5 ☐ 6-10 ☐ 11-15 ☐ over 15 years ☐

9. List the products/services which your company exports .....

.....

10. List the countries to which you are exporting .....

.....

11. Total Annual Turnover UGX: Less than 20 million ☐ 20– 40 million ☐ 40 – 60 million ☐  
60-80 million ☐ 80- 100 ☐ Over 100 ☐

### Section B

In this Section please tick in the boxes provided to indicate the level of agreement in regards to each of the statements. On a scale of 1 – 7 where; **1= Strongly Disagree; 2 = Disagree; 3= Mildly Disagree; 4 =Neutral; 5 = Mildly Agree; 6=Agree; 7= Strongly Agree**

	<b>CONSTRUCT</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>6</b>	<b>7</b>
	<b>EXPORT READINESS</b>							

ER1	We are convinced that exports are an important aspect of our company's future survival							
ER2	We are ready and able to commit a substantial amount of time to the development of an international market (exporting)							
ER3	We are prepared to rearrange the way the business operates to become internationally competitive							
ER4	We have identified and analyzed specific markets where to export our products							
ER5	We have developed a specific export business strategy							
ER6	Our company has adequate financial resources for export operations							
ER7	Our company has established relationships with distributors in the export markets							
ER8	Our company has sufficient knowledge about the export markets							
ER9	We believe that the quality of our product is good for the export market							
ER10	We believe that the company has developed sufficient capacity to meet export market delivery schedules							
ER11	Our company staff are familiar with export procedures and documents							
ER12	Our company complies with and meets the required standards in export markets							
	<b>MANAGEMENT ATTITUDES</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>6</b>	<b>7</b>
	<i>Export Commitment</i>							

EC1	We appreciate the importance of exporting to foreign markets because we believe that exporting will contribute to the firm’s overall performance							
EC2	We have a strong domestic base to support our export activities							
EC3	We have sufficient resources to handle administrative matters of exports efficiently							
EC4	We have efficient communication systems to handle export operations (telephone, internet, email, website, fax) or to respond to enquiries or complaints							
EC5	The management has devoted enough time to exporting its products to foreign markets							
EC6	We have incorporated exporting into the overall firm strategy							
EC7	We have set up a separate desk to handle exports in the organization							
EC8	We have the capacity and experience to develop an export marketing plan							
EC9	We have made personal visits to the foreign markets							
EC10	The management has invested in production processes (equipment) to ensure continuous supply in both the domestic and export markets							
EC11	We constantly engage in marketing research to have a better understanding of foreign markets							
	<i>International Orientation</i>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>6</b>	<b>7</b>
IO1	In this company, we generate a lot of information concerning trends (e.g regulations, technological developments, political,							

	economic) in foreign markets							
IO2	We periodically review the likely effect of changes in the external environment (e.g regulations, tariffs )							
IO3	We generate a lot of information in order to understand the forces which influence our foreign customers' needs and preferences							
IO4	We obtain ideas from clients to improve products and services							
IO5	We generate information about export markets periodically							
IO6	We have an understanding of export procedures/documents and their roles							
	<b>ORGANIZATION CAPABILITIES</b>							
	<b><i>Production Capability</i></b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>6</b>	<b>7</b>
PC1	We have a functional quality management/assurance/ control system in place							
PC2	We have undertaken research and development in order to improve our product(s) features or range of products							
PC3	Our products comply with UNBS and or any other international standards and specifications							
PC4	We have access to the technical expertise required to ensure that our product is suited to international markets in terms of quality and function							

	<b>Financial Capability</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>6</b>	<b>7</b>
FC1	We have a recent financial report (profit and loss) statement							

	and balance sheet which shows health position							
FC2	We have access to adequate financial resources at reasonable cost to support our export marketing development program							
FC3	We can afford to invest in adapting our product/packaging if required							
FC4	Our export turnover has grown over the last 2 to 3 years							
	<b>Competitive Intelligence</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>6</b>	<b>7</b>
CI1	Our company has a marketing strategy/plan covering product unique selling proposition, pricing, distribution and promotion							
CI2	We regularly collect/gather information on competitors, their products and prices on an informal or formal basis							
CI3	We have knowledge of potential buyers of our product(s)							
CI4	We have information/knowledge on the size of the world market for our product(s)							

## Appendix II: Sample Size Determination Table

**TABLE FOR DETERMINING SAMPLE SIZE FROM A GIVEN POPULATION**

<i>N</i>	<i>S</i>	<i>N</i>	<i>S</i>	<i>N</i>	<i>S</i>
10	10	220	140	1200	291
15	14	230	144	1300	297
20	19	240	148	1400	302
25	24	250	152	1500	306
30	28	260	155	1600	310
35	32	270	159	1700	313
40	36	280	162	1800	317
45	40	290	165	1900	320
50	44	300	169	2000	322
55	48	320	175	2200	327
60	52	340	181	2400	331
65	56	360	186	2600	335
70	59	380	191	2800	338
75	63	400	196	3000	341

<i>N</i>	<i>S</i>	<i>N</i>	<i>S</i>	<i>N</i>	<i>S</i>
80	66	420	201	3500	346
85	70	440	205	4000	351
90	73	460	210	4500	354
95	76	480	214	5000	357
100	80	500	217	6000	361
110	86	550	226	7000	364
120	92	600	234	8000	367
130	97	650	242	9000	368
140	103	700	248	10000	370
150	108	750	254	15000	375
160	113	800	260	20000	377
170	118	850	265	30000	379
180	123	900	269	40000	380
190	127	950	274	50000	381
200	132	1000	278	75000	382
210	136	1100	285	1000000	384

*Source: Krejcie & Morgan (1970, as cited by Amin, 2005)*

Note. *N* is population size. *S* is sample size.

**Appendix III: Data Collection Introduction Letter**

