

KWAME NKRUMAH UNIVERSITY OF SCIENCE AND TECHNOLOGY
SCHOOL OF BUSINESS

**EXAMINING THE EXPORT STRATEGIES AND ITS EFFECTS ON THE
PERFORMANCE OF AGRO-PROCESSING INDUSTRY OF GHANA.**

**A THESIS SUBMITTED TO THE DEPARTMENT OF MARKETING AND
COOPERATE STRATEGY OF THE KWAME NKRUMAH UNIVERSITY OF SCIENCE
AND TECHNOLOGY IN PARTIAL FULFILLMENT OF THE REQUIREMENTS FOR
THE DEGREE OF MASTER OF BUSINESS ADMINISTRATION (INTERNATIONAL
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BY

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DEDICATION

I dedicate this project to my daughter Magdalene Fremah Coleman

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ABSTRACT

The general objective of the study is to examine export strategies and its effects on the agro processing industry of Ghana. The study adopted a descriptive and exploratory research designs. Purposive and convenience sampling technique were used to select the managers and junior staff respectively. Structured questionnaire was administered to 50 respondents. Data were analysed with the aid of SPSS. The study discovered that the type of export strategy pursued by the agro processing companies can to a very high extent influence their performance. The study had again revealed that a unit change in export strategy would bring 0.589 (59.8%) in organizational performance. The R square result above implies that the independent variable has 85.4% influences on organizational performance. Meaning that export strategy has strong effect on organizational performance. The study conclude that company reputation, importers distribution network, personal contact with overseas distributors and export marketing knowledge, together with these production quality and systems quality management, quality assurance processes and others expertise were available in their firms give value to the firms to effectively compete in the export business therefore must be tactically looked at. Furthermore, the long years of experience in business management and agro-oil exporting by majority of the workers puts the companies at a great advantage because the more an employee stays in an organization, the more skilled and professional he becomes. The study had discovered that export strategies adopted by the agro processing companies within the Brong Ahafo Ashanti Regions are positively affecting their performance. It is therefore recommended that the current strategies must be improved to sustain performance of the companies. These can be done through adoption of quality management principles and strategic management practices. The scope of the study, time frame and financial recourses were the major limitations of the study.

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CHAPTER ONE

GENERAL INTRODUCTION

1.0 Introduction

The general introduction of the study is presented in this chapter. Specifically, the chapter encompasses the following; study background, statement of the problem, general objective, specific objectives, research questions, justification of the study, scope of the study, and organization of the project. It serves the foundation from which all the other chapters of the study are built.

1.1 Background of the study

Internationalization is the process of increasing the accumulation of knowledge in markets and institutions abroad. It has been observed that firms start the internationalization process by exporting products to culturally similar countries. However, other researchers argue that the longer a firm waits to initiate international activities, the more difficult it will be to grow internationally (Sharma and Blomstermo, 2003).

Internationalization can be perceived as a part of the ongoing strategy process of most business firms. The main differences between internationalization and other types of strategy processes are as follows: first, when products, services or resources are to be transferred across national boundaries, the firm has to select the country where or with whom the transactions should be performed. Secondly, the firm has to select the international exchange transaction modality, i.e. a foreign market entry strategy (Andersen and Buvik 2002).

Entry strategy includes the various forms of approaches and procedure and methods used by a company to start doing business in a foreign country (Shama, 2000). Entry strategy is an institutional arrangement that makes possible the entry of firm's products, technology, human skills, management, or other resources into a foreign country (Karkkainen, 2005). There are number of available marketing strategies that are available to prospective companies who wish to enter into the international arena. There is the need to distinguish between equity and non-equity modes when considering market entry.

The Equity mode implies a situation where the firms take some ownership degree of the market organization. These include wholly owned subsidiaries and joint venture. The non-equity includes; ownership and often times contractual agreements such as franchising and licensing. Some Authors also involve the possibility of combining the two (Wilkinson and Nguyen, 2003).

There are several ways to expand internationally; these have been categorized into four main strategy. These come in different forms from the very high risk strategies to the lowest risk strategy. According to Caves (1982) the following are the four most basic ways to arrange the strategies from the highest to the lowest identified four basic ways to expand internationally. These are; exporting, licensing and franchising, strategic partnership and wholly owned. In a related study the authors stated that there are six basic approaches into entering a new global market. These were outlined as follows; exporting/importing, licensing and franchising, joint venture, consortia partially – owned and wholly owned subsidiary (Cateora and Graham, 2002)

The decision to enter into relatively new market depends on the perceived risk. The selection of a particularly entry strategy is also influenced by how the individual corporate entities perceived the risk. Two companies may consider two different entry strategy towards the same country. Whereas others may adopt different strategies to enter into different countries

All these suggest that the drive to enter into new market is relative and dynamic either than a static affair (Cateora and Graham, 2002). Other study also suggests that the initial classification of new market entry can be grouped into two. Namely; the location of the manufacturing facilities and the percentage of ownership that a firms desire in foreign markets.

Many research works have reported on the motives behind internationalization among companies. Although different Authors have reported different findings, majority seems to revolve around the following: global reputation, the prospect of long term growth and development, profitability drive and enjoying an economy of scale. Others have also reported the following as the main motive behind the drive: saturation of the local market, internal competition, weak government policy and support among others. Literature review had established that some of these factors or combinations of all are usually considered when deciding to enter international market. But individual's choices are usually influenced by different factors (Cateora and Graham 2002).

However, the global market is not without a challenge. The following are normal practices in the international market. The ever increasing dynamics, intense competition, uncertain unreliable market conditions, the rapid change in technology, short project life cycle among others.

The financial requirement and the managerial skills needed to succeed have always been a serious challenge for the under developed world. Commercialization is therefore a huge burden for the new entrants. Meanwhile literature suggests that, the success in the international arena depends on the product or service launch. Hence commercialization is a key determinant of success but also comes with financial burden (Pinto et al., 2007).

Although several studies have been conducted on export strategies little is known in terms of specific sectors. The previous had over focused on multi sector studies. Despite the role and importance of agro-processed export items in export leap strategy and economic, social and cultural development plans in the country, little study has been conducted in this domain. Majority of studies are done at the macro level that focuses on the government role in export. Few researches in country have been on micro level that focuses on company's level. This present study, concentrates on export strategies, because one of the critical decisions in the internationalization process is the choice of an entry strategy (Quer-Claver and Andreu, 2007).

1.2 Statement of the Problem

The outcome of globalization and internationalization have resulted in the sprang of competitions and complex decisions in the world today. The decision to enter into other market has been very wide and well known. The ability to select the most appropriate export strategy is considered as vital step towards the internationalization drive. The most common forms of entry strategies include; export, import, partnership, acquisition, licensing and franchising. In the under developed world such decisions usually take long time to conclude due to inadequate finance and limited technological know-how.

In Ghana various governments and heads of state have formulated number of policies all geared towards agricultural sector development however little is seen and known when it comes to internationalization of agro processed projects. The trend and preparation of agro processing sector in Ghana have not been consistent in past. Different approaches have been adopted by different companies but expected impacts are yet to be felt.

These challenges are usually attributed to financial requirement, low motivation, weak leadership, global competitions and taxation. These to a greater extent have discouraged other corporate entities from participating internationally. From the on-going the present study was conducted to address the issue and pose questions such as types of export strategies, benefits of exporting, challenges among others.

1.3 Objectives of the study

The general and the specific objectives are the main research objectives of the study. These have been expressed below.

1.3.1 General Objective

The general objective of the study is to examine export strategies and its effects on the performance of agro-processing industry of Ghana.

1.3.2 Specific objectives

The study was guided by the following research objectives:

- 1) To determine the current strategies deployed by agro-processing companies in their export.
- 2) To determine how the current strategies are affecting their export performance
- 3) To examine the relationship between export marketing strategy and export performance.
- 4) To determine challenges facing the agro-processing exporting companies.

1.4 Research Questions

The research was focused on providing answers to the following questions:

- 1) What are the current strategies deployed by agro-processing companies in their export?
- 2) How are the current strategies affecting their export performance of the agro-processing companies?
- 3) What is the relationship between export marketing strategy and export performance?
- 4) What are challenges facing the agro-processing exporting companies in the Kumasi metropolis?

1.5 Justification of the study

Development in the agricultural sector in the long run is the development of the Ghanaian economy. The study would contribute adequate knowledge towards the development and growth of the agro export sector in Ghana especially, in the two regions where the study was carried out.

The study would be more useful towards agricultural sector promotions and internationalization processes.

The management and policy makers of the study would benefit immensely from this project. Because the study would serve as a working tool and a temperate for corporate decision, It has been established that agro-products play an important role in an economy. Meanwhile, it is very imperative to consider the geographical expansion of these products. For most of these products to expand means going international.

This study is also expected to contribute towards existing knowledge in literature. The study would serves as a reference source to prospective students who may want to conduct related study in the field. This is also important to private research practitioners.

1.6 Scope of the Study

Contextually, the scope of the study was limited to the study is to examining the export strategies and its effects on the performance of agro-processing industry of Ghana. Specifically, the following issues were addressed. Namely, the types of agro export strategies, challenges and performance. Geographically, the study focused on two key regions of Brong Ahafo and Ashanti region. The time period was predominantly cross sectional survey. Ideally, longitudinal survey would have brought more insight into the study.

1.7. Limitations of the study

Several factors have acted to reduce the scope of this study. The major limitations in this study include; the scope of the study and sample size. Although the study covered Ashanti and Brong Ahafo regions in terms of participant the total the coverage was limited. Data collection and data analysis. Structured questionnaires were used to gather the responses. Meanwhile, a study of this sort would require key informant interviews which was not considered by the researcher. Finally, advance statistical analyses would have been ideal rather than the means, standard deviations and the linear regression. Analyses such as components factor analysis would have been better.

It would have been more appropriate to cover a number of the agro processing companies and a wider population but lack of financial resources made it difficult for the researcher to do so. Also time and financial matters restricted the study scope to Kumasi and Sunyani.

1.8 Organization of the study

The study had been outlined into five sections which shall also be called the chapters. The First Section present the foundation from which all the others follow. The Chapter Two of the study, focused on the review of most appropriate literature for the study. The Chapter Three dealt with the methodology of the study. The Chapter Four was on the data presentation, analyses and discussions. The Chapter Five was limited to the major findings emanated from the study, conclusions and recommendations.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction:

In this section, an extensive review of previous scholarly and academic work is done. The review is categorized into two. The first part specifically, dwelled on internationalization, the strategies adopted in exporting products, the review of export performance and its allied relations. The second part of the literature centered various export strategies including direct, indirect foreign direct investment among other.

2.2 The Concept of Internationalization

This section presents conceptualization of the key variables in the study. Specifically, two main issues have been addressed in this regards. Namely; internationalization and strategy.

2.2.1 Internationalization

Going back through history we find a lot of theories that approach internationalization process of the firms in different ways. Early researchers, such as Adam Smith, David Ricardo, Heckser-Ohlin and other authors introduced us to the international business world. Adam Smith discussed the absolute advantage based on the classical economic thought (Mitgwe, 2006). Adams Smith saw in the nation as being the unit of rationale for trade was simply to take the maximum advantage of an absolute advantage (Mitgwe, 2006).

David Ricardo came up with his arguments that Smith was not right and proposed theory of competitive advantage (Mitgwe, 2006). Not all the theories are applicable to every case of internationalization that occurs in the business world, but they, in a way complement each other and function as different tools for us to explain and understand internationalization process of firms.

Internationalization and access to foreign market were made possible through the ability to move from one place to another for business transactions. Hitherto, transactions were made among groups within a particular geographical area but with the emergence of sea and air transport transaction is now done on large quantities. Scholars, researchers, academicians and pundits have tried putting the concept of internationalization into perspective and finding a uniform definition for it but ambiguity seems to surround the term internationalization hence there have been various definitions accorded to the term based on variable around which it's being defined (Penrose, 1959).

According to Welch and Luostarinen (1988) described internationalization as institutions committing themselves more to international operations and this was affirmed by the convictions of Johanson and Vahlne (1977). Through international involvements, organizations are able to monitor both internal and external shocks that are likely to occur and the strategies that can be method-out against it. Calof and Beamish stated that internationalization is the process by which a firm channels its resources into an existing international market and try to adapt to conditions of operation there.

2.2.2 Strategy

Strategy is the practical long term operationalization of an organization that have been planned using the available resources of the organization, its assets and human capital in an informative format on paper (Chaffee, 1985). These are mostly designed with the goals of the organization in mind and follows definite plans, decisions and actions to achieve set objectives of the organization. In simple terms, business strategy is the term which is broadly used for the strategies available to organizations both within the internal and external markets (Barringer and Greening, 1998).

2.3 Agro-processing industry and the Internationalization process

Exports have been regarded as the most important activity in international business. Formally, exportation of products in the circles of internationalization is regarded as means of expanding the frontiers of an organization to increase their market base. Currently, the perception towards internationalization has changed and it's being used as a tool to gain a competitive edge over their competitors within the same industry.

The globalization of the world towards a one single unit juxtapose why business organizations should review their strategies to incorporate other parts of the world as they consider their domestic market. The liaising that webs organizations together as one formidable entity shearing the same strategies and practices even though they are in different countries helps to facilitate the exchange of technologies, knowledge and operational process and enhances cultural integration and understanding among the worlds' comrades and business organization.

This has helped Agro-processing businesses to build a strong informative strategy through alliances with partners which conducts research in several areas and discover new ways of overcoming certain malpractices. The world has come to a realization the global approach to world problems helps to develop a holistic approach to them and improves the process of combating it.

2.3.1 Agro-processing industry' motives for Internationalization

Agro-processing within the parameters of internationalization has been given several reason and motive behind the agro-processing sector subjecting itself to internationalization. Analysts believe that one basic analogy behind the internationalization of agro-processing firms of the tendency to expand their market base and achieve growth. As a result, they create allied outlets and partners in other international countries through which they indirectly operate. In other related reasons, agro-processing firms develop alliances internationally to access new technologies and know-how.

Prior to firms going international, procedural strategies are taken to avoid any sudden shocks. These strategies consider both internal and external market environment and capitalize on their strengths to penetrate the new markets (Hollensen, 1998). This implies that, organizations look out for opportunities in other international markets, develop a comprehensive plan before taking the step to operationalize their thoughts (Albaum, Straskov and Duerr, 1998).

Companies, organizations and institutions are being driven by two broad stimuli which internal and external stimuli. The internal stimuli serves as the push factors and can occur when

companies can produce on a larger scale are enjoying economies of scale where their prices are relatively cheaper compared market in which they intend to enter and can compete and take over that market. The other stimuli is the pull factor which takes place in the destination region where there are favourable conditions such as available market and the lack of the product to satisfy the niche market who are in need of that product (Cavusgil, 1982).

2.4.1 Proactive factors

There are some factors that influence a company's decision to go international and among which is the viable and profitable prospects within the international market under consideration, the ability to scout for new and unique ideas and the desire to expand their market size. It therefore becomes imperative for management top design mechanisms which are geared toward success in their new environment. By a meticulous observation and analysis from the management team, they are able to design a comprehensive and achievable goals which are mostly acquired through the feasibility studies conducted by the research team and the report made available to management. Location is a key factor as culture hence they are taken into consideration.

2.4.2 Reactive factors

This type of strategy offers that, the company should operate partially while dealing with both internal and external competitions. However, when a unique product is being offered by a company, they are being scouted by other foreign markets other than they going after them and this increases their potency to exploit success factors within that market. Embarking on advertisement makes them popular than any other businesses even though they have just registered their products' name (Albaum, Strandkov and Duerr 1998).

2.5 Export Strategies:

Exportation of products is one of the strategies used by organizations to enter new markets while looking out for other adjoining opportunities. This provide the platform for the organizations to learn and serves as the cheapest means of entering into an international market and offers low risk to the organization which is much convenient (Czinkota et al, 1992; Root, 1994; Kotabe and Helsen, 2000; Onkvisit and Shaw, 1993). In this situation, they need less logistical operations, machines for large production purposes and institutional framework among others. By adopting the export mechanism, institutions have the ability to easily enter into an international market and needs no external buildings to be comfortably established there (Hitt et al, 2003; Luostarinen and Welch, 1990).

2.5.1 Direct Export Strategy:

Direct exports are international dealings that relate directly with sales agents in the destination country and do not need the physical presence of the company to successfully operate. Legalities regarding these exported goods are taken as a sole responsibility of the sales outlet where they formalize all the operations and the certification of the product which puts the company in no risk position and liabilities are transferred to the sales outlet in the destination region. This means that, the integrities regarding the exportations of a company and skills should be mastered properly (Karkkainen, 2005; Albaum et al, 2002).

2.5.2 Indirect Export Strategy:

As the name implies, companies who adopt this strategy operate through other organizations to reach customers which opposes the direct strategy which deals straight with the customers

through sales outlets. In this strategy, companies employ the activities of commercial companies at the destination region, they also use export management companies, export corporations and distribution chain outlets, agents of exports and intermediaries as well as corporative export organizations (Karkkainen, 2005; Kotabe and Helsen, 2000; Albaum et al, 2002).

2.5.3 Non Export Strategies:

In this situation, the intended product for exportation is produced in another country before exporting it to the international market (Dehghan 2008). There are types of non-export strategy and among them are;

2.5.3.1 Strategic Alliances:

This strategy develops lasting partnerships with other organization and shear benefits as well as risks and failures (ling et al, 2005). They use mechanisms such as licensing, franchising, production contract as well as joint venture business operations. Both licensing and franchising needs no capital investment in the destination country whereas joint venture involves commitment in terms of capital, shearing of benefits as well as risks that may arise from the partnership (Dehghan, 2008; Karkkainen, 2005). This requires that the culture of the destination region will be thoroughly examined to understand the patterns of behaviour (Luostarinen and Welch, 1990; Root, 1994; Czinkota et al, 1992).

2.5.4 Foreign Direct Investment:

This is where a company invests in another country which acts as the destination country, producing goods and services and own 100% of all operational activities. It can occur by establishing a new company or buying an already existing company. One basic reason for investing directly in another country and owning 100% of it is to control the technology they possess, their distribution channels and profit margins. However, it is being affected in terms of delays in entering if a new company has to be built, high costs and unexpected occurrences (Dehghan, 2008; ling et al, 2005; Hitt et al, 2003; Karkkainen, 2005).

2.5.5 Entry Strategy Selection:

There are few theories that directly explain or analyze international business selection. Hymer's theory of imperfection theory (Hymer, 1960), the theory of transaction cost (Williamson 1975; Anderson and Gatignon, 1986), the theory of international business (Buckley and Casson 1976), the approach of strategic behaviour (Kogut 1988) as well as the resource based approach (Wernerfelt, 1984), are the few theories that have tried to synthesize business strategy selection models. However, Andersen (1997) concluded that the choice of a strategy is too broad for one theory to comprehensively put to perspective all the facets of the choice of a strategy. To successfully review the strategies and a make a definite decision, there is the need to adopt technological methods that will integrate all the approaches to design a more comprehensive one (Dunning, 1980; 1988; and 1995).

The electronic model according to Dunning stated that the decision to enter a new market is dependent on specific ownership, specific location and the advantages associated with

internationalization. This theory aids in understanding why organizations choose to produce in the destination region compared to exporting products, technologies and services over-seas. Meanwhile his theory did not touch on why other enters into joint ventures or owning the entire company in another country (Moon 1997).

The strategies for entry have two basic steps; identifying the production facility and where they are located and taking a decision on the level of control the company should have. The first step chooses to either produce or export to the foreign market while the latter decide between having a full or partial control of the business (Ekeledo and Sivakumar 1998). Most often, company's entry strategy differs based on both internal and external forces of control. The internal forces include company resource factor and the product factor of the company while the external factors include the business environment that exists at the destination country, the target market and production available and the destination country (Peinado and Barber 2006; Root 1994; Koch 2001)

2.6 Export Performance:

There is an aura of argument surrounding strategic management and international marketing decision making regarding its performance. There is a crucial link between the two concepts but researchers are now focusing on the success factors associated with international marketing (Florin and Agboei 2004; Shoham and Kropp 1998). In today's competitive environment, it is important to critically observe performance because they keep the company running and increases their profit margins. Specifically, strategies look at financial impetus, the strategy to adopt and performance of the strategy adopted (Lages and Montgomery 2004).

The parameters of valid, reliable and measures of performance are hard to find in international strategic and marketing settings. The performances of exports are dependent variable which relies on other factors to succeed. There are two ways of estimating export performance and these are economic which takes in to account market shear, profit and sales while non-economic factors include perceptions of the market, experience and products (Katsikeas Leonidou and Morgan 2000). Most of the measure concentrate on economic measures like export sales, sales growth and profitability (Katsikeas, Leonidou and Morgan 2000; Calantone 2005).

2.7 Relationship between Export Strategy and firm performance:

Decision concerning strategic entry model plays an integral role in the future prowess of the organization after entering in to the market. It must be noted that entering into a new market have some level of effect on the organization's performance (Peinado and Barber 2006; Kirca 2005). Hence, it is important to make the right decision as far as strategies to entering international market is concern (Ekeledo and Sivakumar 1998). Performance in the international is basically measured using efficiency and profitability. Resources as well as knowledge base of the organization are strategically embedded in the strategies of the organization and the mechanisms to be profitable. The forces of cost and revenue define the profit levels of organizations (Wilkinson and Nguyen 2003; Kouck et al 2003; Karkkainen 2005; Shi et al 2002).

Formerly, researchers have ignored the link between the survival rates of organizations through export performances. However, McDougall and Oviatt (1996) study clearly showed the relationship using 62 manufacturing companies within the computer and communication industry and concluded that, companies that perform better are those that increase their international sales

as against those do not. The limitation to the study was that, it lasted for only two (2) years and the organizations under consideration were not large multinational companies. Westhead (1995) in a study in Great Britain assessed companies within manufacturing and service industry and asserted that firms that engaged in exports recorded growth in business than those that do not partake in exports (Westhead et al., 2001).

Some authors have developed a framework where companies use a resource based view (RBV) which are internally generated by the organization and use it to create a market barrier to achieve a competitive edge within the industry where they operate (Dhanaraj and Beamish, 2003) and Patterson and Cacic (1995) Organizational resources are the most valuable within the organizational settings and determines the viability, the value, how sustainable the organization is and among others (Ling-yee and Ogunmokun 2001; Barney 1991).

Marketing within international business dealings have received the attention of researchers like Srivastava et al (2001) Ling-Yee and Ogunmokun (2001); Piecey et al (1998) and according to them, it is the most important to push an organization into success. Other researchers believe that when an organization operates dealing with several units of products, they have the capacity to extend their success net and are liable to enjoy competitive edge over their competitors and strengthen their grounds within both local and international markets (Barney et al. 2001; Srivastava et al. 2001).

This system simply operates on the bases of the contingency theory where they adopt different strategies for different product cells. Hence, the strategy is dependent upon the product type. This strategy has been endorsed by (Zeithaml et al. 1988; Ginsberg and Venkatraman 1985; Hofer

1975). This theory presupposes that, organizations cannot plan without taking the environment in which they are going to operate into consideration hence there are no single patterns to strategic planning for entering a new market (Gardner et al. 2000).

There are some factors that motivate export marketing which is deduced from the market in which the company is entering considering how profitable the venture is (Ellis and Pecotich 2001). Jones (1955) asserted that motivation is an intrinsic emotion which are energized, sustained, directed and stopped by the person himself or other external variables. From Vrooms' perspective motivation is what drives choice in the face of several choices and shapes behaviour. In furtherance, researchers asserted that individual motivations differ from one another depending on their internal motivation (Zhao 2002; Porter and Lawler 1968).

The following findings were discovered after Bradley and Keogh (1981) explored the worth of expectancy theory in export management and the following results were presented, managers always perceive the outcome of certain decisions that they take and prefer certain results over others and look forward to welcoming those results. Moreover, certain actions are taken based on the perceived outcomes created in the minds of the managers. Therefore motivation is known to be influenced by the expectancy variables of an individual. Based on this, it was concluded that the motivation of business owners can be informed at any time (Bradley and Keogh 1981; Simmonds and Smith (1968).

There is a pool of literature that supports the attitudinal roles that managers play in the successful execution of international market entry and hence their behaviour has effect on performance

(Zou and Stan 1998; Zhao 2002). Therefore management are always held reliable for export performance since they control the firms' prospects (Stottinger and Schlegelmilch 1998). The commitment level of a company at the international market determines their performance level and this involves management putting operational measure in place to strategically increase their market share (Francis 2000). Scholars have suggested that export department should be created along-side export planning and control units as well as a research group who will conduct a feasibility study into the existing international market (Bonaccorsi (2004, 1993); Beamish et al. 1993; Cavusgil and Naor 1987). Zou and Stan (1998) empirically reviewed the relation between export performance and commitment of management and concluded that there is a strong positive relation between the two dimensions. Zou and Stan (1998) empirically reviewed and their findings were supported by Cavugil and Zou (1994) and added that commitment inspires aggressive marketing to take advantage of the opportunities within the export market settings and improves performance.

The forecast of management on export sales, profits and growth rates inspire them to do more to achieve the set target. On the contrary, the opposite lead to poor sales, growth and performance of the organization and hampers their success (Zou and Stan, 1998). The findings complete the nexus of (Chetty and Hamilton 1993; Aaby and Slater 1989). Hence, conceptualizations in this area of studies stipulate that being proactive improves export sales and psychologically ginger the human resource within the company to put in more effort.

Knowledge of the foreign market is very vital when it match-up with the strategies of the organization and the product line they intend to introduce (Evans et al. 2000). There is always

interplay between internal and external forces to determine the price of a product on the export market, its distribution channels, as well as the use of promotional tools to achieve success (Cavusgil and Zou 1994; Katsikeas et al. 2000). The dilemma with international export marketing is whether the company should adapt to the foreign standards of dealing or use a home strategy (Shoham 1996; Cavusgil and Zou 1994). They can engage in product adaption, development and competitive price adoption, promotional tools adaption and among others (Douglas and Craig 1989).

From the European context, managerial commitment to export performance leads to success of operations and they achieve it through the understanding of the buying behaviour within the target market (Kastsikeas et al., 1995). This is the more reason why companies should endeavour to have a department that is assigned and handles export duties which has a greater influence on the success of export marketing (Beamish et al. 1993; Bonaccorsi 1993; Shoaming Zou 1987-97).

According to Madsen (1987), commitment to research within an organization builds a strong foundation for success, growth of the organization, sales and other related activities. The perception of export marketing dictating the direction of export performance was derived from industry organizational theory (IO) and further stated that it is the external factors that control economic performance (Scherer and Ross 1990; Cavusgil and Naor, 1987).

Internationalization can simply be summarized as the channel through which knowledge of harnessed on the international market and this knowledge base is gathered through export activities.

Nonetheless, procrastination based on export market entry makes it difficult for companies to exploit international markets (Sharma and Blomstermo, 2003). Internationalization is seen as a continuous strategy and it differs from other strategies and among them are products are moved across borders, they determine the international export modality to transact business (Andersen and Buvik, 2002; Quer, Claver and Andreu 2007). Entry strategy is needed by all businesses before entering into the export market and should be a model design by the company based on their product line, technology available, human resource, management and other relevant initiatives (shama 2000; Karkkainen, 2005).

There are equity and non-equity market entry strategies where equity deals with the company taking ownership business in the export market, complete ownership or involving in joint ownership while the non-equity debunk any contractual ownership and are in the form of licensing and franchising (Wilkinson and Nguyen, 2003). In the light of this Caves (1982) found ways to internationally expand your business; exporting, franchising and licensing, strategic alliances and fully owned foreign subsidiaries.

In a related study, Cateora and Graham (2012) identified six ways of entering a new market which include franchising and licensing, consortia, import/export, joint ventures, and wholly or partially owned businesses. Each strategy has its own risks and benefits associated with it. Companies may approach risks in different ways and how to solve them. Even though companies may be located in the same country, same business industry as well as the same economic environment, their approach to risks resolution might be different depending on the strategies they are using (Cateora & Graham 2002, pp. 325–335).

The models based on which international entry is founded have been grouped developed on two main paradigms; the geographical location of the manufacturing facility and the level of commitment and ownership the company desire to have in the foreign land. Entry can be either exporting the product to the target location or the company can transfer their resources such as technology, human resources, capital, and skills to the destination country where they directly engage in the production of goods, products and services in order to penetrate the existing market with their product. The last characteristics involve three levels of commitment; none, partly and wholly owned investment (Karkkainen, 2005).

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

Research methodology is presented in this chapter. The study was conducted to examine the effect of agro export strategies on organizational performance. The study employed the following techniques to address the above objective: quantitative research design, population, sampling size and sample technique, sources of data, data analysis and data collection instruments, ethical issues and the profile of the study area.

3.2 Research Designs

The design of a research study defines the plan of action for the project in question. There are several types of research designs. In this study both exploratory and descriptive designs were considered. Exploratory research is a non-conclusive research usually conducted to explore a situation at hand. Usually, the aim of most exploratory studies is to seek clarity of the issues been studied. Exploratory studies mostly adopt qualitative technique (Creswell, 2003). The descriptive research adopts statistical approach to describe the situation under consideration in more details. Usually, such studies employ statistical tools such as frequencies, percentages, means standard deviations among others.

3.3 Population

Population of a study defines the individual group from which samples are drawn for the study. Usually population of a given people share common identity such as age, education, gender, occupation, household among others (Sakaran, 2003). The population for this study covered agro-oil exporting firms in the Ashanti and Brong-Ahafo Region of Ghana. Population of this study comprised of the management and staff of the selected agro processing companies.

3.3.1 Sample Size and Sampling Techniques

Sampling defines the process of taking few while inferences are made to the large population (Sakaran, 2003). The total sample size of the study was 50. There were several agro exporting firms in the study area. However, only small margins of the population were engaging in export of their product. Hence, the 50 respondents were considered ideal for such a study. There are two main sampling techniques that were adopted for the study.

These are purposive and convenience sampling techniques. The purposive sampling were adopted to sample the management of the selected companies while the convenience sampling was employed to select the junior members (staff) of the firms. The purposive sampling technique only allow respondents who are knowledgeable and have in-depth information on the subject been studied to contribute their expertise to the study. Convenience sampling allows data to be collected from respondents who were available during the period of the study and were willing to contribute by participation.

3.4 Sources of Data

Data refer to the unprocessed information (Creswell, 2003). The data needed for a study can be collected either as secondary data or as primary data. This study employed both primary and secondary types of information to address the study objectives.

3.4.1 Primary Data

Primary data are usually first of its kind. In the present study primary data were collected using structured questionnaires (Creswell, 2003)

3.4.2 Secondary Data

Secondary data were obtained from pre-existing literature and scientific databases; these include EBISCO, Ulrich, Index Copernicus, Cite Seerx, Impact factor etc. In addition other relevant information such as unpublished theses and dissertations were also included in this study (Creswell, 2003)

3.5 Data Collection Instruments

Data collection is the process of taking data from a particular respondents using set of techniques e.g, questionnaires, interview, observation (Morga, 1997). The study employed structured questionnaires to elicit data from the study respondents. This instrument is not quite expensive, it has the capacity to reach out to large audience or respondents and it also saves a lot of time. The study adopted three main data measurement scales. Namely; nominal scale, ordinal scary and interval, the last two were measured on 5-point Likert scales. The questionnaires were group into

four main headings as follows; Section A: Focused on the respondent's demographic background information, the Section B; dealt with the current strategies deployed by agro-processing companies in their export. Section C; was on how the current strategies are affecting their export performance, the Section D: dealt with the relationship between export marketing strategy and export performance. Finally the section E; focused on the challenges facing the agro-processing exporting companies.

3.6 Data Analysis

The data were analysed after series of data validations were conducted. The researcher adopted SPSS as the main statistical instrument to address the data analyses need of the study (Creswell, 2003). The results were present using, frequencies, percentages, means and standard deviations. The study also employed interracial statistics such as correlations and regressions

3.7 Ethical Considerations

The study employed four key ethical principles in this study. These are the respect for human right, informed consent, protection from harm and honesty towards professional in this field. The study employed all the above ethical methods and recommendation throughout the study period. Specifically, before, during and after the study, All these were done to increase the reliability and validity of the study (Sakaran, 2003).

3. 8 Profile of Study Area

This is a brief description of the area captured under the study, in this case Kumasi and Sunyani.

3.8.1 Profile of Kumasi and Sunyani

The study was conducted in Kumasi and Sunyani in the Ashanti region and Brong Ahafo Brong region respectively. To start with, Kumasi is the capital of the Ashanti region. Traditionally, Kumasi is referred to as the Garden city of West Africa. It is the second largest city of Ghana after Accra. Geographically, Kumasi is located in the middle belt of Ghana. In terms of business the capital serves as a hub that links the city to the other part of the world. This has promoted a lot of business activities such as farming, mining, manufacturing, services, etc. Kumasi is located on the 300 miles north of the equator and 100 miles north of the Gulf of Guinea. Sunyani is the capital of the Brong Ahafo region. Climate wise, it shall a lot of features in common with the Ashanti region. The city also serves as a link between the north and the south.

CHAPTER FOUR

DATA ANALYSIS AND DISCUSSIONS

4.0 Introduction

This chapter presents data analysis on assessing the export strategies and its effects on the performance of agro-processing industry of Ghana. The analysis was aided by the Predictive Analytic Software (PASW). Prior to the analysis the data gathered was cleaned up to ensure completeness uniformity and consistency. The results were presented in the form of tables and charts.

4.1 Demographic Information

This sub-section gives demographic information about workers in the agro-processing industry and their companies or the agro-processing industries they work for.

Table 4.1.1 Years Respondents have being Operation

	No. of Respondents	%
2-3 years	14	28.0
4-5 years	15	30.0
Above 5 years	21	42.0
Total	50	100

Source: Field Survey, 2015

Table 4.1 above reveals the respondents opinions as to how long their company had being in operation. The majority of respondents, 21 representing 42% out of the total 100% said their company had being in existence for over 5 years. Another 15 respondents representing 30% posit that they had being in operation for 4-5 years approximately. The remaining 14 respondents representing 28% also has the view that the company had being in operation for 2-3 years only.

Table 4.1.2 Years Company Have Being Exporting Agro-Oil

	No. of Respondents	%
Less than 2 years	8	16.0
2-3 years	14	28.0
4-5 years	21	42.0
Above 5 years	7	14.0
Total	50	100

Source: Field Survey, 2015

Regarding the number of years the company has being exporting agro-oil, the same majority of respondents who know about the long existence of the companies, 21 representing 42% again attest that their company had being exporting agro-oil for 4-5 years. Fourteen (14) other respondents representing 28% argued that their company had being exporting agro-oil for 2-3 years. Another 8 respondents representing 16% said their company had being exporting agro-oil for less than two years whiles the remaining 7 respondents representing 14% made known that their company had being in operation for more than 5 years and counting.

Table 4.1.3 Average Size of Your Work Force (Both Permanent And Temporary)

	No. of Respondents	%
Less than 20	50	100.0
Total	50	100

Source: Field Survey, 2015

It was quite surprising to have noticed that all respondents 50 representing 100% attested that their work force currently is less than 20 people. This indicates that few people are used to execute a large chunk of work.

Table 4.1.4 Average Monthly Export in US Dollars

	No. of Respondents	%
Below 100,000	43	86.0
Above 100,000	7	14.0
Total	50	100

Source: Field Survey, 2015

With regards to how much, in terms of money (US Dollars) the companies' exports, it was revealed by 43 respondents representing 86% that the companies export below 100,000. On the contrary, 7 other respondents representing 14% were of the view that their companies export on average, above 100,000. The difference in the responses is as a result of the diverse agro-oil companies under study.

4.2 Strategies Deployed by Agro-Processing Companies in their Export

Factors that motivate agro-processing industries of Ghana are being discussed with regards to export are being discussed in this subsection. The table 4.11 below represents respondents' responses with regards to what motivates them to export. The responses were subject to the central tendency of mean and standard deviation in tandem with an agreement legend where (4.00 and above=Very High, 3.00-3.99= High, 2.00-2.99=Medium, 1.50-1.99=Low and 1.00-1.49=Very Low)

Table 4.2.1 Export Motivation for the selected Agro Processing Companies

	Mean	Std. Dev	Variance
Responding to domestic competition	3.8800	1.56022	2.434
Others (specify)	3.7400	1.75906	3.094
Sales growth	3.7400	1.75906	3.094
High Profits	1.5600	.73290	.537
High Margins	1.5600	.73290	.537
Prestige	1.0000	.00000	.000
N	50		

Source: Field Survey, 2015

The following variables are; responding to domestic competition (M=3.8800, SD=1.56022 and V=2.434), others (M=3.37400, SD=1.75906 and V=3.094), sales growth (M=3.7400, SD=1.75906 and V=3.094), high profits (M=1.5600, SD=.73290 and V=.527), high margins (M=1.5600, SD=.73290 and V=.537) and prestige (M=1.0000, SD=.00000 and V=.000). It is elucidated that respondents strongly attested that these factors; response to domestic competition, sales growth and others are very high motivating factors to their exports. Thus, the more or high these factors, the more they indulge in exports. On the other hand, a few of the respondents also confirmed that high profits, high margins and prestige are factors but have very low impact on their eagerness to export agro-oil.

Table 4.2.2 Descriptive Statistics on Management experience

	Mean	Std. Dev	Variance
To what extent do you understand the negotiation techniques employed by import nations?	2.9600	1.87312	3.509
To what extent do you understand how the financial system works? Including payment systems, currency conversions, etc.	2.7000	1.48805	2.214
To what extent do you understand multilateral trading agreements related to the agro-oil sector?	2.4000	1.19523	1.429
N	50		

Source: Field Survey, 2015

With respect to the data collected, all respondents are fair-minded in management experience. Thus, recording between as low as 2.0-2.99 (poor) per the agreed legend above. The variables that revealed the poor management experience of respondents were notably; to what extent do you understand the negotiation techniques employed by import nations?, to what extent do you understand how the financial system works? and to what extent do you understand multilateral trading agreement related to the agro-oil sector?. It is further explained that the employees are

sustained in the companies due to their long stay and lay-man's experience acquired over the long years of stay in the agro-oil export industry.

Table 4.2.3 Export Marketing Strategy

	Mean	Std. Dev	Variance
We usually do promotions to expand our presence in the export market	4.0200	1.20357	1.449
We carefully choose importers with a strategic distribution system to maximize benefits for the company	3.8800	1.56022	2.434
My company is ever pursuing vigorous brand management	3.7400	1.75906	3.094
We have a clear pricing objective for the export market	1.5600	.73290	.537
N	50		

Source: Field Survey, 2015

The variables under consideration are; we usually do promotions to expand our presence in the export market which recorded (M=4.0200, SD=1.20357 and V=1.449), we carefully choose importers to maximize benefits also recording (M=3.8800, SD=1.56022 and V=2.434). Another factor, companies are ever pursuing vigorous brand management recorded (M=3.7400, SD=1.75906 and V=3.094) and we have a clear pricing objective for the export market also recording (M=1.5600, SD=.73290 and V=.537).

Respondents strongly agreed that their companies do promotions to expand their business in the export market. Down the lane, others agreed that these two strategies were used; their companies carefully choose importers with a strategic distribution system to maximize benefits for their companies and also brand management was vigorously attended to as marketing strategies.

Table 4.2.4 Years of Experience Do You Have In Agro-Oil Exporting

	No. of Respondents	%
Below 3 years	14	28.0
4-5 years	15	30.0
Above 5 years	21	42.0
Total	50	100

Source: Field Survey, 2015

The Table 4.8 presents the respondents experience in agro-oil exporting. Respondents who had above 5 years' experience in agro-oil exporting were 21, representing 42.0%. Also, respondents who had 4-5 years' experience in agro-oil exporting were 15, recording 30.0%. Finally, 14 respondents representing 28.0% had less than 3 years-experience in the field. It is no surprising to notice that respondents who have intense knowledge about business management are the same who have longer experience in agro-oil exporting.

4.3 Current Strategies affecting Export

The barriers that are associated with the export strategies are being revealed in this sub section. The table 4.10 below represents respondents' responses with regards to their perceptions on supposed barriers. The responses were subject to the central tendency of mean and standard deviation in tandem with an agreement legend, where (3.0-4.0 and above= Strongly Agree, 2.1-3.9= Agree, 2.0-1.0= Disagree and 0-0.9=Strongly Disagree).

Table 4.3.1 Descriptive Statistics on Perceived barriers

	Mean	Std. Dev	Variance
Exporting barriers are less concern to us than the opportunities	3.880	1.56022	2.434
We consider exporting after satisfying the domestic market	3.740	1.75906	3.094
My firm considers exporting to be having many barriers	3.740	1.75906	3.094
We feel there are many trade barriers to agro-oil exporting	3.720	.70102	.491
Despite the trade barriers, we feel it is still viable to export	2.300	1.28174	1.643
N	50		

Source: Field Survey, 2015

The following variables are; exporting barriers are less concerned to us than the opportunities (M=3.8800, SD=1.56022 and V=2.434), we consider exporting after satisfying the domestic market (M=3.7400, SD=1.75906 and V=3.094), my firm considers exporting to be having many barriers (M=3.7400, SD=1.1.75906 and V=3.094), we feel there are many trade barriers to agro-oil exporting (M=3.7200, SD=.70102 and V=.491) and despite the trade barriers, we feel it is viable to export (M=2.3000, SD=1.28174 and V=1.643).

The study found that some (majority) of the respondents strongly agreed that there were barriers to agro-oil exporting. These respondents consented that upon their awareness, they know the barriers are less than the opportunities. On the contrary few respondents totally disagreed to mean that there were no barriers and if even there were, they still feel the need to carry on with export.

Table 4.3.2 Descriptive Statistics on Firms Capabilities and Competences

	Mean	Std. Deviation	Variance
Company reputation	4.0200	1.31692	1.734
Importers distribution network	4.0000	.00000	.000
Personal contacts with overseas distributors	4.0000	.75593	.571
Export marketing knowledge	4.0000	.75593	.571
Promotional efforts	3.8600	.83324	.694
Range/variety of agro-oil	3.5800	.49857	.249
Proximity to export market	3.5200	1.44618	2.091
Price competitiveness	3.4400	1.05289	1.109
Personnel experience & training	2.8200	1.27279	1.620
N	50		

Source: Field Survey, 2015

Respondents attributed some factors as their companies capabilities and competencies. Respondents stated their; companies reputation which recorded (m=4.0200, SD=1.31692 and variance=1.734), their importers distribution network recording (m=4.0000, SD=.00000 and variance=.000), their personal contact with overseas distributors also recording (m=4.0000, SD=.75593 and variance=.571). More so, export marketing knowledge recorded (m=4.0000, SD=.75593, and variance=.571), their promotional efforts brought out to be (m=3.8600, SD=.83324 and variance=.694). Again, their variety of agro-oil recorded (m=3.5800, SD=.49857 and variance=.249), while proximity to export market accrued (m=3.5200, SD=1.44618, and variance=2.109). Respondents agreed that price competitiveness which is a characteristic of their companies capabilities and competences on the other hand recorded (m=3.4400, SD=1.05289 and variance=1.109) and personal experience and training being the last recorded (m=2.8200, SD=1.27279 and variance=1.620).

This indicates that the following factors; company reputation, importers distribution network, personal contact with overseas distributors and export marketing knowledge are very significant

leading to the companies capabilities and competencies. Promotional efforts, variety of agro-oil, proximity to export market and price competitiveness are also significant according to respondents as factors of their company’s capabilities and competences. Personal experience and training was given a neutral stand as to whether significant or insignificant to their companies capabilities and competences.

Table 4.3.3 Perceived Export Advantage

	Mean	Std. Dev	Variance
Constant supply	4.4400	1.05289	1.109
High quality agro-oil	3.8800	1.36487	1.863
Proximity to export market	3.8800	1.56022	2.434
Low farm gate prices	3.7400	1.49571	2.237
Production method used e.g use of organic methods	3.4400	1.29615	1.680
Low price charge to importers	2.9600	1.53809	2.366
Others (specify)	1.5600	.73290	.537
Good credit terms with importers	1.5600	.73290	.537
Total	50		

Source: Field Survey, 2015

The variables under consideration are; constant supply (M=4.4400, SD=1.05289 and V=1.109), high quality agro-oil (M=3.8800, SD=1.36487 and V=1.863), proximity to export market (M=3.8800, SD=1.56022 and V=2.434), low farm gate prices (M=3.7400, SD=1.49571 and V=2.237), production method used (M=3.3400, SD=1.29615 and V=1.680), low price charge to importers (M=2.9600, SD=1.53809 and V=2.366) and good credit terms with importers (M=1.5600, SD=.73290 and V=.537).

The study found that some of the respondents regard constant supply as the greatest advantage of export (very important) when they compare their companies supply rate to other competitors. Others see some factors too as important export advantages as and when they compare with other

companies. Such factors are; high quality agro-oil, proximity to export market, low farm gate prices and production methods applied. According to a number of respondents, low price charge to importers stood on a neutral ground to mean that, at some points, it is an advantage and other points it is a disadvantage. Therefore it is neither important nor unimportant. Good credit terms and others in the variables under consideration, per their records are seen to be very unimportant export advantage as compared to other factors and in comparison with other competitors.

4.4 Export Marketing Strategy and Export Performance.

In assessing the export strategies and its effects on the performance of agro-processing industry of Ghana, this sub section reveals the planning and control these industries have put in-place to accurately measure export strategies effects on performance among its workers. The table below represents respondents' responses with regards to planning and control in their companies.

The responses were subject to the central tendency of mean and standard deviation in tandem with an agreement legend where (4.00 and above=Strongly Agree, 3.00-3.99= Agree, 2.00-2.99=Neutral, 1.50-1.99=Disagree and 1.00-1.49=Strongly Disagree).

Table 4.4.1 Planning and Control

	Mean	Std. Dev	Variance
We are aware of the risks associated with exporting	3.8800	1.56022	2.434
We regularly measure our performance against set export targets	3.8800	1.56022	2.434
Exporting is done as need arises since we don't usually plan for it	3.7400	1.75906	3.094
We regularly develop carefully forecasts to help us in exporting	3.7400	1.75906	3.094
All concern managers are aware of how we are performing in the export market on regular basis	3.7400	1.75906	3.094
We ensure there is a carefully export market strategy in place	3.7400	1.75906	3.094
Our planning department is well developed	2.2600	1.75906	3.094
My company involves in deliberate planning for the export market	1.8600	.35051	.123
We usually conduct planning sessions/training/seminars for most of our staff	1.5600	.73290	.537
N	50		

Source: Field Survey, 2015

From the table, it can be explained that respondents strongly agreed to a couple of factors as their planning and control mechanisms. Amidst such factors are; the awareness of the risks associated with exporting, regular measurement of performances against set export targets, exports are done when the need arises, development of careful forecasts to aid exports, the regular awareness of concerned managers about performance and ensuring that there is a careful export marketing plan. Another set of respondents were neutral the planning and control variable which states that their planning department was well planned because of the inconsistencies created in their planning units. Because companies do not involve in deliberate planning for the export market and because they do not conduct planning sessions for most of the staff, it has reflected in their responses that they strongly disagree to these factors as part of their planning and control mechanisms.

Table 4.4.2 Export Performance

	Mean	Std. Dev	Variance
To what extent are you satisfied with profits from export sales	4.4400	.50143	.251
To what extent do you feel you have attained your overall export sales goals/objectives?	4.1400	.63920	.409
To what extent are you satisfied with your export sales value	3.7400	1.75906	3.094
To what extent are you satisfied with the frequency of exporting/export orders you are receiving?	3.6000	.92582	.857
N	50		

Source: Field Survey, 2015

The variables under consideration together with their records are; to what extent are you satisfied with profits from export sales (M=4.4400, SD=.50143 and V=.251), to what extent do you feel you have attained your overall export sales objectives (M=4.1400, SD=.63920 and V=.409),to what extent are you satisfied with your export sales value (M=3.7400, SD=1.75906 and V=3.094) and to what extent are you satisfied with the frequency of export orders received (M=3.6000, SD=.92582 and V=.857).

According to the data, majority of the respondents are very satisfied with their profits from export sales and also very satisfied with their attainment of export sales objectives. Again, to answer the questions; to what extent are you satisfied with your export sales value and to what extent are you satisfied with export orders received, quire a reasonable number of the respondents attested to agree.

Table 4.4.3 Years of International Experience in Business management

	No. of Respondents	%
Below 5 years	14	28.0
6-10 years	15	30.0
Above 10 years	21	42.0
Total	50	100

Source: Field Survey, 2015

Employees accumulate proficiency and experience in their field of work the longer they serve the organization. From the table, as many as (42.0%) of the total respondents have had over ten (10) years-experience in business management. Also, 30.0% of the respondents have had 6-10 years of experience in business management. Respondents totaling (28%) have had experience in business management for less than five (5) years. This data suggests that a large number of the respondents know the technicalities and know-hows of business management.

4.5 Challenges Facing the Agro-Processing Extorting Companies

In assessing respondents' perception with regards to risk, this subsection reveals respondents perception to risk with regards to assessing the effects of export strategies on the performance of agro-processing industry of Ghana. The Table 4.9 below represents respondents' responses with regards to their perceptions on risk. The responses were subject to the central tendency of mean and standard deviation in tandem with an agreement legend, where (3.0-4.0 and above= Strongly Agree, 2.1-3.9= Agree, 2.0-1.0= Disagree and 0-0.9=Strongly Disagree).

Table 4.5.1 Descriptive Statistics on Risk Perception

	Mean	Std. Dev
We feel there are many trade risks to agro-oil exporting	3.8800	1.56022
Exporting risks are of less concern to us than the opportunities	3.8800	1.56022
Despite the trade risks, we feel it is still viable to export	3.7400	1.49571
We consider exporting after satisfying the domestic market	3.7400	1.75906
My firm considers exporting to be risky	3.7400	1.75906
N	50	

Source: Field Survey, 2015

Risk refers to statistical odds of danger attributed to a venture or an attempt. The following variables are and their accompaniments are the perceptions respondents gave about exports; we feel there are many trade risks to agro-oil exporting (M=3.8800, SD=1.56022 and V=2.434), exporting risks are of less concern to us than the opportunities (M=3.8800, SD=1.56022 and V=2.434), despite trade risks we feel it is viable to export (M=3.7400, SD=1.49571 and V=2.237), we consider exporting after satisfying domestic market (M=3.7400, SD=1.75906 and V=3.094) and my firm considers exporting to be risky (M=3.7400, SD=1.75906 and V=3.094). The study revealed that majority of the respondents strongly agreed (3.0-4.0) to the fact that there exist many risks attributed to agro-oil exporting and that has been made known in their perceptions.

Table 4.5.2 Source of Information about Export Destination

	Mean	Std. Dev	Variance
We rarely use market information in making export decisions	4.0200	1.20357	1.449
We deliberately collect information about our customers in the export market	3.8800	1.56022	2.434
We carefully select with segment to target our customers in the export market	3.7400	1.75906	3.094
We are committed to knowing more about our customers in export market	3.7400	1.75906	3.094
Which of the following do you use for obtaining information about the export destination?	3.7400	1.75906	3.094
We always seek new markets to achieve our objectives	2.2600	1.75906	3.094
We select importers with strategic distribution networks	1.5600	.73290	.537
We actively seek market information to enter new export markets	1.5600	.73290	.537
N	50		

Source: Field Survey, 2015

A quick glance at the table 4.15 indicates that, majority of the respondents strongly agree that their companies do not frequently use market information in making export decisions. This was followed by a reasonable number of respondents who agreed (not so strong) to the fact that their companies deliberately collect information about their customers in the export market, their companies carefully select with segment to target our customers in the export market and their companies are committed to knowing more about our customers in export market. Also, other respondents were on neutral grounds as to whether their companies always seek new markets to achieve their objectives. On the contrary, some respondents disagreed on the facts that their companies select importers with strategic distribution networks and also their companies seek market information to enter new export markets.

Table 4.5.3 Descriptive Statistics on Firm's technology

	Mean	Std. Dev	Variance
Production quality and systems quality management	3.8600	.63920	.409
Any other (specify)	3.4600	1.31258	1.723
Quality assurance processes	3.1000	1.66905	2.786
The production methods right from the farms	2.8200	1.38048	1.906
N	50		

Source: Field Survey, 2015

Technology in this domain refers to the skills and expertise available in the respective companies. Respondents proved that the following technologies; production quality and systems quality management, quality assurance processes and others expertise were available in their firms as they recorded (m=3.8600, 3.1000 and 3.4600 SD=. 63920, 1.66905 and 1.31258 variance=.409, 2.786 and 1.7230 respectively) are significant to their business due to their added advantages. However, respondents could not clearly state whether production methods right from the farms are significant or insignificant to their business, thus recording (m=2.8200. SD=1.38048 and variance=1.906).

4.6 Effects of export strategy on organizational performance

Table 4.6.1: Correlations between export strategy and organizational performance

		Organ performance	Export strategy
Organ performance	Pearson Correlation	1	.924**
	Sig. (2-tailed)		.000
Export strategy	Pearson Correlation	.924**	1
	Sig. (2-tailed)	.000	

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

The association between export strategies and organizational performance was examined. The study had discovered that there is a very strong positive and significant ($r=0.924$, $p\text{-value } 0.000 < 0.05$) correlation between export strategy and the performance of the agro processing

industry. It has therefore been evident that type of export strategy pursued by the agro processing companies can to a very high extent influence their performance.

Table 4.6.2: Model Summary^b

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.924 ^a	.854	.851	.90284	2.487

a. Predictors: (Constant), export strategy

b. Dependent Variable: organ performance

The model summary presents an overview of the overall regression analysis. The correlation result was very high implying a high association between export strategy and organizational performance. The R-square recorded 0.854 and adjusted R-square values of 0.851. The R square result above implies that the independent variable has 85.4% influence on organizational performance. Meaning that export strategy has strong effect on organizational performance

Table 4.6.3: ANOVA^a

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	228.554	1	228.554	280.395	.000 ^b
	Residual	39.126	48	.815		
	Total	267.680	49			

a. Dependent Variable: organ performance

b. Predictors: (Constant), export strategy

The Analysis of Variance (ANOVA) result determines the overall goodness of fit for the model. The ANOVA results from the table above indicate that the model is good and fit. Therefore it is appropriate to predict organizational performance with export strategy. Moreover, the result shows that F-calculated is greater than F-tabulated hence the relationship is significance as shown in the sig. ($0.000 < 0.05$)

Table 4.6.4: Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	8.140	.482		16.895	.000		
	Export strategy	.589	.035	.924	16.745	.000	1.000	1.000

a. Dependent Variable: organ performance

The beta scores show the effect of the independent variables on the dependent variable. From the study if the independent variable is held constant organizational performance would be 8.140 again a unit change in export strategy would bring 0.589 (59.8%) in organizational performance. The study had revealed that multicollinearity was not at all a problem in this study. This was due low Variance Inflationary Factor score. This implies that the export strategies adopted by the agro processing companies are very effective. From the study the following strategies were used by the agro processing companies to improve performance; information about our customers in the export market, carefully selecting target customers in the export market, committed to knowing more about our customers in export market, select importers with strategic distribution networks seek market information to enter new export markets.

CHAPTER FIVE

SUMMARY OF FINDINGS, CONCLUSIONS AND RECOMMENDATIONS

5.0 Introduction

Based on the analysis and discussion in the previous chapter, summary of findings have being outlined with respect to the established objective to assess the export strategies and its effects on the performance of agro-processing industry of Ghana. Again recommendation and conclusion have also been outlined in this chapter.

5.1 Summary of Major Findings

This section presents the summary of findings in relation to the established objectives of the study.

5.1.1 Strategies Deployed by Agro-Processing Companies in their Export

It is elucidated that respondents strongly attested that these factors; response to domestic competition, sales growth and others are very high motivating factors to their exports. Thus, the more or high these factors, the more they indulge in exports. On the other hand, a few of the respondents also confirmed that high profits, high margins and prestige are factors but have very low impact on their eagerness to export agro-oil.

Also, with respect to the data collected, all respondents are fair-minded in management experience. Again, the respondents strongly agreed that their companies do promotions to expand their business in the export market. Down the lane, others agreed that these two strategies were

used; their companies carefully choose importers with a strategic distribution system to maximize benefits for their companies and also brand management was vigorously attended to as marketing strategies and as many as 36 (72%) respondents have being in the agro-oil exporting for as long as four to five (4-5) and above years.

5.1.2 Current Strategies affecting Export

The study found that majority of the respondents strongly agreed that there were barriers to agro-oil exporting. Moreover, the following variables were recorded to have been very significant with respect to the various companies' capabilities and competences; company reputation, importers distribution network, personal contact with oversea distributors and export marketing knowledge. Other variable were neither significant nor significant.

The study found that some of the respondents regard constant supply as the greatest advantage of export (very important) when they compare their companies supply rate to other competitors. Others see some factors too as important export advantages as and when they compare with other companies. Such factors are; high quality agro-oil, proximity to export market, low farm gate prices and production methods applied.

5.1.3 Export Marketing Strategy and Export Performance.

From the study it was discovered that the following strategies were identified as the major export marketing tool.

Amidst such factors are; the awareness of the risks associated with exporting, regular measurement of performances against set export targets, exports are done when the need arises, development of careful forecasts to aid exports, the regular awareness of concerned managers about performance and ensuring that there is a careful export marketing plan. According to the data, majority of the respondents are very satisfied with their profits from export sales and also very satisfied with their attainment of export sales objectives. Again, to answer the questions; to what extent are you satisfied with your export sales value and to what extent are you satisfied with export orders received, quite a reasonable number of the respondents attested to agree. Majority of the respondents 36 (72%) revealed that they have as many as six to ten years and above of experience in business management.

5.1.4 Challenges Facing the Agro-Processing Exporting Companies

The study revealed that majority of the respondents strongly agreed (3.0-4.0) to the fact that there existed many risks attributed to agro-oil exporting but they see that it is viable to export. A quick glance at the table indicates that, majority of the respondents strongly agree that their companies do not frequently use market information in making export decisions. This was followed by a reasonable number of respondents who agreed (not so strong) to the fact that their companies deliberately collect information about their customers in the export market, their companies carefully select with segment to target our customers in the export market and their companies are committed to knowing more about our customers in export market.

Also, other respondents were on neutral grounds as to whether their companies always seek new markets to achieve their objectives. These three variables were considered to be very significant as far as firms technology or expertise are concerned; production quality and system quality management, quality assurance processes and others expertise due to their benefits they impose on the companies.

5.1.5 Effects of export strategy on organizational performance

The study had revealed that there is association between export strategies and organizational performance was examined. The study found that there is a very strong positive and significant ($r=0.924$, $p\text{-value } 0.000 < 0.05$) correlation between export strategy and the performance of the agro processing industry. It has therefore been evident that type of export strategy pursued by the agro processing companies can to a very high extent influence their performance.

The R-square recorded 0.854 and adjusted R-square values of 0.851. The R square result above implies that the independent variable has 85.4% influence on organizational performance. Meaning that export strategy has strong effect on organizational performance

The ANOVA results from the study indicate that the model is good and fit. Therefore it is appropriate to predict organizational performance with export strategy. Moreover, the result shows that F-calculated is greater than F-tabulated hence the relationship is significance as shown in the sig. ($0.000 < 0.05$)

The study had again revealed that a unit change in export strategy would bring 0.589 (59.8%) in organizational performance. The study had revealed that multicollinearity was not at all a problem in this study due low Variance Inflationary Factor score

5.2 Conclusions

It has therefore been evident that type of export strategy pursued by the agro processing companies can to a very high extent influence their performance. The study had again revealed that a unit change in export strategy would bring 0.589 (59.8%) in organizational performance. The R square result above implies that the independent variable has 85.4% influences on organizational performance. Meaning that export strategy has strong effect on organizational performance

The study concludes that company reputation, importers distribution network, personal contact with overseas distributors and export marketing knowledge, together with these production quality and systems quality management, quality assurance processes and others expertise were available in their firms give value to the firms to effectively compete in the export business therefore must be tactically looked at. Furthermore, the long years of experience in business management and agro-oil exporting by majority of the workers puts the companies at a great advantage because the more an employee stays in an organization, the more skilled and professional he becomes.

Another conclusion can be made from the point that, though companies are fully aware of the risks involved in their business, they feel the need to export because they see such risks as no barriers to their exporting business and that their motivating factors give them more urge and

enthusiasm to carry on the agro-oil exporting. Lot more, it is concluded that good credit terms with importers is ranked as the least of the export advantages, leaving room for constant supply, high quality agro-oil and low farm gate prices as the very important ones. The workers experience in some management functions also puts the companies at great advantage because if effectively executed, can increase financial turnovers and reputation of the companies. At last, the sales value and profit margins are very well satisfied, but an improvement will not be abolished. The study concludes that major challenges to Agro-processing companies are access to right and useful information as well as the risks associated with exporting products. These risks are both internal and external which are difficult to control.

5.3 Recommendations

The study had discovered that export strategies adopted by the agro processing companies within the Brong Ahafo Ashanti Regions are positively affecting their performance. It is therefore recommended that the current strategies must be improved to sustain performance of the companies. These can be done through adoption of quality management principles and strategic management practices. For instance Michael Porter generic strategies such as cost leadership, product differentiation, and niche market could be applied to achieve this.

Management must provide training and career development opportunities for employees to enhance their skills. This opportunity makes employees feel they are valued by the organization and hence evince the utmost professionalism in their field of work. Management must have an organizational policy which stipulates favorable working condition for employees. Motivational packages must be highly specified in this policy. Necessary provisions must be made by

management to increase the work force so that more than enough work can be done within the shortest possible time.

Management must effectively collaborate with employees' trade or workers unions on matters affecting employees especially in the devising and implementation of employee welfare or motivational packages.

Training and development are instituted to motivate employees. Hence employees must use the opportunity prudently to enhance their skills to benefit them in the organization or wherever they may find themselves. Management must learn to bench mark competitors and learn best agro-oil exporting strategies aimed at earning competitive advantage.

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Appendix

Questionnaires

This questionnaire is designed to elicit your views to assess the export strategies of the agro-processing industry in the Ashanti region of Ghana. This survey is part of my master's degree thesis, and your kind support is crucial for the successful completion of this research project. Your responses will be anonymous; data will be combined and analyzed as a whole. Please attempt to answer all the questions and check one appropriate box that best suits your perspective for each statement. Your participation in the study will be greatly appreciated. Thank you very much for your time and assistance.

SECTION A

Exporting Experience

A1: For how long has your company been in operation? Indicate number of years.

1. Less than 2 years 2. 2-3 years 3. 4-5 years 4. Above 5 years

A2: For how long has your company been exporting agro-oil?

1. Less than 2 years 2. 2-3 years 3. 4-5 years 4. Above 5 years

Size

A3: What is the average size of your workforce(both permanent and temporary) at the moment?

1. Less than 20 2. 20-50 3. 51-70 4. 71-100 5. Above 100

A4: What is your average monthly export in US Dollars?

FIRMS CAPABILITIES & COMPETENCIES

A5: State how significant /important each of the following is to your business.

Where 1. Very insignificant 2. Insignificant 3. Neither Significant nor Insignificant
 4. Significant 5. Very Significant

		1	2	3	4	5
A51	Range/variety of agro-oil					
A52	Personnel experience & training					
A53	Importers distribution network					
A54	Export marketing knowledge					
A55	Company reputation					
A56	Proximity to export market					
A57	Price competitiveness					
A58	Personal contacts with overseas distributors					
A59	Promotional efforts					

FIRM TECHNOLOGY

A6: State how significant /important each of the following is to your business

Where 1. Very insignificant 2. Insignificant 3. Neither Significant nor Insignificant
 4. Significant 5. Very Significant

		1	2	3	4	5
A61	The production methods right from the farms					
A62	Quality assurance processes					
A63	Production quality and systems quality management					
A64	Any other (specify)					

SECTION B

INTERNATIONAL EXPERIENCE

B1: How many years of experience do you have in business management?

1. Less than 5 2. 5-10 3. 11-15 4. Above 15 years 5. Non business

B2: How years of experience do you have in agro-oil exporting?

1. Less than 2 years 2. 2-3 years 3. 4-5 years 4. 6-7 years 5. Above 7 years.

B3: Have you had any training in the following areas? Tick only one.

Exporting	1
Marketing and Exporting	2
Exporting , Marketing and sales management	3
Exporting , Marketing and sales management and international business management	4
None of the above	5

B4: Have ever worked or lived abroad?

1. Yes 2. No

B5: If lived abroad, are you able to speak any other foreign language(s) other than English?

1. Yes 2. No

B6 If yes, please specify the number of other foreign languages you can speak.

Where 1= one foreign language , 2=two foreign languages , 3= three foreign languages ,

4= four foreign languages & 5=five and above foreign languages.

B7: If you worked abroad, what business related experience did you gain?

B8: Have attended any of the following organized within Ghana? Tick as appropriate

Where 1=0 times , 2=attended once , 3=attended twice ,4= attended thrice ,

5=attended more than three times.

		1	2	3	4	5
B8a	Trade fair/expo					
B8b	Exporting seminar/workshop					
B8c	Trade mission					

B9: Have attended any of the following organized outside Ghana? Tick as appropriate

Where 1=0 times , 2=attended once , 3=attended twice ,4= attended thrice ,
5=attended more than three times.

		1	2	3	4	5
B9a	Trade fair/expo					
B9b	Exporting seminar/workshop					
B9c	Trade mission					

RICK PERCEPTION

B10: For the following questions, please respond by ranking or scoring on a 1-5 scale where

1. Disagree strongly 2. Disagree 3. Neither agree nor disagree 4. Agree 5. Agree Strongly

		1	2	3	4	5
B10a	My firm considers exporting to be risky					
B10b	Exporting risks are of less concern to us than the opportunities					
B10c	We consider exporting after satisfying the domestic market					
B10d	We feel there are many trade risks to agro-oil exporting					
B10e	Despite the trade risks, we feel it is still viable to export					

PERCEIVED BARRIERS

B11: What do you think are some of the five (5) major barriers to exporting agro-oil from Ghana?

Please list below.

Barriers to exporting in Ghana

B12: For the following questions, please respond by ranking or scoring on a 1-5 scale where

1. Disagree strongly 2. Disagree 3. Neither agree nor disagree 4. Agree 5. Agree strongly

		1	2	3	4	5
B12a	My firm considers exporting to be having many barriers					
B12b	Exporting barriers are less concern to us than the opportunities					
B12c	We consider exporting after satisfying the domestic market					
B12d	We feel there are many trade barriers to agro-oil exporting					
B12e	Despite the trade barriers, we feel it is still viable to export					

EXPORT MOTIVATION

B13: To what extent is each of the following a motivating factor for you to export? Indicate as either

1. Very low 2. Low 3. Medium 4.High 5. Very High

	Motivator					
B13a	High Margins					
B13b	Prestige					
B13c	High Profits					
B13d	Sales growth					
B13e	Responding to domestic competition					
B13f	Others (specify)					

PERCEIVED EXPORT ADVANTAGE

B14: To what extend is each of the following an export advantage to you in comparison to your competitors? Rank on a 1-5 scale, where 1. Is very important , 2. Unimportant , 3. Neither unimportant nor important , 4. Important , 5. Very important

		1	2	3	4	5
B14a	Proximity to export market					
B14b	Low farm gate prices					
B14c	High quality agro-oil					
B14d	Production method used e.g use of organic methods					
B14e	Constant supply					
B14f	Low price charge to importers					
B14g	Good credit terms with importers					
B14h	Others (specify)					

MANAGEMENT EDUCATION AND EXPERIENCE

B15: Please indicate the highest academic level you have attained so far:

1. O-level or less
2. A-level
3. College/Non degree
4. Degree
5. Masters/Professional or Above

B16: Rank yourself on a scale of 1-5 1. Very poor 2. Poor 3.Fair 4.Good , 5. Very Good the extent to which you are conversant with the following.

		1	2	3	4	5
B16a	To what extent do you understand how the financial system works? Including payment systems, currency conversions, etc.					
B16b	To what extent do you understand multilateral trading agreements related to the agro-oil sector?					
B16c	To what extent do you understand the negotiation techniques employed by import nations?					

SECTION C: Export Marketing Strategy

For the following questions, please respond by ranking on a scale of 1-5 where 1 is disagree strongly, 2 is disagree, 3 is neither agree nor disagree, 4 is agree while 5 is agree strongly.

		1	2	3	4	5
C3a	We have a clear pricing objective for the export market					
C3b	We usually do promotions to expand our presence in the export market					
C3c	My company is ever pursuing vigorous brand management					
C3d	We carefully choose importers with a strategic distribution system to maximize benefits for the company					

C4: Which of the following do you use for obtaining information about the export destination? May choose more than one.

- Internet.....1
- Exporters Associations.....2
- Ghana Export Promotions Board3
- Ghana National Chambers of Commerce & Industry.....4
- Ghana Bureau of Statistics5
- Ghana Manufacturers Association.....6
- In-house research.....7
- Research Agency /Consultant.....8
- Others (specify).....9
- None.....10

C5: For the following questions, please respond by ranking or scoring on a 1-5 scale where 1 is disagree strongly, 2 is disagree, 3 is neither agree nor disagree, 4 is agree while 5 is agree strongly.

		1	2	3	4	5
C5a	We are committed to knowing more about our customers in export market					
C5b	We deliberately collect information about our customers in the export market					
C5c	We carefully select with segment to target our customers in the export market					
C5d	We actively seek market information to enter new export markets					
C5e	We always seek new markets to achieve our objectives					
C5f	We select importers with strategic distribution networks					
C5g	We rarely use market information in making export decisions					

PLANNING AND CONTROL

C6: For the following questions ,please by ranking or scoring on a 1-5 scale where 1 is disagree strongly , 2 is disagree , 3 is neither agree nor disagree , 4 is agree while 5 is agree strongly.

		1	2	3	4	5
C6a	My company involves in deliberate planning for the export market					
C6b	We ensure there is a carefully export market strategy in place					
C6c	We regularly measure our performance against set export targets					
C6d	All concern managers are aware of how we are performing in the export market on regular basis					
C6e	We regularly develop carefully forecasts to help us in exporting					
C6f	We are aware of the risks associated with exporting					
C6g	Exporting is done as need arises since we don't usually plan for it					
C6h	Our planning department is well developed					
C6i	We usually conduct planning sessions/training/seminars for most of our staff					
C6j	We have experienced staff in the planning department					

SECTION D:

SALES GROWTH

D1: What has been your firm's total value of annual sales and export sales for the following years?

Year	Total Annual Sales	Export Sales
2004		
2003		
2002		
2001		
2000		

EXPORT PERFORMANCE (SUBJECTIVE MEASURES)

D2: For the following questions, please rate on a scale of 1-5, where 1 is very dis-satisfied, 2 is dis-satisfied, 3 is neither satisfied nor dis-satisfied, 4 is satisfied and 5 is very satisfied.

		1	2	3	4	5
D2a	To what extent are satisfied with your export sales value					
D2b	To what extent are satisfied with profits from export sales					
D2c	To what extent do you feel you have attained your overall export sales goals/objectives?					
D2d	To what extent are satisfied with the frequency of exporting/export orders you are receiving?					