

# **SYMBOLIC INFORMATION USE, MARKET SELECTION AND EXPORT PERFORMANCE; EVIDENCE FROM UGANDA COFFEE EXPORTERS**

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## **Abstract**

The purpose of this study is to establish the predictive potential of symbolic information use on the selection of export markets and export performance. Inspiration for the study was derived from the fact that one of Uganda's top export earners (coffee) is concentrated in few export markets, in which its contribution is marginal (insignificant). Results from a cross-sectional and quantitative study of coffee exporting firms in Uganda revealed that, the symbolic use of information and the selected export markets had the predictive potential of 50 percent of the export performance of these firms. There was a negative and significant relationship between the symbolic use of export information and the selection of export markets as well as a negative and significant relationship between the symbolic use of export information and the export performance of these firms.

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**Keywords:** Export Information Use, Export market selection, Export performance, International Business, Uganda

## **Introduction**

What if 37 percent of a nation's export earnings were dependent on one commodity and only two export markets? And regardless of the fact that these export markets collectively take up 45 per cent of the exports of the commodity; the nation's collective contribution is quite negligible to those export markets. The nation is Uganda, Coffee (non-

roasted and non-decaffeinated) is the product, and Germany and Switzerland are the export markets (International Trade Center, 2009)

To Uganda, which is a developing country, proceeds from exporting are viewed as a vehicle for economic growth and therefore the need to guarantee sustainability (Khalil, Ghazi and Muhammed, 2012). Trade flow information shows that the bulk of Uganda's coffee exports is concentrated in a few markets. Switzerland (25.8 %) closely followed by Germany (20.4%), however, in those markets, Uganda's coffee exports are facing stiff competition and its contribution is quite negligible. For instance, in the German market, Uganda ranks 9<sup>th</sup> as a supplier and only contributes 3.2% of Germany's total imports of coffee. Brazil, Viet Nam and Peru dominate the German market and they collectively contribute over 50 percent of the coffee imports. In Switzerland, Uganda ranks 13<sup>th</sup> as supplier of coffee and only contributes 0.5 percent of Switzerland's total imports (International Trade Center, 2009)

Whereas Uganda coffee exporters are tapping into some of the most lucrative markets worldwide (Germany and Switzerland), Trends in export flows indicate that other less competitive markets are emerging in which Uganda could increase their markets share both in volume and value. These include Costa Rica and Thailand (growing at 182% and 338% respectively) and others that are geographically close to Uganda are Mozambique and Madagascar (growing at 192% and 154% respectively).

The importance of actual and appropriate use over acquisition has been explicitly expressed in export information use literature (Vyas and Souchon, 2003; Toften and Rustad, 2004). So far, comprehensive literature on information use has been decomposed into three dimensions (Souchon and Diamantopoulos, 1996; Williams, 2003); the instrumental use (directly to solve a particular problem), conceptual use (intended to expand knowledge bases) and the symbolic use (inappropriate use). The first two dimensions have received considerable attention (Vyas and Souchon, 2003) while the last dimension needs in-depth exploration. Although, the relationship between symbolic use and export performance has been established, a lot of variance has been reported in the direction of the relationship. (Vyas and Souchon 2003; Williams, 2003). Studies linking the symbolic use of the selection of export markets and the export performance are yet to be done. By focusing on the symbolic use of information, the study sought to establish the predictive potential of the symbolic use of export information on the selection of export markets and their link to export performance. The study is guided by the following research questions;

- What is the relationship between symbolic Information Use, the selection of export markets and export performance?
- What is the predictive potential of export market information use and the selection of export markets on the export performance of Ugandan coffee exporters

### **Literature Review And Conceptual Frame Work**

So far, the most exhaustive literature on the symbolic use of export information (Vyas and Souchon, 2003; Toften and Olsen, 2003) has established eight key dimensions of symbolic use of export information (social use, power seeking use, affective use, legitimating use, self-promoting use, symbolic non-use, haphazard use and information distortion). By focusing on three dimensions, *the power seeking use, the affective use and legitimizing use*, the study seeks to establish the predictive potential of the symbolic use of export information on the selection of export markets and their link to export performance.

This paper is particularly focusing only three dimensions; affective, power seeking and legitimizing use, basing on the following reasons; The social use dimension has been proven to improve export performance incidences where high quality information is passed on to export managers before the competition gets it, due to trust created between the information providers and the export managers (Diamantopoulos, A. and Siguaw, J.A. (1999); Vyas and Souchon, 2003;). The self promoting aspect comes out as beneficial to firms where the exporting function is considered less important or not given sufficient attention. This dimension was not considered in the study because the population that was studied consisted entirely of firms whose sole reason for business was exporting, thus exporting was the main reason they were in business.

The symbolic non-use of export information is manifested through not considering export information or rejecting information. This dimension was not considered mainly because information was lacking rather than in abundance to be ignored, thus limiting the likelihood of information non-use.

Both the haphazard form of use (lack of care for systematic export information acquisition) and the information distortion aspect (when export decision makers place their faith in less reputable information sources) have been left out because their focus the focus of the study is the use of information rather than the acquisition that is of interest,

The Power seeking use is described as the use of export information to obtain, maintain or enhance the power of the decision maker of that of the export function. The Affective use relates to the pleasure or satisfaction derived from using information to make

decisions or reduce regret related to decisions made. The Legitimizing use reflects the need to give credibility to decisions made based on other foundations like experience and intuition rather than sufficient analysis (Vyas and Souchon, 2003).

Selecting among alternative international markets, be it for exporting, licensing, joint ventures, strategic alliances or direct investment requires information and significantly determines the extent of accomplishment in international business (Anderson and Strandskov, 1998). Information can also act as a key determinant to export market entry and expansion (Vyas and Souchon, 2003).

## **Methodology**

### **Design**

Our study was carried out in specific context, that is the Uganda coffee exporters, particularly, exporters of “non-roasted, non decaffeinated coffee. Of all exports, coffee was selected primarily because of the huge contribution is played as an export earner for Uganda. The research involved a quantitative approach using a cross sectional design to capture the perceptions of the respondents. The population comprised of all firms in Uganda engaged in. This list was obtained from the Uganda export promotion board. They entire population comprised of 27 firms and given the modest number and close proximity to the researchers, a decision to study the entire population was taken.

By using the Cronbach alpha coefficient, the reliability of the scales was assessed. All scales provided an alpha value of greater than 0.50, which signifies Nunnally’s threshold level of acceptable reliability

### **Measurement of the variables**

In order to obtain valid and reliable measures of the variables under study previously validated scales were used and each variable was measured using more than 3 item scales. The Symbolic use (Vyas and Souchon, 2003, Souchon and Diamantopoulos, 1996). These were measured on a five-point bipolar scales with poles ranging from strongly agree (1) to strongly disagree (5). Market share, growth of the market in both value and volume and market access and competitiveness was used to measure selected markets by the respondents. Objective and subjective measures were used to measure export performance.

### **Results From Data Analysis**

A total of 27 firms were studied and two key informants were identified in each firm, thus having a total of 54 questionnaires. The response rate was 100 percent owing to the fact that the population was quite small and the respondents were given ample time to attend to the questionnaire. The results indicated that the majority of the respondents had at least attained a university degree and had been working in the firm for 5-10 years. The majority of

the respondents were female (57.4%) although the majority were in the middle level managerial roles and were mainly male (73.9%) possibly implying that females dominated the firm but had less managerial roles. The predominant age group was 31-35 years (48.1%), closely followed by those in the 26-30 years bracket (35.2%).

### Factor Analysis: Export Market Information Use

Table I:

Factor Analysis Results: Export Market Information Use	<i>Affective Use</i>	<i>Legitimate Use</i>	<i>Power Seeking Use</i>
Our confidence in making export decisions is increased as a result of export marketing information	.809		
Decisions based on EM information are more accurate than wholly intuitive ones	.792		
If EM information is difficult to obtain, guesses are made instead	.841		
EM information is often not considered in the making of decisions for which it was originally requested	.742		
We sometimes take account of EM information, to justify the cost of having acquired it		.775	
EM information is often collected to justify a decision already made		.775	
Instinct/intuition is often combined with EM information when making decisions		.677	
Key executives often distort EM information in passing it on		.714	
We actively seek out particular export marketing (EM) information for specific decisions			.773
EM information is often used specifically to make a particular export decision			.678
Eigen Value	2.627	1.529	1.202
Variance %	37.521	21.846	11.440
Cumulative %	37.521	59.367	70.807

The factor analysis results in the table above show that the Affective Use, Legitimate Use, Power Seeking Use and these constitute 37.521%, 21.846% and 11.440% respectively of the Export Market Information Usage. In total, the results showed a cumulative value of 70.807%. With the component of Affective Use, the capacity of the employee confidence in making export decisions which is increased as a result of marketing information (.809) and the fact that Decisions based on EM information are more accurate than wholly intuitive ones (.792) are important aspects for the usage of the Export Information. Other critical aspects of the variable include; the difficulty involved in accessing the Export Marketing Information and the usage of reliable information (.841).

### Correlation and Regression Analysis

Pearson's correlation coefficient was used to establish the linear relationship between the Export Market Information Use, Market selection and Export performance.

**Table II:** The Pearson (r) correlation coefficient was employed in examining the nature of the relationships that are at play among the study variables

	<i>Mean</i>	<i>SD</i>	1	2	3	4
Symbolic export market information use Use-1	3.07	.99	1.000			
Export Market Selection-2	2.92	.85	.685**	1.000		
Export Market Information Search-3	2.90	.86	.720**	.741**	1.000	
Export Performance-4	2.06	.64	.671**	.663**	.622**	1.000

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

**Table III:** Regression Analysis

	<i>Unstandardized Coefficients</i>		<i>Standardized Coefficients</i>	t	Sig.
Model	<b>B</b>	<b>Std. Error</b>	<b>Beta</b>		
(Constant)	.439	.232		1.896	.064
Symbolic export Market Information Use	.259	.089	.405	2.923	.005
Export Market Selection	.285	.104	.378	2.728	.009
<b>Dependent Variable: Export Performance</b>					
R Square	.523				
Adjusted R Square	.503				
Std. Error of the Estimate	.450				
F Statistic	26.817				
Sig.	.000				

## Discussion Of Findings And Conclusion

The study sought to examine the predictive potential of export information use on the selection of export markets and the subsequent export performance. The results revealed a positive and significant relationship between symbolic use and export market selection (.685\*\*,  $p < .05$ ). The results further revealed a positive and significant linear relationship between symbolic export information use and export performance (.671\*\*,  $p < .05$ ). Contrary to the suggestion by McAlley (1993) and Wood Robertson,(2000), that the gathering of information (information availability) about export markets is sufficient to select the most lucrative and promising markets, the findings of this study assert that beyond the possession of information, emphasis should be placed on appropriate use. The findings are consistent with those of Rakhee and Anne (2003) and Adamatious et al(2003) who emphasize usage over acquisition.

The study also sought to establish the predictive potential of the symbolic use of export market information and the selection of export markets on the performance of the coffee exporters. The results indicate that they account for about 50% of the variance in their export performance (adjusted R squared of 0.503). The findings re-echo assertions by Adamatious et al(2003) that state that “ *the possession of information though still critical to*

*decision makers' level of confidence and certainty is no longer considered to be the only prerequisite for successful decisions making. In fact essentially, the same information is available to competing firms at about the same time"*

In conclusion, given the importance of export earnings to the development of and growth of least developed nations (Tesfom and Lutz, 2006), guaranteeing a sustainable market for their products is imperative. Whereas information about export markets is essential, the appropriate use of such information is more important than its acquisition.

### **Implications, Limitations And Areas For Further Research**

The findings can provide guidance to decision makers in exporting firms on how to appropriately use the information to select sustainable export markets. Secondly, at the national policy level, the study illuminates the importance of market share and competitiveness in export markets in relation sustainable export earnings.

The following limitations need to be considered when interpreting the findings of the study; although a census of all firms exporting coffee in Uganda was carried out, the total number of firms was still small thus questioning generalizations. It was later noted that some of the firms were foreign owned and were more comfortable exporting back to their home countries thus selecting export markets by default. This aspect wasn't considered in the conceptualization of the study. The snap shot and solely quantitative approach limits the study, a longitudinal and qualitative approach might be more appropriate.

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