MAKERERE UNIVERSITY

INNOVATION, EXPORT COMMITMENT AND EXPORT PERFORMANCE OF COFFEE PRODUCERS, PROCESSORS AND EXPORTING FIRMS IN UGANDA.

BY

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PLAN A

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DECLARATION

I, Shafie Abdirashid Ali, do hereby declare that this research dissertation is my original work and has not been published or submitted for any degree award to any other University before.

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APPROVAL

This is to certify that this research dissertation has been submitted in partial fulfilment of the requirements for the award of Masters of international business (MINB) degree with our approval as the University supervisors.

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DEDICATION

I dedicated this research dissertation to my beloved mother Zahra Moalim Mohamud and my aunt Khadija Ali Wehliye for their tireless advice and contribution. Also to my brothers Mohamed and Mowlid. My God bless you all.

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First praise is to Allah, the Almighty, on whom ultimately we depend for sustenance and guidance, who showered me with countless blessings, good life, wisdom and enlightenment which enables me to successfully start and complete this work.

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LIST OF ABREVATIONS

UEPB-   Uganda Export Promotions Board

UCDA- Uganda Coffee Development Authority

ABSTRACT

This study was carried out to examine the relationship between innovation, export commitment and export performance of Coffee producers, processors and exporting firms in Uganda. Specifically, it sought to establish how innovation and export commitment relate with export performance Coffee producers, processors and exporting firms in Uganda.

The study adopted a correlational research design to establish the relationship between dependent and independent variables of the study. Data was collected from respondents by use of questionnaires. Simple random sampling techniques were used to select 36 firms out of the study population of 43 coffee exporting firms. Pearson correlations and multiple regression analysis were used to establish the relationship among the study variables. The correlations revealed that there was a statistically significant positive relationship between innovation r=.535, p-value<.005), export commitment, r=.677, p-value<.005,) and export performance of coffee export firms in Uganda.

The general implication was about innovation and export commitment practices have a statistically significant positive effect on the export performance of Coffee producers, processors and export firms. In addition, multiple regression analysis was also carried out and revealed innovation is the most significant predictor to export performance of Coffee producer processing and export firms. Its relationship with export performance of coffee producer processing and exporting firms innovation explains 41.9% of variation in the export performance of coffee producer processing and exporting firms in Uganda; while the whole regression model explains 42%. Further the study was adopted mediation test so as to establish if export commitment mediates on the relationship between innovation and export performance of coffee exports in Uganda. However, result of the mediating test was revealed that export commitment was partially mediated on the relationship between innovation and export performance.

The study findings were therefore recommended that managers of coffee producers, processors and exporting firms in Uganda should concentrate more on innovation and export commitment in order to enhance their export performance since two of these factors have a significant relation to good export performance.

CHAPTER ONE

INTRODUCTION

1.1 Background of the study

Uganda's export sector is dominated by primary products that are estimated about 74.1 % of the overall countries export (Roberta, 2004). These primary products include agricultural products; mainly coffee, cotton, flowers, simsim, fish; unprocessed minerals such as gold; live animals, hides and skins among others. During the time of the independence in 1962, Uganda's traditional exports constituted agricultural commodities and unprocessed minerals. Where by at the end of the 1970s, coffee was the largest foreign exchange earner accounting for about 51 percent leaving cotton, copper, tea and tobacco sharing the other portion of the earnings (Musinguzi, 2002).

Coffee is an important cash crop that plays a major role in the livelihoods of many poor people and is a major foreign exchange earner in Uganda. Uganda Coffee Development Authority (UCDA, 2014) estimates that approximately 500,000 households depend on coffee production. Uganda has two main types of coffee namely Arabica and Robusta coffee. Arabica represent on the average 15% of the countries annual production whereas Robusta represent 85%.

The increase in interdependent of world economy and trade liberalization, has brought the number of firms especially those from developing countries to choose exporting as an important activity for their future growth, profitability and survival (Sousa & Alserhan, 2002; Leonidas, 1995). Exporting give firms the easiest and cheapest way 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). Consequently, Innovation can be an important tool for growth and survival to nations, regions and for the firms, because it improves the nations and regions economic growth, while for the firm's innovation is an important driver for survival and growth. (Mobs, 2010).

According to Schumpeter (1934), innovation is extensively known as a new way of improving products, production of techniques, organization of structures, discovery of new markets and the input of new factors. Aranda et al. (2001) and Mahesh & Neelankavil (2008) argue that innovation is important in providing and sustaining firms' competitive advantage and is critical to achieving a superior performance. In this study Innovation will be conceptualized into product, process, market (See Johne and Davies, 2000; Otero-Neira *et al*., 2009).

Export commitment is the most common determinant of export performance and propensity to enter the international markets. (Nazar & Saleem, 2009). Export commitment and firm’s innovation have become important factors that are really very essential for the growth, profitability, survival and the export performance of firms. While export performance is the consequence of the firm’s export activities (Muhhamed & Saleem, 2008). It also described as the firm’s level of economic achievement in its export markets (Cadogan et al., 2003). In the context of coffee export business the presence of innovation and export commitment allows coffee exporting firms to aggressively go after any coffee export market opportunities in international market. If innovations and export commitment are properly managed, coffee exporting firms can improve their performance.

Coffee sector of Uganda has continued to play an important role in the country’s economy. It contributes between 20-30 percent of the country’s foreign exchange earnings and 3% in GDP (Uganda Coffee Development Authority, 2009). Since the sector is that important both at the firm and at the country level Coffee export performance should be taken into consideration as it has not been performing well. Although there exists a decline in export performance, Ugandan exporting firms are still leading in Africa’s Coffee exports (Nakaweesi, 2015).

Further, according to the sector performance report from the Directorate of Crop Resources, coffee export earnings dropped by 5% (UGX1.05 trillion or USD 378.2 million in 2013/2014 from UGX1.1 trillion or USD 378.4 million in 2012/2013) (Nabwiiso, 2014). Meanwhile at the firm level some individual firm’s performance in terms of survival, profitability and growth is considered poor (Kalyango, 2013).

Generally this poor performance in coffee exports both at the country level and at the firm level can be attributed to several factors among which could be levels of innovation and export commitment. The reviewed literature could not clearly point out the association between the study variables. Therefore, since there is a gap regarding to this area, this study intends to clearly unearth the relationship between innovation, export commitment and performance of coffee producers, processors and exporting firms in Uganda.

1.2 Statement of the problem

Coffee is an important cash crop in Uganda that plays a major role in the livelihoods of many poor people and is a major foreign exchange earner in Uganda. However, Coffee export receipts during 2014 amounted to US$410.06 million, decreasing by US$15.34 million compared to the previous year (Ministry of Financial Planning and Economic Development, 2015a). This reduction can be attributed to several factors among which could be levels of innovation and export commitment among Coffee exporting firms in Uganda. As the role of internal managerial factors in particular the influence of innovation and export commitment toward export performance of Coffee exporting firms in Uganda is not well documented by authors like Byanyima (2011). Therefore, this study intends to clearly assess the relation between innovation, export commitment and export performance of coffee producers, processors and exporting firms in Uganda.

1.3 Purpose of the study

The purpose of the study was to establish the relationship between innovation, export commitment and export performance among Coffee producers, processors and exporting firms in Uganda.

1.4 Objectives of the study

i. To examine the relationship between innovation and export performance of Coffee producers, processors and exporting firms in Uganda.
ii. To determine the relationship between innovation and export commitment of Coffee producers, processers and exporting firms in Uganda.
iii. To examine the relationship between export commitment and export performance of Coffee producers, processorss and exporting firms in Uganda.
iv. To determine the mediating effect of export commitment on the relationship between innovation and export performance.

1.5 Research questions

v. What **is** the relationship between innovation and export performance of Coffee producers, processors and exporting firms in Uganda?
vi. How is the relationship between innovation and export commitment of Coffee producers, processors and exporting firms in Uganda?
vii. What is the relationship between export commitment and export performance of Coffee producers, processors and exporting firms in Uganda?
i. What is the mediating effect of export commitment on the relationship between innovation and export performance?

1.6 Scope of the study

1.6.1 Subject scope

The study was focused on the relationship between innovation, export commitment and export performance of Coffee producers, processors and exporting firms in Uganda. Innovation in this case was the independent variable and conceptualized into process innovation, market innovation; and product innovation (Johne and Davies, 2000; Otero-Neira et al., 2009).

While export commitment was the mediating variable toward innovation and export performance of Coffee producers, processors and exporting firms in Uganda and was studied in terms of financial resources committed and an independent export department (Cavusgil & Zou, 1994). On the other hand, export performance was the dependent variable and conceptualized into export sales volume, export profit contribution; and satisfaction of export operations (Ayse & Akehurst, 2003).

1.6.2 Geographic scope

At the geographic scope the study was focused on coffee producers, processors and exporting firms who have offices in Kampala and registered with the Uganda Coffee development authority. Since most of the Coffee exporting firms have offices in Kampala. (Uganda Coffee development authority register).

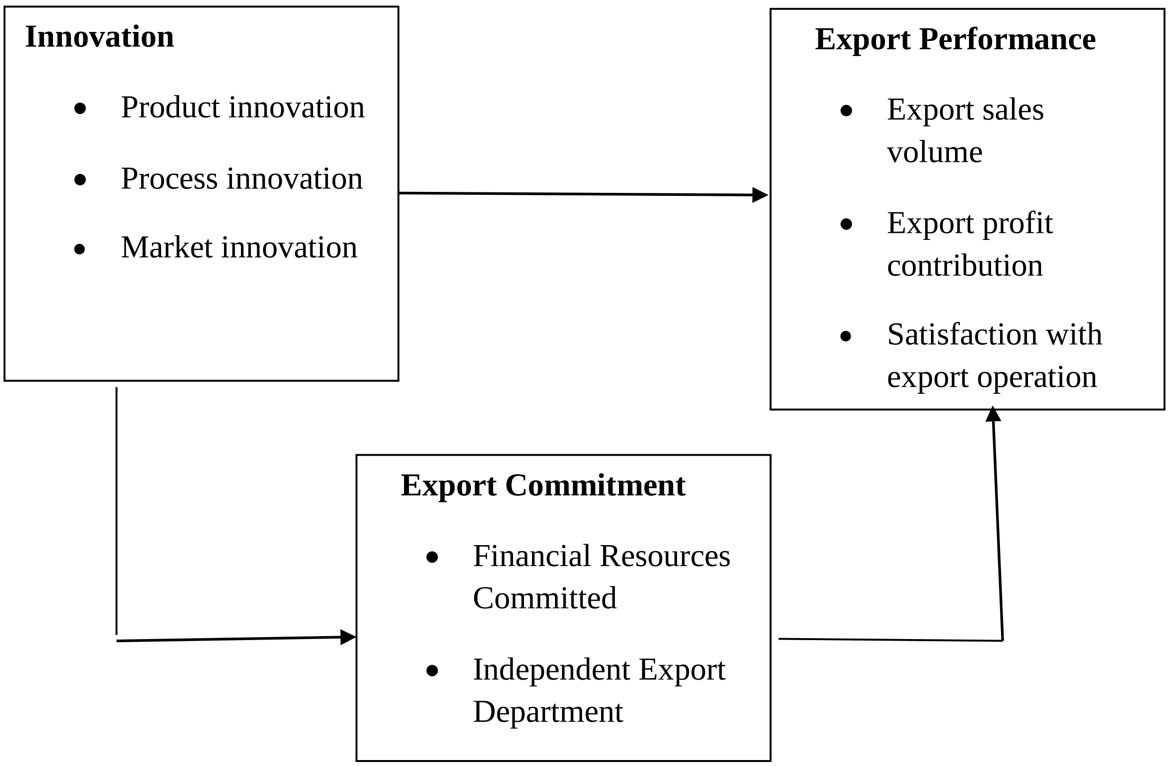
1.7 Significance of the study

Findings from this study were highlighted the relationship between innovation, export commitment and export performance among Coffee producers, processors and exporting firms in Uganda. The study was also expected to contribute to a great extent to the government administrative offices and stakeholders in the selected study areas for their major role in enhancing the country’s performance regarding the export of coffee. Additionally, the study is important in creating additional information for the policy makers. It is also important in identifying crucial areas of intervention.

The findings derived from this study will add valuable information to the existing literature for the benefit of future researchers and academicians who will be interested in this area of study.

1.8 Conceptual framework

Figure 1.8.1 Conceptual frame work



Source: *A model representing the relationship between the study variables developed from reviewed literature (Cavusgi& Zou, 1994; Leges & Jap, 2002; Sousa, 2004; Sayed, 2012; Johne and Davies, 2000; Otero-Neira et al., 2009).*

The conceptual framework presents factors that are helpful in conceptualizing this study. It is anticipated that effective innovation and export commitment will lead to a good export performance of Coffee producers, processors and exporting firms in Uganda.

1.9 Structure of the dissertation

This research dissertation is comprised into five chapters. Chapter one entails the background of the study, statement of the problem, purpose of the study, objectives of the study, research questions, scope of the study, significance of the study and the conceptual framework. Chapter two gives a detailed literature on the study variables that is innovation, export commitment and export performance. This chapter also covers the relationships among these variables. Chapter three comprised the methodology used in the data collection and analysis. Chapter four presents the findings of the study while chapter five provides the discussion of the findings, conclusions, recommendations; limitations of the study and areas for further research.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

The chapter reviews the related literature available on the variables under study. Innovation, export commitment, export performance. Specifically, it presents literature available on innovation and export commitment on export performance.

2.2 Innovation

Innovation is a Latin word "*innovare", that* means, "to make something new" (Tidd, Bessant & Pavitt, 2001). The early concept of innovation in economic development and entrepreneurship was promoted by Joseph Schumpeter, a German economist. Innovation, in his view, incorporates the elements of creativity, research and development (R&D), new processes, new products or services and advance in technologies (Lumpkin and Dess, 2001). It has also been defined as the creation of new wealth or the change and enhancement of existing resources to generate new wealth (Kuratko and Hodgetts, 2004). According to Thornhill (2006).Innovation is also seen as a process of idea creation, a development of an invention and ultimately the introduction of a new product, process or service to the market

In addition to that, innovation refers to as a kind of newness that is very important to the competitive advantage and productivity growth of the companies. (López Rodríguez and García Rodríguez 2005; Carneiro 2007; Pla-Barber and Alegre 2007; Adalikwu 2011). Chetty and Stangl (2010) argue that innovation indicates newness and it is understood as a multidimensional process. Innovation is considered to be an important source of competitive advantage for firms to compete in the global market or in other words innovation is an important contributor to the competitive advantage in foreign markets (Pla-Barber and Alegre 2007; As, Desai and Hessels 2008). Since innovation has a great influence to the firms success in international arena, firms are trying to use innovation in order to achieve competitive advantage and help them to obtain a better and a stable position in the marketplace (Ramadani and Gerguri 2011).

Many scholars have written a several conceptual contribution towards explaining the dimensions and measures of innovation. Kao, (1989) described and measured innovation into three aspects. I.e. product innovation, process innovation; and market innovation. Product innovation can be defined as the creation of a new product from new materials or the change of an existing products in order to meet customer satisfaction (Gopalakrishnan and Damanpour, 1997; Langley *et al*., 2005). It also refers to the introduction of new products or services in order to create new markets or customers, or satisfy current markets or customers (Wang and Ahmed, 2004; Wan *et al*., 2005). Process innovation is the process of reengineering and improving internal operation of business process (Cumming, 1998). This process involves many aspects of a firm's functions, including technical design, R&D, manufacturing, management and commercial activities (Freeman, 1982). While market innovation deals with the market mix and market selection in order to meet a customer's buying preference. (Johne, 1999)

Therefore in sum innovation is one of the most important factor that have an effect to the international trade. According to the models of Vernon (1996) and Krugman (1979). Innovation is considered as the driving force and a process that firms enter into the international markets. Since it has that important. All different types of innovation shows a kind of competitive advantage, while the companies have to be able to utilize the benefits of innovation with a sufficient degree of internationalization (Kafourus et al. 2008; Kylläheiko et al. 2011; Mlakar and Ruzzier 2011). López Rodríguez and García Rodríguez (2005) also claimed that the innovation phenomenon could generate two competitive advantages for the firm. One is process innovations that can create competitive advantages through gains in process efficiencies, while the second one is product innovations that can also lead to a competitive advantage in customer value via the development of greater differentiation in product characteristics.

In line with the above argument generating these two competitive advantage can directly influence the firms' export performance when it goes to the overseas markets. So this study would document how innovation, export commitment would have an effect on export performance in particularly Coffee producers, processors and exporting firms in Uganda.

2.3 Export Commitment

Researchers study commitment from two different angles: attitudinal and behavioral (Stump et al., 1999). Commitment is a strategic factor that can place the allocation of resources within the organization. From the attitudinal perspective, export commitment can be defined as managers' willingness to grant financial, managerial and human resources to the export activity (Donthu & Kim, 1993). While in the side of behavioral perspective, export commitment is defined by the resources (financial, managerial and human) the firm currently devotes or concentrates to foreign trade operations (Cavusgil & Zou, 1994) to achieve the results expected by its managers (Evangelista, 1994), as well as the difficulty in finding alternative uses for these resources (Pauwels & Matthyssens, 1999).

A firm's export commitment can be shown in many different ways, but nothing reflects a firm's export commitment like its desire to adapt to meeting the wants, needs and expectations of its foreign customers (Atuahene-Gima, 1995; Beamish, Craig, & Mclellan, 1993), which will mean adapting those elements of the marketing program that require modification (Cavusgil & Kirpalani, 1993).

Export commitment refers to when firms assign its required resources to export development such as participating in trade shows or collecting information about export markets (Dean et al., 2000). In addition to that, export commitment reflected as the number of full time company employees involved in exporting activities and the existence of committed export and or having marketing budgets (Jasmine, 2006). Jasmin (2006) further looked that when export operations perform well the various internal and external publics are more likely to support the exporting activity within the firm. Also when a manager is committed to export is most likely to work on difficult tasks.

Cavusgil& Zou, (1994); Katiskeas et al., (2000); Sayed, (2012) point out that firm's commitment to exporting shows the amount of planning, financial and human resource that a firm grants its exporting activities.

Export commitment also involves the degree to which the manager is attached to the organization and substantially committed to support the firm's exporting activities (Langes & Montgomery, 2005). Hence, as the firm's management team committed toward exporting can influence the performance (Crick et al., 2011). This is the reason for when the firm's commitments to the exporting venture increases more resource are allocated to the exporting activity and consequently the firm will be able to improve its planning procedures and implementing more successful strategies. In improving such as capability, resource commitment to exporting is reflected in such activities as export department organization, export planning and control, export marketing and regular export market visits is likely to be of the main importance (Leges & Jap, 2002).

2.4 Export performance

Export performance has defined to the consequence of the firm's export activities (Muhhamed & Saleem, 2008). It also be described as the firm's level of economic achievement in its export markets (Cadogan et al., 2003). Therefore exporting is an essential activity that make strong for the firm competitiveness.

Langes and Montgomery (2005) argue while exporting is one of the fastest growing economic activities that are important for both nations and firms. Exporting increases firm profitability, improves capacity utilization, productivity and enhances the internal production. Exporting also enhances national economic growth and activities by accumulating foreign exchange reserves, it also strength trade balance and industrial development, providing employment and creates new job opportunities. Thus the main goal that nations and firms want for exporting is to expand, enhance and improve its export performance. Consequently, several researchers made conceptual contributions in order to measure export performance.

Leonidou et al. (2002) have identified and conceptualized export performance into export intensity, export sales growth, export profit level, export sales volume, market share, and export profit contribution.

Whereas Ayse & akehurst (2003) observed that export performance of a firm can be measured by using subjective and objective measures since research shows that both produce consistent results.

Hart & Banbury (1994) and Olipia et al. (2006) further noted that objective measures are concerned with entire performance indicators whereas subjective are concerned with performance of a business in relation to its major competitors or relative to a company's expectations. However, Dodd et al. (2000); Carlos & Bakr (2002); Cadogan (2002); Cavusgil & Zou (1994) claim that in most cases collecting overall information is often difficult as most firms do not wish to disclose and reveal such information. In brief, it seems clear that export performance is a multifaceted concept and that no indicator is sufficient to provide a reliable assessment of export performance.

In line with the above argument Al- Khalifa & Morgan, (1999); Olipia, Chawit and Amonrat, (2006) have been suggested that using a combination of both subjective and objective measures can improve the possibility of accurately measuring the export performance of the firm.

2.5 Innovation and export performance

According to Thornhill (2006). Innovation is a process of idea creation, development of an invention and ultimately the introduction of a new product, process or service to the market.

Many researchers such as Freel (2000); Ussahawaninitchakit (2007); Kirbach & Schmiedeberg (2006); Wright, Palmer & Perkins (2004); Simpson, Singuaw and Enz (2006) have viewed that innovation can affect both positively and negatively to the firm's export performance. Ussahawaninitchakit (2007) argues that firms in international markets have utilized innovative capabilities to learn how to success in rigorously competitive environments, sustain competitiveness, and achieve export growth and performance.Innovation is one of the most essential value creation activities and a competitive weapon for firms operating in international business (Elena, 2009).

In line with above view Aranda et al. (2001); Mahesh & Neelankavil (2008) argue that innovation is important in providing and sustaining firms' competitive advantage and is critical to achieve a superior export performance. Accordingly Ussahawaninitchakit (2007) states that innovation has the capacity to increase and promote stronger export competitiveness that can ultimately to lead sustainable export performance.

García-Rodríguez (2005) further pointed out that innovation in products, patents and processes have a positive and significant effect on both the export propensity and international sales. Furthermore, Cassiman and Martínez- Ros (2007), demonstrated the importance of innovation on the growth of exports, while the innovation in processes is an important factor in export propensity. Recently, Cassiman and Golovko (2011) highlighted that innovation in products improves productive levels, which leads the firm to venture into global markets.

Xayhone & Yoshi (2009) are also recognized that individual innovations such as new product and process innovations significantly affect the profitability and growth of an enterprise over its competitors. They obviously stressed that the process of innovation appeared to transform firms in some way that gave rise to what looks like generic differences between innovators and non-innovators. As a result, the processes by which profitability and growth are generated differ distinctively between innovators and non-innovators. They further noted that that innovating firms have motives to expand into other market which enables them to earn higher returns from their investment.

In addition to that, authors such as Joaquin, Rafeal and Ricardo (2007; Natalia & Ines (2005) declared 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**.** As such, Erdil et al. (2004) point out that significant innovation allows firms to establish dominant competitive positions, and help new firms in the market to gain an edge in the market. In support of this position, Bear & Frese (2002) suggest that innovativeness help new firms with creativity in the market place even when they have minimal resources to compete with large and well established firms.

Accordingly Wakelin (1998) noted and suggested that innovation is an import element that determining export behavior. He also suggest that innovating and non-innovating firms behave differently both in terms of probability of exporting and the level of exports, showing that the capacity to innovate changes the behavior of the firm. It says that small innovating firms are less likely to enter export markets than non-innovating firms, but large innovative firms are likely to export, and the more innovations they have had, the higher is the probability to enter export markets. Small innovative firms are more likely to stay in domestic markets due high cost of entering to foreign markets for small firms. Another indirect result of the study is that positive spill-over effects are significant for the increase of probability for first time exporters, but not for the increase of export propensity.

On the one hand, investments in innovation might allow firms to improve their productivity so that they can afford high costs associated to exporting, moreover they might enable firms to achieve greater ability to meet international markets demand thus making exporting more profitable; on the other hand, the exporting experience might stimulate innovative activity through learning effects and better access to best practice technologies.

However, Ussahawaninitchakit (2007) and Freel (2000) recognized that innovation is so expensive and risky for both big and smaller firms and therefore has the capacity to result into both good and bad effects on the firms' performance. For instance Ussahawaninitchakit (2007) argues that innovation efforts produce financial constraints that may lead a tradeoff between innovation and export performance. As such, Freel, (2006) observes that innovation may be of less importance for those firms operating in environments where competition is not intense and therefore for resources that may be intended for innovation can be directed towards promotional efforts and other activities in the firm. In relation to this dispute, Han, Kim and Srivastava (1998) believed that innovation may not be valid and appropriate in certain situations and most especially in areas that do not reward such efforts.

2.6 Innovation and export commitment

Innovation is considered to be an important source and contributor of competitive advantage for firms to compete in foreign markets (Pla-Barber and Alegre 2007; Acs, Desai and Hessels 2008). It also is one of the most important factor that have an effect to the international trade.

According to the models of Vernon (1996) and Krugman (1979). Innovation is considered as the driving force and a process of entering firms into the international markets. Innovation and export commitment have positive correlation because when firm and its managers are innovative it means can change the behavior of the organization. .

Furthermore, when the firm and its owner-managers are committed with innovation, the probability that firms enter to export markets increases, as well as the probability of obtaining higher levels of foreign sales. López-. Rodríguez and García-Rodríguez (2005) point out that innovation in products, patents and processes have a positive and significant effect on both the export commitment and international sales. Furthermore, Cassiman and Martínez- Ros (2007) demonstrated that the importance of innovation on the growth of exports, while the innovation in processes is an important factor in export commitment. Because innovation in products improves productive levels, which leads the firm to speculate and endeavor into global markets (Cassiman and Golovko, 2011).

Innovation whether it can be product, process, technology and market can positively influence to the firms export commitment because all these different types of innovation indicate a kind of competitive advantage, while the companies have to be able to utilize the benefits of innovation with a sufficient degree of internationalization (Kafourus et al. 2008; Kylläheiko et al. 2011; Mlakar and Ruzzier 2011).

López Rodríguez and García Rodríguez (2005) also argue that the innovation phenomenon could generate two competitive advantages for the firm. One is process innovations that can create competitive advantages through gains in process efficiencies, while the second one is product innovations that can also lead to a competitive advantage in customer value via the development of greater differentiation in product characteristics. So, generating these two competitive advantage can positively influence the companies export commitment to overseas markets. Therefore, these arguments presents if the firm is more innovative in terms of product; process and market means it has more commitment to exporting than other firms that it's missing these kinds of innovativeness. For instance, Caldera (2010) using data from the Encuesta sobre Estrategias Empresariales (ESEE) - Spain, has shown a positive effect of innovation on the internationalization commitment and probability through exports.

However, innovation is an important to the firms that are more willing to expand its operations into international markets, because innovativeness is a kind of competitive advantage that firms can be really used to expand its operations into the international markets or markets beyond the firm's home market by to utilizing that competitive advantage

2.7 Export commitment and export performance

Export commitment means when firms assign its required resources to export development such as participating in trade shows or collecting information about export markets (Dean et al., 2000). Export commitment, support; management characteristics are the most common determinants of the firms export performance (Sousa et al., 2008). These are also critical factors to successful performance in the foreign markets. Nazar & Saleem (2009) argue that export commitment creates the key determinant that helps the firm to increase export performance and propensity to enter into the international markets.

Cavusgil& Zou, (1994); Solberg et al., (2010) further explained that the construct of export commitment and the support it receives as a factor explaining export performance. These looked at that export commitment reflects a multitude of different phenomena inside the firm both attitudinal (such as proactive attitudes towards exporting) and more tangibles variables such as investment or number of people involved in exporting (Solberg et al., 2010).

Crick et al., (2011) have been established that the management team's commitment towards exporting influence performance. When a firm's commitment to exporting venture increases more resources are assigned to exporting activity and consequently the firm will be able to improve its planning procedure (Lages & Jap, 2002).

According to Lages and Montgomery (2003) highly committed managers are more willing to accept the organization's petitions for extra work as well as more demanding activities. When the firm demonstrates a strong export commitment managers may be more appropriate to work harder on demanding tasks. While the less committed managers tend to be less participative and required much less work.

Moreover, a firm's export commitment directly effect on its performance because this commitment will help the firm to give or assign a greater resources to its task that enabling the organization to achieve its exporting goals. More committed firms allocate more resources to the exporting activity. In reality the more resources are involved, the higher the manager is able to improve his or her planning and strategy.

In generally, as increasing levels of resources that the firm are committed to its exporting mission, the firm is in better position to advance its planning techniques and to implement more adaptive strategies. The more the firm are committed, the more successful to its performance is likely to be as they are more engaged in planning and therefore allocate greater financial and human resources to the export performance. Thus a high level of proactive export commitment is essential to endure challenges and obstacles in exporting operations as well as being a consistent predictor of strong export performance.

CHAPTER THREE

METHODOLOGY

3.1 Introduction

This chapter presents the elements of methodology that were applied in the study. The chapter covers the research design, the study population, the sample size, sampling procedure, the sources of data and data collection methods. The chapter also presents reliability and validity of the research instruments, data analysis and ethical consideration.

3.2 Research design

The type of research designed employed in this study is cross sectional research design that was attended to find if innovation and export commitment can increase to the export performance of Coffee producers, processors and exporting firms in Uganda. This study was also employed a correlational research design. The choice of correlational research design in this study was informed by the fact that, the aim of the design is to investigate the relationships between variables and to estimate the effect of each one the independent variables on the dependent variable. According to O'Connon (2011), correlational research design also allows a researcher to measure the research variables by examining the relationship amongst them.

3.3 Study population

Population is the full group of potential participants to whom the researcher wants to conduct the research of the study (Saunders, et al. 2003). Therefore, the target population of this study comprised of 43 coffee exporting firms whose list was obtained from Uganda Coffee Development Authority (UCDA) annual Report (2014). Those coffee producers, processors and exporting firms comprised of domestic producers and sellers.

3.4 Sample size

From a population of 43 Coffee exporting firms, the sample of 36 from these firms was selected using the guidance of Krejcie and Morgan (1970) table of determining the sample size. These firms became the unit of analysis and two managers from each firm became the participative respondents for this study. Giving us a total unit of inquiry of 72 respondents.

3.5 Sampling procedure

The study adopted a sampling frame that was obtained from Uganda Coffee Development Authority (UCDA) annual Report (2014) and simple random sampling method. Simple random sampling method was used to offer every individual firm from the target population equal chance and same probability of being selected.

3.6 Sources of data

In carrying this research both primary and secondary data were used. Secondary data was gathered through the review of relevant literature, internet, export reports from Uganda export promotions board, published reports of Uganda Bureau of Statistics, Uganda Coffee development authority; and Ministry of Financial Planning and Economic Development of the Coffee export firms whereas primary data was obtained by using a questionnaire.

3.7 Data collection instruments

Data was collected using self-administered structured questionnaire. Questionnaire was carefully organized to get the responses of the target respondents. The questionnaire employed a four point Likert scale to get the degree of agreement or disagreement, and collect information in a relatively short time without strict supervision of the researcher.

3.8 Data collection procedures

The researcher got a letter of introduction from the Graduate Research Center which was attached to the questionnaires that were delivered to the target respondents by the researcher and his assistance.

3.9 Measurement of Variables.

Operational measures for the study variables were measured by using an appropriate measurement items that are adopted from the literature and a Likert scale of items analysis was used.

3.9.1 Innovation

According to Johne and Davies, (2000); Otero-Neira et al., (2009), innovation was measured using three aspects, product innovation, process innovation; and market innovation. It also measured using a 4 point Likert scale to collect responses from the participants.

3.9.2 Export Commitment

As Cavusgil & Zou (1994) adopted and Jasmin (2006) and Sayed (2012) developed from export commitment. Export commitment measured into financial resource committed to exporting, and existence of an independent export department. It was also measured by using a 4 point Likert scale which 1 for strongly disagree to 4 strongly agree.

3.9.3 Export performance

Export performance in this study was measured in terms of export sales growth, export profit contribution,; competitive performance and satisfaction with export operations which adopted from authors such Ayse & Akehurst (2003); Olimpia, Chawit and Amonrat (2006). A 4 point Likert scale ranging from 1 strongly disagree to 4 strongly agree was used collected answers from the respondents.

3.10 Reliability of instruments

According to Trochim (2006), reliability of the measuring instrument addresses the question of whether the results of the measuring processes are consistent on occasions when they should be consistent. Therefore, the researcher used Cronbach Coefficient alpha method so as to determine the reliability of the research questionnaire. As indicated in the table below the Cronbach's alpha was above .600.

Table 3.1 Cronbach's alpha Coefficient

	Anchor	**Cronbach alpha**
Innovation	4 Point	.623
Export commitment	4 Point	.644
Export performance	4 Point	.638

Source: Primary Data, 2016

3.11 Validity of the study instruments

According to Somekh & Cathy (2005) validity is the degree by which the sample of test items represents the content the test is designed to measure. Instrument validity was ascertained by; discussing the questionnaire with research experts who moderate the tool to fit the study objectives.

3.12 Data analysis and interpretation

Data analysis as the process of bringing order, structure and meaning to the mass of collected data (De Vos, et al. 2007). The questionnaires were collected and counted to ensure that all respondents had answered and completed the questions. The returned questionnaires were then coded and captured on the computer by using Statistical Package for the Social Sciences (SPSS) version 20 for Windows. Cross tabulation was used to describe the sample characteristics, Pearson correlations was conducted to establish the relationship between the study variables. While multiple regression analysis was used to find out the predictive variance of innovation and export commitment on the export performance of coffee producers, processors and exporting firms in Uganda

3.12 Ethical considerations

The researcher made an effort to adhere to ethical standards. Permission to conduct the study was obtained from Makerere University Business School. Further permission was obtained from the various authorities from different coffee exporting firms selected for this study before going to the field for data collection. On the other hand, In order to make sure that the study is ethical the research confirmed that all the information of the respondents was treated with utmost confidentiality and only used for an academic purposes. In addition, the authors used in this study were acknowledged and duly cited and any findings indicated in a generalized manner.

CHAPTER FOUR

PRESENTATION AND INTERPERATAION OF FINDINGS

4.1 Introduction

This chapter presents the results from data analysis. These results are presented according to the following research objectives

1. To examine the relationship between innovation and export performance of Coffee producers, processors and exporting firms in Uganda.
2. To examine the relationship between innovation and export commitment of Coffee producers, processors and exporting firms in Uganda.
3. To determine the relationship between export commitment and export performance of Coffee producers, processors and exporting firms in Uganda.
4. To determine the mediating effect of export commitment on the relationship between innovation and export performance.

These results are presented into two sections. The first section presents the frequency distributions of the bio characteristics of the respondents and of the firms of under the study. The second section presents the descriptive inferential statistics. This chapter consists of the background characteristics of the respondents, frequency distribution of the background characteristics of the firms, correlation analysis, regression analysis, Chi-square and meditating result.

4.2 Background characteristics

In the background cross tabulation and frequency distribution were used to show the sample characteristics of the respondents and variations of respondents by gender, level of education, company age, number of employees and target customers.

4.3 Frequency distribution of background characteristics of the respondents

Table 4.1 Frequency distribution of background characteristics of the respondents

Variable (N=72)	Category	Frequency	Percent
Age of the respondents	Male	51	70.8
	Female	21	29.2
	Total	**72**	**100.0**
Level of education	Diploma	11	15.3
	Degree	37	51.4
	Master	18	25
	PhD	6	8.3
	Total	**72**	**100.0**

Source: Primary data, 2016

Table 4.1 revealed that the 72 respondents 51 (70.8%) were male and 21 (29.2%) were female. This indicates that male employees dominate this place of work and further implying existence of gender disparity in coffee sector of the country. Whereas the findings on the level of education of the respondents indicate that the majority of the respondents 37 (51.4%) had bachelors' degree, 18 (25%) had masters, 11 (15.3%) of the respondents had a diploma qualification, while the minority 6 (8.3%) had a PhD. This suggests that most of the employees working these firms were literate and could effectively carrying out their duties.

4.4 Frequency distribution of background characteristics of firms

Table 4.2 Frequency distribution of background characteristics of firms

Variable (N=36)	Category	Frequency	Percent
Company Age	1-3 years	3	8.3
	4-10 years	30	83.4
	More than 10 years	3	8.3
	Total	**36**	**100.0**
Number of employees	Less than10	1	2.8
	11-20	3	8.4
	21-30	17	47.2
	Above 30	15	41.7
	Total	**36**	**100.0**
Target customers	Domestic	1	2.8
	International	10	27.8
	Both domestic and international	25	69.4
	Total	**36**	**100.0**

Source: Primary data, 2016

The above table 4.2 shows that the majority of the firms included in the study (83.4%) had been in existence for a period of between 4-10 years. This indicates that the firms studied had been existed long enough and had enough experience on export markets. While minority of these firms had been in existence for a period between 1-3 years (8.3%) and more than 10 years (8.3%).

The results also revealed that the majority of the firms included in the study (47.2%) employed 21- 30 employees, followed by those who employed above 30 employees (41.7%) while the rest had employed between 11-20 (8.4%) and the minority (2.8%) had employed less than 10 workers. In addition, the findings shows that most firms (69.4%) were targeting both domestic and international markets while (27.8%) of the firms studied were targeting international markets and the minority (2.8%) were targeting only domestic markets.

Table 4.3 Company age and target customers distribution

Company Age * Target Customer Cross tabulation

			Target Customer			*Total*
			Domestic	International	Both domestic and international	
Company Age	1-3 Years	Count	1	0	2	3
		% within Target Customer	100.0%	0.0%	8.0%	8.3%
		% of Total	2.8%	0.0%	5.6%	8.3%
	4-10 Years	Count	0	9	21	30
		% within Target Customer	0.0%	90.0%	84.0%	83.3%
		% of Total	0.0%	25.0%	58.3%	83.3%
	More than 10 years	Count	0	1	2	3
		% within Target Customer	0.0%	10.0%	8.0%	8.3%
		% of Total	0.0%	2.8%	5.6%	8.3%
Total		Count	1	10	25	36
		% within Target Customer	100.0%	100.0%	100.0%	100.0%
		% of Total	2.8%	27.8%	69.4%	100.0%

Source: Primary data, 2016

Table 4.4 Chi-Square Tests

	Value	Df	Asymp. Sig. (2-sided)
Pearson Chi-Square	12.096[a]	6	.060
Likelihood Ratio	6.887	6	.331
Linear-by-Linear Association	.167	1	.683
N of Valid Cases	36		

a. 10 cells (83.3%) have expected count less than 5. The minimum expected count is .08.

The above table of the cross tabulation of company age and target customers of the firms were revealed that the 25 firms (69.4%) served both domestic and international markets while 10 (27.8%) were serving international markets and minority 1(2.8%) of these firms are only targeted domestic markets. This indicates that most of the firms in the study were have enough knowledge both domestic and international markets.

Findings were further noted that the majority of the firms included in the study (83.3%) had been in existence for a period of between 4-10 years. This indicates that the most firms of the study had been existed long enough and had enough experience on export markets. While minority of these firms had been in existence for a period between 1-3 years and more than 10 years (8.3%). The Chi-square test revealed that there was no significant association between the company age and target customers of the firms (x^2 = 12.096, sig=.060). This implies that company age and target customers do not influence each other.

Table 4.5 Descriptive statistics

Descriptive Statistics							
	N	Minimum	Maximum	Mean	Std. Deviation	Rank	Interpretation
Innovation	36	2.38	3.19	2.7309	.28497	2	Low
Export commitment	36	2.11	3.00	2.5849	.30846	3	Low
Export performance	36	2.29	3.43	2.7520	.38880	1	Low
Valid N (list wise)	36						

Source: Primary Data, 2016

4.5 The level of innovation, export commitment and export performance of coffee producer processing and exporting firms in Uganda.

Findings in the table 4.5 revealed that the responses from the studied firms did not agree to the existence of innovation (Mean= 2.73, SD= .285), substantial export commitment (Mean= 2.58, SD= .308) and good export performance (Mean= 2.75, SD= .389). This is a signal that the firms studied have no innovation and commitment to their export operations whereas manager are not contented with their export performance.

4.6 Correlation analysis

In this section correlational analysis were used to establish the bi-variate relationship between the study variables. The bi-variate correlation analysis was performed and Pearson correlation coefficients were created so as measure the level of the relationship between the study variables.

Table 4.6 Correlation analysis

		Innovation	Export commitment	Export performance
Innovation	Pearson Correlation	1		
	Sig. (2-tailed)			
	N	36		
Export commitment	Pearson Correlation	.608**	1	
	Sig. (2-tailed)	.000		
	N	36	36	
Export performance	Pearson Correlation	.651**	.510**	1
	Sig. (2-tailed)	.000	.001	
	N	36	36	36

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

4.6.1 The relationship between innovation and export performance of coffee producers, processors and exporting firms in Uganda.

Looking at table 4.5, findings of the study showed that there is a significant positive relationship between innovation and export performance of coffee producers, processors and exporting firms in Uganda (r=.651**, sig, 0.00).This implies that the level of innovation among the coffee firms in Uganda is directly associated with their export performance. Implying that the higher the level of firm's innovation is, the higher the level of its export performance, respectively the lower the level of firms' innovation is, the lower the level of its export performance.

4.6.2 The relationship between innovation and export commitment of coffee producers, processors and exporting firms in Uganda.

The results in the above table (4.5) showed that there is a significant positive relationship between innovation and export commitment of coffee exporting firms in Uganda (r=.608*, Sig, 0.01). This implies that the level of innovation among the coffee producers, processors and exporting firms in Uganda is directly associated with their export commitment, meaning that if the level of firm's innovativeness is high, the level of its export commitment will also be high because if a firm is innovative and been able to come up with new products, new production processes; and enter new markets, there will be a corresponding increase in its export commitment.

4.6.3 The relationship between export commitment and export performance of coffee producers, processors and exporting firms in Uganda.

The findings in the above table (4.5) revealed that there is a significant strong positive relationship between export commitment and export performance of coffee producers, processors and exporting firms in Uganda (r=.510*, Sig, 0.01). This implies that the level of export commitment among the coffee firms in Uganda is directly associated with their export performance.

Meaning that if the firms' commitment to the exporting venture increases with an increase in both financial and human resources allocated to the exporting activity, the firms' export performance will also increase.

4.7 Hierarchical Regression Model

This section provides the predictive potential of company age, number of employees, target customers, innovation; and export commitment on the export performance of coffee producers, processors and exporting firms in Uganda.

Table 4.7 Hierarchical regression results

	Model 1		Model 2		Model 3	
	Beta	**Sig**	**Beta**	**Sig**	**Beta**	**Sig**
Constant	2.33	.008	1.01	.253	1.18	.191
Company age	.027	.883	.050	.709	.070	.605
Number of employees	.052	.782	.106	.443	.027	.868
Target customers	.089	.631	.189	.172	.221	.123
Innovation			.705	.000	.587	.002
Export commitment					.190	.319
F	.141		28.501		1.026	
Sig. F	.935		.000		.319	
R	11.4%		69.7%		70.9%	
R^2	1.3%		48.6%		50.3%	
R^2 change	1.3%		47.3%		1.7%	
Adjusted R^2	8%		41.9%		42%	

Source: Primary Data, 2016

4.7.1 The effect of innovation and export commitment on export performance

The regression table 4.6, model 1 included three predictors namely; company age, number of employees and target customers in the firm. The results revealed that the three of these predictors were insignificant predictors of export performance. E.g. company age of the firm (beta= -.027, sig =.883) number of employees in the firm (beta=.052, sig= .782) and target customers in the firm (beta= -.089, sig =.631). These explained that these three predictors do not have influence on export performance, and therefore did not pose any confounding effect on the model.

The predictive variables in model 1 accounted for 8% of the variation in export performance (R Square change = .013).That means the contribution of these variables at explaining export performance was not significant (F change= .141, sig= .935).

Thus respectively the predictor variables in model 2 involves the introduction of innovation to the predictor variables used in model 1. On entering innovation into model 2, the effect of company age, number of employees and target customers in the firm increased though it was still insignificant. Innovation was found to be a significant predictor of export performance. (Beta = .705, sig = .000). Implying that where the level of innovation is high the level of export performance will also be high and where the level of innovation is low, the level of export performance will be low. Model 2 further shows that innovation raised the predictive power of the export performance by 41.9% (R Square change = .419) and the model also found to be significant (F change = 28.501, sig=.000), implying that variations in the level of innovation accounted for 41.9% variation in the level of export performance.

Model 3 involved the introduction of export commitment to the predictive variables used in model 2. Export commitment was found not to be a significant predictor of export performance in Uganda's coffee exporting firms. (beta= .190, sig=.319). However, on introducing export commitment into model 3 the beta coefficient of innovation reduced from.075 to .587 which suggests a mediation effect of export commitment on the relationship between innovation and export performance. Model 3 had an Adjusted R Square of .420 which implies the model explains 42% influence on export performance.

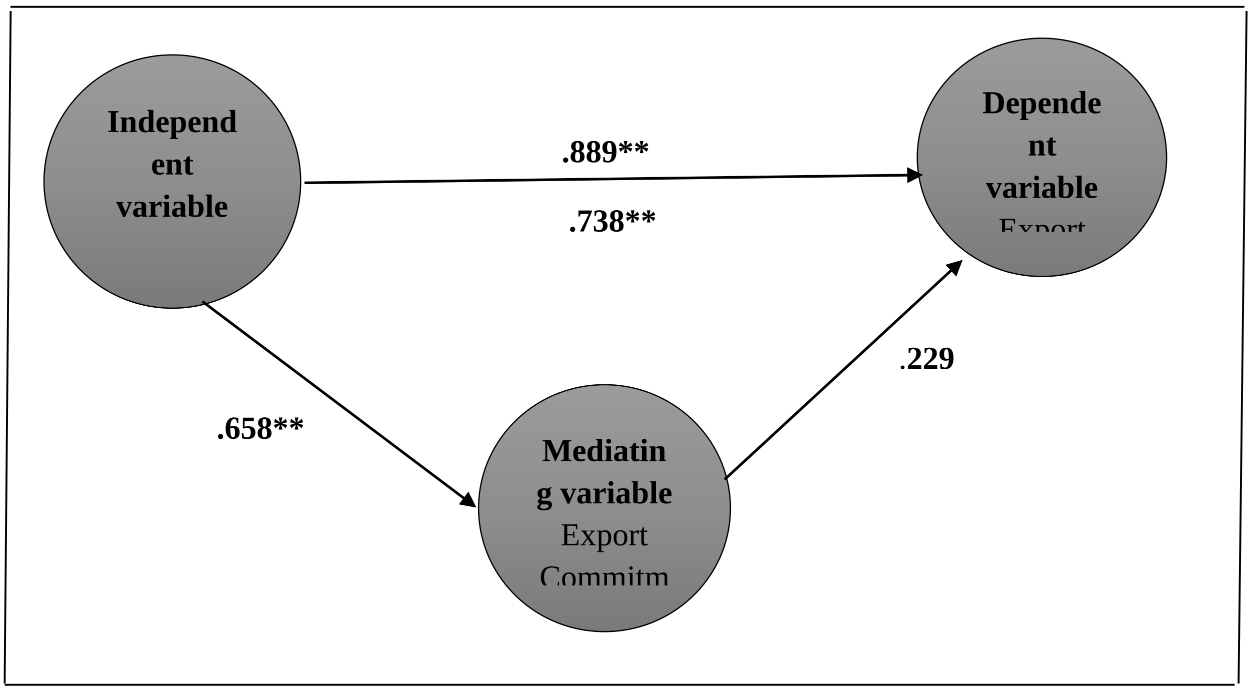
Overall, the model explains 42% of the variance in export performance of coffee producers, processors and exporting firms in Uganda.

4.8 Mediation of export market commitment on the relationship between innovation and export performance.

This section mediation test were used so as to establish if export commitment mediates on the relationship between innovation and export performance of coffee producers, processors and exporting firms in Uganda by using Baron and Kenny's path analysis.

Figure 4.8 Mediation results

Type of mediation Partial
Sobel z-value 2.281278 significant 0.016341
Standardized Coefficient of Innovation on Export Performance
Direct: 0.738
Indirect: 0.151



Source: Primary Data, 2016

Baron and Kenny's (1986) path analysis as shown in the above figure 4.8 were revealed that innovation had a significant positive effect on export performance (beta= .889 , sig=.000). Further, on introducing export commitment the effect of innovation on export performance still remained significant although there was a change of 0.151 in the beta (beta= .738, sig=.002). This is an indication of partial mediation effect of export commitment on the relationship between innovation and export performance. This findings in confirmed by the sobel test for mediation which showed that the mediating effect was significant (Z= 2.281278, P< 0.016341).this implies that the effect of innovation on the level of export performance is partially explained by the export commitment.

In generally the relationships between innovation, export commitment and export performance were found to be a positive and significant. Innovation was found to be a significant predictor of export performance whereas export commitment was not. However, export commitment was found out to have a partial mediation effect on the relationship between innovation and export performance of coffee producers, processors and exporting firms in Uganda.

CHAPTER FIVE

DISCUSSION, CONCLUSIONS AND RECOMENDATIONS

5.1 Introduction

This chapter presents the summary of findings, conclusions that are drawn from the findings as well as recommendations aim at improving export performance of coffee producers, processors and exporting firms in Uganda.

5.2 Discussion findings

The following section presents the discussion of the findings in relation to the existing literature.

5.2.1 Relationship between innovation and export performance of coffee producers, processors and exporting firms in Uganda

The study findings based on a Pearson correlation analysis showed that there is a statistically significant positive relationship between innovation and export performance of coffee producers, processors and exporting firm firms in Uganda. This is an indication that the level of innovation among the coffee firms in Uganda is directly associated with their export performance. This is consistent with the observations of (Ussahawaninitchakit, 2007) who states that innovation has the capacity to increase and promote stronger export competitiveness that can ultimately to lead sustainable export performance. Ussahawaninitchakit (2007) further noted that firms in international markets who have innovative capabilities can easily utilize it to learn how to success in rigorously competitive environments, sustain competitiveness, and a achieve export growth and performance. Furthermore Aranda et al (2001) and Mahesh and Neelankavil (2008) argue that innovation is important in providing and sustaining firms' competitive advantage and is crucial to achieving a superior export performance. That means innovation is hiding power that can give firms capabilities that can success rigorously in competitive environment and achieve export growth and performance.

This findings further supported by Nguyen &Pham (2009) who observed that innovating firms have motives to expand into other market which enables them to earn higher returns from their investment. Therefore, these results imply that an effective innovation is likely to improve export performance of coffee producers, processors and exporting firms in Uganda.

5.2.2 Relationship between innovation and export commitment of coffee producers, processors and exporting firms in Uganda

The study findings based on a Pearson correlation analysis showed that there is a statistically significant positive relationship between innovation and export commitment of coffee exporting firms in Uganda. The researcher realized that this result is consistent with (Mlakar and Ruzzier 2011) who observed that innovation whether it can be product, process, technology and market can positively influence to the firms export commitment because all these different types of innovation indicate a kind of competitive advantage, while the companies have to be able to utilize the benefits of innovation with a sufficient degree of internationalization. They also argue that the innovation phenomenon could generate two competitive advantages for the firm. One is process innovations that can create competitive advantages through gains in process efficiencies, while the second one is product innovations that can also lead to a competitive advantage in customer value via the development of greater differentiation in product characteristics. So, generating these two competitive advantages can positively influence the companies export commitment to overseas markets. All these help the firms to go markets beyond its domestic markets.

This position is further supported by Lopez- Rodriguez and Garcia- Rodriguez (2005) who claimed that innovation in products and process have a positive and significant effect on both the export commitment and international sales. Whereas Cassiman and Mortinez-Ros (2007) demonstrated that the importance of innovation on the growth of exports, while the innovation in process is an important factor in export commitment. Because innovation in products improves productive levels, which leads the firm to speculate and endeavor into global markets.

Vernon (1996) and Krugman (1979) further observed that Innovation is the driving force and a process of entering firms into the international markets. They also noted that Innovation and export commitment have positive correlation because when firm and its managers are innovative it means can change the behavior of the organization. Therefore, these results imply that effective innovation is likely to improve export commitment of coffee producers, processors and exporting firms in Uganda.

5.2.3 Relationship between export commitment and export performance of coffee producers, processors and exporting firms in Uganda

The study results based on a Pearson correlation analysis revealed that there is a significant positive relationship between export commitment and export performance of coffee producers, processors and exporting firms in Uganda.

The researcher realized that the findings of the study are consistent with (Solberg et al., 2010) who noted that the construct of export commitment and the support it receives as a factor explaining export performance. Meaning that as increasing levels of resources that the firm is attended to invest its exporting mission, the firm is in better position to advance its planning techniques and to implement more adaptive strategies that are very useful to its export operations. The more the firms are committed, the more successful to its performance is likely to be as they are more engaged in planning and therefore allocate greater financial and human resources to the export performance. Thus a high level of proactive export commitment is essential to endure challenges and obstacles in exporting operations as well as being a consistent predictor of strong export performance.

The results of the study are further consistent with the observations of Nazar & Saleem (2009) who observed that export commitment creates the key determinant that helps the firm to increase export performance and propensity to enter into the international markets. Therefore, effective export commitment is likely to improve export performance of coffee producers, processors and exporting firms in Uganda.

5.2.4 Mediation of export commitment on the relationship between innovation and export performance

Findings of the mediation of export commitment on the relationship between innovation and export performance revealed that innovation had a significant positive effect on export performance. Further, on introducing export commitment the effect of innovation on export performance still remained significant although there was a change of 0.151 in the beta (beta= .738, sig=.002). This is an indication of partial mediation effect of export commitment on the relationship between innovation and export performance. This findings further revealed that the relationship between innovation and export performance is partially dependent on export commitment. This is consistent with the findings of (Mlakar and Ruzzier 2011) who noted that innovation whether it can be product, process, technology and market can positively influence to the firms export commitment which influences export performance because all these different types of innovation indicate a kind of competitive advantage, while the companies have to be able to utilize the benefits of innovation with a sufficient degree of internationalization. These arguments further present if the firm is more innovative in terms of product; process and market means it has more commitment to exporting than other firms that it's missing these kinds of innovativeness. For instance, Caldera (2010) using data from the Encuesta sobre Estrategias Empresariales (ESEE) - Spain, has shown a positive effect of innovation on the internationalization commitment and probability through exports.

5.3 Conclusions

The study focused on the relationship between innovation, export commitment and export performance of coffee producers, processors and exporting firms in Uganda. The study showed that innovation and export commitment have a strong positive correlation with export performance, although innovation is significant predictor of export performance. This indicated that innovation can help firms to improve in their export performance. This calls for coffee firms to practice innovation for future export development.

This study examined the mediating effect of export commitment on the relationship between innovation and export performance and found out that there is no statistically significant. This shows that export commitment is partially mediated on the relationship between innovation and export performance. This implies that the relationship of innovation on export performance of coffee producers, processors and exporting firms is partially explained by export commitment.

This study also found out that there is a significant positive relationship between innovation and export commitment of coffee exporting firms in Uganda. This indicates that if the level of firm's innovation among the coffee producers, processors and exporting firms in Uganda is high the level of its export commitment will also be high because innovativeness gives firm an ability to come up with new products, new production processes; and enter new markets that will probably latter increase in its commitment to exporting. Further, if the firm is more innovative in terms of product; process and market means it has more commitment to exporting than other firms that it's missing these kinds of innovativeness.

Results in the study also showed a positive and significant relationship between export commitment and export performance that indicated if the firms' commitment to the exporting venture increases with an increase in both financial and human resources allocated to the exporting activity the firms' export performance will also increase.

5.4 Recommendations

Basing on the research findings, innovation and export commitment have a strong significant positive correlation with export performance. Therefore, the researcher forwarded to the owner managers of coffee producers, processors and export firms to the following recommendations that can assist in enhancing the export performance of their firms by basing on the findings of study objectives. From the first objective of the study findings Innovation has a positive significant correlation on export performance. So the study recommend to the managers of coffee exporting firms should practice innovation as a strategy for future development.

From the second objective of the study findings confirmed that Innovation has also a significant positive correlation on export commitment. Therefore, the study recommend that the managers of coffee exporting firms in Uganda should consider innovation phenomena as a driving force and competitive advantage which will lead their firms to speculate and endeavor into global markets.

The last objective of the study findings verified the positive correlation between export commitment and export performance. It further verified that export commitment partially mediated the relationship between innovation and export performance. This implies that to achieve substantial increase in export performance, the managers of coffee producers, processors and exporting firms should; 1) come up their commitments toward exporting. 2) Allocate financial resources to improve its export business operations. Because firms' ability to export depends on the financial resources that it has. 3) Adopt an independent export department that help their firms to concentrate more on planning, organizing, controlling for their export operations.

Accordingly the study was further recommended the following to Uganda Coffee Development Authority (UCDA).

UCDA should give training for the management of the coffee exporters in international business management and trainings on product, process and market innovations should be available for exporters and it should be in consistent to contact with the exporters for a better follow up support.

5.5 Limitations of the study

A research work of this nature is however unpleasant with numerous problem that limit the researcher ability especially in Uganda where many firms do not disclose the true information about their organization to researcher. The researcher realized that some firms feared to disclose information concerning malpractices for fear of anticipated repercussions. Other firms also concealed vital information for fear of being using for other purpose.

The researcher however convinced them of confidentiality and anonymity. Throughout this study, the researcher endeavored to seek authorized access to information, which he declared as solely for research purposes.

5.6 Areas for further Research

This study focused on the relationship between innovation, export commitment and export performance of coffee exporting firms in Uganda. It was revealed that innovation and export commitment would explain only up to 42% of variance in export performance of coffee producer processing and exporting firms in Uganda. This implies that there are other factors that affect export performance of coffee exporting firms apart from innovation and export commitment.

The researcher therefore proposes that future researchers should consider the specific characteristics of the external environments, like shipping costs, climate change, inflation, and required standards to the export markets and their influence on export performance of coffee producers, processors and exporting firms in Uganda.

REFFERENCE

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Appendix 1 Questionnaire

MAKERERE UNIVERSITY BUSINESS SCHOOL

Dear respondent, I am Shafie a student of Makerere University Business School pursuing a study on a topic of "Innovation, Export commitment and Export Performance of Coffee producers, processors and Exporting Firms in Uganda" and am kindly requesting you to sacrifice for me some time and respond to my questionnaire. All the response given to me will be treated with utmost confidentiality and only used for an academic purposes. Thanks for your assistance

SECTION A: (Demographic characteristics of the respondents)

For the questions in this section, please answer by **circling** the item representing the most appropriate response for you.

1) Gender

1) Male
2) Female

2) Your highest academic qualification

1) Diploma
2) Degree
3) Masters
4) Phd
5) Other (Please specify) ……………………………….

3) Name of your firm………………………………………………

4) For how long your company been existence

1) 1 – 3 years
2) 4 – 10 years
3) More than 10 years

5) Number of employees in your company

1) Less than 10
2) 11- 20
3) 21 –30
4) Above 30

6) Our target customers are

1) Domestic
2) International
3) Both domestic and international

SECTION B

In this section please tick in the box that corresponds to your opinion/view according to a scale of 1 = Strongly Disagree (SD), 2 = Disagree (DA), 3 =Agree (A), 4 = Strongly Agree (SA)

No.	Statement	1	2	3	4
	OBJECTIVE 1: Innovation				
1	We frequently try to bring new ideas				
2	We have innovative subordinate that can seek out new ways to do things				
3	The company's methods of operation is more creative				
4	We have come up with new processes of production				
5	We constantly venture into new markets with our products				
6	We constantly improve our products in order to satisfy with our customer requirements				
7	The company constantly upgrade to its technology so as improve production process				
8	We have ability to differentiate our products in order to remain competitive				
	OBJECTIVE 2: Export Commitment				
9	Financially the firm is committed to the export activities				

10	We have skilled labor that are dedicated to work on the export activities				
11	The company has an independent department in charge of export activities				
12	The company’s management is willing to engage in exporting activities				
13	The firm has enough knowledge about the export markets				
14	The export department also carries out direct and indirect contact with the customers in the export markets				
15	Exporting in this company is considered the main objective of the firms success				
16	Exporting in this company also considers the opportunity of learning export markets				
17	The company tends to respond to, rather than to pursue export opportunities				
OBJECTIVE 3: Export Performance					
18	The past five years our export sales has been increasing				
19	For the past five years our export volume has been increasing				
20	Firms’ export sales have been increased more than domestic sales				
21	The profits have been increasing for the past five years				
22	We are satisfied with the rate at which we are exporting to the foreign markets				
23	The firm’s current export sales growth is good				
24	We are satisfied with the firm’s current profit growth				

END

THANKS FOR YOUR TIME