THE EFFECT OF SELECTED FIRM FACTORS ON EXPORT PERFORMANCE OF SMALL AND MEDIUM MANUFACTURING FIRMS IN UGANDA

By

Levi Kabagambe Batégeka

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DECLARATION

This thesis is my original work and has not been presented to any University for any award.

Signed ..... **Date** 7/11/12

Levi Kabagambe Bategeka
D80/80301/2009

This thesis has been submitted for examination with our approval as University Supervisors

Signed ..... **Date** 8/11/2012

Prof. Martin Ogutu
Professor in the Department of Business Administration
School of Business, University of Nairobi

Signed ..... **Date** 8/11/2012

Dr. Justus M. Munyoki
Senior Lecturer
Department of Business Administration
School of Business, University of Nairobi

DEDICATION

To my Dear family members: My wife Judith Akugizibwe Bategeka; our lovely children, Lewin Amanyire Bategeka, Lena Ahuura Bategeka, and Lenora Asemiire Bategeka; my father Pr. Akiiki Laban Kabagambe, my late mother Adyeeri Dolica Kabagambe, and the rest of the family members.

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ABBREVIATIONS/ACRONYMS

COMESA	Common Market for Eastern and Southern Africa
EAC	East African Community
EU	European Union
GDP	Gross Domestic Product
GSP	Generalised System of Preferences
MTIC	Ministry of Trade, Industry and Cooperatives
NDP	National Development Plan
NES	National Export Strategy
RBV	Resource Based View
SMEs	Small and Medium Enterprises
UBOS	Uganda Bureau of Statistics
UEPB	Uganda Export Promotion Board
UMA	Uganda Manufacturers Association
UNTP	Uganda National Trade Policy

ABSTRACT

In Uganda, there has been a persistent phenomenon of low share of manufactured exports with no consistent explanation, despite improvements in macroeconomic environment, incentives and market access for the country's exports, hitherto, regarded the cause for poor export performance. Existing statistics indicate that the share of manufactured exports has remained marginally low, estimated at under 4 percent. Uganda is a private sector-dominated economy with small and medium enterprises (SMEs) accounting for over 90 percent of the private sector (National Development Plan (NDP)-2010-2015 report, 2010). Consequently, the low export performance is a reflection of export performance of small and medium firms in Uganda. This study sought to examine the influence of firm characteristics on export performance, establish the influence of firm competencies on export performance, and determine the moderating effect of entrepreneurial orientation on the relationship between firm characteristics, firm competencies and export marketing strategy. The study also sought to examine the mediating effect of export marketing strategy on the relationship between firm characteristics, firm competencies and export performance. Lastly, the study sought to assess the joint effect of firm characteristics, firm competencies, entrepreneurial orientation and export marketing strategy on export performance of small and medium firms in Uganda. A cross sectional survey to establish the influence of selected firm factors on export performance was conducted using data collected from 76 small and medium firms in Uganda. The study employed multiple linear regression analytical techniques to establish factors that significantly influenced export performance of small and medium firms in Uganda. The findings show that nine factors, that is, frequency of travel abroad, number of export markets served, exporting experience of the firm, informational competencies, marketing and sales competencies, sole proprietorship dummy, product strategy, the managers' exporting experience as well as diploma education dummy had a significant effect on export performance. These factors together accounted for 74.6% of the variance in export performance. The study revealed that foreign trips and breadth of markets greatly enhanced export performance of small and medium firms in Uganda. Thus, export decision makers need to enhance the capacity of their firms to undertake foreign trips and/or to expand export markets as a means of acquiring export market knowledge in order to create and deliver competitive products that meet the needs and requirements of export markets thereby enhancing export performance.

CHAPTER ONE

INTRODUCTION

1.1 Background of the Study

World-wide, firms are increasingly internationalizing their operations with exporting being the dominant form of market entry (Lu & Beamish, 2001). Exporting requires minimal financial, human and other resource commitments in comparison to other entry modes such as licensing and foreign direct investment. It provides the firm with high levels of flexibility and a cost effective way of penetrating new foreign markets quickly (Sousa, 2004; Shamsuddoha, Ali, & Ndubisi, 2009). From the foregoing insights, exporting is thus a single most attractive method of foreign market entry and expansion, particularly for Small and Medium Enterprises (SMEs) that are often characterized by resource poverty (Shamsuddoha et al., 2009).

However, as foreign markets tend to be more diverse than domestic ones and in many instances more uncertain, a clear understanding of the export performance construct becomes particularly important to both firms and nations (Sousa, 2004). At firm level, a better understanding of export performance is important because exporting improves utilization of productive capacity, improves financial performance and competitive edge as well as provide a foundation for future international expansion (Lu & Beamish, 2001; Ural, 2009). At the national level, export performance is said to enhance accumulation of foreign exchange reserves, improve employment levels and productivity thereby driving economic growth (Ural, 2009). Previous studies (Thirkell & Dau, 1998; Zou & Stan, 1998) have examined the effect of firm factors such as export marketing strategy, firm characteristics and competencies, management characteristics, attitudes and perceptions on export performance. These studies suggest that the value embedded in firms determine their export capability, which in turn influence their conduct of exporting activities and ultimately export performance. This perspective underscores the view that export performance is a responsibility of the firm and its management as earlier advanced by Viviers and Calof (1999).

While attempts to examine the effect of firm factors on export performance are acknowledged, majority of such studies have been carried out in either developed countries or under varying frameworks (Okpara, 2009; Ibeh, 2004). Consequently, there has been little consistency in the conceptualization and operationalisation of the export performance construct. There is need for a systematic scholarly discourse of firm factors that influence export performance, particularly of SME firms from the perspective of a developing country. From this context, this study sought to investigate the effect of firm factors on export performance of SME firms in Uganda. Besides, the results from this seek to provide a better understanding of the salient variables that comprise the export capability of small and medium manufacturing firms in Uganda, whilst adding new insights into international business literature.

1.1.1 Export Performance

Cavusgil and Zou (1994) define export performance as the extent to which a firm's objectives, both economic and strategic with respect to exporting a product into a foreign market are achieved through planning and execution of export marketing strategy. This definition compares well with Shoham's (1998) notion of export performance as a composite outcome of a firm's international sales. Tonesakulrungruang (2009), consistent with previous scholars, described export performance as the extent to which a firm's objectives are attained in foreign markets because of specific orientations and strategies.

Following these insights, it is apparent that measurement of export performance is based on a firm's objectives–whether to increase profit margins, enter new markets, increase market share or attain a new segment of customers (Tonesakulrungruang, 2009). In addition, the foregoing descriptions of export performance suggest that several factors could influence a firm's export performance with the extent of influence dependent on the strengths (or weaknesses) of such factors. By establishing the level of achievement of a firm's exporting activities, a firm is able to justify its continued commitment of resources (financial, human, and time) to those activities while minimizing overall export investment risk.

1.1.2 Firm Factors

Firm factors comprise aspects internal to the firm which management can manipulate in a bid to achieve its objectives (Zou & Stam, 1998). This description is consistent with Penrose's (1959) definition of a firm. According to Penrose, a firm is a collection of physical and human resources and argues that these resources are heterogeneous across firms. Barney (1991) posited that variations in firm performance are due to heterogeneity in the resources and capabilities possessed by individual firms. Consequently, it is logical to conjecture that superior export performance results from the firm's ability to acquire and exploit its unique resources.

Although there is consensus on the conceptual meaning of firm factors, there are different opinions regarding its operationalisation. For instance, Aaby and Slater (1989) conceptualized firm factors as comprising firm competencies, firm characteristics, and strategy. On the other hand, a study by Valos and Baker (1996) classified the determinants of export performance in terms of physical resources (such as machinery, finance and the manifestations of the marketing mix such as product and distribution) and intangible factors such as management attitudes and perceptions and skills. However, Zou and Stan (1998) argued for size, experience and competencies as bases for a firm's export performance. However, Doole, Grimes and Demack (2006) brought together a number of earlier conceptualizations and suggested three categories of factors that influence export performance. These are firm characteristics, firm competencies and export marketing strategy.

A focus on internal factors counters the fatalistic view of exporting postulated in industrial organization (IO) theory (Zou & Stan, 1998) wherein, export performance is viewed as dependent on the external environment. Support for firm factors as the principal explanation for differences in inter-firm export performance is theoretically justified by the resource based theory. Zou and Stan (1998) contend that firms with a unique mix of resources (both tangible and intangible) are able to improve their efficiency and effectiveness by designing and implementing appropriate strategies (Barney, 1991; Zou & Stan (1998). Following this

view, a synthesis of firm export performance from the perspective of the firm is therefore logical.

1.1.3 Uganda's manufacturing sector

Manufacturing is one of the main sectors in the Ugandan economy, comprised of both formal and informal manufacturing. The formal manufacturing sector consists of firms whose number of employees is at least five people. On the other hand, enterprises whose number of full time employees is less than five people are categorized as informal (Uganda Bureau of Statistics Report, 2007). The Uganda Bureau of Statistics (UBOS) Report (2010) indicates that formal manufacturing contributes approximately 8 percent of Uganda's GDP. The major formal manufacturing export bases behind this trend comprise firms producing and exporting either consumer (beers, spirits, sugar, confectioneries, soaps and detergents, oils and fats as well as plastics) or intermediate goods such as iron and steel products (Uganda Export Promotion Board (UEPB) Annual Report, 2009).

While formal manufacturing over the last five years (2005-2009) indicate moderate growth of about 6% in most product sectors, the share of manufactured exports remains meager, averaging under 4% of GDP. This contribution is too low compared to Asia where manufacturing exports account for 18% of GDP (Bloomgarden, 2006). Besides, only 19% of Ugandan manufacturing firms export some of their products. This level is equally low when compared to Kenya where 57% of manufacturing firms export some of their products (Niringiye and Tuyiragize, 2010). Although official figures are sketchy, this performance is consistent with World Bank (2004) report, wherein exports as a percentage of sales in Uganda amounted to 10% compared to 17% in Kenya and 12% in Tanzania. In terms of export markets, the EU and COMESA have remained the major destinations for Uganda's exports. For instance, during the period 2005-2009, exports to COMESA and the EU averaged to 56% and 18% of total exports, respectively (UBOS Report, 2010). However, an analysis of recent export trends, with exception of Africa, reveals that, exports to Europe and Asia, which, hitherto, were major export destinations, are on the decline (Uganda Bureau of Statistics report, 2010). This phenomenon, perhaps, is due to weaknesses within the firms.

1.1.4 Small and Medium Firms in Uganda

The definition of Small and Medium Enterprises (SMEs) has been the subject of considerable debate; with the meaning varying from country to country depending on the purpose for which the definition is used (Okello-Obura, Minishi-Majanja, Cloete & Ikoja-Odongo, 2008). Nonetheless, the most common basis for classifying enterprises is number of employees, value of assets and turnover as well as size of capital (Okello-Obura et al., 2008). For Uganda, an SME is any enterprise whose number of full time employees ranges from 5 to 250 people (Uganda Bureau of Statistics Report, 2007). The use of employment size as a means of categorizing enterprises is founded on the premise that firms are more willing to disclose information related to their employment status compared to financial data (Maurel, 2009; Wolff & Pett, 2006). This study defined firm size in terms of employment level because manufacturing companies in Uganda are largely labour intensive, making employment level a fair proxy of firm size of all companies for comparative purposes.

Uganda is a private sector-dominated economy with over one million SMEs (National Export Strategy Report, 2007; National Development Plan (NDP)-2010-2015 report, 2010), accounting for over 90 percent of the private sector. The Uganda Bureau of statistics (UBOS) report (2007) estimates that over 90 percent of firms in formal manufacturing are SMEs producing and exporting either consumer or intermediate goods. However, The Uganda National Export Strategy, 2008-2012 report (2007) cites inadequate production capacity to fulfill export orders and a sluggish response culture to market opportunities as the cause for the small number export markets currently being served as well as the low export volumes and revenues. These factors however, need empirical reaffirmations.

1.2 Statement of the Problem

Firm factors are a source of strengths (or weaknesses) which in turn, define a firm's overall business capability. O'Ragan and Ghobadian (2004) and Ritter (2006) contend that there is value embedded in firm factors such as size, age, business experience, management competence and functional capability that influence the conduct of exporting activities and ultimately its export performance. Business capability is not only a precursor of the firm's capacity to initiate exporting; it also denotes its ability to maintain regular exporting. O'Cass

and Julian (2003), using responses from 293 Australian exporters found that prior export experience of a firm and management influenced its likelihood to export. Perhaps, such firms are able to use their international competence to design and implement suitable marketing strategies in chosen export markets that are commensurate with their size of resources and capabilities.

For Uganda, there has been a persistent phenomenon of low share of manufactured exports with no consistent explanation. Existing statistics indicate that the share of manufactured exports has remained marginally low, estimated at under 4 percent. In addition, an analysis of Uganda's export destinations further reveals a low supply response from Ugandan exporters, demonstrated by no extra ordinary departure from the historical market targets of the European Union (EU) and Common Market for Eastern and Southern Africa (COMESA) (Uganda National Trade Policy (UNTP) Report, 2007). This situation has persisted despite improvements in the macroeconomic environment, incentives and market access opportunities for Uganda's exports under the different trade regimes such as the East African Community (EAC), COMESA, and Generalized System of Preference (GSP), lack of which hitherto, was regarded as the explanation for low exports. If the current situation persists, Uganda's exports could dwindle thereby jeopardizing the realization of the country's National Export Strategy that seeks to increase export revenue to $5 billion a year (from the current $1.8 billion) and a per capita export ratio of $200 (from the current $82) by 2012 (Uganda National Export Strategy Report, 2007).

Despite considerable research, studies pinpointing the factors that influence export performance of SME firms have remained scanty, largely fragmented and often contradictory. Much of prior scholarly research has focused on the influence of particular firm factors on export performance in isolation. Ezirim and Nwokah (2009) studied the influence of entrepreneurial orientation on export marketing performance using 205 export managers from Nigerian non-oil firms. Their results indicated that the influence of entrepreneurial orientation on export performance (measured by export sales, profit and market share) was weak. However, this weak influence was not explored; perhaps, entrepreneurial orientation could be a moderator rather than a predictor of performance.

Rasiah (2009) acknowledged the role of firm factors in export performance and studied 98 exporting firms in Uganda to establish the relationship between productivity and export performance (measured by export intensity). The results showed no significant linear relationship between the two variables. The absence of a significant relationship is probably because of an inadequate conceptual framework used to study the phenomenon of export performance among firms. Studying factors in disregard to the conceptual network in which they are rooted could be responsible for such bizarre findings. Besides, the study ignored management subjective satisfaction of export performance yet management satisfaction is known to shape future strategies of the firm. Similarly, Katsikeas, Piercy and Ioannidis (1996) used financial indicators (sales turn over, profitability and export intensity) to measure export performance of Greek food exporters but ignored management subjective satisfaction as a measure of export performance. Their results indicated that both firm size and export experience had no significant effect on export performance, although export marketing research positively correlated with export performance. As the objectives of exporting are often multiple, these results perhaps, could differ with inclusion of managerial subjective perception in the measurement of export performance.

With exceptions of a few studies (Ibeh , 2003; Rasiah, 2009; Niringiye & Tuyiragize, 2010), much of the previous research on export performance has focused mainly on firms in developed countries such as US (Cavusgil & Zou, 1994), France (Maurel, 2009) and Canada (Stewart, 1997). In regard to this, findings from such developed countries may be generalized as representing the situation in Uganda given the differences in country contexts. Therefore, this study sought to establish the influence of selected firm factors on export performance of Small and Medium Firms in Uganda.

1.3 Research Objectives

The general objective of this study was to determine the influence of selected firm factors on export performance of Small and Medium Manufacturing Firms in Uganda.

The specific objectives were to:

(i) Assess the influence of firm characteristics on export performance of small and medium manufacturing firms in Uganda.

(ii) Establish the influence of firm competencies on export performance of small and medium manufacturing firms in Uganda.

(iii) Determine the moderating effect of entrepreneurial orientation on the relationship between firm characteristics and competencies on export marketing strategy of small and medium manufacturing firms in Uganda.

(iv) Examine the mediating effect of export marketing strategy in the relationship between firm characteristics and firm competencies and export performance of small and medium manufacturing firms in Uganda.

(v) Assess the joint effect of firm factors (firm characteristics, firm competencies, entrepreneurial orientation and export marketing strategy) on export performance of small and medium manufacturing firms in Uganda.

1.4 Significance of the Study

Foremost, the extant study focuses on the interrelationships among the selected elements of firm factors as well as their simultaneous effect on export performance. A lot of previous scholarly effort has been put on examining the influence of a single or a few firm factors on export performance. In this regard, by examining the simultaneous effect of firm characteristics, competencies, entrepreneurial orientation and export marketing strategy on export performance of SME manufacturing firms in Uganda, this study provides not only a coherent insight into the significant predictors of export performance but also extends knowledge on the relative influence of such factors on export performance. Such knowledge is vital to both policy makers and export managers with a zeal to spur and/or increase export performance. Moreover, through this knowledge, export managers would be able to make optimal resource allocations (financial and managerial) among exporting activities. In this respect, priority would be given to activities with significant export performance effects.

Secondly, this study improves understanding of the factors that significantly influence export performance of SME manufacturing firms in Uganda. Despite a wide body of literature on determinants of export performance, save for a few studies in Uganda (Baale & Hisali, 2008; Niringiye & Tuyiragize, 2010; Niringiye et al., 2010), the influence of firm factors on export performance is a neglected area of study, particularly, from a developed country like Uganda.

Therefore, findings from this study provide insights into the extent to which SMEs from Uganda, a developing country, share influences on export performance with their counterparts from more developed economies–where most previous export performance studies originate. Moreover, the extant study is a response to a call by Westhead, Binks, Ucbasaran and Wright (2002) for further research on specific resources and capabilities required by firms and entrepreneurs to export their goods or services abroad. Thus, the findings of this study are a contribution toward the establishment and documentation of firm factors and practices associated with superior export performance of small and medium manufacturing firms in a developing country like Uganda.

Finally, findings from this study provide a useful source of information to exporting firms intending to use Uganda as their export base to regional and international markets. From this perspective, such firms are bound to gain additional insights into the salient firm factors that underpin export capability as well as readiness to export.

1.5 Organization of the Study

Overall, this report is organized in five chapters. The first chapter introduces the reader to the background of the study. The chapter illuminates on the research problem and outlines the objectives of the study. The chapter closes with suggested significance of the study.

Chapter two presents a review of the literature pertinent to the research problem. In particular, the chapter explains the theoretical perspectives of SME internationalization together with the interrelationships among firm factors and export performance. The chapter closes with a proposed conceptual model for the study and the corresponding hypotheses to be tested.

Chapter three describes the methodology adopted for the study. It discusses the research philosophy, research design, study population, data collection and questionnaire design and pretest. The chapter also presents the operationalisation of research variables, reliability and validity tests and an assessment of common methods variance. The chapter closes with a discussion of data analytical techniques.

Chapter four provides an output of the results of the study. The chapter has two sections. The first part presents the descriptive statistics of the firms surveyed. The second section presents the results of hypotheses tested. The chapter ends with a summary of key findings emanating from the study.

Chapter five presents a discussion of major findings from the study. In chapter six, a summary of major findings is presented. The subsequent sections provide conclusions and limitations of the study. The chapter closes with implications to theory, policy, management practice and future research.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This chapter presents a review of the literature relevant to this study. The focus of the review is on firm factors and export performance. Specially, the chapter covers a review of the theoretical perspectives of SME internationalization and the concepts of firm factors and export performance. Presented also is a summary of empirical studies on the study variables, identifying some gaps therein. The chapter closes with a proposed conceptual model for the study and the corresponding hypotheses for testing.

2.2 Theoretical Perspectives of SME Internationalization

Literature suggests numerous models that attempt to explain the internationalization process of a firm (Andersen, 1993; Chetty & Campbell-Hunt, 2004). Whereas this may be so, prior studies (Freeman, Cray & Sandwell, 2007; Chetty & Stangl, 2010) suggest the stage models of internationalization (encompassing the Uppsala model and the innovation-related models), the network (or relationship) perspective and the Resource Based View (RBV) as suitable models that explain SME internationalization.

The Uppsala internationalization model (U-Model) was initiated by Johanson and Wiedersheim-Paul (1975) and later reformulated by Johanson and Vahlne (1977). The U-Model postulates internationalization as a process of increasing a company's international involvement because of different types of learning. The U-Model suggests that as firms learn more about a certain market; they become more committed to it by investing more resources into that market. According to this model, a firm starts in the domestic market, starts exporting through an agent, sets up a sales subsidiary in the foreign market and then finally a manufacturing subsidiary in the foreign market (Chetty & Stangl, 2010). Osarenkhoe (2009) suggests experiential learning and risk aversion as the core antecedents of the Uppsala internationalization model. In this regard, Andersen (1993) distinguished two types of knowledge: Objective knowledge (acquired for instance through market research) and

experiential knowledge that firms can acquire only through engaging in international operations. Lack of knowledge and/or resources and the resulting uncertainly to the firm are the principle obstacles to internationalization (Elango & Pattnaik, 2007). To surmount such challenges, firms improve foreign market knowledge by targeting psychically close markets before embarking on markets that have increasingly greater psychic distance (Eriksson, Johanson, Majkgard & Sharma, 1997; Osarenkhoe, 2009).

Johanson and Wiedersheim-Paul (1975, p. 308) define psychic distance as ". . . factors preventing or disturbing the flow of information between the firm and the market". Kontinen and Ojala (2010) observe that similarities in factors such as language, culture, economic development and business practices across the firm's foreign and domestic market translates into a small psychic distance perceived by the firm. Thus, experiential knowledge not only reduces the risks of going abroad; it is a means of acquiring knowledge of internal and external resources and opportunities for combining them. The Uppsala model rests on the assumption that firms have imperfect access to information and explains internationalization as a process of increasing experiential knowledge (Andersen, 1993).

Like the U-Model, the innovation-related internationalization models (I-Models) posit internationalization as an incremental process, first, in terms of activities and, second, in terms of resource commitments (Andersen, 1993). The term "innovation-related" is derived from the work of Rogers (1962, cited in Andersen, 1993), in which each subsequent stage of internationalization is considered as an innovation for the firm. Andersen (1993) presented the most important models (Bilkey & Tesar, 1977; Cavusgil, 1980; Reid, 1981) of internationalization. A simultaneous analysis of these models, however, reveals that internationalization follows a number of sequential stages, with the number of stages varying considerably between models. In addition, the models further reveal internationalization as broadly defined by three generic stages: the pre-export stage; the initial export stage, and the advanced export stage. As pointed out by Andersen (1993), the I-Models are relatively similar and only differ in the number of stages and terminology used. Being behaviourally oriented to a significant extent (Ruzziery, Hisrichz, & Antoncic, 2006), these models treat individual learning and top managers as important aspects in understanding a firm's

international behaviours. Andersen (1993) suggests two reasons for the gradual pattern of the firm's internationalization process posited in I-models. Foremost, the lack of knowledge by the firm, especially experiential knowledge, and secondly, the uncertainty associated with the decision to internationalize.

However, both the U-Model and I-Models of internationalization have faced profound criticisms. Notable critics (Ruzzier et al., 2006; Elango & Pattnaik, 2007) argue that the stage models appear deterministic and disregard the role of strategy in a firm's growth. In addition, Eriksson et al. (1997) as well as Freeman et al.(2007) argue that the stage models offer little explanation on why or how the internationalization begins and the factors that sustain internationalization once it has started. Besides, these authors argue that the stage models ignored the impact of technology, social and economic changes on internationalization of firms. Yet, these factors are known to propel firms into international markets soon after their inception, as is the case of the born globals. Similarly, Freeman et al. (2007) fault the stage models on their failure to adequately address the impact of actors and network relationships on the internationalization process of an individual firm.

The Network perspective, on the other hand explains internationalization in terms of a firm's set of network relationships and not the firm-specific advantages. Chetty and Stragl (2010) define a firm's network as the long term business relationships that a firm has with its customers, distributors, suppliers, competitors and government. In the context of SMEs, personal networks of founder, manager and staff are considered important as they provide a source of information, finance, access to other networks and reputation asset (Francis & Collins-Dodd, 2004; Okpara, 2009; Chetty & Stragl, 2010) . Similarly, Elango and Pattnaik (2007) and Amal and Filho (2010) submit that SMEs rely on networks, particularly at the beginning of their internationalization because through domestic networks, a firm is able to bridge to other networks in other countries. In this sense, networks help internationalizing firms to identify international opportunities, establish credibility along with their new partners while providing low cost access to market knowledge. Moreover, Amal and Filho's (2010) study of Brazilian companies found that export performance and market diversification depended largely on the ability of companies to maintain national and internal

networks. Like the stage models of internationalization (U-Model and I-models), the network approach has too come under intense criticism. Ruzzier et al. (2006) criticized the network approach to internationalization on a claim that it neglects the strategic position and influence of individuals involved in the process. According to them, social networks of individuals enable small firms to trade and acquire information thus speeding up export market entry.

The Resource Based View (RBV) approach to internationalization is one other popular theory drawn from strategic management literature. The RBV provides insights into why performance differences persist even in conditions of open competition (Fahy, 2000). Resource Based View (RBV) of the firm conceives firm resources as the source of competitive advantage. Drawn on Penrose's (in Barney, 1991) definition of a firm as a collection of physical and human resources, this theory posits that a firm's sustained competitive advantage is derived from the strategic resources it possesses so long as they are valuable, rare, non-substitutable and difficult to imitate.

Fahy (2000) contends that competitive advantage only occurs when a firm is implementing a value creating strategy unique from either the current or potential competitors. According to the author, achieving competitive advantage allows the firm to earn above normal or average returns. Proponents of the RBV (Barney, 1991; La, Patterson & Styles, 2005; Okpara, 2009; Smith, 2008) argue that such resources can be physical assets (plants and equipments), intangible assets (intellectual property and brand), or capabilities such as an efficient and effective production process. Teece, Pisano and Shuen (1997) sum up the significance of firm resources when they comment, thus: "What a firm can do is not just a function of the opportunities it confronts; it also depends on what resources the organization can muster" (p.513). Morgan et al. (2004) provide the link between resources and capabilities. According to these authors, and particularly in the exporting context, resources are the firm's controlled asset stocks that constitute the raw materials available to the firm's export venture. Capabilities, on the other hand, are the organizational processes by which available resources are developed, combined, and transformed into value offerings for the export market.

2.3 Measurement of Export Performance

Exporting refers to the sale of goods, services or technology produced by a company resident in one country to customers resident in a different country (Kantapitat, 2009). Consequently, a firm may export its products either directly (through its own network of agents and distributors) or indirectly through other firms, which, in turn, export the product(s) to the final market (Steers & Nordon, 2006). Exporting is an attractive foreign market entry mode and expansion particularly to Small and Medium Enterprises (SMEs) because it does not absorb the resources that overseas site operations (such as foreign direct investment) generally demand (Shamsuddoha et al., 2009).

Although research on the subject of export performance is plentiful, evidence on the measures of export performance is largely fragmented and often contradictory. Sousa (2004) charges this phenomenon on the lack of agreement on the way to conceptualize and/or operationalize export performance. As an affirmation to Sousa's (2004) concern, Flor and Oltra (2005) suggest that the most controversial aspects in export performance measurement relate to unit of analysis, number and type of dimensions that should be included in the analysis and whether to employ objective or subjective indicators. Consequently, literature delineates two broad measures of export performance, namely, objective and subjective measures (Sousa, 2004).

2.3.1 Objective Measures

Objective measures are export performance indicators that are based mainly on absolute values (Akyol & Akehurst, 2003; Sousa, 2004). Notable objective measures of export performance reported in the literature include those related to sales, profit or market performance. The sales related measures comprise export sales volume, export sales growth and export intensity. Because of its emphasis on volume, Pendergast, Pasic and Sunje (2006) argue that export sales have a bias towards large companies. The export sales growth indicator, defined as the year-by-year change in the level of exports, or annual average change over a period of time (Pendergast et al., 2006) taps the dynamic nature of export sales. Sousa (2004) criticized the use of sales related measures when he argued that sales

values of a firm with a large foreign market share but selling a new product are bound to differ from one with a high market share but in a small foreign market. Likewise, export sales growth may overstate export performance especially in situations of price escalations and market growth, or worse still, its performance because of experience curve effects and deteriorating demand.

Export intensity is another sales related objective measure of export performance, expressed as the ratio of export sales to total sales (Maurel, 2009; White, Griffith & Ryans, 1998). It measures the degree of firm involvement in export markets compared to total sales and is thus viewed the most common measure of export success. The export intensity measure requires respondents to estimate their firm's percentage of total sales attributable to foreign sales. In support of the export intensity measure, Maurel (2009) argued that measuring export performance through export intensity cancels the effect of firm size, thus facilitating comparison between companies of different sizes, industries and countries. Nonetheless, Das (1994) criticized the use of export intensity as a measure of export performance. He argued that export intensity measures a firm's degree of internationalization and not export performance. Nonetheless, due to its ease of computation (White et al., 1998), export intensity is a commonly used export performance indicator.

Compared to sales-related measures, profitability measures are less frequent in export performance assessments (Sausa, 2004); Zou & Stan, 1998). The common profitability measures include export profitability, profit margin and export profit margin growth often in comparison with domestic sales (Pendergas et al., 2006). Conversely, market related measures comprise indicators such as export market share, export market share growth and market diversification (measured by number of markets entered). Based on market measures, the number of countries served by a firm is a correlate to its international success. As noted by White et al.(1998), this measurement may be captured by asking respondents to provide the total number of countries in which they are currently conducting business.

The market diversification indicator has been scantly used in the exporting research. For instance, Sousa's (2004) empirical review found that only one study had used the market

diversification indicator; which he attributes, in part, to the difficulty in measuring actual market share. This finding lends support to Das's (1994) earlier observation that export market share is often very difficult to measure especially for small firms. Despite the decimated application of the market diversification indicator. Madsen (1998) provides a case for its utility. He argues that high market share leads to scale and experience advantages on the cost side as well as more power in approaching customers.

However, as Sausa (2004) argued, many companies often never provide information related to their profitability. Moreover, majority of firms (especially SMEs) lack the capacity to generate such information. This has made the use of objective measures in studies involving SMEs problematic. Besides, Stewart (1997) observes the tendency of researchers to focus on economic goals of the firm (through such indicators like sales volume, sales and profitability) rather than on the strategic goals such as the desire to enter a particular foreign market. As argued in Cavusgil and Zou (1994), Akyol and Akehurst (2003), and later Sousa (2004), pursuing both options (economic and strategic goals) simultaneously significantly improves the overall measurement of the export performance construct.

2.3.2 Subjective Measures

Subjective (also perceptual) measures focus on the perception of respondents on how well their company is performing towards achieving their export objectives (Flor and Oltra, 2005). From the foregoing, the two principal indicators of export performance are management's perception of export profitability and Management's satisfaction with export performance often compared to that of its major competitors or relative to a company's expectations (Diamantopoulos & Kakkos, 2007). From this sense, measurement of export success is based on management's interpretation and judgment of performance and not the objective performances per se. In contrast to objective measures, subjective measures are anchored on a scale rather than seek plain absolute figures (Shoham, 1998).

The use of management perception of export performance encourages more firms to respond to survey questions given that they do not have to provide confidential export profitability figures (Piercy et al., 1998; Aulakh, Kotabe, & Teegen, 2000; Flor & Oltra, 2005). In

addition, Lages, Lages, & Lages (2005) argue that since the study samples are often drawn from a heterogeneous population (with varying market characteristics, level of competition and market intensity), only the managers' own perceptions of export performance; and not objective values, are useful export performance measures. In a study by Flor and Oltra (2005) to measure export performance of Spanish tiles firms, the authors asked respondents to indicate their perception of how well their company had performed on the four dimensions of profitability, market penetration, growth of sales and firm image. Similarly, Piercy et al.(1998) and later Aulakh et al.(2000) used subjective questions that sought to capture sales volume, market share and profitability of export ventures.

Ural (2009) suggests a composite measure of export performance comprised of two subjective measures (strategic performance of the export venture and the firm's satisfaction with the export venture) in addition to the financial performance measure. This approach is known to enhance the reliability of the results. White et al.(1998) provide defense for use of management's satisfaction with export performance. They contend that only a firm's management alone knows the goals and expectations of the firm from exporting activities. This, according to White et al.(1998), makes management better judges of whether or not the firm is achieving its goals than would outside parties. This view is consistent with Katsikeas, Piercy and Ioannidis (1996, p.17) when they observed "...export decision makers are guided by their subjective evaluations of firm performance in export markets, rather than by objective, absolute performance ratings". Both Shoham and Kropp (1998) and Shoham (1998) included management satisfaction with performance (in addition to the objective financial data component) in the measurement of export performance. These authors, and consistent with Madsen (1998) posit that managerial subjective satisfaction is important as it affects future strategies.

Like objective measures, subjective measures also have their own shortcomings. According to Das (1994), subjective measures suffer from weaknesses associated with measuring perceptions of performance rather than actual performance. Furthermore, Pendergast et al. (2006) posit that different stakeholders have divergent values and perspectives, thus complicating the use of subjective assessment of objective outcomes, and of expressions of

satisfaction with performance. Largely, results from subjective measures should be interpreted cautiously, albeit the evidence from Dess and Robinson's study (as cited in Racela, Chaikittisilpa & Thoumrungroje, 2007) that both subjective and objective measures are positively associated. To surmount the above challenges, the extant study incorporates the strategic, economic (financial) and management perception of export performance in the measurement of export performance. This is in response to calls by prior studies (Cavusgil & Zou, 1994; Ural, 2009; Sousa, 2004) to measure export performance on multiple dimensions to increase the reliability of the results.

2.4 The construct of Firm Factors

The importance of firm factors in the export performance phenomenon is from the backdrop that exporting is a firm strategy and thus under the control of the firm and its management (Zou & Starn, 1998; Shamsuddoha et al., 2009). Doole, et al.(2006) assembled previous operationalisations of firm factors construct and categorized them into three factors. These include firm characteristics, competencies and export marketing strategy.

However, due to the dynamic nature of export markets characterized by fast-changing customer needs and wants, another construct, entrepreneurial orientation, is incorporated among the firm factors that comprise a firm's export capability(Lee, Lee, & Pennings, 2001; Patel & D'Souza, 2009). In sum, the proposed study conceptualizes the firm factors construct as comprising four principal elements. The elements include firm characteristics (comprising firm demographic characteristics and management characteristics), firm competencies, entrepreneurial orientation and export marketing strategy.

2.4.1 Firm Characteristics

Zou and Stan (1998) described firm characteristics in terms of demographic and managerial characteristics of the firm. Demographic firm characteristics comprise firm size, age, industry sector, and ownership type. Likewise, managerial characteristics entail both objective characteristics (management knowledge, international experience and networks) and subjective managerial characteristics (including variables like management attitudes, perceptions and personality (Zou & Stan, 1998; Ortega & Ahamo-Vera, 2005).

2.4.2 Firm Competencies

Firm competencies, according to prior scholars (Hoffmann, 1999; Honderghem & Vandermeulen, 2000) lack a unified definition. Nonetheless, Ritter (2006) described competencies as comprising routines that enable the firm to produce out puts of a particular type. This definition is comparable to Fleury and Freury (2003) who define a competency as the ability to do something and consider firms as a collection of abilities that enable it manage its customer value creation process.

The task of identifying competencies that comprise a firm's export capability remains an elusive scholarly endeavour. Karelakis, Mattas and Chryssochoidis (2008) in their study to establish the determinants of export performance of Greek SME wine firms operationalised firm competencies in terms of operating efficiency, research and development (R&D), personal experience and training. Nonetheless, Katsikeas, Piercy and Ioannidis (1996) in a study on the determinants of export performance in a European context measured firm competencies on the dimensions of production/manufacturing, product, marketing and sales, supply chain and informational abilities. In a bid to create a unified framework of firm competencies, Thompson, Stickland and Gramble (2008) analyzed various operationalisations of firm competencies and distinguished two kinds of competencies–knowledge based competencies and knowledge embedded competencies. They argue that knowledge embedded competencies are superior to knowledge based competencies as the former are difficult to imitate due to their embeddedness in organizational processes.

Whereas the operationalisation of firm competencies has remained controversial, there is consensus among scholars that competencies, regardless of the operationalisation adopted, are the building blocks for production of goods or services. This notion is supported by Kuppusamy and Anantharaman (2008) who through empirical testing found that functional competencies including marketing, sales, research and development predicted performance more than personal competencies (such as personnel experience and training). This finding is consistent with Ritter (2006) and Casselman and Samson (2007) who reasoned that firm

output was a function of firm specific technologies, production related skills and supportive technical and managerial capabilities. Following this insight, it is logical to conjecture that firm competencies have performance effects on a firm's level of exports.

2.4.3 Entrepreneurial Orientation

Entrepreneurial orientation is a firm level construct closely linked to export capability. Prior scholars (Lee, Lee, & Pennings, 2001; Patel & D'Souza, 2009) view entrepreneurial orientation as representing the policies and practices that provide a basis for decision making styles, processes, practices, rules and norms of the firm. This suggests that entrepreneurial orientation is embedded in organization routines rather than the activities of individuals (Lee et al., 2001). Lumpkin and Dess (1996) contend that entrepreneurial orientation is a multidimensional construct comprised of innovativeness, risk-taking and proactiveness. According to Lumpkin and Dess (1996), innovativeness is the predisposition to engage in creativity and experimentation through first mover actions such as introduction of new products and/or services and technological leadership ahead of competitors via research and development in new processes. Innovativeness facilitates firms to depart from established practices and technologies and embrace novelty.

Risk-taking, on the other hand, involves taking bold actions by venturing into the unknown (Lumpkin & Dess, 1996; Rauch, Wiklund, Lumpkin & Frese, 2009). Rauch et al.(2009) argue that risk taking is reflected in the willingness of management to commit significant resources to opportunities that might be uncertain. Conversely, proactiveness is an opportunity-seeking and forward looking perspective of the firm (Rauch et al., 2009). Thus, in the context of exporting, entrepreneurial orientation is a capability for a firm to configure its internal routines and processes to reduce impediments to exports. This view is consistent with Ibeh and Young's (2001) notion of exporting an act of entrepreneurship.

2.4.4 Export Marketing Strategy

Export marketing strategy has been described as a means by which a firm responds to the interplay of internal and external forces to meet the objectives of the export venture (Lee & Griffith 2004; Stewart & McAuley, 2000). Marandu (2009), using insights from the

marketing concept, advises firms to adapt their marketing mix in order to appeal to the unique customer needs and preferences. Through market tailoring, firms are able to surmount market differences, including level of market development, physical conditions, legal, and political situations that tend to characterize country markets (Gregory, Karavdic & Zou, 2007; Vrontis, Thrassou & Lamprianou, 2009). However, Albaum and Tse (2001) and later Vrontis et al. (2009) argue that standardization and adaptation are the two extremes of the same continuum. They contend that the decision to adapt and how much to adapt is a tradeoff between the costs of localizing the strategy and the benefit of better serving the local market.

However, Azizi and Samsinar (2008) observed that while adaptation of the marketing mix (product adaptation, price adaptation, promotion adaptation and distribution adaptation) remain the common basis for defining export marketing strategy, researchers often use differing labels to indicate export marketing strategy, including firm strategy, business strategy or export strategy, or just strategy. Product adaptation is conceptualized as the degree to which the product, including positioning, design/ style, quality, features, characteristics, brand/branding, packaging, labeling, services, warranty, and items/models in the product line differs from that of the domestic and export markets (Lages, Abrantes, & Lages, 2008). An adapted product can satisfy foreign customer needs and preferences better by reciprocating foreign consumer demand (Karelakis et al., 2008) thereby creating viable growth opportunities for the firm. Empirical findings suggest that a high degree of product adaptation is associated with firms that are internationally competent, have unique, new, culturally specific products, operate in a less technology intensive industry or the export market is competitive (Cavusgil & Zou, 1994).

Pricing adaptation, however, is the degree to which the pricing strategies (retail price, wholesale/trade price, profit margins to trade customers, discounts and sales credit terms) differ across national boundaries (Lages et al., 2008). Through adaptive pricing strategies, a firm is able respond quickly to local market conditions (Lee & Griffith, 2004) thereby enhancing its market positioning and eventual export success. This observation is similar to Cavusgil and Zou's (1994) argument that firms need to offer competitive prices to save the export venture from being undermined by competitors. Achieving price competitiveness in

export markets is the essence of export market survival. Given the sensitivity of price, managers tend to use non price competition (sales force training and technical support). Stewart (1997) contends that higher degrees of internationalization are obtained if the exporter selects target markets with low levels of price competition. This suggests that market price competitiveness acts as a barrier to firm internationalization, generally, and exporting in particular. According to Vrontis (2003), adapting price (particularly, price levels, list price, price changes and to a lesser extent discount allowances and credit terms) is the most single common phenomenon in foreign markets.

In contrast, promotion adaptation entails adjustment of the domestic promotional programme (advertising, creative/execution style, message/theme, media allocation, sales promotion, sales force structure/management, sales force role, public relations, personal selling, and advertising, promotion budget) to the export market (Lages et al., 2008). According to Cavusgil and Zou (1994), promotional strategy should be altered where the product has unique features, is not technology-intensive or the market is highly competitive. Madsen (1989) suggested adaptation of trade promotion (buying allowances, free goods, cooperative advertising) to enhance export performance. Vrontis (2003) found promotion the second most adapted element of the marketing mix (after product), with greater adaptation reported in sales promotion, public relations and personal selling and less evident in direct marketing and advertising.

Distribution adaptation, on the other hand, reflects the adjustment of distribution aspects including distribution channels, physical distribution, type and role of middle men to the export market (Lages et al., 2008). Thus, a firm's distribution network is seen as a necessary resource for successful participation in foreign markets. Lee and Griffith (2004) classified distribution channels into direct and indirect channels. In a direct channel strategy, exporters sell directly to buyers located in a foreign market and remain responsible for the direction of activities associated with export sales. The advantage with this strategy is that the exporter is able to gain greater knowledge of export markets due to direct contact and increased export profitability by absorbing part of the gross margin provided to trading companies. Alternatively, exporters may opt for indirect exporting which entails use of independent

middlemen to market the firm's products in international markets. In turn, these middlemen employ their network of foreign distributors and their own sales force.

Lee and Griffith (2004) contend that exporters employing a direct channel strategy have greater access to market information and are able to adapt more quickly to changes in the market place than exporters pursuing an indirect channel strategy. Therefore, exporters employing a direct channel strategy are expected to achieve enhanced export performance. Supporting the distributor in the export market can lead to cooperative relationships between the exporter and distributor thus increasing export performance. O'Cass and Julian (2003) suggest supporting the distributor when the export market is competitive. They contend that this would motivate the distributor to perform adequate promotion, delivery, and proper maintenance and service of the clientele. The extent of support to the distributor depends on the nature of the product and the industry (Cavusgil & Zou, 1994; O'Cass & Julian, 2003) with more support expected in technology intensive industries as such products are characterized by a high degree of complexity. In such circumstances, manufactures are expected to provide adequate training support to the foreign distributors to enable them properly handle and market the products in addition to providing customer services to clients.

2.5 Firm Factors and Export Performance

There is growing agreement that firm factors have a strongest positive effect on export performance compared to the external environment (Doole et al., 2006; Karelakis et al., 2008). This perspective is logical, since firms develop strategies around key strengths or core competencies. Consequently, firms with a unique mix of resources (both tangible and intangible) are able to select appropriate export markets as well as design and implement strategies (such as export marketing strategy) suitable for their chosen markets to attain the desired objectives (Karelakis et al., 2008; Cavusgil & Zou, 1994).

However, despite the view that the principal determinants of a firm's export performance and strategy are the internal organization resources (Zou & Stan, 1998; Barney, 1991), empirical findings on the performance effects of individual firm factors remain mixed. For instance while Cavusgil and Zou (1994) found a positive relationship between export marketing

strategy and export performance. Azizi and Samsinar's (2008) study, using a sample from Malysian wooden furniture industry did not find such a relationship. From this insight, the debate on the influence of firm factors on export performance is far from conclusion.

2.5.1 Firm Characteristics and Export Performance

The effect of firm characteristics such as firm size, firm age, ownership structure as well as age, education level and tenure/experience of managers on firm performance has been invested in prior studies (Lin & Huang, 2005; Niringiye, Lubanga, Okwi, & Kaija, 2010). Firm demographics (firm size, structure of ownership, firm age) represent the general resource base of the firm. As Niringiye et al. (2010) argue, resources are important when a firm decides to enter international markets. They reason that exporting exposes firms to higher marketing costs than domestic sales with smaller firms incurring higher average cost of exporting compared to their larger counterparts. It is therefore logical to expect a positive relationship between firm size and export performance. A similar expectation holds for firm age and ownership structure. Firm age captures a firm's learning experience with older/mature firms considered to have accumulated considerable knowledge stocks. Similarly, Awuah and Amal (2011) recognize the importance of ownership structure in a firm's export capability. The authors argue that firms that are foreign owned have proprietary information and enjoy special access to foreign markets through foreign marketing networks. Chetty and Stragl(2010) support this claim when they argue that networks minimize a firm's need for experiential knowledge and learning.

Nonetheless, empirical results on the effect of firm characteristics on export performance are mixed. Whereas Niringiye et al.'s (2010) study on the determinants of export participation in East Africa found a positive relationship between firm size (measured by the average of permanent and temporary employees) and export participation among Tanzanian firms, the results were insignificant for Uganda and Kenya. In the same study, save for Uganda, foreign ownership was an insignificant determinant of export participation for firms in Tanzanian and Kenya. In all the three countries (Uganda, Kenya and Tanzania), however, the effect of firm age was found insignificant. This finding is similar to Dhanaraj and Beamish (2003) who found no relationship between firm size and export intensity among Canadian

and US SME exporters. However, Bagchin-Sen (1999) and Maurel (2009) found a significant positive relationship between firm size and export performance among Canadian SMEs and French Wine SMEs, respectively.

Similarly, literature presents an extensive examination of the effect of management characteristics (age, education level and international experience) on export performance (Niringiye et al., 2010; Maurel, 2009; Zou & Stan, 1998). Borrowing from the Human Capital theory (Lin & Huang, 2005; Wexler, 2002), age, education level, length of tenure, skills, and any such demographic variables represent an individual's level of human capital development. According to Lin and Huang (2005), human capital is a precursor of knowledge and expertise and is positively associated with organization success. In this sense, it is expected that managers with higher human capital (with higher rank, educational level, longer experience/tenure and younger) are more likely to develop and implement a competitive export marketing strategy. As Wexler (2002) contends, higher human capital is associated with enhanced thinking and problem solving such as developing innovative products and/or services. According to Niringiye et al. (2010) managers with higher education levels are more likely to have more contacts abroad and overcome barriers to exporting especially if they obtained their degrees from outside their home countries.

Athanassiou and Nigh (2000) found a significant positive relationship between the international experience of managers and the firm's likelihood to engage and expand exporting activities through established networks and relationships abroad. Equally, Niringiye et al.(2010) established a positive relationship (albeit marginal) between the education of the top manager and a firm's export participation. Likewise, Hutchinson, Quinn and Alexander (2006) found that management perception regarding opportunities, barriers to international development, competitive advantage of the firm and readiness to export had a significant effect on export performance.

2.5.2 Firm Competencies and Export Performance

Karelakis et al.(2008) compared the effect of firm competencies and external environmental factors (operationalised in terms of level of hostility, price competition and heterogeneity) on

export performance of Greek Wine firms. The results showed that firm competencies predicted export performance compared to external environmental factors. Channel relationships (conceptualized as a competency) equally had a positive and significant relationship with export performance. This finding is consistent with Zou and Stan (1998) who argued that functional competencies enable a firm to select appropriate export markets as well as formulate and implement suitable marketing strategies.

Katsikeas et al (1996) used a sample of 87 indigenous Greek food export manufacturers trading with overseas distributors in the EU to examine the determinants of export performance in a European context. Their results indicated that export planning and control negatively correlated with export marketing, although export marketing research positively correlated with export performance. The negative correlation between export planning and control and export performance concurs with McGregor's (2004) argument that in an era of increasing competition and fast changing customer needs and wants, firms that emphasize data acquisition and formal planning rather than being innovative often miss out on significant attractive market opportunities.

2.5.3 Firm Characteristics, Competencies and Export Marketing Strategy

Firm characteristics and competencies represent the capacity and resources available to the firm. Goll and Rasheed (2004) noted that firms with scarce resources (such as SMEs) are forced to pay greater attention to their conservation. Consequently, a firm's export marketing strategy largely depends on the resources and abilities it possesses. Cavusgil and Zou (1994) in a study of export market ventures established that adaptation of export marketing strategy was influenced by a firm's international competence, experience, product characteristics and technology orientation of the industry. Past studies have examined the relationship between firm competencies and export marketing strategy. For instance, Ritter (2006) argues that competencies facilitate a firm to enter into an economic exchange and are a source of differentiation. As a rejoinder, Smith (2008) contends that product and production competencies enable the exporting firm to design, create and deliver unique products. This view is consistent with Horton (2000) who observed that competencies (especially the core ones) enable the firm to access a wide variety of markets (including niche markets) that may

require adaptation, be it the marketing mix or regulatory requirements. Azizi and Samsinar (2008) found that product certification competency among Malaysian wooden furniture exporters was critical in enhancing end-user perceived benefits while terracing for imitations from the competition.

In markets characterized by fast-changing customer needs and wants, growth oriented enterprises need information to enable them constantly make adjustments in their export marketing strategy (Marandu, 2009). Using insights from organization memory (Wexler, 2002), the ability of the firm to collect, transfer and employ knowledge generated through experience and by scanning the activities of other firms has profound performance effects. Notably, such activities lead to enhanced export performance through enhanced learning, development of innovative products and/or services, greater stability in conditions of change and lower transaction costs (Wexler, 2002).

2.5.4 Entrepreneurial Orientation and Export Marketing Strategy

Rauch et al.(2009) contend that in an environment of rapid change and shortened product and business cycles, firms need to innovate frequently while taking risks in their product market strategies. Through a synergistic combination of entrepreneurial orientation and marketing strategy, a firm is able to attune and satisfy customer needs by implementing profitable marketing programmes. Barrett, Balloun and Weinstein (2000) posit that entrepreneurship helps to direct the flow of resources (financial, time and managerial) towards fulfillment of consumer needs. Firms with proactive behavious such as introduction of new products or services ahead of competitors are able to anticipate demand, create change and shape the environment (Barret et al., 2000).

Goll and Rasheed's (2004) study on performance consequences of social responsibility underscored the link between innovation and firm performance. The authors argued that firms need to be innovative in order to influence performance in non-munificent environments. As noted by Karelakis et al.(2008), a hostile environment creates threats against the operational viability of an exporting firm since such factors are non controllable. To succeed, firm need to be entrepreneurial to unravel the complexities in the export market

place. Ibeh and Young (2001), while examining exporting as an entrepreneurial act among Nigerian firms, argued that entrepreneurial orientation invokes a creative spirit. Thus, firms with high entrepreneurial orientation are able to pursue promising export market opportunities without recourse to resources. As Wolff and Pett (2006) suggest, SMEs with a strong entrepreneurial orientation are able to compensate for lack of adequate resources with flexibility, agility and innovation and favourably compete with their large counterparts by providing innovative products, flexibility and reduced time to market.

Moreover, McGregor (2004) contends that firms need a high entrepreneurial orientation to unravel the complexities of the market place (such as increasing competition and fast changing customer needs, and wants). He contends that in such market conditions, firms that emphasize data acquisition and formal planning may miss a significant number of attractive market opportunities. This suggests that the process of implementing a strategy is a key success determinant in export markets. Okpara's (2009) study on exporting SMEs in Nigeria revealed that exporters that were active, pro-active and aggressive in their pursuit of opportunities in overseas markets outperformed their reactive, passive and conservative counterparts. This finding is consistent with Raunch et al.'s (2009) argument that entrepreneurial orientation provides a basis for entrepreneurial decisions and actions (such as whether to adapt or standardize the firms marketing mix) in export markets. Thus, the net effect of firm characteristics and competencies on export marketing strategy is conjectured as varying in magnitude with the level of entrepreneurial orientation.

Empirical studies (Ezirim & Nwokah, 2009; Kropp, Lindsay, & Shoham, 2006) on entrepreneurial orientation and export performance have reported conflicting findings. For instance, Kropp et al.(2006) reported a significant positive relationship between innovativeness and export performance. In the same way, Ezirim and Nwokah (2009) found support for a significant positive relationship between entrepreneurial orientation and export performance of firms in the Nigerian non oil sector, though the relationship was found to be weak. Despite the overarching importance of entrepreneurial orientation, a study by Baker and Sinkula (2009) found an insignificant direct relationship between entrepreneurship and

profitability. Such mixed results underscore plausible research opportunities that currently exist in exporting discipline.

2.5.5 Export Marketing Strategy and Export Performance

Following Cavusgil and Zou (1994) empirical investigation of the marketing strategy-performance relationship among export venture cases in the US, a number of empirical studies on the same have been done albeit with mixed results. In a number of studies, positive relations have been established between export marketing strategy and export performance (Westhead et al., 2002), distribution adaptation and export performance (Karelakis et al., 2008), pricing adaptation and export performance (Lee and Griffith, 2004; Namiki, 1988), and product adaptation and export performance (Lee and Griffith, 2004; Walters and Samiee, 1990). In terms of promotion adaptation, Lee and Griffith (2004) found a positive relationship between overseas trade promotions and export performance.

However, in some studies the relationship between export marketing strategy and export performance has been either insignificant or negative. For instance, Cavusgil and Zou (1994) found an insignificant relationship between price adaptation and export performance. Equally, overseas advertising expenditures and export performance were found to be significantly and negatively correlated to export performance (Zou & Stan, 1998). Besides, both O'Cass and Julian (2003) and Azizi and Samsinar (2008) did not find a significant relationship between export marketing strategy and export performance of Malaysian wooden furniture exporters. According to the authors, this phenomenon is attributable to the Malaysian wooden furniture exporters' failure to adapt their export marketing strategy.

Table 2.1: Summary of Empirical Studies

Firm characteristics

Study	Variables	The study focus/sample	Gaps	Focus of proposed study
Rasiah (2009)	Labour productivity and export performance (measured by export intensity)	Used data collected from 97 firms (48 foreign and 48 local) from Uganda to assess the relationship between productivity and export performance	The conceptualization of the determinants of export performance did not address export marketing and entrepreneurial orientation	The proposed study incorporates export marketing strategy and entrepreneurial orientation in a bid to reinforce the influence of firm characteristics and competencies on export performance
Dhanaraj and Beamish (2003)	Firm size, enterprise, technological intensity, export strategy, and firm performance	The study focused on 385 Canadian and 500 U.S. Small and Medium-sized exporters	The study did not address managerial characteristics. Also the study did not focus on export performance of firms	The proposed study incorporates managerial characteristics (both objective and subjective) and extends the study to measure export performance

Firm Competencies

Ibeh (2003)	Competencies, decision maker business experience, international network/contacts and export performance	Surveyed 78 Nigerian based firms and non exporters to identify influential drivers of export performance	The study did not address the subjective managerial features. In addition, competencies were narrowly operationalised	The proposed study enhances the competencies construct by incorporating production/manufacturing in its measurement scale.
Piercy, Kaleka and Katsikeas (1998)	Competencies, resources and export performance	Studied 312 British SME manufacturing firms to establish the characteristics of successful export ventures	The study setting poses a threat to external validity.	The proposed study is situated in a developing country setting where developed country findings will be validated

Bbaale and Hisali (2008)	Firm level productivity and exporting	Used secondary data on 300 exporters and non exporters to empirically test self-selection and learning-by-exporting hypotheses on Ugandan manufactures	The model did not predict export performance; instead, it focused on determinants of export decision.	The proposed study seeks to assess the determinants of export performance as well as assess export performance

Entrepreneurial Orientation

Ezirim and Nwokah (2009)	Entrepreneurial orientation and export marketing performance	Studied the effect of entrepreneurial orientation on export marketing performance using 205 export managers from Nigerian non-oil firms.	Did not explore the weak influence of Entrepreneurial orientation and export marketing strategy	The proposed study seeks to test for the moderating and mediating effects of entrepreneurial orientation and export marketing strategy respectively.
Renko, Carsrund and Brannback (2009)	Entrepreneurial orientation, technological capabilities and technological venture innovativeness	Sought to explain technological venture innovativeness using data from 85 SME Biotechnology start ups in the US, Finland and Sweden	Did not measure entrepreneurial orientation at the level of the firm. Besides the study did not focus on exporters	The proposed study addresses entrepreneurial orientation as a firm level construct and examines its influence on export performance.
Baker and Sinkula (2009)	Entrepreneurial orientation and performance	Examined the effect of market and entrepreneurial orientation on profitability of small businesses using 110 US firms	Did not examine the absence of direct relationship between entrepreneurial orientation and profitability	The proposed study incorporates entrepreneurial orientation and seeks to test for its moderating effect on export performance

Karelakis, Mattas and Chryssochidis (2008)	External environment, export competitive advantage, channel relationships (mediating variable), and export performance	Examined the determinants of export performance using census data on 110 Greek SME wine exporters	The study did not address the effect of entrepreneurial orientation on export performance	The proposed study introduces entrepreneurial orientation as a moderator of the influence of export marketing strategy on export performance
Kropp, Lindsay and Shoham (2006)	Entrepreneurial and marketing orientation, learning orientation and firm performance	Studied the influences to performance of international entrepreneurial ventures using 449 export oriented firms in South Africa	Ignored proactiveness and risk taking dimensions of entrepreneurial orientation	The proposed study incorporates risk taking and proactiveness in the operationalisation of the entrepreneurial orientation construct.

Export Marketing Strategy

Morgan, Kaleka and Katsikeas (2004)	Resources, capabilities and export performance	Studied the antecedents of export venture performance using data from 287 US export manufacturers	The study was narrow in focus, only concerned with exporters who used a single distributor.	The proposed study explores all major elements of a firm's export marketing strategy for their influence on export performance
Lee and Griffith (2004)	Export marketing strategy and export performance	Studied the relationship between export marketing strategies and export performance using 180 electronics export manufactures in Korea	Ignored promotion as an aspect of export marketing. Also the study did not include any other product, a part from electronics	The proposed study covers a range of industries and uses multiple indicators of promotion

Aulakh, Kotabe and Teegen (2000)	Export strategies and export performance	Studied the determinants of export performance of firms in Brazil, Chile and Mexico using a sample of 196 local firms (not subsidiaries of foreign multinational firms)	Did not examine the influence of export marketing strategy on export performance	The proposed study incorporates export marketing strategy as a mediator of firm characteristics and firm competencies and export performance

Export Performance

Piercy, Kaleka and Katsikeas (1998)	Competencies, resources and export performance	Studied 312 British SME manufacturing firms to establish the characteristics of successful export ventures	The study setting poses a threat to external validity.	The proposed study is situated in a developing country setting where developed country findings will be validated
Maurel (2009)	Management orientation, commitment, firm size and export performance	Used data collected from 214 SME French wine exporters to study the determinants of export performance	The study ignored the multidimensional nature of export performance measurement and used only export turn over to measure export performance	The proposed study incorporates financial, strategic and satisfaction measures in the export performance measurement scale.
Stewart (1997)	Export marketing strategy, domestic competitive strategy and export strategy	Tested a model of internationalization of SMEs using data obtained from a survey of 207 Canadian exporters.	The study did not focus on firm level factors, besides the absence of export performance measurement	The proposed study focuses on firm factors and incorporates both export marketing strategy and export performance measures
Katsikeas, Piercy and Ioannidis (1996)	Objective firm characteristics, export related perception variables, and export	Studied the determinants of export performance in the European context using 87 indigenous Greek food firms trading with overseas distributors in the EU.	The study ignored management satisfaction with export performance in the measurement of export performance	The proposed study incorporates a satisfaction dimension to the measurement of the export performance construct.

	performance			
Cavusgil and Zou (1994)	Internal forces, external forces, export marketing strategy and export performance	Studied the determinants of export venture performance using data on 202 export venture cases in the US.	The authors recommended replication of the principal features of the study in a different context.	The proposed study addresses this gap by undertaking the study in Uganda, a developing country.

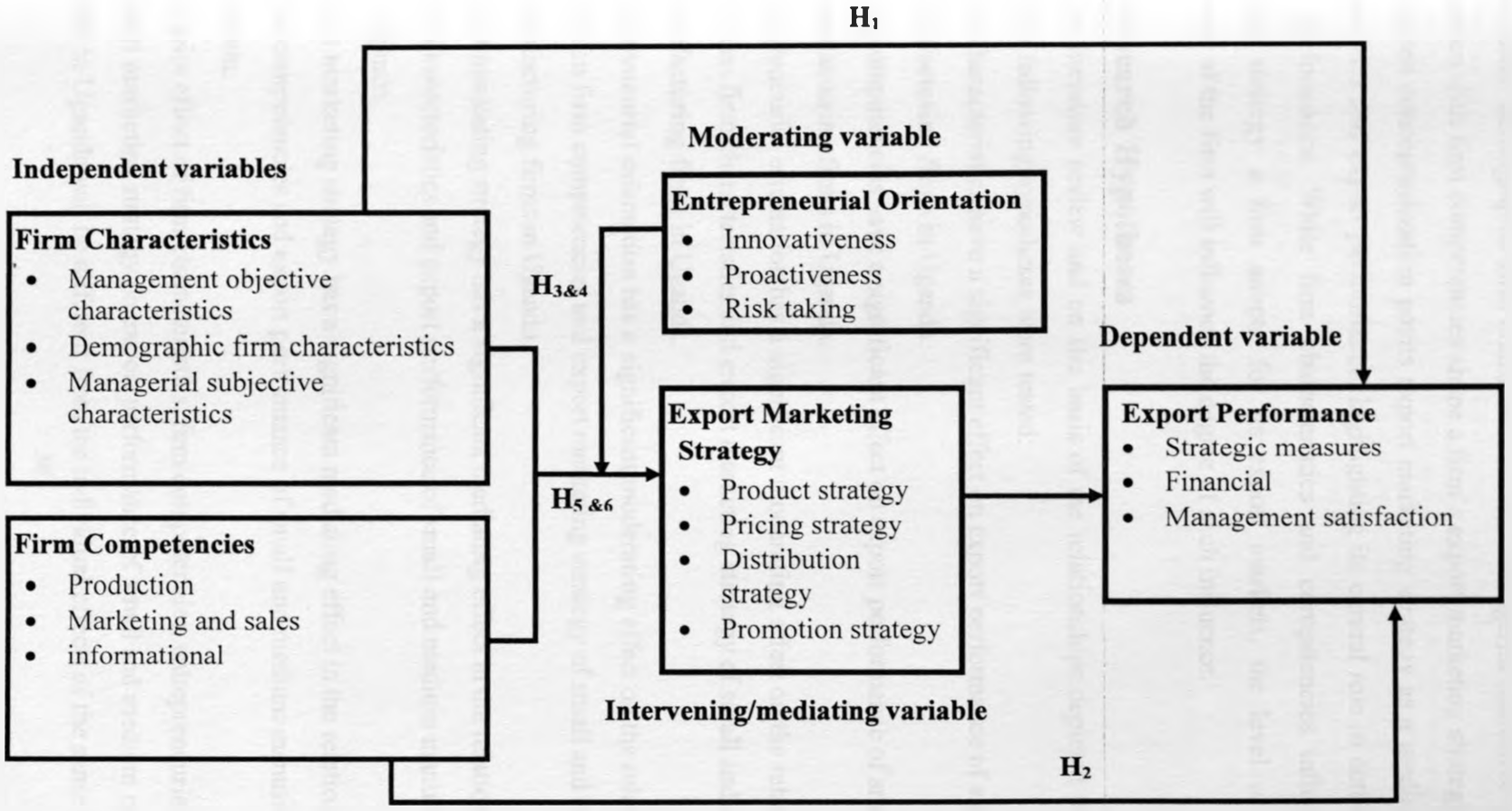
2.6 Conceptual Framework and Hypotheses

2.6.1 Conceptual Framework

The conceptual model (Figure 1) is adapted from the works of Aaby and Slater (1989) and later Morgan et al. (2004) by including entrepreneurial orientation as a moderator of the influence of firm characteristics and competencies on export marketing strategy. The model depicts the influence of firm characteristics, firm competencies, entrepreneurial orientation, export marketing strategy, and export performance. As the study seeks to focus empirical effort on investigating the effect of selected firm factors on export performance of SME firms in Uganda, the conceptual framework for the study was anchored on the resource based theory of the firm (Zou & Stan, 1998; Suarez-Ortega & Ahamo-Vera, 2005).

Moreover, contrary to the industrial organization theory that focuses on external factors and essentially portrays a fatalistic view of exporting (Zou & Stan, 1998), the resource based view contends that managers are responsible for their exporting. Moreover, traditional internationalization models (the Uppsala and innovation models) are inadequate as they appear deterministic and ignore the effect of managerially innovative, proactive or risk taking behaviours in a firm's growth and international expansion (Ruzzier et al., 2006). Yet, lack of such entrepreneurial skills can retard the firm's ability to break out of domestic markets. Besides, prior studies (Francis & Collins-Dodd, 2000; Okpara, 2009) have used the resource based paradigm to examine the effects of factors such as firm size, competencies and strategies on export performance, thus lending support to the use of the resource based theory in the extant study.

Figure 1: Conceptual Model



Source: Developed from literature review

Figure 1 postulates that firm characteristics, depicted by management objective characteristics, demographic firm characteristics and managerial subjective characteristics in combination with firm competencies shape a firm's export marketing strategy. Consequently, the proposed conceptualization posits export marketing strategy as a mediator of both firm characteristics and export performance, highlighting its central role in determining a firm's export performance. While firm characteristics and competencies influence the export marketing strategy a firm adopts for its export markets, the level of entrepreneurial orientation of the firm will influence the degree of such influence.

2.6.2 Research Hypotheses

From the literature review and on the basis of the relationships depicted in the conceptual model, the following hypotheses were tested:

H_1: Firm characteristics have a significant effect on export performance of small and medium manufacturing firms in Uganda.

H_2: Firm competencies have a significant effect on export performance of small and medium manufacturing firms in Uganda.

H_3: Entrepreneurial orientation has a significant moderating effect on the relationship between firm characteristics and export marketing strategy of small and medium manufacturing firms in Uganda.

H_4: Entrepreneurial orientation has a significant moderating effect on the relationship between firm competencies and export marketing strategy of small and medium manufacturing firms in Uganda.

H_5: Export marketing strategy has a significant mediating effect in the relationship between firm characteristics and export performance of small and medium manufacturing firms in Uganda.

H_6: Export marketing strategy has a significant mediating effect in the relationship between firm competencies and export performance of small and medium manufacturing firms in Uganda.

H_7: The joint effect of firm characteristics, firm competencies, entrepreneurial orientation and export marketing strategy on export performance of small and medium manufacturing firms in Uganda will be different from the individual effects of the same variables.

2.7 Chapter Summary

The chapter covered a review of the literature pertinent to the additive effect of firm factors on export performance depicted in the conceptual model. Specially, the chapter reviewed the theoretical perspectives of SME internationalization and the concepts of firm factors and export performance. Further, the chapter presented a summary of empirical studies on firm characteristics, competencies, export marketing strategy, entrepreneurial orientation and export performance together with the identified gaps therein. The chapter concluded with the proposed conceptual model for the study and the corresponding hypotheses.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

In the previous chapter, a review of the literature was made with a view to providing a theoretical platform of the study. In this chapter, an account of how the study was planned and executed is provided. Specifically, the chapter discusses the research philosophy, research design and the study population.

Also covered in this chapter are data collection, questionnaire design and pretest, operationalisation of research variables, reliability and validity tests, assessment of common methods variance. The chapter closes with a discussion of the major data analytical techniques adopted by the study.

3.2 Research Philosophy

This study adopted a positivistic research philosophy. In its basic form, positivism adopts the view that facts and values are distinct and that true knowledge of phenomena exists and is measurable (Buttery & Buttery, 1991; Stiles, 2003). The positivistic stance to research stems from the epistemological assumption that objective reality exists beyond the human mind and is constituted of facts structured in a law-like manner (Stiles, 2003). As such, the researcher approaches the valuation of phenomena identified through objective methodologies. Consequently, problem solving under the positivistic approach follows a pattern of formulating hypotheses, in which assumptions of social reality are made and hypotheses tested often using quantitative techniques (Buttery & Buttery, 1991; Stiles, 2003). Besides, Robson and Rowe (1997) maintain that no real observation of any kind of phenomena is possible, except in as far as it is first directed and finally interpreted by some theory.

While Lewis, Massey, and Harris (2007) decry the lack of a clear paradigm to guide research involving SMEs, an analysis of positivism together with the objectives of this study revealed clear similarities, making positivism the appropriate research philosophy for the extant study.

On the basis of exiting knowledge about firm factors associated with export performance and the theoretical perspectives of SME internationalization, hypotheses were deduced and subsequently subjected to empirical scrutiny consistent with the tenets of the positivistic research paradigm. Bryman (2004), while examining the nature of the relationship between theory and social research recommended a skillful deduction of hypotheses and their translation into operational terms. This is particularly true where knowledge about the domain of the study as well as its attendant theoretical perspectives are known. The reality surrounding the phenomenon of export performance of SME firms in Uganda is objective in nature, and capable of being observed. Thus, positivism provided credence to the extant study in its quest to establish the nature of relationships that underlie the variables under study, test the formulated hypotheses and make generalizations from the research findings.

3.3 Research Design

This study adopted a descriptive cross sectional research design. Brayman (2004) contends that cross sectional designs entail the collection of data on more than one case and at a single point in time in order to gather a body of qualitative or quantitative data in connection with two or more variables, which are then examined to detect patterns of association. Mugenda (2008) suggests cross-sectional surveys in studies whose overall objective is to establish whether significant associations among variables exist at some point.

Olsen and Marie (2004) discuss the alternative approaches to implement a cross sectional research design. They assert that cross sectional studies may target either the entire population or a subset thereof from which data are collected to help answer the research questions. This study sought to test the effect of firm characteristics, firm competencies, entrepreneurial orientation, and export marketing strategy on export performance of small and medium firms in Uganda using data collected at the time of the survey. Based on the foregoing arguments, a cross sectional design was found appropriate for the study.

3.4 Population of the Study

The target population for the study was 107 Small and Medium firms registered under the Uganda Export Promotion Board (UEPB) as per 2010 Register (Appendix XIII). The UEPB, established by parliamentary statute No.2 of 1996, is a Trade Promotion Organization (TPO). The UEPB operates under the Ministry of Trade, Industry and Cooperatives (MTIC) and is a national focal point for export promotion and development. In this study, the unit of analysis was an SME involved in exporting of own manufactured products. For purposes of this study, an SME is a firm whose number of full time employees span from 5 to 250 people as per Enterprise categorization scheme of the Government of Uganda (UBOS Report, 2007). Table 3.2 presents the composition of the population of firms studied.

Table 3.2: Description of Firms Surveyed

Category	Population
Industrial goods manufacturing	45
Consumer goods manufacturing	62
Total	107

Source: UEPB (2010) Exporters Register

As indicated in Table 3.2, of the 107 firms on UEPB register, 45 firms were listed under manufacturers and exporters of industrial goods like cement, paints, iron and steel products. Conversely, 62 firms were listed under manufacturers and exporters of consumer goods such as beers and spirits, sugar and sugar confessionary, soaps and detergents, oils as well as fats and plastics.

3.5 Data Collection

Given the modest size of the population, all the 107 firms were contacted to participate in the survey. Besides, a survey of entire population accorded all firms of interest the opportunity to participate in the study thereby eliminating accuracy concerns that often characterize use of samples that may not be representative of the population of interest. In this study, a

questionnaire was the principal tool for collecting primary data. Whereas the questionnaire contained largely structured questions, an open ended question "How does your company intend to improve export performance in the next 3-5 years?" was included at end in order to gain an understanding of the reality that surrounds export performance improvement efforts of the firms. Drawing from Sharma, Yetton and Crawfold's (2009) data collection strategies, the researcher principally administered the questionnaires personally in order to enhance the response rate and quality of data collected.

As the unit of analysis was the firm, the unit of enquiry was the Chief Executive Officer (CEO) or one familiar with the exporting activities of the firm as well as with sufficient involvement in export marketing policy decision making. Nandakumar, Ghobadian and O'Regan(2010) used the same approach to study the moderating effect of structure and environment on business performance. The authors argue that use of high ranking informants coupled with an unequivocal protection of their anonymity moderate the common methods variance problem often associated with this approach in conducting survey research. Wilson and Lilien (1992) showed that single informants are most appropriate in non new task decisions. While key informant data could have questionable reliability and validity; in this study, these concerns were addressed by ensuring that the key informants were knowledgeable about the phenomenon of interest and were able to communicate effectively with the researcher.

Drawing from Wilson and Lilien (1992) insight, respondents were selected on the basis of their experience or knowledge about the export decisions and activities of the firm at the time of the survey. This was achieved through a variety of strategies: Foremost, through the researcher's skillful engagement of selected company staff considered knowledgeable about the organization structure. The second approach entailed a review of company publications such as company magazines, diaries, and performance reports (where such existed). The third option was to relay on the UEPB register. The UEPB register is a record of all exporters registered with the UEPB. It contains the name of the firm, the nature of business, physical address, and the contact person. Only in situations where the first two options proved futile

was the UEPB register relied upon to select respondents as some information on the UEPB register were obsolete.

Following a combination of the above procedures, data was collected using personally administered questionnaires. This method involved an average of three visits to each firm. Two major persons facilitated the process: First, the UEPB Executive Director who personally issued a letter introducing the researcher to the CEO's of firms registered under the UEPB. The letter (Appendix III) highlighted the anticipated gains from the study and encouraged them to fully participate in the survey. The other set of persons that facilitated the field exercise comprised four well trained field assistants.

Through a heightened assessment of the population frame, it was established that of the 107 firms, seven firms were not manufacturers; rather, they were trading companies with no significant value addition to the products and thus not relevant to the study. Of the remaining firms, ten refused to respond citing "company policy". A further four firms felt un able to provide the information required as their approach to exporting involved passively filling orders of domestic buyers who then exported the products. Four firms were untraceable owing to reasons including wrong physical and/or telephone contacts, location, and business failure. Overall, 82 questionnaires were gathered, 76 of which were usable, yielding an overall response rate of 76.6 percent and a useable response rate of 71 percent. This response rate was considered adequate in light of prior and similar studies. For instance, a study by Ibeh and Young (2001) to assess exporting as an entrepreneurial act using Nigerian SME firms reported an overall response rate of 52.4% and a useable response rate of 41.2 %. Similarly, Hart, Webb, and Jones (1994) reported a response rate of 30 percent in their study to assess export marketing performance among industrial SMEs. Moreover, Sousa (2004) in an evaluation research conducted between 1998 and 2004 established that in studies involving top management, response rates were in the range of 15 to 20%.

3.6 Questionnaire Design and Pretest

A semi structured questionnaire was developed to collect the required data on the study variables, that is, firm characteristics, firm competencies, entrepreneurial orientation, export

marketing strategy and export performance. The questionnaire was divided into six (6) parts (Appendix I) as follows: (1) Profile of the respondent; (2) Profile of the firm: (3) Firm competencies; (4) Export Marketing Strategy; (5) Entrepreneurial orientation; and (6) Export performance. The first part (Questions 2-8) inquired about the objective characteristics of management. Conversely, part two of the questionnaire sought to explore the demographic characteristics of the firm (Questions 9-15) as well as the firm's subjective managerial characteristics (Question 16). Part three (Question 17) on the other hand, focused on the assessment of the abilities of the firm to undertake manufacturing and exporting activities. The focus of part four (Question 18) was to assess the level of export marketing strategy adaptation. The fifth part sought to assess the entrepreneurial orientation of the respondent firms while the sixth part sought to elicit opinions of managers about their firms' export performance. This section closed with an open ended question to explore the orientation of Ugandan managers towards export performance. Inclusion of such open-ended question is consistent with Aosa (1992) who advocate for a flexible data collection process that is able to pick up unexpected information that would help in interpreting the numeric data collected.

A pilot study to pretest the questionnaire was conducted using 15 firms randomly selected from the list of exporters with similar characteristics as the target population but who were not to participate in the final survey. The instrument was also discussed with content experts and practitioners in the field of export marketing. Respondents were requested to indicate whether the question/item was difficult or not clear to them. The experts were specifically requested to indicate whether the items in particular sections of the questionnaire adequately measured the respective constructs and whether the instrument was appropriate for this kind of study. The un-answered questions/items as well as those for which respondents indicated lack of understanding were refined. For instance, two indicators of firm competencies, that is, production and product were found to be overlapping. Accordingly, the two were merged into one construct (production/manufacturing competencies). On the other hand, questions that were indicated to be irrelevant were deleted. Following the responses from the pre-test and recommendations from experts, a final questionnaire was developed (Appendix I).

3.7 Operationalisation of Research Variables

Operationalisation facilitates reduction of abstract notions of constructs into observable behaviour or characteristics so as they can be measured (Sekaran, 2000). The hypothesized independent (predictor) variables in the study were firm characteristics and competencies. Entrepreneurial orientation was theorized as a moderating variable while export marketing strategy was hypothesized as a mediating variable. On the other hand, the dependent variable for this study was export performance. All the five variables depicted in the conceptual model (Figure 1) were operationalised in accordance with previous studies.

Thirkill and Dau (1998) decried the lack of a unified conceptual definition for firm characteristics and called it a *misnomer*. Nonetheless, in this study, the construct was operationalised following Zou and Stan's (1998) three dimensions of objective management characteristics, demographic firm characteristics, and subjective (attitudinal) managerial characteristics. Objective managerial characteristics comprised five variables pertaining the owner/or manager: (1) age; (2) education level *(five dummy variables created)*; (3) international exposure, that is, whether or not the manager had lived abroad (*dummy variable*), spoke any foreign language other than English *(dummy variable),* frequency of foreign travel as well as exporting experience (measured by the number of years the manager had been involved in exporting business). The firm's international experience was measured in terms of number of years the firm had been involved in exporting and number of export markets served.

Firm demographic variables were included to control for economies and diseconomies of scale and comprised of seven variables. The variables were (1) nature of business organization *(four dummies)*, (2) ownership status (two dummies), (3) category of products exported *(one dummy)*, (4) age of firm, (5) firm size (measured by the number of full time employees), (6) the firm's exporting experience (measured by years of exporting involvement) and (7) number of export markets served. The subjective (attitudinal) managerial characteristics dimension was measured indirectly through multiple indicators suggested by Ogbuei and Longfellow (1994). The scale requires respondents to indicate, on a 5-point Likert type scale, the perceived level of importance attached to some frequent reasons

for exporting as documented in the literature. Firm competencies were operationalised on the dimensions of production competencies, marketing/sales competencies as well as informational competencies in line with Katsikeas et al. (1996). Export marketing strategy, on the other hand, was operationalised using the strategy adaptation (STRATADAPT) scale developed by Stewart (1997) and later unified by Lages et al.(2008). This scale measures the degree of adaptation of the firm's product, pricing, distribution and promotion in the international market. Entrepreneurial orientation was measured using scales adapted from Okpara (2009) and Li et al.(2008). These scales measure a firm's level of entrepreneurial orientation on the dimensions of innovativeness, proactiveness and risk taking.

Lastly, export performance was measured as a composite score using Zou et al.'s (1998) perceptual scales on the dimensions of financial, strategic and satisfaction indicators. Ural (2009) used similar scales to study the export performance of Turkish SMEs. Murray, Kotabe, and Wildt (1995) argued that a variable with multiple indicators should be combined into a single variable to reduce the number of variables in the analysis as well as minimize problems of multicollinearity. This view is consistent with Maurel (2009) who argued that measurement of export performance by different indicators increases the reliability of results.

The use of subjective measures of export performance has been suggested for various reasons: Foremost, subjective measures become the only practical measures in cases where managers may be unwilling or unable to provide objective financial data; a case common in studies involving SMEs (Katsikeas et al., 2000; Lages et al., 2005). By using relative measures, executives are able to answer performance questions without revealing confidential sales or profit information (Katsikeas et al., 2000; Sousa, 2004). In addition, Lages et al. (2005) argue that since firms are often drawn from heterogeneous populations with varying market characteristics, level of competition and market intensity; only the managers' own perceptions of export performance, and not objective values, are useful performance measures. Moreover, Madsen (1998) reports the lack of cost accounting systems, particularly in SMEs, which makes calculation of actual profits complicated, thus the obvious reliance on subjective assessments. Besides, Dess and Robinson in Pendergast et al., (2006) found a significant positive correlation between subjective and objective measures.

Table 3.3: Summary of Operationalisation of Study Variables

Variable	Nature	Indicator	Questionnaire items
Firm characteristics	Independent variable	Objective managerial characteristics (e.g., age, education level, international experience, language competencies, number of foreign trips made in a time period)	Part 1(Qns.1-8)
		Demographic firm characteristics (e.g., size, age, industry sector, ownership structure)	Part 1(Qns.9-15
		Subjective managerial characteristics	Part I (Qn.16)
Firm Competencies	Independent variable	• Production competencies • Marketing and sales competencies • Informational competencies	Part II (Qn.17)
Export marketing strategy	Mediating variable	• Product strategy • Pricing strategy • Distribution strategy • Promotion strategy	Part III (Qn.18)
Entrepreneurial orientation	Moderating variable	• Innovativeness • Proactiveness • Risk taking	Part IV (Qn.19)
Export performance	Dependent variable	• Financial (sales volume, profitability) • Strategic (competitiveness, strategic position, market share) • Satisfaction with export business (export ventures, success, meeting expectations)	Part V(Qns. 20)

Source: Developed from a Review of Literature

3.8. Reliability and Validity Tests

3.8.1 Reliability Tests

Although majority of scales used in this study were adapted from previous studies, their reliability and validity in the new research environment could not be taken for granted. The reliability of measures was assessed using the Cronbach alpha (α) test in the SPSS programme.

The cronbach alpha reliability coefficients indicated high levels of reliability of the instrument with all the values above the acceptable minimum of 0.50 (Cronbach, 1951; Nunnally, 1978). The reliabilities for the individual constructs were all way beyond 0.5 (Appendix IV).

3.8.2 Validity Tests

Validity refers to the extent to which the indicator (or set of indicators) devised to measure a concept really measures that concept (Bryman, 2004). In the extant case, the validity of measures was assessed through convergent and discriminant validity tests. Convergent validity refers to the degree to which the scale correlates in the same direction with other measures of the same construct (Morgan, et al., 2004). Thus, the items exhibit homogeneity within the same construct. Following Morgan et al's.(2004) suggestions, items are only valid when they demonstrate high item-to-total correlations, high loadings on the intended factors, and with no substantial cross-loadings.

In this study, convergent validity was assessed by initially examining item-to-total correlations for the set of items corresponding to each theoretical construct. After this initial analysis, each set of items measuring particular constructs was subjected to confirmatory factor analysis using Principal Components Analysis (PCA) technique (Kaiser, 1974) to verify unidimensionality. This was done by assessing the magnitude of the item factor loadings for all quantitative variables measured at the interval or ratio level. Thus, subjective managerial characteristics, firm competencies, export marketing strategy, entrepreneurial

orientation, and export performance were each subjected to a Principal Components Analysis.

According to Eom, eta al.(2006), convergent validity is an alternative to Chronbach's alpha and is demonstrated when items that purport to measure a concept load highly and in excess of 0.5 on their associated factors. Results are shown in Appendix VI. Overall, all items had loading in excess of 0.5, thus providing support for convergent validity of the measures used in the study.

Disciminant Validity, on the other hand, shows the uniqueness of each construct in the research model. In this study, disciminant validity was assessed using a procedure suggested by Fornell and Larcker (1981) and later used by Julien and Mamangalah (2003) and Eom, et al.(2006) . This procedure involves examining the cross-loadings of the constructs and the measures in addition to comparing the square root of the average variance extracted (AVE) for each construct with the correlation between the construct and other constructs in the model. For discriminant validity to be satisfied, the square root of AVE of the constructs must be greater than the correlation coefficients between the model's constructs. Results are shown in Appendix VI. As Appendix VI illustrates, this condition was satisfied.

3.9 Assessment of common methods variance

Data for this study was collected using a single informant method and as such was tested for common method variance. To realize this, the study employed Harman's one-factor test using a procedure suggested by Podsakoff and Organ (1986) and used in previous studies, including, Chung and Fin (2011), and Morgan, et al.(2004). Under this technique, all items from all of the constructs in the study are included in a factor analysis to determine whether the majority of the variance can be accounted for by one general factor. The basic assumption of this technique is that if a substantial amount of common methods variance is present, either a single factor will emerge from the factor analysis or one general factor will account for the majority of the covariance in the dependent and depend variables.

Results in Appendix V reveal that no single factor structure emerged in a factor solution. Of the 79 percent variance explained by the 17 factor solution, a factor with the highest

eigenvalue (13.443) accounted for only 19 percent, suggesting that the solution yielded no general factor that accounted for the majority of the variance among the dependent and independent variables; a proof that common method variance was not a concern in this study.

3.10 Data Analysis

Data on all constructs were first subjected to a confirmatory factor analysis to confirm the underlying dimensions of the indicator variables using Principal Components Analysis with the Varimax rotation. Principal component analysis was chosen because, besides establishing the linear components that exist within the data and how particular factors contribute to the component, the method has been found to be psychometrically sound and conceptually less complex (Field, 2006). Varimax rotation was deemed appropriate as it attempts to maximize the dispersion of loadings within factors and tries to load a smaller number of variables highly onto each factor (Field, 2006). The Keiser-Meyer-Olkin (KMO) and Bartlett's test of sampling adequacy was also computed to ensure that the factor analysis yielded distinct and reliable factors. Only items with eigen values greater than 1.0 and loadings greater than 0.5 were extracted (Kaiser, 1974). Results are shown in Appendices VII–X. The results confirm the theorized dimensionality of the study constructs.

Secondly, data were tested for the major assumptions of parametric data analysis, that is, normality, linearity, homogeneity of variance / homoscedasticity, and multi-collinearity. The normal Q-Q plot showed the data points close to the diagonal line, an indicator that the data followed a nearly normal distribution. Except export performance that was normalized after a logarithmic transformation, all the variables in the study were normally distributed with the ρ-value of the Shapiro-Wilk test greater than the 0.05 level of significance. Besides, nearly all points in a scatterplot followed a straight line, suggesting that the data followed a linear distribution. Similarly, data points were observed to be randomly and evenly dispersed throughout the plot with no any identifiable trend in the present case, suggesting that the assumptions of homoscedasticity had been met. In addition, the Levene statistic for the homogeneity of variance across the independent variables and the dependent variable was significantly different from zero ($\rho > .05$) at 95% confidence level, signifying homogeneity of

variance (Field, 2006). Furthermore, multicollinearity in the data was diagnosed using the variance inflation factor (VIF) (produced through SPSS regression procedures) as well as examination of correlation coefficients among variables. As a rule of thumb, variables with VIF values greater than 10 (or tolerance values greater than 0.1) signify presence of multicollinearity. In this study, all variables correlated with a magnitude of below 0.7 ($r < 0.7$) with a VIF < 3, thus posing no threat of multicollinearity among the independent variables.

Following the parametric test diagnostics, Pearson's product moment correlation (r_{xy}) analyses were performed to establish any linear relationships between the study variables. Likewise, regression analyses were conducted to estimate regression parameters and determine the prediction level of the models. The regression models for testing the hypotheses were estimated in the form of:

$$Y_i = \beta_0 + \beta_1 X_{1i} + \beta_2 X_{2i} + ...+ \beta_n X_{ni} + \varepsilon$$

Where:

Y_i is the dependent variable

X_i are the explanatory variables, and

β_i are the regression coefficients.

ε is the random variable, error term

3.11 Chapter Summary

This chapter has presented a detailed account of the methodology used in executing the study. Specifically, the chapter discussed the research philosophy, research design, and the study population. Similarly, the chapter provided a detailed discussion of data collection, questionnaire design and pretest, operationalisation of research variables, reliability and validity tests, assessment of common methods variance, as well as data analytical techniques adopted for the study.

CHAPTER FOUR

RESULTS OF THE STUDY

4.1 Introduction

This chapter presents and interprets the results of the study consistent with the research objectives and the hypotheses. The chapter has two main sections. The first part reports the descriptive statistics of the firms surveyed. The second section presents results of tests of hypotheses. The chapter ends with a summary of key findings emanating from the study results.

4.2 Descriptive Statistics

4.2.1 Descriptive Statistics of Firms Surveyed

The characteristics of the sampled firms included both those related to the unit of enquiry (the respondents) as well as the unit of analysis (the firms). Notable unit of enquiry characteristics comprised gender, age (years), education level, whether the respondent had lived abroad (in the last 10 years), whether the respondent spoke any foreign language (apart from English), frequency of foreign travel (in the last three years), as well as exporting experience (years). Table 4.4 provides a description of respondents using frequency (f), mean (M), standard deviation (SD) and minimum and maximum values of the variables measured.

Table 4.4: Characteristics of Key Informants (Unit of Enquiry)

Variable/values (N = 76)	f	%	M	Mode	SD	Min	Max
Gender category:	76	100	n/a	1.00	n/a	1.00	2.00
Male	68	89.5					
Female	8	10.5					
Age of respondent (years)	76	100	3.89	3.00	1.32	2.00	6.00
Under 25	0	0					
25 – 30	12	15.8					
31 – 36	22	28.9					
37– 42	16	21.1					
43– 48	14	18.4					
49 or more	12	15.8					

Note: Age of respondent (years) was measured on a scale 1= under 25, 2= 25-30, 3= 31-36, 4= 37-42, 5=43-48, and 6=49 or more

Continuation of Table 4.4

Variable/values (N = 76)	f	%	M	Mode	SD	Min	Max
Highest level of formal education	76	100	n/a	3.00	n/a	2.00	6.00
Certificate	0	0					
Diploma	11	14.5					
First Degree	37	48.7					
Masters	23	30.3					
PhD	0	0					
Others	5	6.6					
Whether or not lived abroad (in the last 10 years)	75	98.7	n/a	1.00	n/a	1.00	2.00
Yes	23	30.7					
No	52	69.3					
Whether or not spoke foreign language(apart from English)	73	96	n/a	2.00	n/a	1.00	2.00
Yes	35	47.9					
No	38	52.1					
Number of travels abroad (in the last three years)	74	97.4	3.0	3.0	1.63	1.00	6.00
None	19	25.7					
Once	6	8.1					
1 - 3 Times	25	33.8					
4 - 6 times	11	14.9					
7 - 9 times	3	4.1					
10 times or More	10	13.5					
Years involved in exporting	75	98.7	3.45	5.00	1.38	1.00	5.00
Less than 1	8	10.7					
1 - 3	13	17.3					
4 - 6	15	20.0					
7 - 9	15	20.0					
10 or more	24	32.0					

Source: Research Data

Note: Number of travels abroad was measured on the scale 1= none, 2= once, 3= 1-3, 4= 4-6, 5=7-9, and 6=10 or more. The scale for years involved in exporting was as follows: 1=less than 1, 2= 1-3, 3= 4-6, 4= 7-9, 5= 10 or more.

Table 4.4 shows that respondents were typically male (Mode=1.00, on a dichotomous scale where 1 represented male and 2 signified female) and who comprised 89.8% of the total item responses. In terms of age of respondents, the highest response category (28.9%) was in the age bracket 31-36 years. Further, results indicate that the most common education level possessed by respondents (i.e., 48.7%) was a first degree while 30.3% of the responses possessed a Masters degree. However, no respondent indicated possession of either a certificate or PhD. Approximately 70% of respondents indicated that they had not lived abroad in the last 10 years (estimated from the time when the interview was conducted). In

terms of whether the respondents spoke any foreign language apart from English; responses were somewhat balanced. While 52% indicated that they could not speak any other foreign language (apart from English), 47.9% indicated that they spoke other languages in addition to English.

Related to foreign travel, approximately 26% of the respondents had not made any foreign travel in the previous three years (estimated from the time of the study) while 42% had made one to three trips abroad. Close to 15% had travelled four to six times while approximately 4% had travelled seven to nine times. Only 13.5% of the respondents had travelled 10 times or more. These results suggest significant disparities among respondents in respect to foreign travel. Similarly, the results indicate that export managers had a mean export involvement of about 3 years (M = 3.45, SD = 1.38), though this varied markedly across firms. Respondents with at least 10 years of export involvement comprised 32%. The scores for other responses were 17.3% (1-3 years), 20% (4-6 years), and 20% (7-9 years). Only 10.7% of the firms surveyed had exporting experience of less than a year, an indication that most firms studied had sufficient experience in exporting business.

Besides the descriptive statistics of key informants, the characteristics of the surveyed firms (unit of analysis) were analyzed to explore the level of consensus among the data. Table 4.5 presents the general profile of the firms surveyed.

Table 4.5: Characteristics of the Firm (Unit of Analysis)

Variable/values (N = 76)	*f*	*%*	*M*	*Mode*	*SD*	*Min*	*Max*
Category of business organization	75	98.7	n.a	3.00	n.a	1.00	4.00
Sole Proprietorship	5	6.7					
Partnership	3	4.0					
Private Limited Company	60	80.0					
Public Ltd. Company	7	9.3					
Ownership status	74	97.4	n.a	1.00	n.a	1.00	3.00
Fully Ugandan Owned	31	41.9					
Fully Foreign Owned	29	39.2					
Joint Ownership	14	18.9					
Period the firm has been in existence (years)	74	97.4	4.20	3.00	1.90	1.00	7.00
Less than 3	6	8.1					
3 - 6	9	12.2					
7 - 10	15	20.3					
11 - 14	12	16.2					
15 - 18	12	16.2					
19 - 22	6	8.1					
Over 22	14	18.9					

Continuation of Table 4.5

Firm size (No. of full time employees)	*73*	*96*	*3.6*	*5.0*	*1.2*	*2.0*	*5.0*
Less than 5	0	0					
5 - 50	21	28.8					
51 - 100	12	16.4					
101 - 150	15	20.5					
151 - 200	25	34.2					
201 - 250	0	0					
Over 250	0	0					
Number of years in exporting	76	100	3.34	3.00	1.8	1.00	7.00
Less than 3	6	8.1					
3 - 6	9	12.2					
7 - 10	15	20.3					
11 - 14	12	16.2					
15 - 18	12	16.2					
19 - 22	6	8.1					
Over 22	14	18.9					
Number of export markets	75	98.7	2.74	3.00	1.10	1.00	5.00
1	8	10.7					
2 - 3	25	33.3					
4 - 6	28	37.3					
7 - 9	6	8.0					
10 yrs or More	8	10.7					
Category of products exported	72	94.7	n.a	1.00	n.a	1.00	3.00
Consumer Products	40	55.6					
Industrial Products	19	26.4					
Both Consumer &Industrial Products	13	18.1					

Source: Research Data

Note: The scale for period of existence of a firm (years) was 1= < 3, 2= 3-6, 3= 7-10, 4= 11-14, 5=15-18, 6=19-22, 7= over 22. The scale for number of full time employees was as follows: 1=<5, 2= 5-50, 3= 51-100, 4= 101-150, 5= 201-250 and 6= over 250. Number of years in exporting was measured on a scale 1= < 3, 2= 3-6, 3= 7-10, 4= 11-14, 5=15-18, 6=19-22, 7= over 22. The scale for number of export markets was 1= 1, 2= 2-3, 3= 4-6, 4= 7-9, 5= 10 or more.

Table 4.5 shows that 80% of the firms surveyed indicated that they were private limited companies. Other responses were sole proprietorship (6.7%), partnership (4%) and public limited companies (9.3%). This suggests that the most common form of business organization were private limited companies while partnerships comprised the least form of business organization among the firms surveyed. With regard to ownership status, 41.9% were fully Ugandan while an almost similar proportion (39.2%) were fully foreign owned. The rest of the firms (18.9%) indicated that they were joint ventures. Further, the analysis showed that the mean age of firms (indicated by the number of years a company had been in existence) was 4.2 years (M=4.2, SD=1.9). Whilst this varied across firms (SD > 1.00), this suggests that small and medium firms surveyed in Uganda were young in the industry.

Concerning the size of firms (measured by the number of full time employees), 34.2% of firms had employees in the range of 151-200 people. Other responses were 5-50 employees (28.8%), 101-150 employees (20.5%) and 51-100 employees (16.4%). These results indicate that close to 30% of the firms surveyed were small enterprises and were yet to grow into medium sized enterprises. In relation to the exporting experience of firms, responses appeared somewhat evenly distributed. Nonetheless, 13.2% had exporting experience of less than three years. The proportions in other response categories were such that 26.3% (7-10 years), 25% (3-6 years) and 10.7% (over 22 years). The analysis further revealed a mean exporting experience of approximately 3 years with a standard deviation of 1.8 years, suggesting that firms typically had less exporting experience although the situation varied across firms.

In terms of export markets, the analysis revealed that firms had an average of 2 export markets (M = 2.74, SD = 1.10), although the number varied markedly across firms (SD > 1.00). Of the total firms surveyed, 33.3% served 2-3 countries, 18.7% exported in seven or more countries while 10.7% had only one export market. Besides, majority of respondent firms (55.6%) exported consumer products while 26.4% exported industrial products. However, 18.1% of the firms indicated that they exported both consumer and industrial products.

4.2.2 Descriptive Statistics of Study Constructs

All constructs with continuous indicator variables were assessed using means and standard deviations. Table 4.6 presents the descriptive statistics of the constructs used in the study.

Table 4.6: Descriptive Statistics of Constructs Studied

Variable	N	*M*	*SD*	Min.	Max.	Scale
Managerial subjective characteristics	76	3.54	0.81	1.67	5.00	1-5
Entrepreneurial orientation	76	2.92	0.55	1.83	4.06	1-5
Firm competencies	76	3.98	0.58	2.32	5.00	1-5
Export marketing strategy	76	3.23	0.75	1.86	4.89	1-5
Export performance	76	3.68	2.37	1.45	5.00	1-5

Source: Research Data

Table 4.6 shows that management had a moderately low opinion on exporting as a competitive strategy for their firms (M = 3.54, SD = 0.81). This suggests that the surveyed small and medium firms in Uganda had a low export orientation and considered exporting a secondary measure of firm performance. In terms of entrepreneurial orientation, results indicate that the level of entrepreneurial orientation among firms surveyed measured by their level of innovativeness, risk taking, and proactiveness on a scale of 1-5 was low (M = 2.92, SD = 0.55). A low score on entrepreneurial orientation suggests that firms lacked the requisite capacity to configure their internal routines and processes to reduce impediments to exporting. This further signifies that small and medium firms in Uganda were distinctively followers in their export markets. Regarding the level of competency to produce and export, results show that the level of export competency measured by production, marketing and sales as well as informational competencies was typically low across firms (M = 3.98, SD = 0.58). These results suggest weaknesses within the firms surveyed to produce for export markets.

The analysis further shows that firms adopted a consistent and modest export marketing strategy (M = 3.23, SD = 0.75), suggesting a low level of adaptation of the marketing mix in export markets. In effect, the results imply that respondent firms produced, priced, promoted as well as distributed products in export markets with no marked differences from the practices used in the domestic market. Related to export performance, Table 4.6 further shows that the level of export performance, measured by extent of achievement of exporting objectives was low (M =3.68, SD = 2.37). These results imply that export decision makers in firms surveyed believed their firms had not achieved much of their exporting objectives, though this response varied markedly across firms.

4.3 Relationships between Variables Studied

The general objective of this study was to establish the influence of selected firm factors on export performance of Small and Medium Firms in Uganda. These factors were conceptualized as comprising firm characteristics, firm competencies, entrepreneurial orientation as well as export marketing strategy.

In order to test the research hypotheses, all the variables were initially subjected to a Pearson's zero order correlation analysis. The aim of correlation analysis was to assess the direction and magnitude of any linear associations among the variables. This action followed preliminary diagnostics for linearity, normality, homoscedasticity as well as non-collinearity to ensure that the data satisfied the assumptions of parametric tests suggested by Field (2006).

4.3.1 Firm Characteristics and Export Performance

Pearson's product moment correlation analysis was conducted to establish the relationships between firm characteristics and export performance. As conceptualized in this study (Figure 1), the firm characteristics construct comprises three dimensions including management characteristics (objective and subjective) and firm demographic characteristics. Each dimension was separately correlated with export performance for purposes of parsimony.

The first analysis explored the nature of relationships between management characteristics and export performance. The second analysis examined the relationship between firm demographic characteristics and Export Performance. Results are shown in Tables 4.4 and 4.5, respectively.

Table 4.7: Correlations for Management Characteristics and Export Performance

Variable			1	2	3	4	5	6	7	8	9	10
	M	*SD*										
1. Age of manager	16.89	10.76	1									
2. Foreign travel	11.88	11.32	.162	1								
3. Exporting experience	13.80	8.99	.288(*)	.111	1							
4. Lived abroad dummy	.30	.46	-.039	.353(**)	-.120	1						
5. Language Dummy	.47	.50	-.024	.147	.123	.073	1					
6. Diploma dummy	.14	.35	.029	-.185	-.020	-.108	-.010	1				
7. Masters dummy	.30	.46	-.055	.302(**)	-.056	.127	.219	-.271(*)	1			
8. Other level dummy	.07	.25	.107	.056	-.030	.056	-.143	-.109	-.175	1		
9. Managerial subjective characteristics	3.55	.81	-.238(*)	-.034	-.076	-.242(*)	.131	.030	-.168	-.053	1	
10. Export performance	13.51	5.63	-.196	.084	-.077	.051	.145	.203	-.072	.067	.323(**)	1

*ρ Correlation is significant at the 0.05 level (2-tailed). ** Correlation is significant at the 0.01 level (2-tailed) (n=76)

Source: Research Data

Table 4.7 shows that only managerial subjective characteristics had a significant positive correlation with export performance ($r = .323$, $\rho < .01$). The analysis did not establish any significant associations between export performance and either age of a manager/decision maker ($r = .-.196$, $\rho > .05$), number of foreign trips ($r = .084$, $\rho > .05$) or exporting experience of the manager ($r = .-.077$, $\rho > .05$).

Similarly, the relationship between export performance and whether or not the manager had lived abroad ($r = .051$, $\rho > .05$) was not statistically significant. Likewise, results in Table 4.17 show that the relationship between export performance and whether or not the manager spoke any foreign language ($r = .145$, $\rho > .05$), or had attained any level of education (compared to the first degree, the reference dummy) were not statistically significant. Selection of first degree as a reference category was based on Field (2006) who advises researchers to consider the most frequent category for a reference dummy category. Similarly, there was no significant correlation between export performance and any level of education be it diploma ($r = .203$, $\rho > .05$), Masters ($r = .-072$, $\rho > .05$) or any other education qualification ($r = .067$, $\rho > .05$). The results suggest that export performance in SMEs was significantly associated with only the attitudes and perceptions of the decision makers and not any other management variable. This provides a tentative answer to (H_1) in a bid to establish the kind of firm characteristics associated with export performance of SME Firms in Uganda.

Table 4.8: Correlations for Firm Demographic Characteristics and Export Performance

Variable	*M*	*SD*	1	2	3	4	5	6	7	8	9	10	11	12
Age of firm	21.21	16.54	1											
Size of firm	14.48	8.71	.289(*)	1										
Exporting experience of firm	14.37	14.64	.730(**)	.099	1									
Number of export markets	8.75	6.85	.187	.286(*)	.382(**)	1								
sole dummy	.07	.25	.000	-.253(*)	-.029	-.210	1							
Partnership dummy	.04	.20	-.153	.012	-.121	.028	-.054	1						
Public co. dummy	.09	.29	.226	.197	.192	.174	-.085	-.065	1					
foreign owned dummy	.38	.49	-.215	.013	-.135	.094	.010	-.020	-.250(*)	1				
Joint venture dummy	.18	.39	.264(*)	.250(*)	.182	-.014	-.126	-.096	.201	-.373(**)	1			
Industrial product dummy	.25	.44	.036	.108	-.006	-.208	.092	.195	-.079	-.141	.196	1		
Both industrial and consumer product dummy	.17	.38	-.011	-.140	-.141	-.045	.020	-.092	-.024	.075	.055	-.262(*)	1	
Export performance	13.51	5.63	-.077	-.020	.036	.322(**)	.105	.129	.025	.005	.004	-.013	-.037	1

*ρ Correlation is significant at the 0.05 level (2-tailed). ** Correlation is significant at the 0.01 level (2-tailed) (n=76)

Source: Research Data

Likewise, results of zero order correlations for firm demographic variables and export performance in Table 4.8 indicate that only number of export markets served had a significant positive relationship with export performance ($r = .322$, $\rho < .01$). However, the analysis did not reveal any significant relationships between export performance and either firm's age ($r = -.077$, $\rho > .05$), size ($r = -.020$, $\rho > .05$), exporting experience ($r = .036$, $\rho > .05$), sole proprietorship dummy ($r = .105$, $\rho > .05$), partnership dummy ($r = .129$, $\rho > .05$) or public company dummy ($r = .025$, $\rho > .05$). Equally, no significant relationships were established between export performance and either dummy foreign owned ($r = .005$, $\rho > .05$), dummy joint venture ($r = .004$, $\rho > .05$), dummy industrial product ($r = -.013$, $\rho > .05$) or both industrial and consumer product dummy ($r = -.037$, $\rho > .05$).

These results suggest that the more the number of export markets served, the higher the export performance. Thus, the significant relationship between number of export markets served and export performance, in part, provides a tentative response to (H_1) which attempts to establish the characteristics of the firm that significantly influence export performance of small and medium firms in Uganda.

4.3.2 Firm Competencies, Export Marketing Strategy, Entrepreneurial Orientation and Export Performance

A Pearson's product moment correlation analysis was conducted to establish the relationships between firm competencies, export marketing strategy, entrepreneurial orientation and export performance. Results are indicated in Table 4.9

Table 4.9: Correlations between Export Marketing Strategy, Entrepreneurial Orientation, Firm Competencies and Export Performance

Variable	*M*	*SD*	1	2	3	4
Export Marketing strategy	3.23	.75	1			
Entrepreneurial orientation	2.92	.55	.065	1		
Firm competencies	3.98	.58	.068	.049	1	
Export performance	3.68	2.37	.350(**)	-.014	.415(**)	1

** Correlation is significant at the 0.01 level (2-tailed)

Source: Research Data

As indicated in Table 4.9, only export marketing strategy ($r = .350$, $\rho < .01$) and firm competencies ($r = .415$, $\rho < .01$) had significant relationships with export performance. The analysis did not establish any significant correlation between export performance and entrepreneurial orientation ($r = -.014$, $> .05$). This suggests that the more the firm adapts to its export markets, the more it is able to realize its financial, strategic or any management intentions from exporting activities. Similarly, firms with enhanced competencies particularly production/manufacturing, marketing and sales, as well information management relative to the competition are more likely to achieve their exporting objectives. This finding provides a tentative response to H_2, which attempts to establish the effect of firm competencies on export performance of small and medium firms in Uganda.

4.3.3 Managerial Characteristics, Entrepreneurial Orientation and Export Marketing Strategy

In order to explore whether significant associations existed between managerial characteristics, entrepreneurial orientation and export marketing strategy, the variables were subjected to a Pearson's zero order correlation analysis. Results are provided in Table 4.10.

Table 4.10: Correlations for Export Marketing Strategy, Entrepreneurial Orientation, and Management Characteristics

Variable	*M*	*SD*	1	2	3	4	5	6	7	8	9	10	11
Export marketing strategy	3.23	.75	1										
Entrepreneurial orientation	2.92	.55	.065	1									
Managerial subjective characteristics	3.54	.81	.079	.055	1								
Age of manager	16.89	10.76	.075	.105	-.238(*)	1							
Frequency of travel abroad	11.88	11.32	-.136	.216	-.034	.162	1						
Exporting experience of manager	13.80	8.9	.218	.070	-.076	.288(*)	.111	1					
Lived abroad dummy	.30	.46	-.188	.024	-.242(*)	-.039	.353(**)	-.120	1				
Spoke foreign language dummy	.47	.50	.039	-.003	.131	-.024	.147	.123	.073	1			
Diploma dummy	.15	.35	.109	-.221	.030	.029	-.185	-.020	-.108	-.010	1		
Masters dummy	.30	.46	-.038	.174	-.168	-.055	.302(**)	-.056	.127	.219	-.271(*)	1	
Other educ. level dummy	.07	.25	-.012	.067	-.053	.107	.056	-.030	.056	-.143	-.109	-.175	1

** Correlation is significant at the 0.01 level (2-tailed). * Correlation is significant at the 0.05 level (2-tailed).

Source: Research Data

As indicated in Table 4.10, the analysis did not find any significant relationship between export marketing strategy and entrepreneurial orientation (r = .065, p > 005). Similarly, there was no significant relationship between export marketing strategy and either subjective managerial characteristics (r = .079, p > 005), age of a Manager (r = .075, p > 005), frequency of travel abroad (r = -.136, p > 005), exporting experience of the manager (r = .218, p > 005) or whether or not the manager had lived abroad (r = -.188, p > 005). Similarly, the analysis did not establish any significant relationship between export marketing strategy and foreign language speaking abilities (r = .039, p > 005).

In terms of whether significant associations existed between export marketing strategy and highest level of formal education attained (using first degree as a reference category), the analysis established none. The lack of significant relationships between export marketing strategy, entrepreneurial orientation and management characteristics suggests a feeble capacity in firms in Uganda to design unique strategies for their export markets. This finding is further affirmed by the moderate to low scores associated with entrepreneurial orientation (M = 2.92, SD = 0.55) and export marketing strategy variables (M = 3.23, SD = 0.75) across the surveyed firms.

4.3.4 Firm Demographic Characteristics, Entrepreneurial Orientation and Export Marketing Strategy

The study sought to establish whether there were significant associations between demographic characteristics, Entrepreneurial Orientation and Export Marketing Strategy. The results of Pearson's zero order correlation analysis are provided in Table 4.11.

Table 4.11: Correlations for Export Marketing Strategy, Entrepreneurial Orientation and Firm Demographic Characteristics

Variable	*M*	*SD*	1	2	3	4	5	6	7	8	9	10	11	12	13
Export marketing strategy	3.23	.75	1												
Entrepreneurial orientation	2.92	.55	.065	1											
Firm age	14.48	8.71	.127	.203	1										
Firm size	14.37	14.64	.315(**)	.196	.099	1									
Firm exporting experience	8.75	6.85	.382(**)	.039	.286(*)	.382(**)	1								
Export markets	3.24	3.01	-.171	.025	-.077	-.153	-.119	1							
Sole *dummy*	.066	.25	.086	-.128	-.253(*)	-.029	-.210	.052	1						
Partnership *dummy*	.04	.20	.051	.017	.012	-.121	.028	-.016	-.054	1					
Public co. *dummy*	.09	.29	.116	-.228(*)	.197	.192	.174	-.003	-.085	-.065	1				
Foreign owned *dummy*	.38	.49	.005	-.260(*)	.013	-.135	.094	.025	.010	-.020	-.250(*)	1			
Joint venture *dummy*	.18	.39	.068	.068	.250(*)	.182	-.014	.156	-.126	-.096	.201	-.373(**)	1		
Industrial product *dummy*	.25	.44	.033	.224	.108	-.006	-.208	.153	.092	.195	-.079	-.141	.196	1	
Both industrial and consumer products *dummy*	.17	.38	-.164	-.076	-.140	-.141	-.045	.905(**)	.020	-.092	-.024	.075	.055	-.262(*)	1

** Correlation is significant at the 0.01 level (2-tailed). * Correlation is significant at the 0.05 level (2-tailed).

Source: Research Data

As indicated in Table 4.11, export marketing strategy had a significant and positive relationship with firm size ($r = .315$, $p<0.01$) and firm exporting experience ($r = .382$, $p<0.01$). However, the analysis found a significant negative association between entrepreneurial orientation and dummy variables of public company ($r = -.288$, $p<0.01$) and foreign owned firms ($r = -.260$, $p<0.01$). Private limited company was the reference (base) category due to its high frequency as per Field (2006) guidelines for dummy coding.

These results suggest that a more adaptive export marketing strategy results from an interaction of firm size, which signifies, inter alia, the firm's resources and exporting experience. Based on this perspective, it is apparent that larger firms are more likely to gain more exporting experience compared to their smaller counter parts, which in turn, is used to craft a responsive and adaptive export marketing strategy.

4.4 Tests of Hypotheses

In order to address the study objectives, seven hypotheses were tested in turn. The statistical tests employed together with their corresponding interpretations are highlighted. The resulting findings are discussed in line with the literature in order to establish the extent to which they relate to existing knowledge.

4.4.1 Firm Characteristics and Export Performance

H_1: *Firm characteristics have a significant effect on export performance of small and medium manufacturing firms in Uganda.*

This hypothesis was tested using Ordinary Least Squares (OLS) hierarchical regression analysis to identify variables that had a significant influence on export performance. Consequently, export performance (dependent variable) was regressed on firm characteristics variables. The results are indicated in Table 4.12. Consequently, the model to assess the individual and combined effects of firm characteristics variables on export performance was specified as follows:

$$EP = a + \beta_1(Mgt.subj) + \beta_2(MgrAge) + \beta_3(Travel) + \beta_4(Mgr.exp) + \beta_5(Dlive) + \beta_6(Dlang) + \beta_7(DDip) + \beta_8(DMasters) + \beta_9(DOeduc) + \beta_{10}(AgeF) + \beta_{11}(Size)$$

$+\beta_{12}(ExprF) +\beta_{13}(Markets) +\beta_{14}(Dsole) +\beta_{15}(Dpartner) +\beta_{16}(Dpub) +\beta_{17}(Dforeign)$
$+\beta_{18}(Djoint) +\beta_{19}(Dindu) +\beta_{20}(Dbothpdts) + \varepsilon$

Where:

Mgt.subj = Managerial subjective characteristics

Mgr.age = Age of manager

Travel = Frequency of travel abroad

Mgr.exp = Exporting experience of manager

Dlive = Lived abroad dummy

Dlang = Foreign language speaking dummy

DDip= Diploma dummy

DMasters = Masters degree dummy

DOeduc = other education level dummy

Age F = Age of firm

Size = size of the firm (measured by the number of employee)

Expr.F = Exporting experience of the firm

Markets = Number of export markets served

Dsole = Sole proprietorship dummy

Dpartner = Partnership organization dummy

Dpub = Public company dummy

Dforeign = Fully foreign owned dummy

Djoint = Joint venture company dummy

Dindu= Industrial product dummy

Dbothpts = Both industrial and consumer products dummy

a = regression constant or intercept

$\beta_{1\text{-}20}$ = regression coefficients

ε = random variable, error term

Table 4.12: Regression of Export Performance on Firm Characteristics Variables

Variable (N = 76)	Model 1 β	Model 1 t	Model 2 β	Model 2 t	Model 3 β	Model 3 t
Constant	5.565	1.935	5.626	1.427	7.100	1.640
Managerial subjective characteristics	.323*	2.831	.292*	2.290	.207	1.292
Management objective characteristics						
Age of manager			-.156	-1.244	-.111	-.841
Frequency of travel			.118	.887	.222	1.444
Exporting experience of manager			-.018	-.150	-.200	-1.354
Living abroad dummy			.084	.651	-.033	-.226
Foreign language speaking dummy			.105	.867	.077	.551
Diploma dummy			.240	1.987	.288*	2.203
Masters degree dummy			-.015	-.112	-.056	-.381
Other educ. level dummy			.126	1.054	.130	1.028
Firm demographic characteristics						
Age of firm					-.010	-.048
Firm size					-.109	-.657
Exporting experience of firm					-.076	-.379
Number of export markets					.417*	2.490
Sole dummy					.266*	2.108
Partnership dummy					.109	.864
Public company dummy					-.018	-.138
Foreign owned dummy					-.001	-.007
Joint venture dummy					.164	1.198
Industrial product dummy					-.055	-.399
Both industrial and consumer products dummy					-.177	-1.307
Model statistics						
R^2	.104		.214		.387	
Adjusted R^2	.09		.10		.14	
F-statistic		8.02**		1.84		1.58
Change in R^2			0.11		0.17	
Change in *F*				1.07		1.29

*ρ<.05; **ρ<.01. Only standardized regression coefficients are displayed

Source: Research Data

As indicated in Table 4.12, the first regression model (Model 1) shows that managerial subjective characteristics had a significant effect on export performance (R^2 = 0.104, *F* = 8.02, ρ <.01), accounting for 10.4% of the variance in export performance among the sampled small and medium firms in Uganda. However, with an inclusion of objective managerial characteristics in the analysis, the resulting analytical Model (Model 2) yielded an insignificant contribution to the variance in

export performance (ΔF = 1.07, ΔR^2 = 0.11, ρ>.05). This suggests that management objective characteristics like the manager's age, frequency of travel abroad, and education level were not significant predictors of export performance among the sampled small and medium manufacturing exports in Uganda. Similarly, results of Model 3 indicate that an inclusion of demographic variables in the model resulted in an insignificant contribution to the total variance in export performance (ΔF = 1.29, ΔR^2 = 0.17, ρ>.05).

However, based on the ultimate regression model (Model 3), three firm characteristics variables significantly predicted export performance. These were *Dummy* diploma education (β = 0.288, t = 2.20, ρ<.05), *Dummy* sole proprietorship (β = 0.266, t = 2.11, ρ<.05) and number of export markets served (β = 0.417, t = 2.49, ρ<.05) which together accounted for 38.7% (F = 1.58, R^2 = 0.387, ρ>.05) of the variance in export performance of the sampled small and medium firms in Uganda. Consequently, the final regression equation fit to the data was estimated as follows:

Export Performance = 7.100 + 0.288 (DDip) + 0.417 (Markets) + 0.266 (Dsole).

Where, *DDip* is Diploma education category dummy; *Markets* is the number of export markets served; and *Dsole* is the sole proprietorship category of business organization dummy. The results suggest that number of export markets served was the most significant predictor of export performance. These results provide partial support to H_1.

4.4.2 Firm Competencies and Export Performance

H_2: *Firm competencies have a significant effect on export performance of small and medium manufacturing firms in Uganda.*

Ordinary Least Squares (OLS) hierarchical regression analyses were conducted with the aim of identifying firm competencies that significantly influence export performance. Consequently, export performance (dependent variable) was regressed on firm competencies. The results are presented in Table 4.13. The regression model to assess the effect of firm competencies on export performance was specified as follows:

$$EP = a + \beta_1(Prdncomp) + \beta_2(Mktscomp) + \beta_3(infocomp) + \varepsilon$$

Where:

EP = Export performance

Prdncomp = Production competencies

Mktscomp = Marketing and sales competencies

Infocomp = informational competencies

a = regression constant or intercept

β_{1-3}= regression coefficients

ε = random variable, error term

Table 4.13: Regression of Export Performance on Firm Competencies

Variables (N=76)	Model 1		Model 2		Model 3	
	β	t	β	t	β	t
Constant	7.73	1.75	3.11	0.80	1.73	0.43
Production competencies	.15	1.32	-.26*	-2.09	-.31*	-2.37
Marketing and sales competencies			.67*	5.27	.55**	3.71
Informational competencies					.20	1.38
Model statistics						
R^2	0.02		0.29		0.31	
Adjusted R^2	0.01		0.273		0.28	
F-statistic		1.74		15.10**		10.83**
Change in R^2			0.27		0.02	
Change in *F*				27.83**		1.91

*ρ<.05; **ρ<.01. Only standardized regression coefficients are displayed

Source: Research Data

As indicated in Table 4.13, regression models 2 and 3 outperformed regression model 1 significantly. The squared multiple correlation (R^2) for export performance was insignificant when only production competencies had a direct effect (R^2 = 0.02, *F* =1.74, ρ > .05). When a direct effect for marketing and sales competencies was added (Model 2), R^2 improved to 0.29. When a direct effect for informational competencies was added (Model 3), R^2 improved to 0.31. These results suggest that marketing and sales competencies were the greatest significant predictors of export performance, together accounting for 27%.

However, regression model 3 shows that only marketing and sales competencies (β = .55, t = 3.71, ρ < .01) and production competencies (β = -.31, t = -2.37, ρ < .05) were significant predictors of export performance. The effect of informational competencies on export performance was found to be insignificant (β = .20, t = 1.38, ρ >.05). Consequently, the final regression equation to fit the data was estimated as follows:

EP = 1.73 + 0.55 (Mktscomp) −0.31 (Prdncomp)

Where:

EP = Export performance

Mktscomp = Marketing and sales competencies

Prdncomp = Production competencies

The results show that only those competencies related to marketing and sales, as well as production had significant effects on export performance of small and medium firms in Uganda. These results provide partial support to H_2.

4.4.3 Moderating Effect of Entrepreneurial Orientation

The current study conceptualized entrepreneurial orientation as a moderator of the relationship between firm characteristics and competencies, and export marketing strategy. This effect was examined by testing Hypotheses 3 and 4.

H_3: Entrepreneurial orientation has a significant moderating effect on the relationship between firm characteristics and export marketing strategy of small and medium manufacturing firms in Uganda.

This hypothesis was tested using the procedure for conducting moderation tests suggested in the literature (Sharma et al., 1981; Ryu et al., 2009; Edwards & Lambert, 2007). In line with the procedure, the following three regression models were estimation in order to establish the effect of the moderator (entrepreneurial orientation) on the relationship between firm characteristics and export performance:

Model 1: Regression of export marketing strategy on firm characteristics

$$EMS = a + \beta_1(Mgt.subj) + \beta_2(MgrAge) + \beta_3(Travel) + \beta_4(Mgr.exp) + \beta_5(Dlive) + \beta_6(Dlang) + \beta_7(DDip) + \beta_8(DMasters) + \beta_9(DOeduc) + \beta_{10}(AgeF) + \beta_{11}(Size) + \beta_{12}(ExprF) + \beta_{13}(Markets) + \beta_{14}(Dsole) + \beta_{15}(Dpartner) + \beta_{16}(Dpub) + \beta_{17}(Dforeign) + \beta_{18}(Djoint) + \beta_{19}(Dindu) + \beta_{20}(Dbothpdts) + \varepsilon_1$$

Model 2: Regression of export marketing strategy on firm characteristics (the predictor variable) and entrepreneurial orientation (the suggested moderator)

$$EMS = b + \beta_1(Mgt.subj) + \beta_2(MgrAge) + \beta_3(Travel) + \beta_4(Mgr.exp) + \beta_5(Dlive) + \beta_6(Dlang) + \beta_7(DDip) + \beta_8(DMasters) + \beta_9(DOeduc) + \beta_{10}(AgeF) + \beta_{11}(Size)$$

$+\beta_{12}(ExprF) +\beta_{13}(Markets) +\beta_{14}(Dsole) +\beta_{15}(Dpartner) +\beta_{16}(Dpub)$

$+\beta_{17}(Dforeign) +\beta_{18}(Djoint) +\beta_{19}(Dindu) +\beta_{20}(Dbothpdts) + \beta_{21}(EO) + \varepsilon_2$

Model 3: Regression of export marketing strategy on firm characteristics, entrepreneurial orientation and the interaction terms between the predictor and the moderator

$EMS = c + \beta_1(Mgt.subj) + \beta_2(MgrAge) + \beta_3(Travel) + \beta_4(Mgr.exp) + \beta_5(Dlive) +$

$\beta_6(Dlang) + \beta_7(DDip)+\beta_8(DMasters) + \beta_9(DOeduc) + \beta_{10}(AgeF) +\beta_{11}(Size)$

$+\beta_{12}(ExprF) +\beta_{13}(Markets) +\beta_{14}(Dsole) +\beta_{15}(Dpartner) +\beta_{16}(Dpub)$

$+\beta_{17}(Dforeign) +\beta_{18}(Djoint) +\beta_{19}(Dindu) +\beta_{20}(Dbothpdts) + \beta_{21}(EO) +$

$\beta_{22}(Mgt.subj\times EO) + \beta_{23}(MgrAge\times EO) + \beta_{24}(Travel\times EO) + \beta_{25}(Mgr.exp\times EO)$

$+ \beta_{26}(Dlive\times EO) + \beta_{27}(Dlang\times EO) + \beta_{28}(DDip\times EO)+\beta_{29}(DMasters\times EO) +$

$\beta_{30}(DOeduc\times EO) + \beta_{31}(AgeF\times EO) +\beta_{32}(Size\times EO) +\beta_{33}(ExprF\times EO)$

$+\beta_{34}(Markets\times EO) +\beta_{35}(Dsole\times EO) +\beta_{36}(Dpartner\times EO) +\beta_{37}(Dpub\times EO)$

$+\beta_{38}(Dforeign\times EO) +\beta_{39}(Djoint\times EO) +\beta_{40}(Dindu\times EO) +\beta_{41}(Dbothpdts\times EO)$

$+ \varepsilon_3$

Where:

EMS = Export marketing strategy

Mgt.subj = Managerial subjective characteristics

Mgr.age = Age of manager

Travel = Frequency of travel abroad

Mgr.exp = Exporting experience of manager

Dlive = Lived abroad dummy

Dlang = Foreign language speaking dummy

DDip = Diploma dummy

DMasters = Masters Degree dummy

DOeduc = Other education level dummy

Age F = Age of firm

Size = size of the firm (measured by the number of employee)

Expr.F = Exporting experience of the firm

Markets = Number of export markets served

Dsole = Sole proprietorship dummy

Dpartner = Partnership organization dummy

Dpub = Public company dummy

Dforeign = Foreign owned firm dummy

Djoint = Joint venture company dummy

Dindu= Industrial product dummy

Dbothpts = Both industrial and consumer products dummy

EO = Entrepreneurial orientation

a, b, c = regression constants or intercepts

$\beta_{1\text{-}21}$ = regression coefficients of independent effects

$\beta_{22\text{-}41}$ = regression coefficients of interactions (product) terms

$\varepsilon_{1\text{-}3}$ = random variable, error terms

An interaction effect only exists when the interaction term gives a significant contribution over and above the direct effects of the independent predictor variables. The results are indicated in Table 4.14.

Table 4.14: Moderating effect of Entrepreneurial Orientation on Firm Characteristics and Export Marketing Strategy Relationship

	Model 1		Model 2		Model 3	
Variable	β	t	β	t	β	t
Managerial subjective characteristics	-.148	-.887	-.141	-.833	4.621**	4.197
Age of manager	.024	.176	.025	.182	1.198	1.595
Frequency of travel abroad	-.134	-.836	-.127	-.779	6.178**	4.090
Exporting experience of manager	-.016	-.105	-.012	-.076	3.626**	2.894
Living abroad dummy	-.196	-1.298	-.197	-1.292	-4.391**	-3.389
Foreign language speaking dummy	.081	.557	.079	.533	-1.558	-1.711
Diploma dummy	.182	1.335	.187	1.358	1.023	1.367
Masters dummy	-.007	-.049	-.014	-.087	-.681	-.719
Other level educ. level dummy	.102	.774	.087	.634	-3.377**	-2.916
Age of firm	-.206	-.958	-.207	-.955	-12.390**	-4.752
Size of firm	.220	1.274	.201	1.116	.774**	3.529
Exporting experience of firm	.300	1.442	.283	1.325	6.749**	4.008
Number of Export markets	.36*	2.069	.360*	2.041	-.002	-.002
Sole dummy	.249	1.894	.257	1.918	1.272	1.661
Partnership dummy	.077	.585	.079	.597	1.627	1.869
Public co. dummy	-.056	-.411	-.030	-.195	1.522	1.413
Foreign owned dummy	-.122	-.790	-.096	-.572	2.351*	2.558
Joint venture dummy	.010	.072	.020	.138	1.003	1.363
Industrial product dummy	.023	.160	.007	.047	-.617	-.594
Both ind. and consumer products dummy	-.117	-.825	-.122	-.853	2.168	1.769
Entrepreneurial orientation (EO)			.061	.405	4.921**	4.534
Managerial subjective characteristics×EO					-7.575**	-4.489
Age of manager×EO					-1.577	-1.848
Frequency of travel abroad×EO					-6.717**	-4.151
Exporting experience of manager×EO					-4.748**	-3.369
Living abroad dummy×EO					4.561**	3.322
Foreign language speaking dummy×EO					1.823	1.844
Diploma dummy×EO					-.901	-1.290
Masters dummy×EO					.513	.500
Other educ. level dummy ×EO					3.625**	3.091
Age of firm×EO					13.604**	4.714
Exporting experience of firm×EO					-7.256**	-3.944
Number of export markets×EO					.814	.622
Sole dummy ×EO					-1.201	-1.465
Partnership dummy×EO					-1.939*	-2.211
Public dummy×EO					-1.171	-1.150
Foreign dummy×EO					-2.468**	-2.738
Joint venture dummy×EO					-.688	-.883
Industrial product dummy×EO					1.515	1.316
Both ind. & consumer products dummy×EO					-2.140	-1.838
Model statistics						
R^2	.335		.337		.784	
Adjusted R^2	.069		.053		.497	
F-statistic		1.26		1.19		2.73**
Change in R^2			.002		.447	
Change in *F*				0.164		3.38**

*ρ<.05; **ρ<.01. Only standardized regression coefficients are displayed

Source: Research Data

As indicated in Table 4.14, the squared multiple correlation coefficient (R^2) for export marketing strategy was insignificant ($R^2 = 0.335$, $F = 1.26$, $\rho > .05$) when only firm characteristics had a direct effect (Model 1). Similarly, an addition of entrepreneurial orientation in the main effects model (Model 2) yielded no significant variation in export marketing strategy ($\Delta R^2 = 0.002$, $\Delta F = 0.164$, $\rho > .05$).

However, when the interaction terms (that is, the product of firm characteristics and entrepreneurial orientation) were entered into the equation (Model 3), the change in the variance explained by the model (ΔR^2) was positive and significant ($\Delta R^2 = 0.447$, $\rho < .01$). Although the moderating effect demonstrated in Table 4.11 is significant over all, individual coefficients are not interpretable since multiple interaction terms lead to high multicollinearity (Aulakh et al., 2000). Taken together, these findings support Hypothesis 3, showing that entrepreneurial orientation moderated the relationship between firm characteristics and export marketing strategy.

H_4: Entrepreneurial orientation has a significant moderating effect on the relationship between firm competencies and export marketing strategy of small and medium manufacturing firms in Uganda.

This hypothesis was tested through three regression models (Sharma et al., 1981; Ryu et al., 2009; Edwards & Lambert, 2007) that were specified as follows:

Model 1: Regression of export marketing strategy on firm competencies

$$EMS = a + \beta_1(Prdncomp) + \beta_2(Mktscomp) + \beta_3(infocomp) + \varepsilon_1$$

Model 2: Regression of export marketing strategy on firm competencies (the predictor variable) and entrepreneurial orientation (the suggested moderator)

$$EMS = b + \beta_1(Prdncomp) + \beta_2(Mktscomp) + \beta_3(infocomp) + \beta_4(EO) + \varepsilon_2$$

Model 3: Regression of export marketing strategy on firm competencies, entrepreneurial orientation and the interaction terms between the predictor and the moderator

$$EMS = c + \beta_1(Prdncomp) + \beta_2(Mktscomp) + \beta_3(infocomp) + \beta_4(EO) + \beta_5(Prdncomp \times EO) + \beta_6(Mktscomp \times EO) + \beta_7(infocomp \times EO) + \varepsilon_3$$

Where:

EMS = Export Marketing strategy

Prdncomp = Production competencies

Mktscomp = Marketing and sales competencies

Infocomp = informational competencies

Prdncomp×EO; Mktscomp×EO; and infocomp×EO = interaction terms

a, b, c = regression constants

β_{1-7} = regression coefficients

ε_{1-3} = random variable, error terms

An interaction effect only exists when the interaction term gives a significant contribution over and above the direct effects of the independent predictor variables. The results are indicated in Table 4.15.

Table 4.15: Moderating effect of Entrepreneurial Orientation on Firm Competencies and Export Marketing Strategy Relationship

Variables	Model 1		Model 2		Model 3	
	β	t	β	t	β	t
Informational competencies	-0.086	-0.510	-0.109	-0.637	.772	.443
Marketing and sales competencies	0.223	1.253	0.270	1.459	.290	.773
Production competencies	-0.068	-0.443	-0.102	-0.646	-1.020	.311
Entrepreneurial orientation (EO)			0.113	0.921	-.196	.845
Informational competencies×EO					-.896	.374
Marketing and sales competencies×EO					.934	.353
Production competencies ×EO					-.040	.968
Model statistics						
R^2	0.022		0.034		0.056	
Adjusted R^2	-0.018		-0.021		-0.041	
F-statistic		0.548		0.622		0.576
Change in R^2	-		0.012		0.022	
Change in F		-		0.848		0.530

*ρ<.05; **ρ<.01. Only standardized regression coefficients are displayed

Source: Research Data

As indicated in Table 4.15, the squared multiple correlation coefficient (R^2) for export marketing strategy was insignificant (R^2 = 0.022, F = 0.548, ρ >.05) when only firm competencies had a direct effect (Model 1). Likewise, an addition of entrepreneurial

orientation in the main effects model (Model 2) yielded no significant variation in export marketing strategy ($\Delta R^2 = 0.012$, $\Delta F = 0.848$, $\rho > .05$). When the interaction terms were entered into the equation (Model 3), the change in the variance explained was not statistically significant ($\Delta R^2 = 0.022$, $\rho > .05$). The findings did not provide support to Hypothesis 4, suggesting that entrepreneurial orientation was inconsequential on the relationship between firm competencies and export marketing strategy.

4.4.4 Mediating effect of export marketing strategy

In this study, export marketing strategy was conceptualized as a mediator in the relationship between firm characteristics and firm competencies, and export performance. In order to establish its mediating effect, two hypotheses, that is, hypothesis 5 and hypothesis 6 were tested.

H_5: Export marketing strategy has a significant mediating effect in the relationship between firm characteristics and export performance of small and medium manufacturing firms in Uganda.

Testing of this hypothesis followed Baron and Kenny's (1986) procedure for testing mediation effects. The procedure consists of three causal steps:

Step 1: Regressing the mediator on the independent variable;

$$EMS = a + \beta_1(Mgt.subj) + \beta_2(MgrAge) + \beta_3(Travel) + \beta_4(Mgr.exp) + \beta_5(Dlive) + \beta_6(Dlang) + \beta_7(DDip) + \beta_8(DMasters) + \beta_9(DOeduc) + \beta_{10}(AgeF) + \beta_{11}(Size) + \beta_{12}(ExprF) + \beta_{13}(Markets) + \beta_{14}(Dsole) + \beta_{15}(Dpartner) + \beta_{16}(Dpub) + \beta_{17}(Dforeign) + \beta_{18}(Djoint) + \beta_{19}(Dindu) + \beta_{20}(Dbothpdts) + \varepsilon_1$$

Step 2: Regressing the dependent variable on the independent variable;

$$EP = b + \beta_1(Mgt.subj) + \beta_2(MgrAge) + \beta_3(Travel) + \beta_4(Mgr.exp) + \beta_5(Dlive) + \beta_6(Dlang) + \beta_7(DDip) + \beta_8(DMasters) + \beta_9(DOeduc) + \beta_{10}(AgeF) + \beta_{11}(Size) + \beta_{12}(ExprF) + \beta_{13}(Markets) + \beta_{14}(Dsole) + \beta_{15}(Dpartner) + \beta_{16}(Dpub) + \beta_{17}(Dforeign) + \beta_{18}(Djoint) + \beta_{19}(Dindu) + \beta_{20}(Dbothpdts) + \varepsilon_2$$

Step 3: Regressing the dependent variable on both the independent variable and the mediator

$$EP = c + \beta_1(Mgt.subj) + \beta_2(MgrAge) + \beta_3(Travel) + \beta_4(Mgr.exp) + \beta_5(Dlive) + \beta_6(Dlang) + \beta_7(DDip) + \beta_8(DMasters) + \beta_9(DOeduc) + \beta_{10}(AgeF) + \beta_{11}(Size) + \beta_{12}(ExprF) + \beta_{13}(Markets) + \beta_{14}(Dsole) + \beta_{15}(Dpartner) + \beta_{16}(Dpub) + \beta_{17}(Dforeign) + \beta_{18}(Djoint) + \beta_{19}(Dindu) + \beta_{20}(Dbothpdts) + \beta_{21}(EMS) + \varepsilon_3$$

Where:

EMS = Export marketing strategy

EP = Export performance

Mgt.subj = Managerial subjective characteristics

Mgr.age = Age of manager

Travel = Frequency of travel abroad

Mgr.exp = Exporting experience of manager

Dlive = Lived abroad dummy

Dlang = Foreign language speaking dummy

DDip = Diploma dummy

DMasters = Masters degree dummy

DOeduc = Other education level dummy

Age F = Age of firm

Size = size of the firm (measured by the number of employee)

Expr.F = Exporting experience of the firm

Markets = Number of export markets served

Dsole = Sole proprietorship dummy

Dpartner = Partnership organization dummy

Dpub = Public company dummy

Dforeign = Foreign owned firm dummy

Djoint = Joint venture company dummy

Dindu= Industrial product dummy

Dbothpts = Both industrial and consumer products dummy

a, b, c = regression constants or intercepts

β_{is} = regression coefficients

ε_{1-3} = random variable, error terms

Baron and Kenny (1986) contend that pure mediation is confirmed when the effect of the independent variable on the dependent variable is fully carried by the mediator. The results are indicated in Table 4.16.

Table 4.16: Mediating Effect of Export Marketing Strategy in Firm Characteristics and Export Performance Relationship

	Dependent variable					
	Export marketing strategy		Export performance			
	Model 1		**Model 2**		**Model 3**	
Predictor Variables	**β**	**t**	**β**	**t**	**β**	**t**
Constant	3.188**	4.767	5.984	1.227	-1.913	-.337
Managerial subjective characteristics	-.159	-.926	.243	1.535	.293	1.927
Age of manager	-.012	-.088	-.095	-.727	-.091	-.733
Frequency of travel abroad	-.141	-.877	.268	1.802	.313*	2.189
Exporting experience of manager	.035	.202	-.283	-1.770	-.294	-1.933
Living abroad *dummy*	-.156	-.971	.020	.134	.069	.483
Foreign language speaking *dummy*	.107	.690	-.003	-.024	-.037	-.270
Diploma *dummy*	.191	1.374	.317*	2.463	.257*	2.058
Masters *dummy*	.016	.098	-.186	-1.192	-.191	-1.288
Other educ. level *dummy*	.097	.712	.132	1.051	.101	.847
Age of firm	-.200	-.883	.202	.965	.265	1.319
Size of firm	.246	1.416	-.166	-1.035	-.243	-1.561
Exporting experience of firm	.346	1.548	-.224	-1.083	-.333	-1.649
Number of Export markets	.284	1.469	.537**	2.999	.448*	2.570
Sole *dummy*	.191	1.354	.329*	2.517	.269*	2.121
Partnership *dummy*	.063	.457	.165	1.300	.145	1.201
Public *dummy*	-.013	-.089	-.039	-.293	-.035	-.276
Foreign owned *dummy*	-.049	-.312	-.072	-.491	-.056	-.405
Joint venture *dummy*	-.061	-.410	.172	1.251	.191	1.459
Industrial product *dummy*	.044	.290	-.189	-1.348	-.203	-1.519
Both industrial and consumer products *Dummy*	-.142	-.887	-.236	-1.595	-.191	-1.349
Export marketing strategy					.314*	2.422
Model statistics						
R^2	0.354		0.448		0.511	
Adjusted R^2	0.073		0.208		0.283	
F-statistic		1.254		1.864*		2.242*
Change in R^2	-			-		0.064
Change in *F*		-				5.866*

*ρ<.05; **ρ<.01. Only standardized regression coefficients are displayed

Source: Research Data

As indicated in Table 4.16, firm characteristics had no significant effect on export marketing strategy in Model 1. In Model 2, only three variables, that is, diploma *dummy* (β = 0.317, t = 2.463, ρ<.05), number of export markets served (β = 0.537, t =

2.999, $\rho<.01$) and sole *dummy* ($\beta = 0.329$, $t = 2.517$, $\rho<.05$) had significant effects on export performance. Model 3 shows that the effect of diploma *dummy*, number of export markets served and sole *dummy* on export performance reduced but remained significant, when export marketing strategy was controlled. Model 3 also shows that frequency of travel abroad ($\beta =0.313$, $t= 2.189$, $\rho<.05$) and export marketing strategy ($\beta =0.314$, $t= 2.422$, $\rho<.05$) had significant effects on export performance.

In Baron and Kenny's (1986) conditions for establishing mediation, the independent variable must affect the mediator (Model 1), the independent variable must affect the dependent variable (Model 2) and the mediator must affect the dependent variable (Model 3). In this analysis, model 1 and Model 2 failed to satisfy the conditions for mediation, suggesting that export marketing strategy was not a mediator in the relationship between firm characteristics and export performance. Thus, using the criteria by Baron and Kenny (1986), it is clear that the effect of frequency of travel abroad, Diploma *dummy*, number of export markets served and sole proprietorship *dummy* on export performance was a direct one and not mediated by export marketing strategy as had been hypothesized. Accordingly, H_5 was not supported.

H_6: Export marketing strategy has a significant mediating effect in the relationship between firm competencies and export performance of small and medium manufacturing firms in Uganda.

This hypothesis was tested using Baron and Kenny's (1986) procedure for establishing mediation effects. Hence, the following causal steps were followed:

Step 1: Regressing export marketing strategy on firm competencies variable;

$$EMS = a + \beta_1(Prdncomp) + \beta_2(Mktscomp) + \beta_3(infocomp) + \varepsilon_1$$

Step 2: Regressing export performance on firm competencies variable;

$$EP = b + \beta_1(Prdncomp) + \beta_2(Mktscomp) + \beta_3(infocomp) + \varepsilon_2$$

Step 3: Regressing export performance on both firm competencies and export marketing strategy

$$EP = c + \beta_1(Prdncomp) + \beta_2(Mktscomp) + \beta_3(infocomp) + \beta_4(EMS) + \varepsilon_3$$

Where:

EMS = Export Marketing strategy

EP = Export performance

Prdncomp = Production competencies

Mktscomp = Marketing and sales competencies

Infocomp = informational competencies

a, b, c = regression constants

β_{is} = regression coefficients

ε_{1-3} = random variable, error terms

The results are indicated in Table 4.17.

Table 4.17: Mediating effect of Export Marketing Strategy in Firm Competencies and Export Performance Relationship

	Dependent variable					
	Export marketing strategy		Export performance			
	Model 1		Model 2		Model 3	
Predictor Variables	β	t	β	t	β	t
Constant	3.035**	4.774	1.733	0.434	-4.864	-1.125
Production competencies	-.068	-0.443	-0.306*	-2.373	-.286*	-2.346
Marketing and sales competencies	0.223	1.253	0.553**	3.711	0.489**	3.432
Informational competencies	-.086	-0.510	0.196	1.382	0.221	1.647
Export marketing strategy					0.291**	3.111
Model statistics						
R^2	0.311		0.448		0.394	
Adjusted R^2	0.282		0.208		0.359	
F-statistic		0.548		10.831**		11.521**
Change in R^2	-	-		-	0.083	
Change in *F*		-		-		9.675**

*ρ<.05; **ρ<.01. Only standardized regression coefficients are displayed

Source: Research Data

As indicated in Table 4.17, firm competencies had no significant effect on export marketing strategy in Model 1. In Model 2, only two variables, that is, production competencies (β = -0.306, t = -2.373, ρ<.05) and marketing and sales competencies (β = 0.553, t = 3.711, ρ<.01) had significant effects on export performance. Model 3 shows that the effect of production competencies as well as marketing and sales competencies on export performance reduced but remained significant, when export

marketing strategy was controlled. Model 3 also shows that export marketing strategy had significant effects on export performance ($\beta = 0.291$, $t = 3.111$, $\rho<.01$).

The absence of a significant effect of firm competencies on export marketing strategy (the proposed mediator) in the first regression model (Model 1), suggests that export marketing strategy did not mediate the relationship between firm competencies and export performance. Rather, the effect of firm competencies on export performance appears to be a direct one and not through export marketing strategy as had been hypothesized. Hence, H_6 was not supported.

4.4.5 Joint Effect of Firm Factors on Export Performance

H_7: The joint effect of firm characteristics, firm competencies, entrepreneurial orientation and export marketing strategy on export performance of small and medium manufacturing firms in Uganda will be different from the individual effects of the same variables.

The hypothesis was tested using hierarchical regression analysis to examine the independent and joint effects of firm characteristics, firm competencies, entrepreneurial orientation and export marketing strategy on export performance. Consequently, the estimated Model for testing H_7 took the following form:

$$EP = a + \beta_1(Pdts) + \beta_2(Pxs) + \beta_3(Ddns) + \beta_4(Promos) + \beta_5(Prdncomp) + \beta_6(Mktscomp) + \beta_7(infocomp) + \beta_8(Mgt.subj) + \beta_9(MgrAge) + \beta_{10}(Trave) + \beta_{11}(ExpMgr) + \beta_{12}(Dlive) + \beta_{13}(Dlang) + \beta_{14}(DDip) + \beta_{15}(DMasters) + \beta_{16}(DOeduc) + \beta_{17}(AgeF) + \beta_{18}(Size) + \beta_{19}(ExprF) + \beta_{20}(Markets) + \beta_{21}(Dsole) + \beta_{22}(Dpartner) + \beta_{23}(Dpub) + \beta_{24}(Dforeign) + \beta_{25}(Djoint) + \beta_{26}(Dindu) + \beta_{27}(Dbothpdts) + \beta_{28}(EO) + \varepsilon$$

Where:

Pdts = Product strategy

Pxs = Pricing strategy

Ddns = Distribution strategy

Promos = Promotion strategy

Prdncomp = Production competencies

Mktscomp = Marketing and sales competencies

Infocomp = informational competencies

Mgt.subj = Managerial subjective characteristics

Mgr.age = Age of manager

Travel = Frequency of travel abroad

Mgr.exp = Exporting experience of manager

Dlive = Lived abroad dummy

Dlang = Foreign language speaking dummy

DDip = Diploma Dummy

DMasters = Masters Degree Dummy

DOeduc = Other education level Dummy

Age F = Age of firm

Size = size of the firm (measured by the number of employee)

Expr.F = Exporting experience of the firm

Markets = Number of export markets served

DSole = Sole proprietorship dummy

Dpartner = Partnership organization dummy

Dpub = Public company dummy

Dforeign = Fully foreign owned firm dummy

Djoint = Joint venture company dummy

Dindu= Industrial product dummy

Dbothpts = Both industrial and consumer products dummy

EO = Entrepreneurial orientation

a = regression constant or intercept

$\beta_{1\text{-}28}$ = regression coefficients

ε = random variable, error term

Results of hierarchical regression analyses for export performance on the predictor variables are indicated in Table 4.18.

Table 4.18: Hierarchical Regression of Export Performance on Firm Factors

Variables	Model 1		Model 2		Model 3		Model 4		
	β	t	β	t	β	t	B	β	t
Constant	4.805	1.554	-7.583	-1.484	-11.356	-1.901	-13.668*		-2.111
Product strategy	.313*	2.513	.240*	2.169	.317**	2.809	1.607*	.301*	2.628
Pricing strategy	.179	1.252	.040	.318	-.053	-.456	-0.276	-.042	-.358
Distribution strategy	-.070	-.481	.076	.595	.131	1.135	0.774	.132	1.136
Promotion strategy	.062	.432	.024	.188	.053	.421	0.303	.054	.428
Production competencies			-.192	-1.440	-.252	-1.673	-2.946	-.297	-1.874
Marketing and sales competencies			.419**	2.805	.308	1.976	2.903*	.347*	2.145
Informational competencies			.265	1.832	.390*	2.632	3.130*	.354*	2.309
Subjective managerial characteristics					.127	892	1.229	.166	1.122
Age of manager					-.047	-.442	-0.029	-.054	-.506
Frequency of travel abroad					.418**	3.442	0.223*	441**	3.553
Exporting experience of manager					-.315*	-2.456	-0.183*	-.287*	-2.166
Lived abroad *dummy*					.096	.822	1.158	.094	.803
Foreign language *dummy*					-.087	-.774	-1.204	-.104	- 915
Diploma *dummy*					.229*	2.227	3.787*	.234*	2.271
Masters *dummy*					-.174	-1.490	-2.408	-.188	-1.594
Other qualification *dummy*					.032	.305	-0.256	-.012	-.100
Age of firm					.310	1.910	0.109	.309	1.902
Size of firm					-.108	-.846	-0.103	-.154	-1.125
Exporting experience of the firm					-.373*	-2.313	-0.152*	-.396*	-2.426
Number of export markets					.435**	2.987	0.347**	.423**	2.892
Sole *dummy*					.311**	2.995	7.834**	.322**	3.077
Partnership *dummy*					.000	-.001	0.323	.012	.114
Public Co. *dummy*					-.065	-.608	-0.451	-.024	-.206
Foreign owned *dummy*					-.066	-.569	-0.258	-.022	-.172
Joint venture *dummy*					.074	.677	1.416	.094	.849
Industrial products *dummy*					-.135	-1.190	-2.365	-.175	-1.443
Both industrial and consumer products *dummy*					-.065	-.534	-0.917	-.061	-.498
Entrepreneurial orientation							1.168	.114	.934
Model statistics									
R^2	0.167		0.424		0.741			0.746	
Adjusted R^2	0.113		0.356		0.561			0.560	
F-statistic		3.103*		6.209**		4.124**			3.995**
Change in R^2	-		0.257		0.316			0.006	
Change in F		-		8.792**		2.379**			0.872

*ρ<.05; **ρ<.01. Except in Model 4, only standardized regression coefficients are displayed

Source: Research Data

As indicated in Table 4.18, regression models 2 and 3 outperformed regression model 1 significantly. Squared multiple correlation (R^2) for export performance was lowest (F = 3.103, R^2 = 0.167, $\rho<.05$) when only export marketing strategy had a direct effect. Moreover, only product strategy had a significant effect on export performance. When a direct effect for firm competencies was added (Model 2), R^2 significantly improved to 0.424 (ΔF = 8.782, ΔR^2 = 0.257, $\rho<.01$), suggesting that firm competencies, particularly those related to marketing and sales, significantly predicted export performance of small and medium firms surveyed in Uganda.

When the direct effect of firm characteristics was added (Model 3), R^2 significantly improved to 0.741 (ΔF = 2.379, ΔR^2 = .316, $\rho<.01$). Nonetheless, of the firm characteristics, only frequency of travel abroad (β = 0.418, t = 3.442, $\rho<.01$), exporting experience of manager (β = -0.315, t = -2.456, $\rho<.05$), Diploma *dummy* (β = 0.229, t = 2.227, $\rho<.05$), exporting experience of firm (β = -0.373, t = -2.313, $\rho<.05$), number of export markets served (β = 0.435, t = 2.995, $\rho<.01$) and sole proprietorship *dummy* (β = 0.311, t = 2.995, $\rho<.01$) significantly predicted export performance.

Finally, when entrepreneurial orientation was added (Model 4), R^2 improved to 0.746 (ΔF = 0.872, ΔR^2 = 0.006, $\rho>.05$), although the change was insignificant. This suggests that entrepreneurial orientation was not a significant predictor of export performance among the sampled small and medium firms in Uganda. The final regression model (Model 4) was statistically significant (F = 3.995, $\rho < .01$), implying that the Model could be used to predict export performance. Thus, the resulting regression model for estimating export performance of small and medium firms surveyed in Uganda is as follows:

EP = -13.668 + 1.607(Pdts)+ 2.903 (Mkstscomp) + 3.130 (Infocomp) + 0.223(Travel) –0.183 (MgrExp) +3.787 (DDip) –0.152 (ExprF) + 0.347 (Markets) + 7.834 (Dsole).

The model statistics in Table 4.18 (F = 3.995, $\rho < .01$, R^2= .746) suggest that the model is significant and fits the data well. Field (2006) contends that the F-statistic should be significant and greater than 1 to rule out fitting the regression Model by chance. A squared multiple correlation coefficient of 0.746 implies that 74.6% of the variation in export

performance of small and medium firms in Uganda is explained by product strategy, marketing and sales competencies, informational competencies, frequency of travel abroad, the manager's exporting experience, Diploma *dummy*, the firm's exporting experience, number of export markets serves, and Sole proprietorship *dummy*. The remaining 25.4% variation is due to other factors.

According to the regression model specified, taking all factors (product strategy, marketing and sales competencies, informational competencies, frequency of travel abroad, manager's exporting experience, Diploma *dummy*, firm's exporting experience, number of export markets serves, and Sole proprietorship *dummy)* constant at zero, 13.668 units of export performance would be forfeited (B = -13.668, $\rho < .05$). The model also shows that export performance would increase by 1.607 units for every unit increase in product strategy, by 2.903 units for every unit increase in marketing and sales competencies, and by 3.13 for every unit increase in informational competencies. Similarly, export performance would increase by 0.223 units for every unit increase in foreign travel and fall by 0.183 units for every year of exporting experience of the manager.

Further, the Model posits that export performance would increase by 3.787 units when the manager has a diploma qualification compared to their counterparts with a first degree (with first degree as a base category). Nonetheless, export performance would fall by 0.152 units for every increase in the firm's exporting experience but increase by 0.347 for every export market entered by the firm. Export performance would increase by 7.834 units when the firm is a sole proprietorship compared to their private limited counterparts (with private limited company as a base category).

In order to compare the relative importance of the various predictors, the following regression model was constructed using standardized coefficients:

EP = 0.441(Travel) + 0.423(Markets)– 0.396(ExprF) +0.354(Infocomp) + 0.347 (Mkstscomp) + 0.322 (Dsole) + 0.301(Pdts) – 0.287 (MgrExp) +0.234 (DDip)

From the regression model, frequency of travel abroad was the most significant predictor of export performance ($\beta = 0.441$, $\rho < .01$). This was closely followed by number of export markets served ($\beta = 0.423$, $\rho < .01$) then exporting experience of the firm ($\beta = -0.396$, $\rho < .05$). Other predictors in order of their significance to the Model were informational competencies ($\beta = 0.354$, $\rho < .05$), marketing and sales competencies ($\beta = 0.347$, $\rho < .05$), sole proprietorship *dummy* ($\beta = 0.322$, $\rho < .01$), product strategy ($\beta = 0.301$, $\rho < .05$), and managers' exporting experience ($\beta = -0.287$, $\rho <$

.05). The predictor with the least contribution to the Model was Diploma *dummy* ($\beta = 0.234$, $\rho <$ .05). From the results, it is clear that the standardized beta values (β) of all predictor variables are less than 0.746 (the value of R^2). This showed that the joint effect of the predictor variables was different from the individual effects of the same variables. These findings provide empirical support to H_7.

Lastly, respondents were asked to indicate how they intended to improve export performance in the next 3-5 years, elicited by the open ended question (Question 21), "How does your company intend to improve its export performance in the next 3-5 years?" Results are presented in Appendix XII. Based on the results, out of 80 proposals suggested by respondents, 26.25% were related to product strategies such as improving product quality and branding, while 21.25% related to enhancing production capacity. Others related to enhancing marketing skills (21.25%), research/information skills (7.5%). Other strategies cited by managers, albeit infrequently, related to export pricing (7.5%), promotion (7.5%) and distribution (8.75%). Of interest, no respondent sought to improve export performance from factors external to the firm. In sum, these results affirm Viviers and Calof's (1999) view that export performance is a responsibility of the firm and its management.

4.5 Chapter Summary

The chapter presented the results of the study consistent with the study objectives and the hypotheses. Results of tests of hypotheses confirmed nine factors with significant effects on export performance of small and medium firms in Uganda. These were frequency of foreign travel, number of export markets served, exporting experience of the firm, informational competencies, marketing and sales competencies, sole proprietorship dummy, product strategy, managers' exporting experience and Diploma dummy. However, seven factors (frequency of foreign travel, number of export markets served, informational competencies, marketing and sales competencies, sole proprietorship dummy, product strategy and Diploma dummy) had positive effects on export performance while the effect of the two factors (exporting experience of the firm and managers' exporting experience) on export performance was negative.

CHAPTER FIVE

DISCUSSION OF FINDINGS

5.1 Introduction

This chapter discusses the results of the study in line with literature to establish the extent to which the results relate to existing knowledge. The chapter has five sections in tandem with the research objectives. In sum, five objectives directed this study. Foremost, the study sought to assess the influence of firm characteristics on export performance of small and medium manufacturing firms in Uganda. The second objective was to establish the influence of firm competencies on export performance of small and medium manufacturing firms in Uganda. The third objective was to determine the moderating effect of entrepreneurial orientation on the relationship between firm characteristics and competencies on export marketing strategy of small and medium manufacturing firms in Uganda. The other objective was to examine the mediating effect of export marketing strategy in the relationship between firm characteristics and firm competencies and export performance of small and medium manufacturing firms in Uganda. Lastly, the study sought to assess the joint effect of firm factors on export performance of small and medium manufacturing firms in Uganda.

5.2 Firm Characteristics and Export Performance

The study established that diploma education dummy, number of export markets served and sole proprietorship dummy had significant performance effects on export performance of small and medium manufacturing exporters in Uganda. The significant effect of Diploma education dummy on export performance than if the decision maker had a first degree (first degree as a base category) was surprising. Ogbuehi and Longfellow (1994) contended that education and experience were measures of managerial ability. Besides, Cooper Gimeno-Gacson and Woo (1994) in their study on the predictors of new venture performance found that having a Bachelor's degree had a positive impact on both survival and growth of small ventures. Credence for Diploma education perhaps is founded on the notion that compared to University training largely considered theoretical, vocational training imparts specialized and practical knowledge.

Similarly, the significant effect of number of export markets served on export performance is consistent with the advantages of export diversification suggested in prior studies. Samen (2010) established that high performing exporters tended to operate in diversified markets. Empirical results showed that the greater the firm's degree of diversification, the less volatile were its export earnings. On the other hand, the positive effect of sole proprietorship dummy on export performance is closely linked to the extent of decision control. As noted by Bento and White (2001), decision control in sole proprietorships is centralized in the hands of the owner–manager. This logically implies that sole proprietorships are more likely to develop and execute export market strategies faster than private limited companies often characterized by bureaucratic decision making processes.

5.3 Firm Competencies and Export Performance

The results show that only those competencies related to marketing and sales, as well as production had significant effects on export performance of small and medium firms in Uganda. The significant positive effect of marketing and sales competencies on export performance is not surprising and is consistent with prior studies. Ritter (2006) refers to competencies as an 'entry ticket' into economic exchange, a view consistent with Dhanajaj and Beamish (2003) notion of competencies as a source of differentiation for firms.

Regarding production competencies, the negative effect of production competencies on export performance is inconsistent with the literature on export performance. For instance, Smith (2008) have found competencies, particularly those related to product and production critical in enabling firms to design, create and deliver unique products particularly in markets that require adaptation. These results suggest that for small and medium firms, often characterized by a level of resource poverty, any investment in production competencies, such as new manufacturing methods, quality control process, new product development, increased product range, warranty service arrangements and the like would reduce export performance at least in the short run by a significant margin.

Nonetheless, the non significance of informational competencies on export performance among the firms surveyed is however, inconsistent with existing literature. Toften (2005) has empirically verified the influence of export information on export performance. The results

indicate a significant positive relationship between export market information (generation, interpretation and utilization) and export profitability. This finding is consistent with Peircy et al.'s(1998) argument that informational skills is a perfect discriminator between high and low export performers. However, Julien and Ramangalahy (2003) found that majority of SMEs were unable to acquire sufficient information and knowledge about foreign markets to enable them realize their export ambitions, purportedly due to resource limitations. In such circumstances, one may be constrained to establish any significant performance implications of informational competencies on export performance particularly in SMEs often characterized by financial and managerial poverty.

5.4 The Moderating Effect of Entrepreneurial Orientation

This study established that entrepreneurial orientation moderated the relationship between firm characteristics and export marketing strategy. The significant moderating effect of entrepreneurial orientation on the relationship between firm characteristics and export marketing strategy is consistent with the literature on the performance effects of entrepreneurial orientation. The willingness to innovative, be proactive and take risks enhances the positive impact that firm characteristics have on export marketing strategy.

Wiklund and Shepherd (2003) studied the effect of entrepreneurial orientation on the relationship between knowledge based resources and firm performance of Swedish small and medium-sized businesses. Their analysis revealed that entrepreneurial orientation significantly moderated the relationship between bundles of knowledge based resources and firm performance. Support for these findings draws from Lee et al.'s (2001) notion that entrepreneurial orientation is a process construct concerned with the methods, practices and decision making styles of managers. In a study by Okpara (2009) on exporting SMEs in Nigeria, firms that were active, pro-active and aggressive in their pursuit of opportunities in overseas markets outperformed their reactive, passive and conservative counterparts.

Ibeh and Young (2001) found empirical support for a positive effect of entrepreneurial orientation on the relationship between firm resources and performance. The results showed that firms with high entrepreneurial orientation pursued promising export market opportunities without recourse to resources compared to firms with decimally low

entrepreneurial orientation. Similarly, Wolff and Pett (2006) in their study on exporting SMEs in South Africa found that firms with a strong entrepreneurial orientation were able to compensate for lack of adequate resources with flexibility, agility and innovation. Entrepreneurial orientation facilitates the development of a robust strategy that enables a firm to compete favourably with their larger counterparts by providing innovative products, flexibility and reduced time to market. Renko et al.(2009), consistent with prior scholars argue that entrepreneurial orientation enables firms to undertake proactive initiatives and change the competitive landscape, rather than adapt and respond to the conditions in the market place.

Nonetheless, the results found that entrepreneurial orientation was inconsequential in the relationship between firm competencies and export marketing strategy, though inconsistent with prior studies. Mainstream literature on competencies suggests a strong influence of production, marketing and sales, and customer service competencies on firm performance (Ritter, 2006). However, such a bizarre finding may be attributable to low levels of entrepreneurial orientation among firms surveyed. As shown by Ibeh and Young (2001), exporting is an act of entrepreneurship. Therefore, it is logical to suggest that firms that exhibit low entrepreneurial orientation become obvious imitators of strategy rather than develop their own. In conditions of imitations, it is possible to find insignificant effects of entrepreneurial orientation on strategy formulation generally and export marketing strategy in particular.

5.5 The Mediating Effect of Export Marketing Strategy

The study established that export marketing strategy had no statistically significant mediating effect in the relationship between firm characteristics and competencies on export performance. However, this finding is inconsistent with conventional export marketing literature (Thirkell & Dau, 1998; Zou & Stan, 1998) that has since underscored the central role of export marketing strategy in export performance of firms. Cicic et al.(2002) in their examination of antecedents of international performance depicted strategy as an outcome of a firm's skills and resources, environmental opportunities and managerial preferences. Based

on this insight, it logically follows that a firm's export marketing strategy is linked to management attitude and competencies.

Nonetheless, it is also clear from the literature that for competencies to influence export marketing strategy, they should be embedded in the routines of the firm such as production, marketing, sales, customer service and informational routines (Smith, 2008). Besides, the firm should have a high entrepreneurial orientation to knit with competencies in the development of a competitive export marketing strategy. The extant survey results indicate that Ugandan small and medium firms have low levels of entrepreneurial orientation standing at a mean of 2.92 and a standard deviation of 0.55 on a scale of 1–5. A low entrepreneurial orientation suggests lack of a capability to coordinate any available competencies, be it production, marketing, sales or informational to develop export strategies.

As Rauch et al.(2009) noted, firms need to innovate frequently while taking risks in their product market strategies particularly in an environment of rapid change and shortened product cycles. Following the low level of entrepreneurial orientation established in this study, it is logical to suggest that, on average, Ugandan firms rely on imitations as a source of export marketing strategy than from own competencies and firm characteristics as suggested in the literature (Thirkell & Dau, 1998). The lack of a significant mediating effect of export marketing strategy on the relationship between firm characteristics and competencies and export performance is therefore plausible.

5.6 The Joint Effect of Firm Factors on Export Performance

The study found that predictors in the model had differing effects on export performance. Specifically, the significant and positive influence of frequency of travel abroad on export performance is consistent with the literature (Hutchinson et al., 2006; Thirkell & Dau, 1998). Hutchinson et al.(2006) asserted that by travelling abroad, managers are exposed to foreign cultures, learn about foreign business practices, meet prospective business partners and identify business opportunities. Thirkell and Dau (1998) provide evidence to support performance effects of foreign travels. Their study showed that willingness to visit export markets (a measure of export market knowledge) discriminated between higher and lower levels of export performance. The positive effect of number of export markets served (a

measure of export market diversification) on export performance is consistent with prior studies (Aulakh et al, 2000; Thirkell & Dau, 1998).

As Aulakh et al.(2000) noted, through market diversification, firms are able to increase market coverage for their products by targeting similar customer segments across countries. By simultaneously targeting an optimal number of foreign markets, a firm is able to increase foreign sales while balancing out the effects of market saturation in some countries. Besides, Thirkell and Dau (1998) found that breadth of markets served was a significant and positive predictor of export performance of New Zealand firms. Equally, the significant effect of informational competencies is in line with Ritter (2006) who argued that competencies, particularly those associated with creating customer value (such as marketing, sales and market information gathering) had significant influences on export performance. This notion is consistent with Karelakis et al.(2004) who found that marketing and information competencies had significant and positive effects on export performance of Greek Wine Exporters.

Further, the negative effect of exporting experience of the firm or its key decision makers on export performance, though somewhat surprising and in sharp contrast to mainstream literature, is consistent with prior studies (Cadogan, Diamantopoulos, and Siguaw, 2002; Elango & Pattnaik, 2007). Cadogan et al.(2002) argued that as firms become older and more experienced, they tend to be bureaucratic and inflexible, thus suppressing innovations and risk taking which are vital in dealing with market changes that tend to characterize exporting business. A similar finding was reported by Louter et al.(1991) who found a negative relationship between number of years in exporting and export profitability and sales. Similarly, Elango and Pattnaik(2007) found that age of the firm and export performance were negatively correlated.

The positive effect of product strategy on export performance is consistent with Namiki (1988) who contended that export marketing strategy (as a composite or the individual marketing mix elements) had direct export performance effects. Likewise, Walters and Samiee (1990) established a positive relationship between product adaptation and export profitability, although the study focused on high technology product lines. Similarly, Lee and Griffith (2004) found significant and positive performance effects of adaptation of product, pricing policies, overseas trade promotions and direct exporting performance in a study involving Korean firms.

CHAPTER SIX

SUMMARY, CONCLUSIONS AND IMPLICATIONS

6.1 Introduction

This section provides a synopsis of the study. The first part provides a summary of major findings from the study. In the next section, conclusions from the study are drawn. The subsequent sections provide limitations and implications of the study. The proceeding section highlights the recommendations for future research. The chapter closes with recommendations for policy and practice.

6.2 Summary of Findings

This section provides a summary of the major findings in relation to the study objectives. There were five objectives. The first objective sought to assess the influence of firm characteristics on export performance of small and medium firms in Uganda. The second was to establish the influence of firm competencies on export performance of small and medium firms in Uganda. The third objective sought to determine the moderating effect of entrepreneurial orientation on the relationships between firm characteristics and competencies and export marketing strategy of small and medium firms in Uganda. The focus of the fourth objective was to examine the mediating effect of export marketing strategy in the relationships between firm characteristics and competencies on export performance of small and medium firms in Uganda. The fifth objective sought to establish the joint effect of firm factors on export performance of small and medium firms in Uganda.

Regarding the influence of firm characteristics on export performance, only three variables, that is, Diploma education dummy, sole proprietorship dummy and number of export markets served significantly influenced export performance of small and medium firms surveyed in Uganda. Although the model was not statistically significant to predict export performance, together these factors accounted for 37.8% of the variance in export performance of the firms surveyed. On the influence of firm competencies on export performance, only marketing and sales competencies, and production competencies had significant effects on export

performance. These factors together explained 31% of the variance in export performance of small and medium firms surveyed in Uganda. However, the effect of informational competencies on export performance was found to be insignificant.

Concerning the moderating effect of entrepreneurial orientation on the relationship between firm characteristics and competencies on export marketing strategy, the study established a significant moderating effect of entrepreneurial orientation on the relationship between firm characteristics and export marketing strategy. The interaction of entrepreneurial orientation with firm characteristics positively enhanced export marketing strategy by 44.7%. However, entrepreneurial orientation had no significant effect on the relationship between firm competencies and export marketing strategy.

In respect to the mediation effect of export marketing strategy, the study did not establish a significant mediation effect of export marketing strategy in the relationship between export performance and either firms characteristics or firm competencies. Thus, the effect of firm factors on export performance of small and medium manufacturing firms surveyed in Uganda was largely direct and unmediated by export marketing strategy as had been hypothesized.

Lastly, in terms of the joint effect of firm factors on export performance, the analysis confirmed nine factors that significantly predicted export performance of small and medium export firms in Uganda. The factors, in order of significance included; the frequency of travel abroad, number of export markets served, exporting experience of the firm, informational competencies and marketing and sales competencies. Others were sole proprietorship dummy, product strategy, exporting experience of the manager and Diploma dummy. These factors together explained 74.6% of the variance in export performance of small and medium export firms surveyed in Uganda.

6.3 Conclusions of the Study

This study examined export performance of small and medium firms in Uganda. Specifically, export performance was predicted using firm characteristics, firm competencies, entrepreneurial orientation and export marketing strategy. From the findings and discussions, the study draws the following conclusions:

On firm characteristics, the extant study has empirically verified various firm characteristics with export performance effects proposed by earlier scholars like Zou and Stan (1998). Four of these characteristics (frequency of managers' travel abroad, Diploma dummy, number of export markets served and sole proprietorship dummy) had a positive influence on export performance, while the influence of the other two characteristics (exporting experience of the manager and the firm) was negative. Overall, the study established that export performance of small and medium firms surveyed in Uganda was largely influenced by firm characteristics.

On firm competencies, results suggest that small and medium firms in Uganda had low to medium levels of firm competencies measured in terms of production, marketing and sales and informational competencies. The study verified two competencies with significant effects on export performance. These were marketing and sales competencies, and informational competencies. However, the effect of production competencies on export performance was not statistically significant.

Related to export marketing strategy, only product strategy had a significant effect on export performance of small and medium firms in the Ugandan. The effect of the three dimensions (pricing strategy, distribution strategy and promotion strategy) proposed by earlier scholars like Stewart (1997) and Lages et al.'s (2008) on export performance was statistically insignificant. Besides, the absence of a significant mediation effect of export marketing strategy in the model affirmed the notion that all predictor variables had direct effects on export performance of small and medium manufacturing firms in Uganda.

Regarding entrepreneurial orientation, the overall interaction effect of entrepreneurial orientation and firm characteristics had significant effects on export performance. The results imply that entrepreneurial orientation provides a basis for entrepreneurial decisions, including whether to standardize or adapt the firms marketing mix in its chosen export markets. Firms with higher levels of entrepreneurial orientation are able to development robust export marketing strategies required to compete favourably in the export market by providing innovative products, flexibility and reduced time to market. This further suggests that firms that emphasize data acquisition and formal planning may miss a significant

number of attractive market opportunities. Thus, a strategic posture focused on innovation. willingness to take risks and an inclination to market opportunities appear to be a precondition for improved export performance. Nonetheless, the low level of entrepreneurial orientation established among small and medium firms in Uganda suggests that critical functions involving production, marketing, sales, research, and so forth, may lack ingenuity and could be largely a result of imitations from other firms in the industry.

In terms of export performance, the study established a generally low to moderate level of export performance among Ugandan small and medium manufacturing firms. Nonetheless, empirical analysis affirmed frequency of travel abroad as the single most significant predict of export performance. These results suggest that experiential learning (through foreign visits) was the single most significant factor influencing export performance of small and medium manufacturing firms in Uganda as opposed to objective knowledge usually acquired through formal market research.

6.4 Limitations of the study

Although the study makes important contributions to the literature, it is not without limitations. Some notable limitations of this study include:

The conceptual model used for the study encompasses a large number of indicator variables with mixed measurement levels. While this study addressed this issue by testing a broad set of hypotheses, the framework adopted to examine the research question necessitated the use of mixed measures. This phenomenon consequently could not allow the use of sophisticated techniques such structural equation modeling.

Furthermore, the results of the current study are context specific. Data were collected from a single industry cluster, namely small and medium firms in Uganda. Consequently, there is limited generalizability to all Ugandan exporters.

The study used self–reports by CEOs to gather the required information. Thus, the possibility of common method variance cannot be fully ruled out. In this study, however, this threat was minimized through design remedies suggested by Podsakoff, Mackenzie, Lee, and Podsakoff (2003) that include allowing respondents to remain anonymous when responding to

questions. In addition, the questionnaire clearly indicated that there was no right or wrong answer.

Finally, the study defined an SME as a firm whose number employees ranged from 5 – 250 people. It emerged during the study that number of employees as a proxy for firm size may not quite hold well across firms as enterprises embrace modern management practices such as business process outsourcing and digitization of business activities.

6.5 Implications of the Study

6.5.1 Theoretical implications

Theoretically, the findings offer substantial support to the theoretical model (Figure 1) developed for this study. By linking firm factors, namely, firm characteristics, firm competencies and export marketing with export performance, this study provides empirical support to resource based view explanations of firm performance adopted by prior studies (La et al., 2005; Okpara, 2009; Smith, 2008). Accordingly, the extant study extends conventional resource based view (RBV) explanations by supporting the emerging dynamic capabilities paradigm that links the organizational processes by which firms develop and deploy resources to business performance.

The lack of a significant mediating role of export marketing strategy together with partial moderation of entrepreneurial orientation in the extant study suggests that in studies involving SMEs, researchers should simply examine the direct effects of firm characteristics and competencies on export performance. The significant effect of entrepreneurial orientation on the relationship between firm characteristics and export marketing strategy suggests that entrepreneurial orientation was a moderator of relationship rather than an independent predictor of export marketing strategy. This provides an alternative explanation to the weak and insignificant direct effects of entrepreneurial orientation on export marketing performance reported by Ezirim and Nwokah (2009) and Baker and Sinkula, 2009), respectively.

Furthermore, the current research has managed to operationalise the firm characteristics construct which; hitherto, as noted by Thirkell and Dau (1998) remained a misnomer. Two of

these (exporting experience of the manager and the firm) had significant negative effects on export performance, while four variables; the sole proprietorship *dummy*, number of export markets served, Diploma *dummy*, and frequency of foreign travel had significant and positive effects on export performance. Consistent with previous studies, the study confirmed product strategy, marketing and sales competencies as well as informational competencies as significant direct predictors of export performance. Overall, the study identified nine variables, which together accounted for 74.6% of the explained variance in export performance of small and medium firms in Uganda. This study compares well with previous research, meta-analyzed by Shoham and Rose (in Cicic et al., 2002), who reported that previous studies explained, on average, 22.3–31.4% of the variance in export performance. Thus, the present study contributes to the development of a unified framework for studying export performance of small and medium firms in a developing country context such as Uganda.

The study reveals significant direct effects of frequency of travel abroad by managers, Diploma dummy, number of export markets served and sole proprietorship dummy on export performance. This implies that small and medium firms need to strengthen their institutional capacity to gather and utilize export market knowledge in order to improve their export performance. In addition, the significance of sole dummy and diploma dummy implies the need for a robust training and capacity building policy for small and medium firms to enhance their export performance without recourse to lack of degree qualifications or size limitations.

The study verified the positive effect of marketing, sales and informational competencies on export performance. This implies that managers of small and medium firms in Uganda need to proactively and continuously assess the service needs of export markets vis-à-vis their capability to competitively serve those markets in terms of marketing, sales as well informational competencies. Without a competence based approach to market service, Ugandan SMEs can only achieve little in export markets.

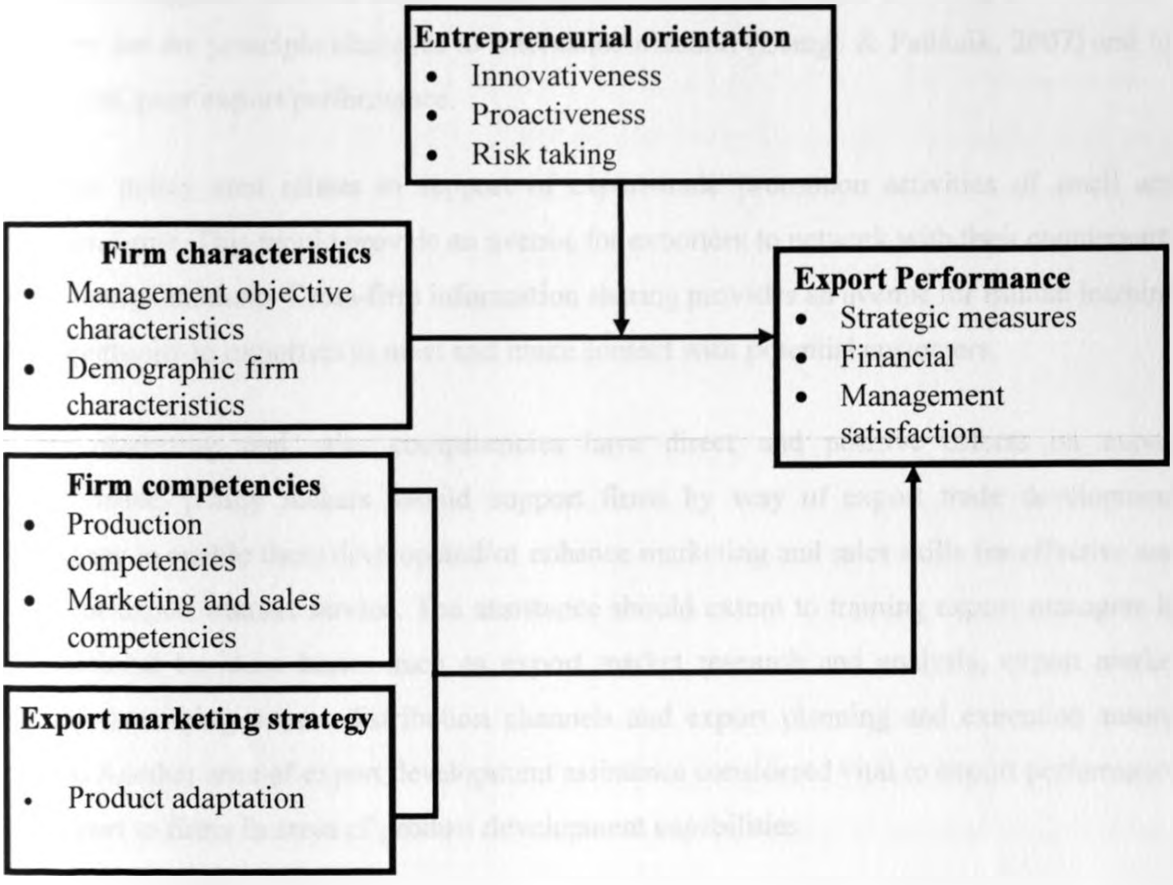
Furthermore, the study has implications for improving product adaptation by exporting firms. A major conclusion from the study was that product strategy had a significant effect on

export performance. The effect of other marketing mix variables such as pricing, promotion, and distribution strategy on export performance was inconsequential. This implies that to achieve substantial increase in export performance, managers of small and medium firms in Uganda will have to progressively invest in product quality, design, warrant, labeling and as well as branding that have export market appeal.

The findings from the extant study also have implications for enhancing the level of entrepreneurial orientation among small and medium firms in Uganda. The study established that entrepreneurial orientation among the SMEs surveyed was low, characterized by low proclivity to innovativeness, fear to take risks and a reactive stance to export market opportunities. There is need for increased investment in short and long term training and capacity building interventions aimed at creating a class of managers that possess skills to identify and implement creative and innovative products in order to increase export business.

Empirical analysis established frequency of travel abroad as the single most significant positive predictor of export performance. This finding implies that knowledge acquired through visiting existing or potential export markets was more relevant to export performance of small and medium firms in Uganda, perhaps as opposed to objective knowledge often acquired through formal market research. Attaining high levels of export performance will require managers to complement their export market knowledge acquired through breadth of markets served to neutralize the negative effects of plain experience based on number of years involved in exporting business.

Figure 2: A modified model for export performance of small and medium manufacturing firms in Uganda



Source: Research Data

6.5.2 Policy implications

Given the economic impact of exporting, export performance is also of interest to policy makers whose major objective is to stimulate export performance of firms in the country. The study findings suggest that macro-level policy interventions which; hitherto, have been the major focus of policy makers in Uganda are inadequate to propel export performance of small and medium firms in Uganda. Rather, there is need for micro-level export development policy interventions geared toward boosting the export capability of small and medium firms. Therefore, the following areas are suggested for policy attention:

The study established a direct effect of informational competencies and export performance. The government of Uganda, through its export development agency, the Uganda Export

Promotion Board (UEPB), should enhance its current efforts in providing exporters with foreign market data to help them identify and evaluate export market opportunities. Literature suggests that lack of knowledge and/or resources and the resulting uncertainly to the firm are the principle obstacles to internationalization (Elango & Pattnaik, 2007) and by extension, poor export performance.

Another policy area relates to support of export-trade promotion activities of small and medium firms. This would provide an avenue for exporters to network with their counterparts from foreign markets. Cross-firm information sharing provides an avenue for mutual learning an opportunity to exporters to meet and make contact with potential customers.

Since marketing and sales competencies have direct and positive effects on export performance, policy makers should support firms by way of export trade development assistance to enable them develop and/or enhance marketing and sales skills for effective and efficient export market service. The assistance should extent to training export managers in international business basics such as export market research and analysis, export market pricing, managing export distribution channels and export planning and execution among others. Another area of export development assistance considered vital to export performance is support to firms in areas of product development capabilities.

The extant study found support for a positive relationship between frequency of travel abroad and export performance. Thus, policies that support small and medium firms to increase export market familiarity are required. Notable policy initiatives would include support for exporting firms to undertake foreign business trips to reinforce existing relationships with their export customers as well as creating new ones.

6.5.3 Managerial implications

From a practitioner point of view, this research suggests nine influential factors in export performance of small and medium firms in Uganda. These include frequency of travel abroad, number of export markets served, exporting experience of the firm, informational competencies, marketing and sales competencies, sole proprietorship *dummy*, product strategy, exporting experience of the manager and Diploma *dummy*. Thus, in order to

enhance export performance, the following recommendations are made to managers of small and medium firms in Uganda:

The study found frequency of foreign travel, education (diploma *dummy*) and exporting experience of managers' significant predictors of export performance. These factors together define the level of managerial ability (Ogbuehi and Longfellow, 1994). Management should therefore facilitate employees, particularly those involved in export decision making to attend international trade fares, trade conferences and exhibitions. The extant study suggests that international exposure allows managers to gain a better appreciation of the opportunities available abroad while reducing anxiety regarding international expansion.

The present study established a significant effect of product strategy on export performance, suggesting the need for increased product adaptation to changes in export market needs and requirements. There is need for managers of small and medium manufacturing firms to increase investment in this direction to ensure that products are suitably adapted to export markets. This will involve gathering information on the degree to which products have to differ across domestic and export markets on attributes including positioning, design/ style, quality, features, characteristics, brand, packaging, labeling, services, warranty, items/models in the product line, and so on. A high degree of product adaptation is expected where the firm is internationally competent, the product is unique, new, or culture specific.

The study established negative effects of exporting experience of both managers and firms on export performance. This perhaps suggests that as firms become older and more experienced, they tend to be bureaucratic and inflexible (Cadogan et al., 2002). The occurrence of such practices leads to suppression of innovations and risk taking, which are vital in dealing with rapid market changes that tend to characterize exporting business. Therefore, managers of exporting firms need to surmount these effects through initiatives such as empowering employees to experiment their ideas as management takes control of the process and rewards intelligent risk takers. Rewards could be in the form of honouring staff who take risks through promotions, provision of commission, sponsored foreign trips, and the like.

6.5.4 Implications for future research

On the basis of the limitations of the extant study and research gaps, the following areas are recommended to future researchers who would be interested in advancing the extant study:

Foremost, the lack of a significant mediating effect of export marketing strategy in the relationship between firm characteristics, competencies and export performance is somewhat surprising and in sharp contrast to mainstream export marketing literature. Export marketing strategy has been described as a means by which a firm meets the objectives of the export venture. Thus, a phenomenon suggesting direct unmediated effects of firm factors warrants further investigation and testing.

Secondly, the cross sectional approach applied in this study did not allow making clear, causal attributions for the observed relationships. Further research should endeavour to employ a longitudinal study that would provide a clear picture of how entrepreneurial orientation and export marketing strategy impact on the effect of firm characteristics and competencies on export performance in small and medium firms in Uganda. Besides, a longitudinal study would enable the researcher ascertain changes in export performance over the study period.

Thirdly, future researchers should conduct a comparative study, replicating this study in a context involving either a single industry as the one concluded or a multiple industry (say covering manufacturing, service, commodity exports, and the like) but in a different but preferably psychically close country. Such a multi-country design would be a useful extension to this study and further enrich the findings to make them more generalisable. Besides, future research should endeavour to extend the study to cover larger firms in Uganda to explore factors that significantly discriminate export performance of SMEs from their larger counterparts.

Lastly, the current study used perceptual measures of export performance. Future researchers should use objective measures of export performance such as sales, profit and market share. This would provide a rich research database for future research and compare the outcomes with the results of this study.

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APPENDICES

Appendix I: Questionnaire for Data Collection

Dear respondent,

This academic research is part of the effort to contribute to the performance of Firms in Uganda. Kindly spare some time to respond to the following questions. There is no right or wrong answers. We are interested in your general impressions. The information provided will be used for academic purpose only and shall be treated with utmost confidentiality. ***Participating firms will receive a free copy of the final report.***

PART I: RESPONDENT PROFILE

1. Please state the position you hold in the company .....

2. Please specify your gender category. **TICK** as appropriate

Male	**Female**

3. Please specify your age bracket (in *years*). **TICK** as appropriate.

Under 25	**25-30**	**31-36**	**37-42**	**43-48**	**49 or more**

4. What is your highest level of formal education?

Certificate	**Diploma**	**First degree**	**Masters**	**Phd.**	**Other-(specify)...**

5. Have you lived abroad in the last 10 years?

No	**Yes**	**If yes, for how long (years) ?.....**

6. Do you speak any foreign language **other than English?**

Yes	**No**	If yes, **list** the foreign language(s) you speak.....

7. How often did you travel abroad in the last 3 years? **Please TICK** as appropriate

None	**once**	**1-3 times**	**4-6 times**	**7-9 times**	**10 or more times**

8. How long (***in years***) have you been involved in exporting business?

Less than 1	**1-3**	**4-6**	**7-9 years**	**10 or more**

PART II: FIRM PROFILE

9. What category of business organization is your firm? (**Please TICK** as appropriate)

Sole proprietorship	Partnership	Private limited company	Public Ltd. Company	Other, specify.....

10. What is the ownership status of the firm? (Please TICK as appropriate)

Fully Ugandan owned	Fully foreign owned	Joint ownership	If jointly owned, state the % of foreign ownership.....

11. How long has the company been in existence?

Less than 3	**3-6**	**7-10**	**11-14**	**15-18**	**19-22**	**Over 22**

12. What is the number of full time employees in the company?

Less than 5	**5 – 50**	**51 – 100**	**101–150**	**201-250**	**Over 250**

13. How long (in years) has the company been exporting?

Less than 3	**3-6**	**7-10**	**11-14**	**15-18**	**19-22**	**Over 22**

14. How many export markets ***(countries)*** are you currently serving?

1	**2-3**	**4-6**	**7-9 years**	**10 or more**

15. Please indicate the category of products your firm exports

Consumer products	Industrial products	Both consumer and industrial product

16. The following could be some of the reasons for your firm's involvement in exporting. Please indicate the level of importance your firm places on each of them. **CIRCLE** the number that corresponds to your opinion using the key below.

1=Not important	**2**=Somewhat important	**3**=Important	**4** =Very important	**5** =Extremely important

Increasing yearly sales	1	2	3	4	5
Increasing the growth of the firm	1	2	3	4	5
Having a larger market	1	2	3	4	5
Making greater profits	1	2	3	4	5
To take advantage of government incentives for exporting	1	2	3	4	5
Keeping pace with local competition	1	2	3	4	5
Overcoming competition in the local market	1	2	3	4	5
Competitive price advantage	1	2	3	4	5
Preventing dependence on local market for sales	1	2	3	4	5
Product uniqueness	1	2	3	4	5
Production efficiency	1	2	3	4	5
Management commitment to exporting	1	2	3	4	5

PART III: FIRM COMPETENCIES

17. How do you assess your firm's ability to undertake the following aspects as they relate to manufacturing and exporting ***compared to your main competitors***? Please **CIRCLE** the number from **1-5** that best represents your choice. Using the scale below:

1 = Much worse	2 = Worse	3 = Fair	4 = Better	5 = Much better

(a) Production/Manufacturing

Quality control process	1	2	3	4	5
Development of new products for export customers	1	2	3	4	5
Range of products offered on the export market	1	2	3	4	5
Developing products according to customers specifications	1	2	3	4	5
Product quality	1	2	3	4	5
Product uniqueness	1	2	3	4	5
Warranty and service arrangements	1	2	3	4	5

(b) Marketing and sales

Export pricing abilities	1	2	3	4	5
Managing export distribution channels	1	2	3	4	5
Abilities in managing export marketing communications	1	2	3	4	5
Capabilities of the firm's export sales force	1	2	3	4	5
Export market research skills	1	2	3	4	5
Export marketing planning skills	1	2	3	4	5
Export marketing implementation skills	1	2	3	4	5

(c)Informational competencies

Understanding overseas customer requirements	1	2	3	4	5
Establishing and maintaining close supplier relationships	1	2	3	4	5
Establishing and maintaining close overseas distributor relationships	1	2	3	4	5
Identification of prospective customers	1	2	3	4	5
Capturing important market information	1	2	3	4	5
Acquiring export-market related information	1	2	3	4	5
Making contact in the export market	1	2	3	4	5
Monitoring competitive products in the export market	1	2	3	4	5

PART IV: EXPORT MARKETING STRATEGY

18. The questions in this section are based on the export marketing strategy of your company. Please indicate the extent to which the following aspects differ in the domestic and export markets of your company by **CIRCLING** the number from **1 to 5** that best represents your choice. Using the scale below:

1=Very different	**2** =Different	**3**=Moderately different	**4**= Similar	**5** =Very similar

Product Strategy

Product quality	1	2	3	4	5
Product design	1	2	3	4	5
Product warranties	1	2	3	4	5
Product labeling	1	2	3	4	5
Product's brand name	1	2	3	4	5

Pricing Strategy

Price discount policy	1	2	3	4	5
Margins	1	2	3	4	5
Credit concession	1	2	3	4	5
Determination of pricing strategy	1	2	3	4	5

Distribution Strategy

Channels of distribution	1	2	3	4	5
Control over distribution channels	1	2	3	4	5
Transportation strategy	1	2	3	4	5
Budget for distribution	1	2	3	4	5

Promotion Strategy

Advertising and promotion budget size	1	2	3	4	5
Advertising and promotion content	1	2	3	4	5
Advertising media strategy	1	2	3	4	5
Sales promotion tools	1	2	3	4	5
Advertising theme/message	1	2	3	4	5

PART V: ENTREPRENEURIAL ORIENTATION

19. Please indicate your level of agreement or disagreement to the following statements by **CIRCLING** the number that best represents your choice, using the scale below:

1=Extremely not true	**2**= Somewhat not true	**3**= Not sure	**4**= Very true	**5**=Extremely true

Proactiveness

We normally initiate changes upon which our competitors react	1	2	3	4	5
We are very often the first to introduce new products/services	1	2	3	4	5
We normally try to avoid open competition	1	2	3	4	5

Innovativeness

We strongly emphasize research and development, technology leadership and innovation	1	2	3	4	5
We are among the first to implement innovative production processes	1	2	3	4	5
We always search for new practices all the time	1	2	3	4	5
We actively observe and adopt the best practices in our sector	1	2	3	4	5

Risk Taking

We have a strong tendency toward projects with low risk	1	2	3	4	5
In our business, fearless measures are needed to be successful	1	2	3	4	5
In our business, it's better to explore it gradually to be successful	1	2	3	4	5

PART VI: EXPORT PERFORMANCE

The intention of this section is to obtain your opinions, feelings, or beliefs about the export performance of your firm.

20. Please indicate the extent to which the following statements are true of your firm's achievement on exporting objectives, ***over the last 3 years***. Please **CIRCLE** as appropriate, using the scale below:

1=Extremely not true	**2**=Somewhat not true	**3**=Not sure	**4**= Very true	**5** =Extremely true

Strategic export performance

Exporting has improved the firm's international competitiveness	1	2	3	4	5
Exporting has strengthened the firm's strategic position	1	2	3	4	5
Exporting has significantly increased the firm's international market share	1	2	3	4	5

Financial Export Performance

Overall, exporting has been very profitable for this firm	1	2	3	4	5

Through exporting, the firm has generated a high volume of sales	1	2	3	4	5
The firm's exports have achieved rapid growth	1	2	3	4	5

Management's satisfaction with export performance

Overall, the firm's export ventures have been successful	1	2	3	4	5
Our export ventures have fully met our expectations	1	2	3	4	5

21. How does your company intend to improve its export performance in the next 3-5 years?

.....

.....

.....

Please indicate the name, title and address of the person in your organization to whom our report on this survey should be sent:

Name.....*Title*.....*E-mail*.....

Postal address.....*Thank you for your time*

Levi Kabagambe Bategeka (**256772405563/Email: Lkabagambe@mubs.ac.ug**
Lecturer- MUBS & Ph.D Candidate

Appendix II: Request Letter to Collect Data

Levi Kabagambe Bategeka
University of Nairobi
P.O BOX 30197-00100
NAIROBI
Mobile: +256772405563/+254712400329
Email: Lkabagambe@mubs.ac.ug/atwooki2006@yahoo.com

The Managing Director/CEO
.....
.....

Dear Sir/Madam

RE: PERMISSION TO CONDUCT PhD. RESEARCH IN YOUR FIRM

I am a PhD (Business Administration) candidate at the University of Nairobi, School of Business. As part of the requirements for the award of the Degree, one is expected to undertake a research study. To this regard, a study titled: **"The Effect of Selected Firm Factors on Export Performance of Small and Medium Manufacturing Firms in Uganda"** has been commissioned.

Since your firm is part of the population of interest, we hereby request your participation in the study by filling the attached Questionnaire. The information gathered will strictly be used for Academic purpose only. Further, a copy of the final report will be sent to all participating firms at no charge.

Thank you in advance for your co-operation

Sincerely,

.....
Levi Kabagambe Bategeka

Appendix III: Recommendation Letter from UEPB

UGANDA EXPORT PROMOTION BOARD
Established by Parliamentary Statute No 2 of 1996

Plot 22 Entebbe Road
Conrad Plaza 5th Floor
P.O.Box 5045
Kampala
Uganda

Tel 256 414 230250
256 414 230233
256 414 259779
Fax 256 414 259779
Telex: 61391
E-mail uepc@starcom.co.ug
www.ugandaexportsonline.com

Our Ref UX/1/1

06th June, 2011

The Export Manager
Phenix Logistics Ltd.
KAMPALA

20 06 2011

Dear Sir/Madam

RECOMMENDATION TO CONDUCT A Ph.D ACADEMIC RESEARCH IN YOUR ORGANISATION

Elyetu Emmanuel is collecting data on behalf of Levi Kabagambe a lecturer at Makerere University Business School and the candidate pursuing a PhD in Business Administration at the University Of Nairobi School Of Business

As part of the requirements for the fulfillment of the award, one is expected to undertake a research study To this regard the candidate's study is titled **"Selected firm factors influencing export performance of Manufacturing Exporters in Uganda"**.

Your organization has been selected as part of the population of interest The Team Leader has contacted Uganda Export Promotion Board (UEPB) for recommendation as assurance that the information gathered will strictly be used for academic purpose only However, a copy of the final report will be provided to UEPB for future planning use Other copies will also be sent to each participating firm at no charge

As you may be aware, it is in very few instances that such a high level of research is undertaken in Uganda on the manufactured exports Our hope is therefore that you provide him with the necessary cooperation to carry out this study

Yours faithfully

0755526549
Elyetu Emmanuel

Florence Kala (Mrs)
EXECUTIVE DIRECTOR

Appendix IV: Cronbach Alpha (α) Coefficients

Construct	Pre-test		Final study	
	Number of scale items	Cronbach alpha (α)	Number of scale items	Cronbach alpha (α)
Objective management characteristics	7	N/A	7	N/A
Demographic firm characteristics	7	N/A	7	N/A
Subjective managerial characteristics	12	0.8338	12	0.8404
Firm competencies	29	0.9408	21	0.9426
Entrepreneurial orientation	10	0.8848	10	0.6787
Export marketing strategy	18	0.9087	18	0.9057
Export performance	8	0.8629	8	0.9082

Source: Research Data

Appendix V: Assessment of Common Methods Variance

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	13.443	19.483	19.483	13.443	**19.483**	19.483
2	8.392	12.163	31.646	8.392	12.163	31.646
3	4.503	6.526	38.172	4.503	6.526	38.172
4	4.213	6.106	44.278	4.213	6.106	44.278
5	3.573	5.178	49.456	3.573	5.178	49.456
6	2.643	3.831	53.287	2.643	3.831	53.287
7	2.349	3.404	56.691	2.349	3.404	56.691
8	2.181	3.161	59.852	2.181	3.161	59.852
9	2.042	2.960	62.813	2.042	2.960	62.813
10	1.852	2.684	65.496	1.852	2.684	65.496
11	1.688	2.446	67.942	1.688	2.446	67.942
12	1.540	2.232	70.174	1.540	2.232	70.174
13	1.417	2.053	72.228	1.417	2.053	72.228
14	1.312	1.902	74.129	1.312	1.902	74.129
15	1.253	1.816	75.946	1.253	1.816	75.946
16	1.086	1.574	77.520	1.086	1.574	77.520
17	1.044	1.513	79.032	1.044	1.513	**79.032**
18	.995	1.441	80.474			
19	.886	1.284	81.758			
20	.821	1.190	82.948			
21	.818	1.185	84.134			
22	.767	1.112	85.245			
23	.748	1.084	86.330			
24	.650	.943	87.272			
25	.605	.876	88.148			
26	.576	.834	88.983			
27	.521	.755	89.738			
28	.510	.739	90.477			
29	.459	.666	91.143			
30	.435	.630	91.773			
31	.431	.625	92.398			
32	.416	.602	93.000			
33	.399	.578	93.578			
34	.392	.569	94.147			
35	.337	.488	94.635			
36	.319	.463	95.098			
37	.312	.453	95.551			
38	.282	.409	95.960			
39	.258	.375	96.335			

40	.231	.335	96.669

Continuation of Appendix V

41	.222	.322	96.991
42	.208	.302	97.293
43	.198	.287	97.580
44	.170	.246	97.826
45	.166	.241	98.067
46	.157	.228	98.295
47	.145	.210	98.504
48	.126	.183	98.687
49	.122	.176	98.863
50	.110	.159	99.022
51	.092	.134	99.155
52	.088	.128	99.283
53	.081	.117	99.401
54	.067	.096	99.497
55	.056	.081	99.578
56	.052	.075	99.654
57	.044	.064	99.718
58	.036	.053	99.770
59	.030	.043	99.813
60	.027	.039	99.852
61	.024	.035	99.887
62	.020	.028	99.916
63	.017	.024	99.940
64	.014	.021	99.961
65	.012	.017	99.978
66	.007	.010	99.988
67	.005	.007	99.995
68	.003	.004	99.999
69	.001	.001	100.000

Extraction Method: Principal Component Analysis.

Appendix VI: Convergent and Discriminant Validity Test

Variable	1	2	3	4	5	6	7	8	9	10	11	12	13
Subjective aggressive	**.70**												
Subjective reactive	.453(**)	**.89**											
Subjective survival	.436(**)	.408(**)	**.86**										
proactiveness	.001	.258(*)	.236(*)	**.95**									
innovativeness	-.113	-.064	-.104	-.023	**.74**								
Risk taking	-.057	-.041	-.007	-.037	-.210	**.71**							
Info. competencies	.397(**)	.229(*)	.321(**)	.059	-.085	.195	**.71**						
Marketing and sales competencies	.499(**)	.209	.321(**)	-.109	-.125	.159	.704(**)	**.71**					
Production competencies	.433(**)	.296(**)	.365(**)	.126	-.007	.141	.571(**)	.625(**)	**.67**				
Production strategy	.012	-.045	.120	.097	.070	-.023	.075	.116	-.038	**.79**			
Pricing strategy	.047	.095	.319(**)	.009	-.069	-.038	.075	.178	.066	.362(**)	**.78**		
Distribution strategy	-.117	-.028	.023	.011	.022	.074	-.104	-.015	-.033	.298(**)	.554(**)	**.71**	
Promotion strategy	-.133	.041	.291(*)	.098	.044	-.065	.047	.084	.077	.325(**)	.471(**)	.537(**)	**.76**

**. Correlation is significant at the 0.01 level (2-tailed); *. Correlation is significant at the 0.05 level (2-tailed). Note: The boldface figures represent the square root of the AVE figures. They should be higher than the correlation figures.

Appendix VII: Principal Components Analysis of Subjective Managerial Characteristics

Objective Managerial Characteristics items	Component		
	OMC1	OMC2	OMC3
To take advantage of government incentives for exporting	**.744**	.236	.007
Management commitment to exporting	**.742**	.074	.353
Product uniqueness	**.733**	.012	.214
Competitive price advantage	**.560**	.541	.040
Overcoming competition in the local market	.091	**.907**	.195
Keeping pace with local competition	.140	**.875**	.221
Increasing yearly sales	.122	.213	**.879**
Increasing the growth of the firm	.258	.176	**.841**
Eigen values	3.550	1.227	1.048
% of variance	44.372	15.335	13.098
Cumulative %	44.372	59.707	72.805

Extraction Method: Principal Component Analysis.

Kaiser-Meyer-Olkin (KMO) sample adequacy measurement: 0.737. Bartlett's Test of Sphericity: 223.304. Significance: 0.000. Note: The boldface figures represent item loadings on their associated factors. They should be higher than 0.5.

Appendix VIII: Principal Components Analysis of Firm Competencies

Firm Competencies items	Component		
	FC1	FC2	FC3
Acquiring export-market related information	**.810**	.336	.053
Understanding overseas customer requirements	**.799**	.205	.206
Capturing important market information	**.753**	.356	.063
Establishing and maintaining close supplier relationships	**.752**	.149	.191
Establishing and maintaining close overseas distributor relationships	**.702**	.249	.214
Identification of prospective customers	**.641**	.257	.263
Making contact in the export market	**.625**	.470	.273
Monitoring competitive products in the export market	**.557**	.424	.264
Export marketing implementation skills	.334	**.770**	.248
Export marketing planning skills	.387	**.767**	.146
Managing export distribution channels	.335	**.756**	.164
Export market research skills	.315	**.740**	.115
Abilities in managing export marketing communications	.244	**.675**	.282
Export pricing abilities	.135	**.670**	.276
Capabilities of the firm's export sales force	.266	**.611**	.359
Product quality	.203	.166	**.746**
Product uniqueness	.019	.115	**.707**
Developing products according to customers specifications	.314	.237	**.663**
Range of products offered on the export market	.335	.096	**.652**
Quality control process	.037	.356	**.643**
Development of new products for export customers	.256	.405	**.590**
Eigen values	9.985	1.843	1.388
% of variance	47.548	8.777	6.609
Cumulative %	47.548	56.325	62.934

Extraction Method: Principal Component Analysis.

Kaiser-Meyer-Olkin (KMO) sample adequacy measurement: 0.880. Bartlett's Test of Sphericity: 1039.756. Significance: 0.000. Note: The boldface figures represent item loadings on their associated factors. They should be higher than 0.5.

Appendix IX: Principal Components Analysis of Entrepreneurial Orientation

Entrepreneurial Orientation items	Component		
	EO1	EO2	EO3
We are among the first to implement innovative production processes	**.864**	.008	-.066
We are very often the first to introduce new products/services	**.755**	-.212	.293
We strongly emphasize R&D, technology leadership and innovation	**.731**	.451	.055
We always search for new practices all the time	**.716**	.511	-.078
We normally initiate changes upon which our competitors react	**.704**	.127	-.278
We actively observe and adopt the best practices in our sector	**.634**	.623	-.080
In our business, it's better to explore it gradually to be successful	-.185	**-.727**	-.055
In our business, fearless measures are needed to be successful	-.098	**.701**	.092
We normally try to avoid open competition	-.048	.139	**.945**
Eigen values	3.913	1.405	1.029
% of variance	43.4769	15.612	11.429
Cumulative %	43.4769	59.088	70.517

Extraction Method: Principal Component Analysis.

Kaiser-Meyer-Olkin (KMO) sample adequacy measurement: 0.796. Bartlett's Test of Sphericity: 283.401. Significance: 0.000. Note: The boldface figures represent item loadings on their associated factors. They should be higher than 0.5.

Appendix X: Principal Components Analysis of Export Marketing Strategy

Export Marketing Strategy items	Component			
	EMS1	EMS2	EMS3	EMS4
Product design	**.873**	.116	.009	.149
Product quality	**.858**	.017	-.091	.064
Product's brand name	**.789**	.196	.265	-.096
Product warranties	**.716**	-.028	.193	.253
Product labeling	**.703**	.343	.230	.001
Advertising media strategy	-.033	**.827**	.043	.275
Advertising and promotion content	.184	**.787**	.340	-.002
Advertising theme/message	.354	**.746**	.215	.110
Advertising and promotion budget size	.012	**.724**	.194	.273
Sales promotion tools	.197	**.693**	.062	.433
Determination of pricing strategy	.084	.269	**.814**	.070
Credit concession	-.029	.191	**.783**	.120
Price discount policy	.241	.021	**.773**	.363
Margins	.196	.144	**.756**	.249
Transportation strategy	.038	.233	.108	**.825**
Channels of distribution	.044	.160	.208	**.819**
Control over distribution channels	.184	.282	.340	**.616**
Budget for distribution	.194	.367	.409	**.522**
Eigen values	7.118	2.581	1.731	1.360
% of variance	39.542	14.339	9.615	7.558
Cumulative %	39.542	53.881	63.497	71.054

Extraction Method: Principal Component Analysis.

Kaiser-Meyer-Olkin (KMO) sample adequacy measurement: 0.791. Bartlett's Test of Sphericity: 782.115. Significance: 0.000. Note: The boldface figures represent item loadings on their associated factors. They should be higher than 0.5.

Appendix XI: Communalities of Export Performance Extracted

Export Performance items	Communalities
Exporting has improved the firm's international competitiveness	**0.558**
Exporting has strengthened the firm's strategic position	**0.683**
Exporting has significantly increased the firm's international market share	**0.524**
Overall, exporting has been very profitable for this firm	**0.587**
Through exporting, the firm has generated a high volume of sales	**0.664**
The firm's exports have achieved rapid growth	**0.726**
Overall, the firm's export ventures have been successful	**0.651**
Our export ventures have fully met our expectations	**0.494**
Eigenvalues	4.889
% of variance	61.109
Cumulative %	61.109

Extraction Method: Principal Component Analysis.

Kaiser-Meyer-Olkin (KMO) sample adequacy measurement: 0.862. Bartlett's Test of Sphericity: 354.047. Significance: 0.000. Note: The boldface figures represent item loadings on their associated factors. They should be higher than 0.5.

Appendix XII: Export Performance improvement proposals

S/N	Export improvement proposal	Key themes(s)
1	Open outlets in various outlets	Distribution adaptation
2	Participate in trade fairs and exhibitions	Marketing competencies
3	Create awareness of products before export	Promotion adaptation
4	New technology products	Production competencies
5	• Value addition • new product development • reduce cost of production • new potential markets	Production competencies Product Market diversification
6	• Visiting neighboring countries • creating product awareness	Market visits Promotion
7	• Make products in line with customer requirements • Good pricing	Production competencies Pricing adaptation
8	• value addition • trade fairs	Product adaptation Marketing competencies
9	Improve distribution management	Distribution
10	*"Taking advantage of the opening of regional markets to an extent will cushion us from the competition"*	Market diversification
11	• meeting buyer expectations • reaching farmers at the grass roots • provide good customer service	Marketing competencies
12	• premium pricing • value addition to export markets • "adopt international markets researches and get involved too"	Pricing adaptation Product adaptation Informational competencies
13	*"We are going to deploy men in different countries who understand the business environment who can win and hold the confidence of their trade and will never lose a customer once gained"*	Marketing competencies
14	• Focus more on export clients • working out logistics challenges • increase "footsteps" in East Africa	Marketing competencies
15	• explore new markets • product development to customer needs	Market diversification Product adaptation
16	• customizing the communication programme • widening distribution channels in export markets	Promotion adaptation Distribution adaptation

17	Customer engagement	Marketing competencies
18	• reduce cost of production • new product development • increase market share	Production competencies Product adaptation
19	• product quality • volume sales	Product adaptation
20	• Better quality products • reasonable pricing	Product adaptation Pricing adaptation
21	• introduction of new products on markets • maintaining quality products	Product adaptation
22	Better products than competitors	Product adaptation
23	• improvement in distribution channels • product competitiveness • pricing policy	Distribution adaptation Pricing adaptation
24	Increase production	Production competencies
25	Market products through "trade shows" and "traveling"	Marketing competencies
26	Increase production to serve both local and internal markets	Production competencies
27	• Increase export volume • search for more markets in the east Africa region, and DRC	Market diversification
28	• product development to meet customer needs • customer care	Product adaptation Marketing competencies
29	Export semi processed products	Product adaptation
30	• Expand into new products • Introduce new brands	Market diversification Product adaptation
31	"Vigorous strategic planning so as to exploit available incentives offered", said a one consumer goods manufacturing exporter.	Strategic planning
32	Ware houses to produce for export	Production competencies
33	Open a depot in southern Sudan	Distribution adaptation
34	• Diversification of product range • Diversification of quality • Investment in modern technology machines	Product adaptation Production competencies
35	• More market research • Appropriate sales promotion schemes	Information competencies Promotion adaptation
36	• Market development • Product development	Market diversification Product adaptation
37	• Opening depots in target markets	Distribution adaptation

	• Advertising strategies	Promotion adaptation
38	• Producing good quality products • Increased production to meet customer demands • Networking and communication	Product adaptation Production competencies Information competencies
39	• Achieving more product certifications in different countries • Establishing bigger team dedicated to the export market • Gathering more market information to help design products which satisfy the different market needs for different countries	Product adaptation Marketing competencies Information competencies
40	Increased visibility	Marketing competencies
41	Participate in ***trade shows*** within East Africa and other neighboring markets	Marketing competencies
42	Expand to more countries	Market diversification
43	• Introduce new markets • Sub contracting to control costs	Market diversification Marketing competencies
44	Getting more buyers in other countries	Market diversification
45	Further market contact to increase market sales	Market diversification
46	More customers to increase export volumes	Market diversification
47	• Value addition • Continuous improvement in quality management systems • Branding products	Product adaptation
48	Improving product quality	Product adaptation
49	• Improving product quality • On time delivery	Product adaptation Distribution adaptation
50	Improving raw material purchasing techniques	Production competencies
51	• Innovative approaches • Management perfection • Productivity improvement • Cost cutting	Production competencies
52	• Increase cost effectiveness • Improve market share	Marketing competencies Pricing adaptation
53	• Strategic planning • Implore on high technology	Production competencies
54	• Increase cost effectiveness • Improve market share	Marketing competencies Pricing adaptation

55	Increase production capacity	Production competencies
56	Offer financial support to suppliers to provide the firm with enough raw materials to increase production and meet customer orders	Production competencies
57	• Improve on market research • Widen variety of products • Increase promotions and advertising	Information competencies Product competencies Promotion competencies
58	Enhance marketing strategies	Marketing competencies
59	Increase export volume	Production competencies
60	Improve on processing technology to increase output	Production competencies
61	• More distribution out lest • Product range diversification to serve the unique tastes and requirements of the countries served	Distribution adaptation Product adaptation
62	Maintaining quality standards	Product adaptation
63	Use web site for marketing	Marketing competencies

Summary of Responses

Category of proposal	**Number of proposals (and as a % of total)**
Product related strategies	**21 (26.25%)**
Pricing related strategies	6 (7.5%)
Distribution related strategies	7 (8.75%)
Promotion related strategies	6 (7.5%)
Production/manufacturing related strategies	**17 (21.25%)**
Marketing and sales related strategies	**17 (21.25%)**
Information/research related strategies	6 (7.5%)
Total	**80**

Source: Research Data

Appendix XIII: List of Small and Medium Firms

1	Africa Metals Ltd.
2	Alpha Woollens (U) Ltd.
3	Aman Industries Ltd.
4	Anatolia Enterprises Ltd.
5	Arinaitwe Peace
6	B. M. Investments Limited
7	Balaji Group (E.A.) Ltd.
8	Blue Wave Beverages Ltd.
9	Brand Active (U) Ltd.
10	Btl International Ltd.
11	Craftin (U) Ltd.
12	Crown Berger (U) Ltd.
13	Crown Buildings & Products Ltd.
14	Dairibord Uganda Ltd.
15	Dawbro (U) Ltd.
16	East Africa Metals Recycling Ltd.
17	East African Portland Cement
18	Engineering Solutions (U) Ltd.
19	Euralumin Limited
20	Euroflex Ltd.
21	Euroflex Ltd.
22	Ex-Ken (U) Ltd.
23	Faith Fashion Solutions Enterprises
24	Femet (U) Ltd.
25	Fresh And Frozen Ltd.
26	Gendelanda International Ltd.
27	General Mouldings (U) Ltd.
28	Good Food East Africa Ltd.

29	Great River Commodities Ltd.
30	Great Seas (U) Ltd.
31	Gulf Resources Uganda Ltd.
32	Guru Nanak Oli Mills
33	Haremath Metal Products And Construction Company Ltd.
34	Henkel Polymer Co. (U) Ltd.
35	Hitech Metal Ind. Ltd.
36	House Of Eden (U) Ltd.
37	International General Merchants Ltd.
38	International Manufacturing & Marketing Ltd.
39	International Manufacturing & Marketing Ltd.
40	Isopack (U) Ltd.
41	Kakira Sugar Works (1985) Ltd.
42	Karungi Patience
43	Kasozi & Family Microprocessors
44	Kikagate Traders
45	Kingstone Enterprises Ltd.
46	Kinyara Sugar Ltd.
47	Korica (U) Ltd.
48	Lagoon Trading Limited
49	Lamy (U) Ltd.
50	Landy Industries Ltd.
51	Lithos Uganda Limited
52	Luuka Plastics Limited.
53	Lweza Clays Ltd.
54	M.M.S Aluminium Works
55	Mabale Growers Tea Factory Ltd.
56	Mafuco (U) Ltd.
57	Masomo Industries (U) Ltd.

58	Mediaflower Uganda Ltd.
59	Minmax Uganda Ltd.
60	Mityana Fruits & Crops Initiative (Mfci) Ltd.
61	Modern Steel International Ltd.
62	Mount Meru Millers (U) Ltd.
63	Movit Products Ltd.
64	Mukono Industries (U) Ltd.
65	Multiline International Ltd.
66	Mutec Spunpipe Const. Co. Ltd.
67	N.C. Beverages Ltd.
68	Nabu International Co. Ltd.
69	Nadasti Ltd.
70	Nakivubo Road Western Transporters & Distributors Ltd.
71	New Vision Printing & Publishing Co. Ltd.
72	Panda & Lion King International Co. Ltd.
73	Papco Industries Ltd.
74	Parambot Breweries Ltd.
75	Plastic Recycling Industries (U) Ltd.
76	Pramukh Polybag Ltd.
77	Pramukh Steel Ltd.
78	Quality Parts Co. Ltd.
79	Quality Plastics Ltd.
80	Quality Suitcases Investments Co. Ltd.
81	Quick Color Print Ltd.
82	Rama Nand And Company Limited
83	Ritver Paints Ltd.
84	Riyaaska International Ltd.
85	Rofra Export Agencies Ltd.
86	Rwenzori Beverages Co. Ltd.

87	S. S. V. Alloys (Uganda) Ltd.
88	Samona Products Ltd.
89	Shumuk Aluminium Ind. Ltd.
90	Solar Construct Ltd.
91	Song Industrial Limited
92	Spa Packaging (U) Ltd.
93	Star Café Ltd.
94	T.D.K Foods Ltd.
95	Tarpo Industries (U) Ltd.
96	Tembo Steels (U) Ltd.
97	Tian Tang Group
98	Tulja Enterprises Ltd.
99	Turquaz Home Decoration Ltd.
100	Uchumi Commodities
101	Uganda Future Metals Ltd.
102	Uganda Leaf Tobbaco Co. Ltd.
103	Ugasa Coatings Ltd.
104	Uki Uganda Limited
105	Vaselux International Ltd.
106	Vivian Metal Projects Ltd.
107	Zen Trading Ltd.

Source: Uganda Export Promotion Board (UEPB) 2010 Exporters Register.