

EXPORT MARKET ORIENTATION, INNOVATION AND PERFORMANCE OF FRUIT EXPORTING FIRMS IN UGANDA

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Abstract

The purpose of this study was to investigate the impact of export market orientation, innovation on the export performance of fruit exporting firms in Uganda. The study was prompted by the fact that Uganda's fruit exports were growing marginally when compared to other fruit exporting countries in the COMESA region. And it wasn't clear whether this trend could be attributed to low levels of export market orientation and innovativeness that seemed to characterise most of the fruit exporting firms in Uganda, besides research on export market orientation, innovation and export performance is disappointingly scarce in Uganda. Therefore, a quantitative cross sectional research design was adopted to undertake the study. A field study using simple random sampling was used to select a sample of 56 firms whose 3 top executives were key informants. Correlation analysis was carried out on the study and the findings revealed a significant positive between innovation, market orientation and export performance of fruit exporting firms in Uganda which confirmed earlier submissions by previous researchers. However when a regression model was conducted, it was observed that innovation was a significant predictor of export performance while export market orientation wasn't. It was therefore recommended that fruit exporting firms in Uganda should focus more on innovation if they are to enhance their export performance.

Keywords: Export market orientation, innovation, export performance

Introduction

With the intensifying globalization of world economies, a good number of firms especially from developing countries have resorted to exporting as an essential activity for their future growth, profitability and survival (Sousa & Alserhan, 2002; Leonidas, 1995). This is mainly because exporting offers the simplest and cheapest means to expand and access foreign markets compared to other forms of international involvement such as joint ventures and overseas production (Tesform & Lutz, 2006; Bo, 2006; Morgan, 1997). However, the foreign markets are associated with a lot of uncertainty which necessitates firms to acquire export market information/ intelligence concerning competitors, customers, prices, technology and government regulations, disseminate this information and act upon it (Bozic, 2006; Salavou, 2002; Sanjeev, Krishna & Chekitan, 2003; Codogan, Cui & Yeung, 2003; Jasmine and William, 2005). This behavior has widely been conceptualized by authors such as Codogan (2003); Alhakimi & Baharun (2009); Okpara (2009); Kohil & Jaworski (1993); Narvar & Slater (1999) and Sorensen (2005) as export market orientation. Accordingly, Cadogan, Cui & Li (2003); Zeljko (2007); Mehmet (2008); Hoq, & Norbani (2009) observe that with the adoption of market oriented behaviors, firms are able to generate information that is particularly important for their innovativeness as it helps them to come up with new and modified products, ideas, processes, and subsequently enter into new markets

The increasing demand of both fresh and dried fruits in most developed countries such as USA and the EU has resulted into increased fruit exports from developing countries including those from the COMESA region (Uganda, Kenya, Egypt, Swaziland, Ethiopia and Zimbabwe). Uganda as a country for example experienced a steady growth of its fruit exports from \$670,000 in 2002 to US \$ 1.9m in 2007 (UEPB, 2008). However this growth is still marginal compared to other fruit exporting countries in the COMESA region such as Egypt, Zimbabwe, Swaziland and Ethiopia whose export values in 2006 were \$261, 930m, \$236,575m , \$16,471 m, \$8,594m contributing to around 7.9%, 0.55%, 0.29% 0.01% respectively to the total world fruit exports (Trade Map, 2007). This upward trend in fruit exports has largely been attributed to the efforts that have been made by the fruit exporting firms not only to engage in information gathering and research that has enabled them to have a clear understanding of the needs of their customers but also the adoption of new production processes, methods and technology which has enabled them to compete favourably with other leading fruit exporting countries such as south Africa, China, Chile, Colombia and Mexico (East African Business Week, 2008).

Whereas the growth in Uganda's fruit exports is undisputable, most of the exporting firms still export raw, unprocessed fruits with little emphasis on value addition (Lyattu, 2009, Namasinga, 2008). In addition, they lack improved storage, handling and transportation facilities that are critical in ensuring that fruits travel long distances and still maintain their freshness (Lyattu, 2009) Besides, most of them rarely engage in information search about the requirements of their foreign customers (Obura, Mayanja, Ikojo, and Cloete, 2007). As such Uganda's fruit export value that could have more than doubled seem to be growing at a slow rate and this has affected Uganda's ability to tap into the estimated US \$1.2 billion global fruit market (Uganda Export Promotions Board, 2008).

Though the above scenario, tend to point towards lack of export market orientation and low levels of innovation among Uganda's fruit exporting firms, there is limited research that has been conducted to assess the relationship between export market orientation, innovation and export performance in Uganda, particularly within the fruit exporting firms. Hence, this research is intended to narrow the knowledge gap regarding this area.

Literature Review

Export performance

Export performance can broadly be defined as the outcome of a firm's activities in export markets (Muhammed & Saleem, 2008). Cadogan et al. (2003) define it as the firm's degree of economic achievement in its export markets. Whereas there is a growing body of literature regarding export performance, its conceptualization and subsequent operationalisation has remained a thorny issue in exporting literature (Diamantopoulos, 1999; Muhammad & Saleem, 2008; Vusi & Kamilla, 2002). Consequently, several conceptual contributions have appeared seeking to come up with dimensions and measures of export performance. Leonidou et al. (2002) have identified that export intensity, export sales growth, export profit level, export sales volume, market share, and export profit contribution are mostly used measures of export performance. Ayse & Akehurst (2003) observe that export performance of a firm can be measured by using subjective and objective measures since research shows that both yield consistent results (Hart & Banbury, 1994; Olipia et al. 2006). They noted that objective measures are concerned with absolute performance indicators whereas subjective are concerned with performance of a business in relation to its major competitors or relative to a company's expectations. From these submissions, it can be deduced that export performance is a multi-dimensional concept comprising of a firm's international sales, market share, profitability, growth and export intensity in relation to its competitors.

Export market orientation

Export market orientation remains one of the most recent concepts in international marketing as previous empirical studies of market orientation have been in the context of domestic markets (Olimpia, Chewit and Amonrant, 2007). However efforts have been made by authors such as Cadogan (2003) to integrate market orientation constructs such as market intelligence generation, market intelligence dissemination and responsiveness to market intelligence into international marketing hence the birth of export market orientation concept. Various definitions of Export market Orientation have been advanced by a number of authors. According to Mokhtar et al. (2009), export market orientation is the extent to which the marketing concept is implemented. It is an organizational culture dedicated to delivering superior customer value which must be manifested in the activities and processes of a firm (Sorensen, 2005; Slater & Narvar, 1998; Cadogan & Diamantopoulos and Mortanges, 1999). These activities according to researchers such as Teeuwesen, (2004); Mokhtar, Yusuf and Arshad, (2009) and Sanjeev (2003) Olimpia et al. (2007) Brendan and Graham (2002); Bozic (2006); Alhakim et al. (2009) (Okpara, 2009) involve the organization wide generation of market intelligence pertaining to current and future customer needs in the foreign market, dissemination of the market intelligence across departments, and organization-wide responsiveness to it.

Export market intelligence generation concerns the activities associated with generating information about the firm's export customers' current and future needs and wants, competition in the firm's export markets, and other exogenous factors such as technological and regulatory developments (Erdil, Oya and Keskin, 2004 Alhakimi& Baharun, 2009; Norzalita & Mohd (2010). *Export market intelligence dissemination* concerns the formal and informal information exchanges which allow the information generated to reach appropriate export decision-makers (Olimpia & Amonrat, 2006). The importance of market export market intelligence dissemination is to provide 'a shared basis for concerted actions' by different departments. It has been pointed out by various authors such as (Kohil & Jaworski, (1990); Alhakini & Baharun (2009) that the competitive advantage of a firm in international markets lies largely on the ability of the firm to disseminate information and not in its access or acquisition. *Responsiveness to market intelligence* encompasses the design and implementation of all responses to the export intelligence that has been generated and disseminated with in a firm (Dodd, 2005). In this regard, Toften & Olsen (2003) point out that one way of developing organizational knowledge is when information outside the company is acted on by integrating and incorporating it within the organization. In

agreement, Toften, (2005); Kohil & Jaworski (1990); Vyas & Souchon (2003) observe that for successful international operations firms need to act on the information that is normally acquired.

Innovation

Various arguments have been advanced by different authors to explain what constitutes innovation. For instance, Hurley et al.(1998) and Aranda et al. (2001) agree that innovation is the capacity to introduce new process, product, or idea in the organization while Bigliardi & Dormio (2009) define it as a process that involves generation, development and adaptation of novel ideas on the part of the firm. Aranda et al. (2001) argue that although innovation is usually associated with radical advances in products and productive configurations, most successful innovations are based either on accumulated effect of incremental changes of products, processes or on creative combination of already existing techniques, ideas or methods. In this regard, Mole & Worrall (2001) observe that innovation can either be radical or incremental where radical innovations are new technologies, processes or new products that fill needs perhaps not yet recognized while incremental innovations improves what already exists. Nguyen et al. (2009); Bigliardi et al. (2009) Miguel & Elena (2009); Bozic (2006); Salavou (2002). observe that innovation can be reflected in the extent to which a firm can introduce new product, new production processes, modify the existing products and exploit new territorial markets and segments within existing markets. Natalia et al. (2009) points out that a firm can opt to adopt all the above forms of innovation jointly or independently. However, they note that as the company opts to take on more types of innovation, it will assume increasingly higher levels of risk and commitment.

Export Market Orientation and Export Performance

Various authors continue to acknowledge that one route to superior export performance is by firms adopting market orientated behavior in their export activities (Codagan et al. 2003; Olimpia, Chawit and Amonrat, 2006; Brendan & Graham, 2002). In the studies addressing the influence of export market orientation on export performance, the prevailing view is that the relationship between these two variables is positive (Codagan et al. 2003, Akyol & Akehurst, 2003, Sanjeek et al. 2003, Dodd, 2005, Kropp et al. 2005; Kohli & Jaworski, 1990). In this respect, Akyol & Akehurst (2003) observed that firms which focus on generating export market information are in good position to perform better in their export markets than the non market oriented ones because they possess a greater understanding of their customer needs and preferences. As such, Hoq et al. (2009); Sanjeev et al. (2003); kropp

et al. (2005); Mehmet (2008) assert that these firms are likely to devise and adapt their products, services and processes that continue to meet the needs of the evolving market. In support of the above argument, Marisolvo (2010) asserts that the generation, analysis and dissemination of information about clients, competitors and technology exert a positive influence on company performance. Pitta & Richardson (2007) points out that companies that have a systematic process of market monitoring and market knowledge have the advantage of responding with greater speed and efficiency to market opportunities and threats which in turn culminates into continuous growth both in sales and profits that are necessary for firm survival.

Contrary to the overwhelming positive relationship, some authors have pointed out that there could be weak or no relationship between export market orientation and firms export performance (Dodd, 2005; Brendan et al. 2002; Simpson, & Baker, 1998; Mohd et al. 2009; Codogan et al. 2003). They argue that there are high costs associated with sustaining a market oriented behavior and this may outweigh the possible benefits to be gained by such firms. Also, Chao & Spillan (2010) suggest that market orientation is an inadequate prescription of organizational success since it ignores the creative abilities of the firm. Similarly, Stokes (2000) observed that successful firms tend to focus first on innovations to products and services, and later on customer needs as opposed to systematic information generation which may be costly and inadequate. Regardless of the arguments for and against, it should be noted that getting concrete information is essential in enhancing global competitiveness of firms operating beyond their national borders. However most firms from developing countries to which Uganda subscribes, lack the internal resources to acquire specific information related to their operations (Obura et al 2007; Tesfom and Litz, 2006).

H1; There is a positive relationship between export market orientation and export performance

Export Market Orientation and Innovation

It has been pointed by authors such as Bozic (2006); Hoq et al. (2009) and Salavou (2002) that there is a strong linkage between export market orientation and innovation. For instance Hoq et al (2009) view innovativeness as one of the core value-creating capabilities that drives the market orientation behavior. They propose that innovativeness is the medium for business success in the wake of appropriate intelligence gathering and decision making. As such, Henard & Szymanski (2001) speculate on a strong linkage between market orientation and innovativeness for achieving superior business performance outcomes. Sabri, Oya and Halit (2003) observed that firms have to pay more attention to the needs of

customers in the prevalent business environment through generating and responding to information in the target market place. This information is particularly important for firms which may wish to come up with new ideas, products, process and even modify the existing ones (Hoq, & Norbani (2009) Salavou (2002) acknowledges that innovativeness largely depends on the firm's willingness to adopt export market oriented strategies by generating relevant market information, disseminating the information and acting upon it. The rationale behind this is that market responsive firms display a higher commitment towards rapidly evolving customer needs and constantly seek to ensure their satisfaction by offering more radical product innovations (Pelham & Wilson, 1996). Such response leads to production of products with greater value to customers thus strengthening the firm's competitive position and ultimately resulting in higher levels of profits (Salavou, 2002; Elenal, 2009; Hurley & Hult 2004; Erdil 2004; Cordagan et al. 2003)

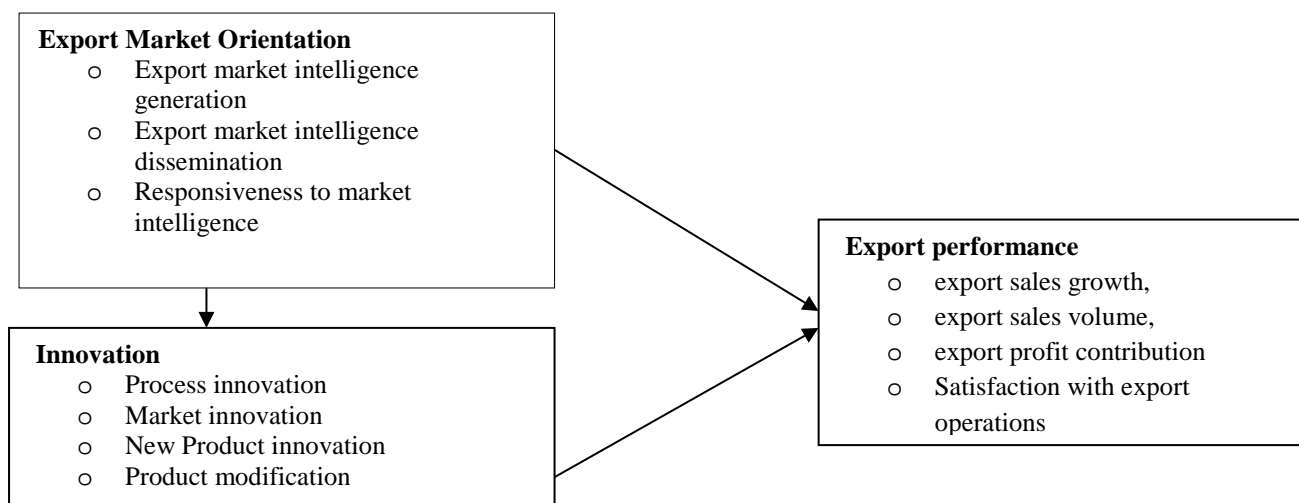
H2; Export market orientation is positively related to innovation

Innovation and Export Performance

Innovation refers to the firm's ability to quickly introduce new products and to adopt new processes into competitive markets (Guan and Ma, 2003). Numerous authors such as Freel (2000); Ussahawanitchakit (2007); Kirbach & Schmiedeberg (2006); Wright, Palmer & Perkins (2004); Simpson, Singuaw and Enz (2006) ,Rafeal and Ricardo (2007; Natalia & Ines (2005) have pointed out that innovation can affect firm's export performance both positively and negatively. For instance, Ussahawanitchakit (2007) argues that firms in foreign business markets have exploited innovative capabilities to learn how to thrive in rigorously competitive environments, sustain competitiveness, and achieve export growth and performance. Elena (2009) In relation, Aranda et al. (2001); Mahesh & Neelankavil (2008) argues that in today's competitive environment, innovation remains one of the most core value creation activities and a competitive weapon for firms operating in international business. Ussahawanitchakit (2007); Xayhone & Yoshi (2009) asserts that innovation has the capacity to increase and promote stronger export competitiveness that can ultimately lead to sustainable export performance. However, Ussahanitchakit (2007), Freel (2007) acknowledge that innovation is characterized by financial constraint that may erode the positive outcomes in the long run.

H3: Innovation positively affects export performance

Figure 1: Conceptual framework



A Model depicting the relationship between the study variables (adopted from literature review: (Bozic (2006); Ussahawaninitchakit (2007) Hoq, & Norbani (2009); Codagan et al. (2003))

Research Methodology

A cross sectional and quantitative research design was used to establish whether export market orientation and innovation enhance the performance of fruit exporting firms in Uganda. A correlation approach was employed to establish the relationship amongst the study variables. The total population consisted of 65 fruit exporting firms whose list was obtained from Uganda Export Promotions Board. The sample size consisted of 56 firms and this was established basing on Krejice and Morgan’s (1970) table for determining the sample size of a given population. These firms became the unit of analysis and three top managers from each firm became the unit of inquiry for this study. Both primary and secondary data sources were used. Secondary data was collected through the review of relevant literature, internet, export bulletins from Uganda export promotions board while primary data was obtained using a questionnaire. Primary data was collected through self administered structured and unstructured questionnaires. The questionnaire was carefully structured to facilitate maximum response. The questionnaire employed a five likert scale to elicit the degree of agreement or disagreement. All variable under study were measured using appropriate constructs as adopted from literature. The *Export market orientation* measures were adopted from Cadogan et al. (2003) who measured it using export market intelligence generation, export market intelligence dissemination and responsiveness to market intelligence. The questionnaire developed by Cadogan *et al.*, (2001) was utilized in this study as it is the most recent and significant attempt to measure firm’s export market oriented

behaviors. The questionnaire was modified to suit the existing conditions in Uganda. *Innovation* measures were adopted from Nguyen & Pham (2009); Birgliardi et al. (2009); Minguel et al (2009) who conceptualized it as to what extent processes innovations, new product innovations, product modifications are introduced in the company and how the existing products are modified to suit the export markets. A 5 point likert scale was used to determine the level of innovativeness with 1 “strongly disagree” and 5 “strongly agree” *Export performance* was measured using subjective measures of export sales growth, export profit contribution, export sales growth, competitive performance and satisfaction with export operations which adopted from authors such Ayse & Akehurst (2003); Olimpia, Chawit and Amonrat (2006); Toften & Olsen (2003). Subjective measures were used given the fact that most firms do not provide absolute figures of their performance. Cronbach’s Alpha for testing reliability of the research questionnaire was used and it was observed that the questionnaire items were reliable. The cronbach’s Alpha was above 0.600 which was satisfactory. The collected data was carefully scrutinized, cleaned, coded and analyzed. Data was extracted from questionnaires, entered into the computer using Epidata and analyzed using SPSS (statistical packages for social scientists). Data was manipulated using cross tabulations, regression and Pearson correlation coefficient. Cross tabulations were used to describe sample characteristics, multiple regression analysis was used to find out the predictive potential of independent variables (export market orientation and Innovation) on the dependent variable (Firm’s export performance) while Pearsons correlation was used to establish the relationship between the study variable

Data Analysis And Interpretation

This section presents the findings and the discussions of the study that is; background characteristics (Respondents and firm characteristics), correlations and regressions.

Background Characteristics

To present sample background characteristics, cross tabulations and frequency distribution were used to indicate variations of respondents by gender, level of education, company age, nature of exports and number of employees. The results are presented in the tables at the end of the paper.

Table 1: Background Characteristics (Characteristics of the respondents)

		Count	Percent (%)
Gender	Male	80	52.3
	Female	73	47.7
	Total	153	100.0
Level of education	Secondary	1	.7
	Diploma	5	3.3
	Degree	37	24.2
	Post Graduate	104	68.0
	Any Other	6	3.9
	Total	153	100.0

The findings revealed that 52.3% of the respondents were males while 48% of the total sample was females. The findings on the level of education of the respondents indicated that the majority of the respondents (68%) had attained a post graduate degree. These were followed by degree holders who constituted 24.2% of the total sample. 3.9% indicated that they had attained other qualifications like ACCA, CIM while the minority (3.3%) had at least a diploma.

Table 2: Firm characteristics

		Count	Percent (%)
Company Age	1-5 yrs	1	1.9
	6 - 10 yrs	4	7.5
	11 - 16 yrs	35	66.0
	Over 16 yrs	13	24.5
	Total	53	100.0
Number of employees	Less than 10	1	1.9
	11 – 30	3	5.7
	31 – 50	6	11.3
	51 – 100	43	81.1
	Total	53	100.0
Target Customers	International	6	11.3
	Both domestic and international	47	88.7
	Total	53	100.0
Nature of exports	Raw products	4	7.5
	Semi-processed products	42	79.2
	Processed Products	7	13.2
	Total	53	100.0

The findings on firm characteristics in the table 2 above revealed that the majority of the firms (66%) had been in existence for a period of between 11-16 years. These were followed by those that had existed for over 16 years (24.5%) while the minority had only

been in existence for a period between 1-5 years (1.9%)The findings also revealed that the majority of the firms (81.1%) employed between 51-100 workers. These were followed by those who had employed between 31-50 workers (11.3%) while the rest had employed between 11-30 workers (5.7%) and the minority (1.9%) had employed less than 10 employee. In addition, it was revealed that most firms (88.7) were targeting both domestic and international markets while 11.3% of the firms interviewed were targeting only international markets. On the nature of fruits being exported, it was revealed that the majority of the firms (79.2%) were exporting semi processed products. 13.2% of the firms indicated that they were exporting processed products while only 7.5% of the firms under investigations were still exporting row products. This is a clear indication that most of the fruit exporting firms in Uganda lack the capacity to export processed products and have only concentrated on the exportation of raw and semi- processed products. Probably this explains why there is a slow growth rate of Uganda’s fruit exports when compared to other fruit exporting countries such as South Africa, China and Mexico

Correlation Analysis

The results for the correlations were examined using the Pearson correlation coefficient (r). The study variables being examined were Export Market Orientation, Innovation and Export performance

Table 3: Correlation Analysis Results

	<i>Mean</i>	<i>SDev.</i>	1	2	3	4	5	6	7	8	9
Export market intelligence generation-1	4.37	0.57	1.000								
Export market intelligence dissemination-2	4.32	0.59	.251**	1.000							
Responsiveness to market intelligence-3	4.62	0.56	.283**	.212**	1.000						
Export Market Orientation-4	4.44	0.41	.722**	.702**	.698**	1.000					
Process innovation-5	4.30	0.45	.167*	.442**	.336**	.441**	1.000				
Market Innovation-6	3.90	0.65	.445**	.324**	.154	.437**	.243**	1.000			
New Product Innovations-7	4.30	0.41	.284**	.332**	.169*	.371**	.341**	.176*	1.000		
Innovation-8	4.10	0.44	.225**	.294**	.300**	.377**	.707**	.299**	.275**	1.000	
Export Performance-9	3.99	0.62	.285**	.368**	.186*	.396**	.454**	.440**	.219**	.370**	1.000

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

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

Export Market Orientation and Export Performance

It was observed that there is a significant positive relationship between export market orientation and firm's export performance ($r=.396^{**}$, $p<.01$) supporting H1. This implies that export market orientation can result into increased firm's export performance. These findings are consistent with the observations of Codagan et al (2003), Akol & Akehurst (2003), Sanjeek et al (2003), Dodd (2005), Kropp et al (2005) who observed that firms which focus on generating export market information are in good position to perform better in their export markets than the non market oriented ones as they possess a greater understanding of their customer needs and preferences.

Export Market Orientation and Innovation

The results in the table (3) indicate a positive and a strong relationship between the export market orientation and innovation ($r = .377^{**}$, $p<.01$) which supports H2. These results imply that if a firm adopts an export market oriented behavior i.e. generates export market intelligence/ information disseminates this information and responds or acts on this information it will enhance its innovativeness. This is consistent with Salavou (2002) Pelham and Wilson (1996) who observed that market responsive firm display higher commitment to offering radical product innovations.), Hurley and Hult (2004) also noted firms may need information to respond to customer needs and preferences by introducing new and modified products, systems and processes that offer more value.

Innovation and Export Performance

The results in table (3) further reveal a positive and strong relationship between innovation and firms export performance ($r=.370^{**}$, $p<.01$) supporting H3. This implies that if a firm is innovative i.e. being able to introduce new products, introduces new production processes, enter new markets or segments, there will be a corresponding increase its export performance. This is in agreement with Joaquin ,Rafeal & Ricardo (2007), Nguyen et al .(2009), Natalia & Ines (2005) who noted that innovative firm are likely to perform better than non- innovative firms mainly because through innovation, a company faces up to the changes in its marketing environment. Nguyen & Pham (2009) further support the existence of a strong positive relationship between innovation and firm's export performance by stressing that innovating firms have incentives to expand into other market which enable them to earn higher returns from their investment.

Regression Analysis

In order to determine how the study variables predict the dependent variable, a regression model was developed using a multiple regression analysis. This model was

adopted since there was more than one variable affecting the predictor. The regression model in the table below highlights the degree to which Export Market Orientation and the innovation can predict export performance

Table 3: Regression Analysis

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	.391	.497		.786	.433
Innovation	.651	.119	.458	5.465	.000
Export Market Orientation	.212	.124	.143	1.710	.089
Dependent Variable: Export Performance					
R Square	0.303		F Change	19.104	
Adjusted R Square	0.293		Sig. F Change	.000	

The regression results show that the goodness of fit is satisfactory (Adjusted R Square = .293), implying that export market orientation, innovation explain 29.3% of variations in the performance of the fruit exporting firms. Thus, about 70% of the performance in fruit exporting firms remains unexplained. It was also noted that the Innovation (Beta = .458) is generally more powerful at explaining Performance than Export Market Orientation (Beta = .143). However, the model also revealed that innovation is a significant predictor of export performance whereas export market orientation is not. This could possibly be explained by the assertions of Chao & Spillan (2010) who suggested that market orientation is an inadequate prescription of organizational success since it ignores the creative abilities of the firm. Stokes (2000) also observed that successful firms tend to focus first on innovations to produce products and services, and later on customer needs as opposed to systematic information generation which may be costly and inadequate.

Conclusion

Previous research has shown the importance of both export market orientation and innovation in influencing export success. The findings of this study have shown that export market orientation and innovation have a strong and positive relationship on export performance. Firms which are able to acquire, disseminate and act upon the information in the export markets are in greater position to perform better in export markets as they can be able to come up with innovative ideas, processes and products that meet the expectations of their target customers.

Implications

The study shows how innovation and market orientation are critical in enhancing export performance of fruit exporting firms in Uganda. Thus the firms should develop

competencies to ensure continuous generation of information to equip them with the necessary knowledge to address the dynamic competitive environment in the export markets. Clearly, the findings revealed that innovation predicts more of export performance among fruit exporting firms in Uganda. This is an indication that most firms value innovation more than systematic intelligence generation, dissemination and responsiveness the information generated. Whereas it may be important to innovate, it's important for firms in Uganda to consider generation of information since its one route that can ensure meaningful innovation, since they will be acting on an informed point of view on what customers really want. In addition, the research revealed that the majority of exporting firms still export raw and semi processed products, this could explain partly why they are underperforming in the export markets compared to their counterparts in countries such as South Africa Zimbabwe and Egypt. Therefore the need to acquire new and improved production processes is critical if the fruit exporting firms are to significantly compete on the world market.

Limitations And Areas For Future Research

Like any other research, this study had some limitations. For instance, the research was cross sectional in nature and did not capture the trends of change in export performance as a result of export market orientation and innovation overtime therefore a longitudinal study should be carried out to establish the trends of change on export performance as a result of innovation and export market orientation. Also, the sample represented only 56 firms situated in Kampala and neighboring districts of Wakiso and Mukono and this limits the extent to which the findings can be generalized to the whole Ugandan market. As such, research need to be carryout in other fruit exporting firms located throughout the country to be able to make a generalization of the situation in Uganda. In addition, measuring of export performance was based solely on the managers' perception (Subjective measures) therefore future research can be reinforced by considering the objective data of export performance and see if the same results could be obtained. Lastly, the research revealed a 29.3% predictive potential of export market orientation and innovation on export performance, it is very clear that there are other factors that were not part of this research that influence the export performance of fruit exporting firms in Uganda. Thus research should be carried out to establish other factors that could be influencing the performance of fruit exporting firms in Uganda.

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