

African Journal of Business Management

Volume 10 Number 16 28 August, 2016

ISSN 1993-8233



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Full Length Research Paper

Effects of contributory pension scheme on employees' productivity: Evidence from Lagos state government

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Received 16 June 2016; Accepted 27 July, 2016

This study critically examined some of the justification for the contributory pension scheme as part of its values and determined their implications for public servants productivity and pensioners welfare in Lagos State. The methodology employed to achieve these objectives was carried out through primary source of information and personal interview. The primary source involved field survey that consists of administering questionnaire. The sample size is one hundred and twenty respondents (120). Simple random sampling method was used in administering the questionnaire. The data collected was analyzed statistically in form of tabular presentation with the aid of Statistical Package for Social Sciences (SPSS) version 21. Two hypotheses were tested. The result of the analyses reveals that there is significant relationship between adequate retirement package and employees' productivity and that it has a positive impact on the organization efficiency. Both empirical study and oral interview conducted however, found that the contributory pension scheme (CPS) has positive potentials over the defined benefits pension scheme (DBPS). Therefore, in order to enhance the workability and acceptance of the contributory pension scheme, it was recommended that stakeholders should be involved in the review of the scheme so as to streamline it and to adequately supervise operators' clients' sensitization programmes. Also, dissemination of appropriate information on the new pension scheme should be a continuous exercise. Thus, other States within Nigeria and some African countries can benefit from Nigeria's experience.

Key words: Contributory pension scheme, employees, retirees, pension, productivity.

INTRODUCTION

Pension management in the creation and maintenance of an environment for the performance of individuals in an organisation cannot be over emphasized. The issue of pension management is a tool that affects employment decision in a given organisation, for it refers to as a form of income that employees or their beneficiaries' receive after retirement, become disabled or die. It is one of the solid security attributes approved by the International

Labour Organization (ILO) Convention No. 102 which has worked hard on social security matters since 1919 and more so since 1966 against all arguments that have been advanced, including the freedom of the individual worker to live life the way he deems fit with his hard earned money without being burdened with pension issues (ILO, 1951).

Thus, pension is simply the amount set aside either by

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employer or employee or both to ensure that at retirement, there is something for employees to fall back on as income. It is referred to as a sum set aside for retirement purposes. It is a form of arrangement that hopes that at retirement, retirees will not be stranded financially. Furthermore, pension reform is not a new issue in any part of the world. It is usually a continuous process especially with the ever changing economic and political processes witnessed everywhere in the world (Blake, 2003).

The new pension reform in Nigeria adopted by Lagos State Government is contributory in nature with the intent of ensuring that every person who has worked in either the public or private sectors receives his or her retirement benefit when due. The reform was to serve as social welfare scheme for the aged, by ensuring that workers save to cater for their livelihood during old age (Sule, 2009).

Contributory pension scheme is a fully funded pension scheme that generates adequate funds through certain percentage of contributions from monthly earnings by both employee and employer through a form of savings. The introduction of the contributory pension scheme (CPS) through the pension reform Act in June, 2004 which commenced April, 2007 in Lagos State requires a civilian employee who is not a daily paid or casual worker, and the employer in either the public or private sector organization to contribute to the scheme.

The employee and the employer are to contribute a minimum of seven and a half per cent (7.5%) each out of the employee's consolidated monthly emoluments (basic, rent and transport) to the employee's pension fund (or the employer alone can contribute the minimum fifteen per cent 15%) to the employee's pension fund. For the armed forces, the government contributes twelve and a half percent (12.5%) and the armed forces personnel contribute two and a half percent (2.5%).

The scheme covers the private sector with five or more employees. Those exempted from the scheme are the Chief Justice of Nigeria, a Justice of the Supreme Court, President of the Court of Appeal, and a Justice of the Court of Appeal, who retires at or after the age of sixty-five years' (Nigeria Constitution, 1999 Section 291), with their salaries. Among the exceptions are public employees who have three years or less to retire with effect from the date of enactment of the Pension Act being 30th June 2004. The scheme replaced the pay-as-you go or defined benefit pension scheme (DBPS) which was a non-contributory, solely or fully funded scheme by the employer, that is, the government with respect to all public employees in Nigeria. In the old scheme, academic staff in universities who retired after fifteen years as Professor, or at the age of sixty-five years, from 1991, retired with their salaries (Pension Decree, No. 102 of 1979). The new scheme did not make such provision, except for judges.

The Contributory Pension Law 2007 established the

Contributory Pension Scheme for Lagos State Public Service with the objective to;

1. Assist all persons in the employment of the State government to save towards their retirement.
2. Ensure that persons who live or retire from the State public service receive their terminal or retirement benefits as at when due; and
3. Establish a set of rules and regulations of the administration and payment of retirement benefits in the public service of the state.
4. Every employee in the state shall retire on attaining the age of 60 years or after 35 years of service, whichever comes earlier in time.

The pension scheme applies to all pensionable employees in the public service of the state, employees of local government council, tertiary institutions and all Parastatals established by the State Government. Moreover, Pension consists of lump sum payment paid to an employee upon his disengagement from active service. This payment is usually in monthly installments, which may be contributory or non-contributory, fixed or variable benefits; group or individual; insured or trustee; private or public and single or multi-employer (Ozor, 2006).

Over the years, it seems that emphasis has always been laid on employee productivity by organisations and management for its long term corporate objectives without considering the human effort that carry out the task either during the course of service or after retirement. Retirement benefits of course aid retirees to sustain themselves when they retire or too old to do anything.

This accounts for the importance that organisation must attach to retirement benefits to cater for retirees who have spent productive part of their lives for the organisation survival.

As a result, many pensioners and would-be retirees that were not well informed about the operations of the contributory pension scheme need to be adequately educated. This low level of awareness has triggered off anxiety and uncertainty about their retirement years (Omoni, 2013). All of the above have been to the detriment of productivity of retired public servants, their dependents and a tell-tale on the image of the government. The whole problem has been predicated on the inability of the government to continue to maintain fully funded defined benefit pensions scheme (FFDBPS).

More importantly, supervision and regulation of the activities of Pension Fund Administrators is necessary to ensure safety and sustainability of the scheme.

Thus, evaluation and provision of adequate information seem to have been put in place to monitor dissemination of the new contributory pension scheme has not been adequately considered, this has however created a gap in awareness of the scheme hence, the needs for this research work.

LITERATURE REVIEW

Pension is a regularly paid stipend as benefit due to a person in consideration of past services. It is referred to as a sum set aside for retirement purposes. It is a form of arrangement that hopes that at retirement, retirees will not be stranded financially. Pension is simply the amount set aside either by employer or employee or both to ensure that at retirement, there is something for employees to fall back on as income (Fapohunda, 2013). Pension is an amount paid by government or company to an employee after working for some specific period of time, considered too old or ill to work or have reached the statutory age of retirement (Adams, 2005). Iwu (2007) mentioned that as a scheme, pension is the periodic payment granted to an employee for services rendered, based on contractual legal enforceable agreement, paid by an employer at the agree time of termination of employment.

Pension management

Sterns (2006) observes that pensions could discourage labour turnover. If both the employees and employers contribute to the scheme, then it serves as a general area of joint interest and cooperation and therefore helps to foster better employment relations. He stated further that pension administration consists of five basic elements namely: flexibility; that is, to be able to cater for the needs of retirees'; amount of benefits which is sum accrued to an ex -employee of an organisation; finance, activity of managing pension money; contribution to cost of pension by employee and employer and death benefit that serves as a benefit for beneficiary of a deceased employee.

Pension as a programme is to improve the living standard of the elderly people who have outlived the labour force group and it is also a social security as well as welfare package for the old or retired people who are in their years of labour inactivity (Bertrand et al., 2003; Idowu, 2006). As for us, a pension scheme is a financial package which legally specifies its organization and operation, so as to provide rest of mind to workers, sustain or spur them to more productivity and ensure that a pensioner and his dependents live a decent life. Pension schemes are social security maintenance plan for workers after their disengagement as employees through retirement (Ilesanmi, 2006). Pension consists of lump sum payment paid to an employee upon his disengagement from active service.

According to him, payments are usually in monthly installments. He further stated that pension plans may be contributory or non-contributory; fixed or variable benefits; group or individual; insured or trustee; private or public, and single or multi-employer. In many advanced countries of the world, income from pension to an individual may be supplemented by social security

benefits, which apply to all citizens in such country whether or not they belong to the working class. However, since most citizens in such countries might have at one time or another, been workers, it would appear that social security benefits are co-terminus with the working class. It is different from gratuity (Adegbayi, 2005; Ozor, 2006).

There are four main classifications of pensions in Nigeria. These are: Retiring Pension: This type of pension is usually granted to a worker who is permitted to retire after completing a fixed period of qualifying service usually practiced in Nigeria between 30-35years. Compensatory pension: This type of pension is granted to a worker whose permanent post is abolished and government is unable to provide him with suitable alternative employment. Superannuating Pension: This type is given to worker who retires at the prescribed age limit of 60-65 respectively and Compassionate Allowance: This occurs when pension is not admissible or allowed on account of a public servants removal from services for misconduct, insolvency or incompetence or inefficiency (Ugwu, 2006; Amujiri, 2009). Pension helps employees to read just themselves properly into the society after leaving employment and a pension system is essentially an income security programme which provides benefits to beneficiaries who may be retirees, pensioners or destitute, thus, pension reform is not a new issue in any part of the world (Ako, 2004; Armstrong, 2010).

In Nigeria from 1951 till date, many pension schemes has been established either through act of parliament and a decree under the military. Such pension schemes are, Nigeria Pension Scheme (NPS) of 1951, National Provident Fund (NPF) of 1961, Nigeria Social Insurance Trust Fund (NSITF) of 1990, Local Government Pension Scheme (LGPS) established by a military decree in 1977 which was later change to Civil Service Pension Scheme (CSPS) by a military decree in 1979, Armed Forces Pension Scheme established in 1979 by a military decree to cater for the military personnel and Police Pension Scheme (PPS) which was formed with other agencies pension scheme established by a decree in 1993 Pension Reform Act (PRA) (1958), Uzoma (1993), Balogun (2006) and Fapohunda (2013).

Challenges of the old pension schemes

The need for pension reform was necessitated by the myriad of problems that plagued the defined benefit arrangement in the Public Sector and other forms of pension systems like occupational schemes, mixture of funded and defined benefit schemes that operated in the private sector. One of the challenges of the defined benefit was its dependence on budgetary provisions from various ties of government for funding. The scheme became largely unsustainable due to lack of adequate

and timely budgetary provisions. This was the reason for soaring gap between pension fund obligations and revenues, which threatened not only economic stability but also crowded out necessary investments in education, health and infrastructure. It was worsened by various increases in salaries, which ultimately led to increase pensions and hence undue pressure on government fiscal responsibilities (Idowu, 2006; Fapohunda, 2013). Pension administration had been largely weak, inefficient and cumbersome due to poor staffing and equipping that led to poor record keeping as a result, pensioners had to spend years before their retirement benefits were paid. The exit phase was quite challenging where payment procedure was often very tedious, sometimes the pensioners had to wait for months and years, to collect their entitlements. Similarly, the reimbursement process for the split of pension and gratuity payments in public service was very clumsy, untidy and sometimes fraught with bribery and corruption (Smart, 2012).

The Private sector schemes were characterized by very low compliance ratio due to lack of effective regulation and supervision of the system. However, most of these schemes were akin to provident fund schemes which did not provide for periodic payment of benefits. Even at this, many private sector employees were not covered by any form of pension scheme (Omoni, 2013).

Extant theories of pension/Theoretical frame work

Many theories have been developed in relation to pension reform across the globe. Three of them that are practically germane to our study are utility and preference, life cycle, and productivity theories of pension.

Theory of utility and preference

The theory of utility and preference propounded by Samuelson (1950) quoted in *Koszegi and Rabin (2007)* recognizes that it is not always possible to obtain all necessary data to develop all alternatives to decision making. The theory posits that some decisions can be appropriately taken partly on subjective evaluation. Utility and preference theory states that a high risk, untested decision, which does not enjoy consumer or user or beneficiary acceptance, in spite of its potentialities, is not assured. Preference would be given to the high risk decision in which utility is guaranteed, that is, inherent quality or value is potentially more assured to be constant than the low risk decision in which utility is not assured.

Theory of life cycle

This is related to the consumption pattern and saving decision of the individual who is involved in administering

a plan. The theory is mainly associated with Modigliani and Brumberg (1980) cited in Idowu (2006). It states that consumption is a function of life time wealth at one's disposal. This wealth (financial, real assets and expected value of future income) is not affected by changes in the pattern of income that comes to one over time and the pattern of consumption is not also affected.

The theory makes one exception to the above postulation, holding that there is one ground in which consumption can be affected. It is that pension reform plan can change the wealth of a pension plan participant. The life cycle theory believes or argues that pension reform can affect savings rate of a pension plan participant by affecting the average wealth of the person. This is because a sustainable pension plan can grow huge financial resources for further investment earnings which can cause significant redistribution of income, leading to increased wealth to pension participants. This can encourage increased or sustainable saving propensity.

While the theory implicates the power of huge income creation and redistribution to participants or contributors, leading to increased wealth, its provision is that the pension plan be institutionalized and sustainable while the pension reform has the power to change or affect the life cycle. However, the reliability of the PFA, the regulatory bodies and security agents is thus, brought to the fore. The last point is an indication of a caveat that the theory is not influenced to economic depression such as world economic recession and management.

Productivity theories of pension

Productivity theories of pension posited by Dorsey (1998) is of two sides; the demand and supply sides. Both sides of the theory agreed that pension schemes are established as incentives and motivation to encourage workers to increase their productivity or output or performance. The demand side of theory posits that employers make payments to employees' pension funds because workers are keen or prefer pension savings to cash payments to their emoluments. This is because of the attaching benefits. This includes reduction in income tax of the employee, the retirement benefits, such as social security from the employer's contributions, interest earnings and dividend earnings on pension fund investment or assets that are not taxed.

The demand side of the pension productivity theory also states that employees, especially the high income earners, prefer pension to cash payments because of a possible annuity (fixed amount of money paid at regular intervals) for as long as the pensioners lives.

The supply side of this theory posits that employees' gain from pension tends to raise the level of workforce productivity and reduce labour costs. This is because the employers' investment in the training of the workforce,

improved conditions of service, provision of adequate resources, etc. are greatly off-set by the workforce, improved output or productivity. There is also the perspective that the supply side of the theory serves as an incentive for personnel to remain in the organization for a long time. The theory enhances the average wealth of a pensioner, especially when the assets are invested to generate large income for redistribution to participants. The theories and concepts also inform that a good pension scheme motivates the workforce to put in their best in the work place as they look forward to a rewarding retirement period.

Contributory pension schemes

Contributory pension is the amount of money set aside by an employer or employee or both to ensure that at retirement there is something to fall back on as income. Contributory pension scheme is a system in which an employer pays certain amount of money regularly into a pension fund while the employee also pays some money into the same pension fund which forms the aggregate of what the employee gets at the time of retirement. Either the person has worked in the public or private sector; it serves as a social welfare scheme for the age and ensures workers save to cater for their livelihood during old age (Sule, 2009; Egbe, 2013).

The 2004 Pension Reform Act is a paradigm shift from the 1979 pension Act. Under the new scheme, employers and employees alike are to contribute 7.5% of employees' monthly emolument which include basic salary, housing and transport allowance.

Nevertheless, military personnel are to contribute 2.5 percent while the Federal Government contributes 12.5 percent of the employees' monthly emolument (Pension Reform Act, 2004).

The scheme covers the private sector with five or more employees. The only exceptions are public employees who have three years or less to retire with effect from the date of enactment of the Pension Act being 30th June 2004 (National Pension Commission, 2004).

This is also applicable to Lagos State Government workers despite year 2007 as the commencement date and passage of the Lagos State Pension Law (2007) which has little differences in its Law to that of Federal pension reform Act 2004.

Pension reform act (PRA) 2004

The Pension reform act (PRA) 2004 provides for the establishment of a contributory pension scheme for any employment in the Federal Republic of Nigeria. It stipulates payment of retirement benefits to employees to whom the scheme applies: (a) public sector employees (b) private sector employees in a firm with staff strength

in excess of 5 employees. The Objectives of the scheme are to:

1. Ensure seamless funding of the retirement scheme by assisting improvident individuals save in order to cater for their livelihood at old age.
2. Ensure that private and public sector employee receives his/her retirement benefits as at when due.
3. Establish a uniform set of rules, regulations and standards for the administration and payments of retirement benefits.

Key operator of the contributory pension scheme

There are four key operators under the contributory pension scheme including the regulator. Each of the operators carries out its functions efficiently and effectively in a well-organized and professional manner. The successful role of these four operators is important and key in achieving the desired success of the scheme. Functions of these key players are;

National pension commission (PENCOM)

The duties of PENCOM as reflected in PENCOM (2004) include:

1. Regulation and supervision of effective administration of pension matters in Nigeria.
2. Approval, licensing and supervision of all pension fund administrators.
3. Establishment of standards, rules and issuance of guidelines for the management and investment of pension funds under the act.

Lagos state pension commission (LASPEC)

Lagos State was amongst the first State to embrace the new pension scheme thereby establishing Lagos State Pension Commission through its contributory pension scheme Law 2007 with the following objective:

1. Regulate and supervise the scheme established under the Law
2. Register and maintain a list of approved Pension Fund Administrators
3. Monitor and ensure compliance with the investment guidelines.
4. Carry out public enlightenment and management of the scheme.
5. It shall liaise with National Pension commission and perform other duties necessary for the discharge of its functions under the Law.

Pension fund administrators (PFAs)

The pension reform act (2004) provides that from the commencement of the plan or scheme, pension funds shall only be managed by Pension Fund Administrators (PFAs) licensed by PENCOM under the act to perform the following functions:

1. Open Retirement Saving Account (RSA)
 1. Invest and manage pension funds and assets in accordance with the provision of the Act.
 2. Maintain books of account relating to pension funds managed by it.
 3. Provide regular information on investment strategy, returns and other performance indicators to PENCOM and employees
 4. Payment of retirement benefits in accordance with the provision of the Act.

Pension fund custodians (PFCs)

PENCOM Act 2004 stipulates that pension funds and assets are to be held solely in custody for the Pension Fund Administrators (PFAs) by an independent Pension Fund custodian (PFC). The PFC has the following responsibilities;

1. Receiving the total contributions remitted by the employer within 24 hours and notifies the PFA of same and holds the pension assets in safe custody on trust for the employee and beneficiaries of the RSA.
2. Settling of transactions and undertaking activities relating to the administration of pension fund investments including the collection of dividends.
3. Executing relevant proxy in favour of the PFAs for the purpose of voting in relation to the investments. The PFCs provides some control over the activities of the PFAs and provides a hedge against unauthorized access or trading. The custodian is in no way empowered to utilize any pension fund assets in its custody to meet its own financial obligations or that of the third party.

Life insurance company (Annuity service provider)

The Life Insurance Company is to underwrite or handle the group life policy to provide a benefit/ cover of a minimum of three hundred percent of the total annual emolument of an employee in the event of death of an employee whilst in service. The group life cover is usually an annual contract and come into force upon payment of the applicable premium. The schedule of members covered and the benefits payable for each employee must be clearly stated in the policy document. The contract is renewable at the anniversary date of the policy (Smart, 2012). The proceeds of the death benefit payment should be in the name of the PFA/PFC of the

deceased employee and given to the employer for remittance appropriately in deceased retirement savings account. Also the provision of annuity, which is an option in the Act, as a method of payment of monthly pension to a retiree in as much as he lives after retirement (Annuity for life) is done by the Insurance Company. The life Insurance Company (or composite of Insurance Company) is licensed and supervised by the National Insurance Company (NAICOM).

Features of the contributory pension scheme

Opening of retirement savings account

Every employee shall open a retirement savings account (RSA) with any pension fund administrator of his choice from the list of registered PFAs of the State and shall submit his personal identification number (PIN) to his employer for remittance of the pension contributions deductible from salary as well as the employer's portion. The PIN is unique for each individual. It start with the letter PEN followed by number (1) for male employee and (2) for a female employee. The RSA is portable and can be moved to another employer in case of change in employment.

Monthly payment of pension contributions

The rate of contribution is 7.5% of monthly emolument by both the employer and employee making a total of 15%. The employee's portion is deducted from the payroll that consist basic salary, housing and transport allowances and remitted alongside the employer's portion into the retirement savings account of employee through the collecting bank of the pension fund custodian (PFC) of the pension fund administrator. The employer is to deduct and remit the contributions within seven days from the day the employee is paid his salary while custodian shall notify the PFA of the receipt of such contributions. It is to be noted that contributions and retirement benefits are tax exempt.

Group life insurance policy

The employer shall maintain a life insurance policy in favour of the employee for a minimum of three times the annual total emolument of the employee. The premium for the cover shall borne solely by the employer. The benefit from the policy is to be paid into the RSA opened by the deceased employee whilst in service.

Withdrawal from retirement savings account

An employee can only withdraw from RSA upon the

attainment of 50 years of age and no longer in employment. Employee who retires due to medical reasons or disability or is compulsorily retired can withdraw a lump sum of 25% of the balance in his retirement savings account if less than 50 year of age at the time of retirement/withdrawal from employment and could not secure a new job after three months of such retirement. Where an employee is dismissed from employment after being found guilty of misconduct or negligence or irregularity, the employer portion and all employer benefits are forfeited. The employee is however entitled to his own contributions.

Clearance certificate

Every employee who has retired or otherwise from service shall obtain and present a clearance certificate or letter from his last employer before the PFA gives such employee access to benefits. Where the employee is indebted to his employer, the total amount of the debt outstanding or value of the employer's property unduly held by the employee shall be deducted from the employee's retirement savings account and paid to the employer.

Past service benefit and redemption fund

Employees' in service prior to commencement of the new pension scheme are eligible for past service benefits. The nominal roll for payment of salaries as at expiration of the old scheme was used for the actuarial valuation of the past service benefit. Upon computation of the past service benefit, a bond is issued. In the event of death, the bond is presented to the beneficiary of the deceased employee. Since the total value of past service benefit payable in most cases is high, it is necessary to have a dedicated fund for payment of the past service benefit hence, the retirement benefit bond redemption fund (RBBRF) account into which 5% of total monthly wage bill is paid for the sole purpose of redeeming the bond issued. Also, past service benefits of employee who leaves service at various dates before retirement could be planned in the build-up of the fund.

Processing of benefit payment

The law provides two modes for payment of benefit at retirement;

The programmed withdrawal module of the PFA: It is a product of the PFA which uses a template to compute the lump sum and the monthly pension payable as retirement benefit to the retiree. The four parameters used are the age, gender, final emolument and RSA

balance. The method of the template is that as lump sum increases, the monthly pension reduces. Each retiree shall agree with the PFA during exit discussion, the amount to be received in line with the minimum and maximum amount payable. The payments under the programmed withdrawal module are supervised by the National Pension Commission (PENCOM) and benefits are paid for a minimum of eighteen years after retirement.

The annuity option: The annuity option serves as an alternative to programmed withdrawal module; it is obtained from a licensed life insurance company and also pays monthly pension to retiree till death. Where a retiree opted to buy annuity, PFA would pay the lump sum and transfer the balance to the insurance company for the purchase of single premium annuity. Annuity is guaranteed for a period of ten years and thereafter for life.

Rationale/Values of the contributory pension scheme

The move from defined benefit scheme to defined contributory scheme is now a global phenomenon following the success stories of the Chilean pension reform of 1981. The concept shift from defined benefit scheme to contributory scheme in developed and developing countries was ascribed to such factors as increasing pressure on the central budget to cover deficits, lack of long-term sustainability due to internal demographic shifts, failure to provide promised benefits. Developed countries like the USA, United Kingdom (UK) and emerging market economies of Chile, Mexico, Nigeria etc adopted the funded pension scheme because it enhances long-term national savings and capital accumulation, which, if well invested can provide resources for both domestic and foreign investment (Smart, 2015). The Pension reform has some peculiar features that position it as a catalyst for sustainable social welfare programme. The fact that the reform is fully funded ensures that the overall retirement income is maintained from the onset of the scheme (Smart, 2012). This ensures that retirement benefits are paid on sustainable basis because funds are always available to defray any pension obligation that falls due.

The contributory pension scheme empowers Nigeria workers by giving them the choice as to how their pension is managed and the assurance of their retirement benefits. It enhances labour mobility as workers can work freely from one organization to another without losing any benefit, should a worker worked for relatively short period in one organization and move to another, he or she has nothing to lose in terms of retirement benefits (Achimugu et al., 2015). The values of contributory pension scheme to the government and the individual workers / contributors / retirees and their

dependents are of immense, as it has enabled Lagos State government to weather the storm of embarrassment that it used to be subjected to because of its inability to make payment of pension benefits. This is in spite of the fact that the percentage of retired public servants in Nigeria, and Lagos State in particular is quite lower than what obtains in many countries of the world.

Findings have shown that the percentage of people who are between 60 and 75 years of age that is the range which pensioners falls in some African countries including Nigeria is much less in Africa and particularly in Nigeria, yet the government had been found wanting in the payment of the DBPS which was even lagging behind inflation rate and the five yearly review period (Nigeria Constitution, 1999 section. 173). For now, the PFAs are to accommodate the pressure from pensioners that used to be the government's lot.

Moreover, the government can now devote some of its attention to other pressing needs of the society. For example, government can now preoccupy itself with adequate public policy process such as formulation, implementation, impact evaluation and feedback assessment. It is expected to ply its entire savings from leakages on account of payments to ghost retirees to the common good of the society (Uzoma, 1993; Ilesanmi, 2006).

On the workers' and pensioners' side, the rational and values include, the choice and change of a PFA by the individual worker (Pension Reform Act 2004, section 11), who exercises his personal judgment on the matter. There are other areas in which the individual exercises his personal judgments in the CPS. These include a retiree deciding what lump sum of money, out of his total pension fund, he wishes to take out at once as his gratuity. The remaining sum of money is to be paid to him on monthly or quarterly basis, as he chooses, as pension. The law, however, does not allow a retiree to take a lump sum of more than 50% of his total pension fund. He could however take less than 50%.

To assist the individuals and PFAs in the decision making processes, at least at this early stage of the operation of the CPS, PENCOTM has provided a template for use by all the PFAs. It is used to calculate the distribution of the retiree's fund, with the merits of fairness, equity, and reduction in subjectivity, bias, and the promotion of error-free calculations (PENCOTM, 2004).

An additional opportunity for participation is that the individual can take part in the choice of investment opportunities or products (on the guidance of professional fund managers) for his pension fund. This is, however, done within the general regulatory framework of low risk investment of a pensioner's funds, while assuring certainty for the fund.

The opportunity to change a perceived poor performing PFA which is inherent in the CPS, is an additional impetus for the PFA, who is thus, encouraged to be more

competitive and relevant, and hence ensure its effectiveness and efficiency in the interest of the worker/contributor/pensioner and their dependents. However, the regulatory procedure for change of a PFA is yet to be provided by PENCOTM.

There is the fact of increased employment generation with the CPS in operation. This is so because, in addition to the public servants in the Ministries and Parastatals organizations in Nigeria, who are in charge of pension matters, the CPS has enabled employment generation in the form of regulators, operators, contractors, participants, advisers, etc. The ripple effect of this could be a general boost in the economy or what Leigh (2009) called the potential to generate positive economic externalities. Masha (2001), stated that the new pension reform can result in financial deepen and increase in the stock of financial savings, which are available for investment and impacts positively on growth by enabling more employment. Increased employment also has the potential of enabling more people in the society to live more decent lives. Pension Act would help to facilitate the growth of several sectors of the nation's economy (Mbanugo Udenze, 2011; Ezem, 2006).

People are engaged in different professions. Thus there are fund managers, stock brokers, accountants, lawyers, engineers, etc. Aire (1974) argues that even if individuals were willing to provide for their own needs, most people do not have the sophistication and the information required for profitable long term investment of their savings. In addition most people do not have the time. This forms one of the rationales for involvement in CPS in which the individual will be able to pick up some prudential attributes, financial calculations, discipline, and positive attitude to savings and a more determined stride to retirement security.

The establishment of CPS is a creation of additional necessary economic structure in the society and the deepening of decentralization and professionalism in the Nigerian social system. Hence the growing of pension institutions that is different from banking institutions, all of which however are in the same financial system (Ilesanmi, 2006). Decentralization and professionalism will only take time in Africa, especially Nigeria, as they are inevitable in the current globalization, to which early reconciliation through transparency accountability and competitiveness is advisable. The CPS is a workable and sustainable solution to inter sectoral movement, applicable anywhere because of its straight forwardness and simplicity (Sule, 2009).

Another rationale for the CPS is that it has laid to rest all the problems that some organizations used to expose their staff to when it came to pension matters. In order to attract officers, all organizations, especially in Nigeria used to build-in pension matter into their conditions of service. Some used clear, and others ambiguous language to couch pension matter in the conditions of service. In many cases the ambiguity of the language of

pension reared its ugly head when some organizations' staff indicated intention to retire or actually retired and wanted to be paid their pension entitlements. It was then that they found that 'the so-called rights to pension or gratuity (in their employment letter) may be hollow (Emiola, 1982). The hollow pension language usually gave rise to series of litigations, some of which Emiola (1982) reported. The scheme require a group life insurance cover for employees in an organization and this tend to improve staff welfare, promote workers commitment and loyalty and as well provide adequate cover for employee's family in event of disability or he or she died in service, (Atedo, 2006).

The CPS has now ruled out such opportunity to employers of labour in Nigeria to issue ambiguous letters of appointment to workers, with the intention to attract them to the organization but deny them their pension entitlements on retirement. With the CPS, unlike the DBPS, to which a worker had made his contributions, he does not need any letter of retirement, to grant him permission to receive his pension after necessary clearance formalities with his employers. He only needs a letter of clearance and information to his PFA. This is especially so because of the Constitutional provision which guarantees the right to pension in Nigeria in section 173, as well as the supremacy of the Constitution over any other law, as entrenched in section 1 of 1999 Nigeria constitution.

Challenges associated with CPS

The striking challenge is that the pension plan in Nigeria is approved for all organizations in the country, both public and private. In the developed economies, there is more than one type of pension scheme from which choices could be made by an organization or individual. Similarly, the major types of pension schemes in Canada are not less than three aside the private pension schemes (Wikipedia, 2009). They have differing operational guidelines and offer varying services, values and, of course, contain different challenges. Also, the availability of more pension schemes in Nigeria offers retirees more pension funds for their comfort and ability to meet their basic needs.

With a massive pension scheme, pensioners in Lagos State may not be able to take adequate care of their families in spite of the CPS values, and also cater for their dependents. This is sequel to the fact that the pension scheme may yield only marginal returns to investment in sluggish and poorly regulated system in many States in Nigeria. It is the return on investment (ROI) that PFAs distribute to their contributors in CPS. This must have formed part of the reason for the apt call by the World Bank (1994) to impending old age crisis which must be taken seriously. African countries are projected to experience life expectancy with many more people that are expected to live beyond 60 years of age

increasing by more than 50% every decade. The increased life expectancy will be no doubt a function of increased health care delivery but with precarious food security (Ilesanmi, 2006; Smart, 2012).

The other problem that contributors experience is the inadequate investment returns. In some cases, contributors are able to view their assets with the PFAs, only to find that the investment returns are too meager for comfort or that the asset did not make any return at all, that is, zero profit. Yet the PFAs have the statutory guidelines or template, on how to take their commission from all contributors' assets. Some contributors have found that while their assets did not make any profit, PFAs deducted their commission from the contributors' assets, not from the returns on investments. The implication of this mode of operation is that the commission for the PFAs is constant or guaranteed, while the return on investment for the contributors or pensioner is left to the vagaries of market forces (Bertrand, 2003; Fapohunda, 2013).

There is the challenge of delayed pension payment made to retirees in the CPS unlike the automatic pension that retirees enjoyed in virtually public sector during the operation of the DBPS. But in the DBPS there was delay in the payment of gratuity, during which time a retiree processed his clearance. If he was indebted to the organization, the money was recovered from his gratuity.

The delay in the CPS is now occasioned by the fact that the retiree has to undertake his clearance and obtain a certificate to that effect before he can receive his pension and gratuity benefits together. This procedure is informed by the fact that the employer in the CPS, through the clearance system, ensures that the retiree is not indebted to the employer before he is given a clearance which enables him to proceed to his PFA for his pension benefits.

There is also the challenge of the scanty or inadequate information that some contributors/retirees receive from their PFAs which made the new CPS strange as field officers are required for proper and adequate dissemination of what CPS entails for all employees in the state.

METHODOLOGY

Mixed method was adopted for this study which comprises of questionnaires administration and Oral interview. One hundred and twenty questionnaires were administered to employees of Lagos State Government and five respondents were interviewed orally. The data were analysed through Statistical Package for Social Sciences Software (SPSS) version 21 as well as using descriptive statistics and correlation analysis (Tables 1 and 2). The reliability of the scale was determined using Cronbach's Alpha methods, which indicate that there is internal consistency on how government retirement package affect employees' productivity by 74.2%. Cronbach's Alpha measures the average of measurable items and its correlation, and if the result is generally above 70%, it is considered to be consistent and reliable (Numally, 1994; Peighambari, 2007).

Table 1. Demographic characteristics of the respondents.

	Sex	Frequency	Percentage	Valid Percentage	Cumulative percentage
Valid	Male	43	35.8	35.8	35.8
	Female	77	64.2	64.2	100.0
	Total	120	100.0	100.0	-

Source: Researcher's computation, 2015.

Table 2. Reliability of research instrument.

Cronbach's Alpha	No. of Items
0.742	9

Source: Researcher's computation, 2015.

Table 3. Model summary.

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	0.424 ^a	0.250	0.142	0.85866	1.995

^aPredictors: (Constant), Government retirement package affects employees' competence, potentials and productivity;

^bDependent Variable: Adequate and effective pension management enhances skill and knowledge of employees.

Analyses

Test for hypothesis

Two hypotheses were tested in this study

Hypothesis one: There is no relationship between government retirement package and employees' productivity.

The findings show the model summary of the regression equation on how government retirement package affect employees' productivity. In this study, the R square is 0.250% which indicates that 25% of the variation in government retirement package is accounted for employees' productivity. The regression result shows that there is positive relationship between government retirement package and employees productivity. Thus, government retirement package positively affects employee productivity but statistically insignificant at 5% level (Tables 3, 4 and 5). The reliability of the scale was determined using Cronbach's Alpha methods, which indicated that there is internal consistency on whether Contributory Pension Scheme Enhance Employees Retirement Status by 80.6%. Cronbach's Alpha measures the average of measurable items and its correlation, and if the result is generally above 70%, it is considered to be consistence and reliable (Peighambari, 2007).

Hypothesis two: There is no relationship between contributory pension scheme and employees' retirement status.

The findings indicate the model summary of the regression equation on the predictive explanation. In this study, 18.1% of the variation in contributory pension scheme enhances Lagos State employees' retirement status is accounted for an organisation's profitability which increases through effort of satisfying employees' retirement status (Tables 6 and 7).

The regression result shows that contributory pension scheme enhances employees' retirement status has positive effect on organizational profitability increment via the effort of satisfying employees retirement status and it is statically significant.

Oral interview

Responses of the oral interview granted by selected employees' that approaches the Lagos State Pension Commission (2014) for either reconciliation of their Retirement Statement Account or processing of their retirement Benefits which form part of the responses from respondents are as follows:

Respondent 1: This is an employee from one of the Local Government of Lagos State and she was satisfied with

Table 4. Coefficient.

Model	Unstandardized coefficients		Standardized coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	3.807	0.216	-	17.648	0.000
1 Government retirement package affects employees' competence, potentials and productivity	0.140	0.056	0.224	2.495	0.014

Table 5. Reliability of research instrument.

Cronbach's Alpha	N of items
0.806	14

Source: Researcher's computation, 2015.

Table 6. Model summary.

Model	R	R Square	Adjusted R square	Std. Error of the estimate	Durbin-Watson
1	0.384 ^a	0.181	0.173	0.88701	2.327

^aPredictors: (Constant), Contributory pension scheme enhance Lagos State employees' retirement status; ^bDependent Variable: An organisation's profitability increases through the effort of satisfying employee's retirement status.

Table 7. Coefficients.

Model	Unstandardized coefficients		Standardized coefficients	T	Sig.
	B	Std. Error	Beta		
(Constant)	3.243	0.326		9.953	0.000
1 Contributory pension scheme enhance Lagos State employees' retirement status	0.248	0.077	0.284	3.219	0.002

the new contributory pension scheme as individual employee of the state stands to know the total amount in his/her RSA even before retirement and can predict its lump sum (gratuity) and monthly pension after retirement on like the old scheme (Define Benefit) where your entitlement could not be pre-determined.

Respondent II: This is also an employee of Lagos she was of the opinion that spread over of the retiree's fund for some determinable future years after payment of lump sum should be at the discretion of the retiree who may determine how and when he/she want the fund to be spread. Hence, amendment of that part of pension Law. She however acknowledged that the Law was enacted to eradicate the long queue of retirees during verification exercise, non-payment of pension stipends couple with siphon of such funds by public office holders.

Respondent III: This respondent is a public service officer from Lagos State too and stated that apart from delay in payment of pensions due to paucity of funds in the defined benefits, the payment of retirement benefits is made till death occurs on like the new pension scheme where one would be paid for certain period of time after retirement. Though, the module options (programmed withdrawal and Annuity) for payment of retirement benefits is certainly good where one choose which is desirable and the balance in retirees account is spreadable after expiation of initial years if programmed withdrawal is chosen and annuity payment is for life if one lives after the ten years guarantee period.

Respondent IV: Is an employee of the State Civil Service Commission and appreciates the new contributory pension scheme where its operational ability

mostly depends on information and communication technology (ICT). It was noted that individual employee is alerted of its monthly contributions (employee and employer contributions), retirement savings account (RSA) could be accessed electronically. Consequently, quarterly statement of account being dispatched to clients indicated address and retirees receives monthly pension through credit of personal bank account and receiving of alert on monthly basis. However, employees still need to be sensitized about the scheme and operators to always interact with the contributors to have full understanding of the scheme.

Respondent V: Works with the Lagos State Ministry of Finance and said that the contributory pension scheme serves as another dimension of pension system that creates employment opportunities and sums the existing sectors of the Nigeria economy called "Pension Industry" characterized with customer relationship management, customer interaction fora. It is however tagged to me as "Electronic Pension Scheme" that make life more comfortable during course of service and after retirement.

From these responses, it can be concluded that new contributory pension scheme is of immense value than the defined benefit scheme and the employees' of Lagos State Government applauded and alluded to the contributory pension scheme.

Conclusion

Based on the study conducted, this research gave the researcher room to conclude that contributory pension scheme is one of the essential ingredients needed in both public, private enterprise and corporate organizations because it has impact on efficient utilization of employees in achieving the present and future goals of an establishment.

Furthermore, planning for employee stipend after retirement is vital to the financial strength of firms. Hence, effective pension measures will ensure that efficiency is kept at adequate levels which will assist in reducing redundancy, conflict and frivolity leading to increase profit and competitive advantage for the organisation through employee competency and productivity. Therefore, organizations should embrace the new contributory pension scheme as a method or strategy of minimizing overall cost and wastage thereby improve productivity and efficiency.

RECOMMENDATIONS

In accordance with the findings and conclusions arrived at, the following recommendations are suggested:

1. Management should continue to give adequate

analysis to the function of pension scheme adopted and accord it the pride of place in the system. Employee should be recognised and motivated to see their ability and capability as important either towards the future of the organisation or individual life after meritorious service.

2. Research has revealed that satisfactory pension provision serves as part of motivation as it helps to enhance employee performance and also assist to increase organisational productivity. Pension mode embarked upon by an organisation should be based on identified needs of the employees and should be objective to achieve the organisation goals as a going concern.

3. The structure of the pension package means a lot to the workforce; hence organization should embark on an effective comparative analysis of its pension style before determining how its employees could be compensated. This will help the organisation to retain and attract competent employees and reduce wastage.

4. Management in charge of decision making of the scheme should endeavor to bridge the gap between operators and their clients that they might not felt marginalized and should embrace establishment of a pension institute (chartered) where pension workers can stand to be professionally trained and qualified..

5. The contributory Pension scheme should be encouraged by its practitioners inform of provision of adequate means of sensitization or interactions such as seminars to continually update organisations and employees' on the benefits of new scheme and its importance on life after retirement.

6. Finally, regulators of the contributory pension scheme should at interval inspect the operators on prompt payment of retirement benefits to retirees to avoid frivolous deals and where found otherwise, sanction should be desirable to shield competency of the scheme.

Conflict of Interests

The authors have not declared any conflict of interests.

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Full Length Research Paper

Uganda's agricultural export market choices: The interaction effect of export market information use

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Received 26 June 2016; Accepted 11 August, 2016

The study seeks to establish the interaction effect of export market information use on the relationship between international market selection and the choices of export markets for Uganda's agricultural commodities. A cross sectional study format, heavily hinged on a hypothetic-deductive approach was adopted and the multiplicative effect was represented by Modgraph. The effect of systematic international market selection on export market selection differs as a function of export market information use. A positivist research paradigm guided the study and therefore a more qualitative perspective would compliment the results of this study. Secondly, multiple observations of the same variables over 5 to 10 years accounting for structural changes (that is, the creation of new trading blocks as well as new bi-lateral agreements) give a finer picture. Hosting sector specific international exhibitions and agricultural commodity exporters in Uganda would significantly affect export market choices and performance. This is the first study to test for the interaction effect of export market information use on the relationship between International market selection and the choice of export markets

Key words: International market selection, export market information use, agricultural exports, Uganda.

INTRODUCTION

Empirical studies into International market selection have observed that firms select export markets by either adopting; a systematic approach, a non-systematic approach or a relational approach (Papadopoulos and Denis, 1988; Andersen and Buvik, 2002; Brouthers and Nakos, 2005; Papadopoulos and Martin-Martin, 2011; Musso and Francioni, 2012).

Similarly, several related studies have examined the factors that influence export market selection and choices (Papadopoulos and Denis, 1988; Sakarya et al., 2007), however, generalizability of their findings has been limited

because they are not industry specific (Musso and Francioni, 2012) and according to Papadopoulos et al. (2002), "they haven't been tested sufficiently, and / or are too complex to apply in practice", and consequently, other sector specific studies have been sought for (Papadopoulos and Martin-Martin, 2011). In addition, existing studies have been silent on the extent to which Export Market Information-Use moderates the relationship between International market selection and export performance, despite the key role played by export market information in the selecting of export markets

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(Vyas and Souchon, 2003; Williams, 2003; Toften and Olsen, 2003). In this regard, Williams (2003) points out “*the competitive advantage resides in how the information is used, given that the same information is available to all competing firms*”.

Uganda’s agricultural sector employs approximately 70% of the labour force (kasirye, 2011), and the sector is considered the backbone to the economy, contributing 37% of the nation’s Gross Domestic Product-GDP (Price, 2013; Food and Agricultural Organization, 2013). The sector also affects the livelihood of almost 90% of the population directly or indirectly (Kraybill and Kidoido, 2009). As of 2012, Uganda earned \$2.3 billion USD from its exports, representing a 423.2% increase in ten years, and it’s worth noting that agricultural commodities have consistently contributed a significant portion of the country’s export earnings. Given Uganda’s heavy dependence on agricultural exports, ensuring sustainability and growth in agricultural export earnings would be in order.

Therefore, the choice of export markets is crucial for export performance. In fact, Papadopoulos and Denis (1998) revealed that export market choices determine success or failure in export activities. Similarly, Musso and Francioni (2012) consider International Market Selection (IMS) as the “most important decision in internationalization”. In addition, the World Bank advises that it’s prudent to establish whether a “*country has out or under-performed its competitors in selecting high-growth destination markets and sectors*”. In addition, Juswanto and Mulyanti (2003) revealed that a country’s export growth relative to the world average is heavily hinged on whether its “exports are going to relatively growing (stagnant) regions”.

Therefore, whereas numerous lucrative export markets exist, most exporting firms can’t be present in all these markets due to insufficient resources. Thus, the selection of appropriate export markets is essential for the success and survival of exporting firms (Douglas and Craig, 1992; Wood and Robertson, 2003). However, the selection process is no easy task for exporting firms (Papadopoulos and Martin-Martin, 2011). Despite the existence of a huge potential of trade in growing markets of Africa and Asia. The bulk of Uganda’s trade is less diversified in favour of high growth markets. In fact, in assessing Africa’s trade potential, Decreux and Spies (2012) revealed that, “Sub-Saharan Africa (SSA) needs to become less dependent on stagnating OECD markets (growing below world averages) of its traditional trading partners in the developed world”. In this regard, studies like Brouthers and Nakos (2005), which advocate for the systematic approach, show that it is linked to better export performance, while other studies have revealed that insufficient export market information has increased the prevalence of the un-systematic approach to International market selection (Andersson et al., 2004). Advocates of the relational approach (Andersen and Buvik, 2002) observed that it is more likely to be applied

in the context of manufacturing and service industries, which is contrary in the context of Uganda agricultural exports. They are predominantly in their primary form (un-processed and almost in their raw forms), for instance for Coffee, its – *coffee, not roasted, not decaffeinated*, for Cotton its *cotton, carded or combed* and for Tobacco its- *unmanufactured, partly or wholly stemmed or stripped*. Most notably, none of the previous studies considered the notion that relationship between International market selection and export performance can differ as a function of export market information use. In a bid to create an insight into Uganda’s agricultural export markets, this study sought to; first, establish the relationship between Systematic, Un-systematic and Relational International approach to market selection affected export performance of Uganda’s agricultural exporters. Secondly, to establish the moderating effect of export market information use in the relationship between systematic and export performance of Uganda’s agricultural exporters.

LITERATURE REVIEW

The international market selection (IMS) concept

The decision about the ‘choice of export markets’ is given significant weight in international marketing literature to the extent of being raised to the realm of strategic decisions (Papadopoulos and Denis, 1998; Brewer, 2001; Koch, 2001; Andersen and Buvik, 2002; Papadopoulos and Martin Martin, 2011; Musso and Francioni, 2012). Rahman (2003) attests to this by pointing out that; “*there are more than 200 sovereign countries in the world... and no one firm is likely to have the resources to develop profitable business in all of them*”. Therefore, as Papadopoulos and Denis (1998) put it “*its essential to develop an efficient and effective method for selecting a foreign target market.*” Wood and Robertson (2000) are in tandem by asserting “*the question of how to select the right markets becomes increasingly important, in particular given the wide range of possible markets and the plethora of available information*”. To date, literature on International Market Selection has come up with various categorizations as to how International Markets are selected. The two traditional approaches; the Systematic and Un-systematic (Papadopoulos and Denis, 1998) and more recently, Andersen and Buvik (2002) forwarded a third approach, categorized as the Relational approach.

Systematic international market selection

The systematic approach to International Market Selection is guided by extensive analysis of potential markets in a structured and formalized method, and information used

in this approach is about country and market factors. It involves a thorough examination of a number of factors before foreign markets are selected (Musso and Francioni, 2012; Jansen 2013; Andersen and Buvik, 2002). Papadopoulos and Martin-Martin (2011) describe the approach as one guided by “an ordered set of rules and procedures”.

Similarly, Bouthers and Nakos (2005) refer to this approach as one guided by the use of an “objective criteria to select markets”. The predominant factors considered for evaluation in this systematic and structured approach include: host country factors (market/ country attractiveness, competition in target markets, marketing infrastructure), firm specific factors (type of product, management characteristics, firm size and international experience) and entry barriers factors (country risk, tariff and non-tariff barriers and geographic distance). Andersen and Buvik (2002) make reference to the systematic approach, as one involving “statistical methods to analyse the potential target markets. Musso and Francioni (2012) referred to the systematic approach as one requiring ‘several analyses before selecting international markets’.

H₁: Systematic International Market selection positively affects export market choices

Un-systematic international market selection

On the other side of the continuum, lies the non-systematic approach to foreign market selection. The impracticality of the systematic approach lends credence to the non-systematic approach. Empirical evidence (Papadopoulos and Denis, 1988) has suggested that both small and large businesses use the unsystematic approach when selecting foreign markets (Papadopoulos and Denis, 1988). Musso and Francioni (2012) define the un-systematic methods as those guided by “non rational reasons that apparently defy the optimizing logic of the market”. Factors that are routinely embed the unsystematic approach to international market selection include the choosing of markets on the basis of Psychic distance, serving markets as a result of unsolicited export orders or even deciding to export to a given market as a result of “word-of-mouth”. Malhotra and Papadopoulos (2007) reveal the ‘wide-use’ of non-systematic selection of foreign markets following a review of 31 empirical studies.

H₂: Un-systematic International Market selection positively affects export market choices

Psychic distance

Perhaps no other construct has attracted much debate

and inquiry in the area of international market selection than the ‘Psychic distance’ construct. First brought into the realm on International marketing by Beckerman (1956), it has been a key ingredient of research into export market choices (Johanson and Wiedersheim-Paul, 1975; O’Grady and Lane, 1996; Stottinger and Schlegelmilch, 1998; Koch, 2001; Evans and Mavondo, 2002; Ellis, 2008, Ojala and Tyrvainen, 2009). Central to the concept of psychic distance is the notion that firms select foreign markets based on similarities to their home markets.

Consequently, firms are likely to get into markets in their neighborhood, since “geographic proximity” implies greater access to information and knowledge (Andersen and Buvik, 2002). More recently, Sinha et al. (2015) assert that the role of psychic distance is increasingly witnessed in the choices of international markets. Similarly, Hakanson (2014) longitudinal analysis spanning 47 years, of the bi-lateral trade between 25 major trading nations attest to the presence of Psychic distance in the trade patterns exhibited, with the influence being more pronounced for goods that are standardized internationally. Perhaps, it explains why Angola imports most of its agricultural products from Brazil despite being geographical far apart (shared language, Portuguese which is hardly spoken in the rest of Africa).

However, several empirical studies have pointed to the insignificance of psychic distance in the selection of international markets (Dow, 2000; Mitra and Golder, 2002; Davidson and Brewer, 2001). For instance, Wood and Roberston (2000) revealed that exporters ranked cultural differences as least important when making export market choices. Sousa and Lengler (2009) study of Brazilian exporters also revealed that firms performed better in markets where they shared much less culturally. Such results highlight the inconsistencies in psychic distance studies and thereafter, its lack of universal generalizability especially in light of studies that posit the psychic distance paradox (Stottinger and Schlegelmilch, 1998; O’Grady and Lane, 1996; Evans and Mavondo, 2002). It is therefore plausible that cultural differences will not affect the inclusion of such industrial buyers in the pool of potential export markets. It is against the earlier mentioned argument that the following hypothesis is made

H_{2(a)} Psychic distance hardly influences the choice of export markets

Unsolicited orders

Also known as “unexpected opportunities”, unsolicited foreign orders came about as a result of a foreign customer initiating the export order (Ahmed et al., 2006; Beleska-Spasova and Glaister, 2011; Geishecker et al., 2012). Papadopoulos and Denis (1988) observed:

“ ... the choice of markets by first time exporters is often simply a reaction to stimulus provided by a change-agent.

According to this approach, an international market is chosen in a reactionary way or rather a passive way (Liang, 1995; Lim, Sharkey and Kim, 1996; Pla-Barber and Escriba-Esteve, 2006), thus exporter is chosen rather than the other way round. Despite being associated with a reactionary attitude to exporting, unsolicited orders surprisingly (given that it is often associated with “low export involvement” (Dean et al., 1998; Williams, 2006)) account for a large proportion of export orders. For instance, while establishing whether recipients of unsolicited orders were randomly chosen, Liang (1995) established that unsolicited orders accounted for; “62 and 61% of exports in a Brazilian and Turkish study respectively, thus reaffirming earlier results of Bilkey (1978). A study of Australian exporting firms by Julain and Ali (2009), mentioned the strong link between a firm’s “initial export involvement” and the “receipt of unsolicited foreign orders”. The notion is in consonance with Aksoy and Kaynak (1994) study, although they further link the receipt of unsolicited orders to the “international orientation of the manager(s)”. Muranda (1999) arrived at similar results in his study of Zimbabwean firms exporting textile and clothing and referred to unsolicited orders as a “motivating” factor in export operations.

H_{2 (b)} The number and frequency of unsolicited orders positively influences the choice of export markets

Relational international market selection

Whereas, the systematic and un-systematic approaches seek to find a country(s) to export to (unit of analysis), the relationship approach seeks to find an exchange partner with whom to establish a business relationship (Bradley, 1995; Andersen and Buvik, 2002; Jansen, 2013). In this case, a firm searches for “feasible international exchange partners”, with shared goals. Business allies, government business support programs, and previous customers make up such partners. For instance, if a firm is benefiting from an export promotion program by a trustworthy partner like the government, it’s likely to export to markets fronted by the government. The relational approach predicts that international export markets are selected on the basis of potential business partners or exchange / business partners with whom to do business.

Consequently, it is a common feature for national governments to support trade programs (Brewer, 2009; Freixanet, 2011; Wilkinson and Brouthers, 2000). From a national government’s perspective, firms that are engaged in international business play a crucial role in the economic development of the nation, thus the need to provide assistance to such firms (Ahmed et al., 2002). Wilkinson and Brouthers (2000) revealed, “exporting

firms are more likely to stay in business than non-exporting firms and achieve 20% faster employment growth”. In this context, support from governments to these firms is manifested in the form of; the identification of target markets, evaluation of target markets, making firms aware of market developments and growth trends (Brewer, 2001; Ahmed et al., 2002).

Similarly, Wilkinson et al. (2000) noted that “*firms are not islands, and therefore not self-sufficient*”. To a great extent, export promotion agencies act as trusted business partners to exporters, given the assistance rendered to enhance their performance. Jansen (2013) notes, “*firms make country choices using knowledge and other resources of associated business unit, business associations, government agencies or other entities which they have shared interest*”.

Exhibitions and trade fairs are considered important sources of such business partners, given their tightly targeted and interested audiences (Sarmiento et al., 2015). For instance, Kiryowa (2014) reported that the International Floriculture Trade Expo (IFTEX) that is routinely held in Kenya attracts buyers from over 40 countries. He further notes that one of the firms that participated (*Rosebud-Flowers-Uganda*) at the trade fair was able to increase their international sales by 10% after participating in the previous IFTEX’s trade fair, and expanded their operations from 45 to 50 hectares. Similarly, Brewer (2001) noted that exhibitions were often used as informants especially when they needed to diversify into alternative markets. In their longitudinal study of in Portugal, Sarmiento et al. (2015) noted that the exhibitions enabled participants to create business relationships, given the face-to-face interface with prospective buyers, that is, this aspect is in tandem with the gist of relational international market selection which seeks to create relationships with trusted business partners in their networks. It is against that background and arguments that the following hypothesis is made;

H3: Relational International Market selection positively affects export market choices

Export market information use as a moderator

Foreign markets are often unfamiliar territory and characterised by business uncertainty, therefore information about foreign markets is key to dealing with such uncertainty (Diamantopoulos et al., 2003; Vyas and Souchon, 2003). In fact Tesfom and Lutz (2006) cites “insufficient information about overseas markets” as a significant deterrent to exporting by many firms (small) in Sub-Saharan Africa.

Similarly, Wood and Robertson (2000) assert that information is necessary when choosing international markets. However, recent studies in the realm of Export Market Information have shifted from the mere possession of information about export markets (acquisition), to

actually using the said information. This position is eloquently summarized by Diamantopoulos et al. (2003) who equate it to “firing a rifle blind”, in which case hitting the target is a matter of luck. Similarly, Diamantopoulos and Souchon (1999) observed, “*any information acquired by decision makers will bear little impact on ultimate company performance if it is not actually put to use in the making of decisions. As the same information may be available to competing companies at about the same time.*”

Accordingly, export market information can be used varyingly. Under circumstances where it is used to get a solution to a specific problem, with intent of immediate use, the kind-of-use is termed as Instrumental-Use (Diamantopoulos and Souchon, 1999; Toften and Olsen, 2003; Williams 2003). Subsequently, the use that is not geared towards any particular issue or problem at hand, but rather for purposes of “general enlightenment” (Williams, 2005) or rather widening the “managerial knowledge base” or even “stored for future use” (Diamantopoulos and Souchon, 1999; Vyas and Souchon, 2003) is termed as Conceptual-Use and lastly, Symbolic-Use is consistent with distorting findings, non-use of information, distorting information to suit already made decisions (Toften and Olsen, 2003), using export market information to build confidence in decisions already taken and for self-promoting motives as well as haphazard use of export market information (Vyas and Souchon, 2003) or even the use of market information to give credibility to decisions made on the basis of instinct (Diamantopoulos and Souchon, 1999).

Whereas, consensus exists with regard to distinction between the Symbolic-Use and the Instrumental use, differences exist with regard to Instrumental-use and/or the conceptual-use. Some scholars believe that they are separate entities whereas others consider them as the same (Diamantopoulos and Souchon, 1999). With guidance from Diamantopoulos and Souchon’s (1999) study that aimed at the measurement, scale development and validation of the export-information-use construct, this study adopted two dimensions of export-market information use, that is, instrumental/conceptual-use and symbolic-use, this approach was also adopted by Toften and Olsen (2003). They held the view that “instrumental and conceptual uses were actually aspects of a single dimension”.

A key feature of the systematic approach to international market selection is the prevalence of “extensive analysis”, and for analysis to take place the presence of information often precedes. For example, firms applying the systematic approach look into information that deals with the firm’s owner potential to exploit international opportunities, market potential (growth rate) or even the competition in the potential or target markets (host-country factors), and information that tells the prospective exporter about the barriers to international markets (tariffs and non-tariff barriers). The above facets of selecting markets systematically all point

to the critical role of information and more specifically the instrumental/ conceptual use of the said information, that is, particular problem or issue for which information is needed is criteria for choosing an export or the need to evaluate potential foreign or international markets among a pool of possible markets worldwide. Although previous studies in International market selection have taken into account the need to have the above kind of information, they have been silent about the way such information is used and how “use” consequently affects the relationship between selection criteria and the export market choices made. It is against this argument that following hypothesis is made.

H_{4(a)}: Export Market information-use moderates the relationship between systematic international market selection and the choice of export markets.

METHODOLOGY

The research paradigm and design

A cross-sectional study format was adopted in this study and guided by a positivist research paradigm, heavily hinged upon a hypothetic-deductive approach (that is, a quantitative operationalization of concepts and the formulation of hypotheses that are statistically tested from a large sample).

Population, sample size and sampling procedure

563 firms exporting agricultural commodities formed the population of the study; this list was obtained from the Uganda Export Promotion Board’s (UEPB) database. Often, the sample size for a given study is determined by either using formulas to run a calculation and come up with a sample (Yamane, 1967) or by referring to published tables that set sample sizes at given levels of population sizes for example, in Krejcie and Morgan’s (1970) formula for sample size determination (Israel, 1992; 2013).

In this study, the researcher applied both approaches and eventually considered the approach that resulted into a higher / greater sample size. At a 95% confidence interval and variability of 0.05 level of precision, the Yamane (1967) formula resulted into a sample size of 233.8, whereas Krejcie and Morgan’s (1970) table of sample determination informed that for a population (N) between 550 and 600, a sample (n) of 226 is representative of the population.

Consequently, the former approach was considered for this study. Commodities exported by the firms were grouped based on the harmonized commodity description and coding system (HS), which is an internationally standardized system of names and numbers to classify traded products, thus creating mutually exclusive, homogenous strata. This classification was done at the 2-digit chapter level of the HS coding System. Given that the contribution to the nations export earnings export earnings by the different export commodities is not proportionate, with exports like coffee and tea contributing more, a dis-proportionately stratified sampling technique was adopted. The exporting firm and their managers or executives directly involved in the export functions of the firm constituted the unit of analysis and unit of inquiry respectively.

Measurement and operationalization of the variables

The constructs under study are both theoretical and unobservable,

and therefore necessitating an operationalization to develop indicators that measure the constructs. Multiple indicators were deemed appropriate given that the variables were in the social science domain, and therefore very susceptible to subjectivity and imprecision (Bhattacharjee, 2012). The items were anchored in a 5-point likert scale (1= Strongly Disagree to 5 = Strongly Agree).

Systematic international market selection

The gist of systematic international market selection is objectivity and structure, coupled with a formal process (Andersen and Buvik, 2002; Brouthers and Nakos, 2005; Musso and Francioni, 2012). Accordingly, factors relating to systematic international markets selection in this study were conceptualised to comprise of; firm size, managerial international experience, market or country attractiveness, extent of competition in the foreign markets, the extent of tariff and non-tariff barriers, and the presence of preferential market access provisions (Brouthers and Nakos, 2005; Alaoui and Makrini, 2014; Koch, 2001, Lages et al., 2008; Del Rio Araujo and Neira, 2006; Moen, 1999, Cavusgil and Zou, 1994).

Un-systematic international market selection

The non-systematic approach to international market selection is characterised by a personalised and irrational approach to the selection of international markets. Alexander et al. (2007) refer to this approach as a "subjective evaluation of possible alternatives". Andersen and Buvik (2002) refer to the approach as one that involves "expanding internationally on an opportunistic basis". Accordingly, psychic distance, unsolicited orders and word-of-mouth were the dimension used to capture aspects related to un-systematic International market selection (Brewer, 2001; Liang, 1995; Muranda, 1999; Gieshecker et al., 2012; Papadopoulos and Denis, 1988; Leonidou et al., 2007).

Relational international markets selection

Measurement of relational international marketing was guided by Andersen and Buvik (2002) study, which introduced the notion of relationships with trusted business partners as means of selecting foreign markets. Wilkinson et al. (2000) allude to role of "other firms and organisations", and note that governments have become increasingly involved in boosting the international performance of their firms. Accordingly, relational international market selection was measured in terms of; government business support programs, exhibitions/trade fairs and previous customers. Items were adopted from others studies like Ellis (2000).

Export market information use (Moderating variable)

Export market information use is operationalized under the premise that the same marketing information is accessible to all competing firms at the same time, thus the competitive edge is based on usage rather than acquisition (Diamantopoulos et al., 2003). The "use" of export market information has been conceptualised as either Instrumental/ conceptual or symbolic (Diamantopoulos and Souchon, 1999). Items scaled were adopted and adapted from related previous studies including; Toften and Olsen (2003), Vyas and Souchon (2003), Williams (2003) and Toften and Rustard (2004).

Export market choice

The gist of the study involves establishing those factors that influence the export market choices made by agricultural commodity exporters in Uganda. In order to determine how various factors affected the choices of export markets made and given the heterogeneous nature of foreign markets, indicators that created a distinction in the markets chosen were developed mainly in line with export performance literature. Choice implies the presence of a variety, and therefore necessitating a selection. In particular; from an exporting firm's perspective; growth in export sales, growth in market share, business expansion to meet export demand and profitability (over 5years) were considered sufficient distinction for the export markets. Export market choices made affect export performance (He and Wei, 2013) therefore adopting an export performance distinction of the choices made. When a particular export market is growing / promising, chances are that export orders will rise thus the growth in a firms export sales and the need for business expansion to cater for the growing demand. However, stagnating export markets will imply reduction in export orders, which will consequently affect export sales, market share and expansion plans and profitability.

Data collection and management

In accordance with the research paradigm adopted, (Positivism), quantitative data was collected from the respondents by means of self-administered questionnaires. This exercise was carried out between June to August 2015. To minimize the effects of bias resulting from the "form of measurement" used (Common Method Bias or variance), procedural remedies were applied in accordance with Podsakoff et al. (2003). Whenever possible, responses dealing with the export market choices were obtained from another respondent in the export department, in order to reduce consistency motif. However, time lags were frequently used to create temporal separation after responses on the International Market Selection approaches were gathered (brief conversations were struck up to achieve a time lag).

Additionally, assurance of confidentiality was repeatedly echoed to the respondents (Chang et al., 2010). Similarly, when using regression techniques in study, multicollinearity often affects the desired structural relationships. Paul (2006) notes that multicollinearity manifests when there is an exact or nearly exact linear relationship among two or more of the input variables. It is therefore prudent to establish the degree of multicollinearity. An examination of the correlation matrix to identify large correlation coefficients between predictor variables is simple method of detecting multicollinearity, and correlation coefficients next to unity are indicators of multiple collinearity (Farrar and Glauber, 2001; Field, 2009).

In this study, the regression results were valid given that the correlation coefficients between the predictor / independent variables were below 0.8 in tandem with Field (2009). For data reduction, a factor analysis was carried out, and the results in Table A1 show the factor analysis of international market selection and indicate that 8 items loaded on un-systematic international market selection, while 7 items loaded on systematic international market selection and 5 items loaded onto relational international market selection. In total, international market selection was examined by 15 scale items that accounted for 63.3% of the variance in international market. The results in Table A2 show the factor analysis of the variable export market information use. The results indicate that 4 items loaded on instrumental use and 3 items loaded on symbolic use and accounted for 61.4% of the variance in overall export market information. Lastly, the results in Table A3 show that 5 items examined the choice of export market and accounting for

62.2% of the total variance in the overall choice of export market.

RESULTS AND DISCUSSIONS

Sample characteristics

Of the 234 commodity exporters targeted, 44 questionnaires were incomplete and therefore 190 responses were fit for the analysis, consequently obtaining a response rate of 81.1%. The majority of the respondents were male (70%), and worked at the middle level of management (54.2%). The majority of the respondents (46.3%) were between the group of 36 to 55, while 45.7% of the respondents had attained a university degree. 70% of the firms had been in existence for over 10 years, while a greater proportion (73.6%) of the firms exported to destinations where they had preferential market access. Most of the exports (44.7%) were destined for the East African Community (EAC) market that is, Kenya, Tanzania, Rwanda and Burundi, with the European union representing 15.8% of the export destinations.

Correlation analysis results

Zero-order correlations (Pearson's) were used to establish association between systematic, unsystematic and relational international market selection and the choices of export markets. The results presented in Table 1 indicate a positive and significant relationship between systematic international market selection and the resultant export market choices made ($r = 0.298^{**}$, $p < 0.01$). Thus implying that firm specific, host country and entry barrier elements positively influence export market choices of agricultural commodity exporters in Uganda.

This is consistent with those of similar studies. For instance, Brouthers and Nakos (2005) observed that, systematic international market selection significantly influenced export performance. Similarly, Ahmadian and Ma'atoofi (2011) concluded that for Iranian exporters, the "*willingness and conviction*" to enter various export markets differed as a function of the managers' International experience.

However, contradiction with the findings is found in the works of Pla-barber and Alegre (2007). They focused on 121 exporting firms in France and established that firm size hardly influenced export market choices. Similarly, Calof (1994) observed, "due to modest nature of the variance explained by firm size in export behaviour, it's importance is inconsequential".

Upon examining the relationship between un-systematic international market selection and the export market choices made, the results in Table 1 revealed a negative and significant relationship ($r = -0.232^{**}$, $p < 0.01$). Implying that when irrational factors guided the export market selection, a detrimental effect was observed in the choices made. With regard to the relationship between psychic distance and the choice of export markets, the results show an insignificant correlation ($r = 0.139$, $p >$

0.05) and therefore supporting hypothesis $H_{2(a)}$ that states that 'Psychic distance hardly influences the choice of export markets'.

Therefore, despite the popularity of the of the psychic distance concept in international market selection (Berkerman, 1956; Johanson and Wiedersheim, 1975; O'Grady and lane, 1996), such contradictory results are not entirely new. For instance, Brewer (2001) arrived at the conclusion that psychic distance did not play an important role in the firms' international market selection decisions. The results in Table 1 also indicate that unsolicited orders negatively and significantly influence the choice of export markets ($r = -0.204^{*}$, $p > 0.01$), consequently not supporting hypothesis H_{2b} , which states "The number and frequency of unsolicited orders positively influences the choice of export markets". This implies that the reliance on unsolicited orders by Ugandan agricultural commodity exporters negatively affected the choice of export markets made.

This finding is in contradiction to Geishecker et al. (2012) and Leonidou et al. (2007) findings who attest to the popularity of this approach as one of the most influential factors driving international sales for most exporting firms. Plausible explanations to the contradiction in results include; Bilkey (1976) who observed that, because such firms (ones that rely on unsolicited orders) often take a reaction approach to exporting and just wait for "export opportunities that come their way", it is plausible that importers only resort to unsolicited orders when their main (previous) suppliers have had an interruption in supply, and resort to unsolicited orders as a temporary measure. Secondly, Liang (1995) observed that the frequency of unsolicited orders depended a lot on the uniqueness of the product. Therefore, it is conceivable that the unprocessed nature of the agricultural commodities exported by Uganda, reduces their chances of uniqueness.

The results in Table 1 also show a positive and significant relationship between relational international market selection and the choice of export markets ($r = 0.255^{**}$, $p > 0.01$), This implying that the use of government support programs, exhibitions and trade fairs as well as previous customers is strongly associated with favourable export markets. Thus, supporting hypotheses H_3 . The findings are consistent with those of Bradley (1995) and Andersen & Buvik (2002) who emphasize the role of partners in the selection of export markets.

Similarly, in the specific context of Uganda's flower exporters, Kiryowa (2014) revealed that participating at exhibitions significantly marketed Uganda flower exporters with up to 20% growth in direct sales. Additional support found in Rose (2007) study observed a positive link between the number of embassies or consulates and the growth of a nations exports.

Moderation (Interaction) results

The results in Table 2 show that systematic international

Table 1. Zero order correlation between International market selection and export market choices

	Mean	4.048	4.046	3.12	2.83	4.279	4.09
	SD	0.785	0.958	1.354	1.272	0.851	0.759
Systematic IMS		1					
Psychic Distance		0.150*	1				
Unsolicited Orders		-0.207**	-0.07	1			
Unsystematic IMS		-0.195**	0.028	0.264**	1		
Relational IMS		0.335**	-0.01	-0.053	-0.236**	1	
Export Market Selection		0.298**	0.139	-0.204**	-0.232**	0.255**	1

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

Table 2. Hierarchical regression of Interaction effects of Systematic International Market Selection (IMS) and export market information use on the choice of export markets

	Model 1	Model 2	Model 3
(Constant)	2.925**	2.633**	1.379*
Systematic IMS	0.288**	0.232**	0.550**
Export Market Information Use		0.150**	0.577**
Interaction Term			-0.106*
Dependent Variable: Export Market Selection			
R	0.298	0.398	0.431
R Square	0.089	0.158	0.186
Adjusted R Square	0.084	0.149	0.173
Std. Error of the Estimate	0.727	0.700	0.691
R Square Change	0.089	0.070	0.027
F Change	18.269	15.489	6.272
Sig.	0.000	0.000	0.013
Avg. Tolerance	1.000	0.955	N/A
Avg. VIF	1.000	1.047	

** Level of significance < .01, * : level of significance <= .05

market selection ($B=.288$, $p< .01$) and export market information use ($B=.150$, $p< .01$) are significant predictors of export market selection. The introduction of the interaction term (Systematic international market selection * export market information use) in model 3 causes a significant change in the predictive power of the main effects on the selection of export markets ($B= -0.106$, $p< 0.01$), consequently the main effect and the interaction term collectively account for 18.6 Per cent of the variance in the selection of Uganda's agricultural export markets. Thus, supporting hypothesis $H_{4(a)}$. The results in Figure 1 indicate that the effect of systematic international market selection to the choice of export markets is different at various levels of export market information use, given the differences in gradients of the graphs.

Accordingly, since the magnitude of the effect is greater at one level compared to another level, it is plausible that

the interaction effect is significant, and thus supporting hypothesis $H_{4(a)}$. The interaction term was antagonistic in nature and therefore its presence reversed the effect of systematic IMS on the choice of export markets. These results are supported by previous studies; for instance, Vyas and Souchon (2003) noted that market information use was especially vital in the export market setting given its "diversity and turbulence". Diamantopolous and Souchon (1999) allude to the fact that instrumental use of information about exports markets result into better choices in such markets and the subsequent competence of the exporting firms. Toften (2005) also concurs with this point of view.

Conclusion

The findings of the study revealed that export-market-

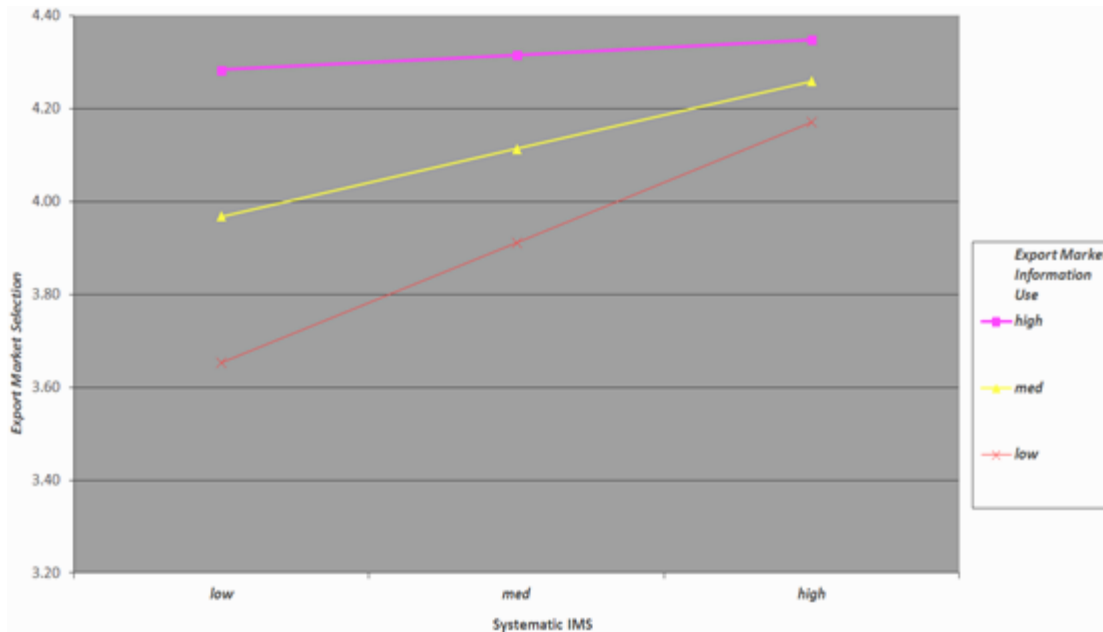


Figure 1. Interaction effects of systematic IMS and Export Market Information Use on the selection of export markets

information-use only moderates the relationship between systematic international market selection and the choice of export markets, and had an insignificant interaction term for Relational International market selection and the choice of export markets. The results also observed a positive and significant relationship between systematic international market selection and export market choices. Additionally, the findings revealed that the psychic distance effect was inconsequential to export market choices, while unsolicited export market orders had a significant and negative influence on export market choices. A positive and significant relationship was observed between relational international market selection and export market choices.

Theoretical implications

Theoretically, the study shows that interacting systematic international market selection and export market information use provides a significant explanatory power to export market choices. Previous empirical studies into international market selection acknowledge the crucial role of information in export market selection, but such studies fell short of establishing if the way such information is used (export market information use) had an effect on the relationship between approach and the resultant choice. As a modest contribution to theory development, this study borrows from assertions by Williams (2003) and Vyas and Souchon (2003) that, use rather than possession of export market information

provides the competitive advantage. This addition is a substantially significant departure from previous studies in the area of international market selection.

Secondly, the psychic distance construct is an instrumental component of international market selection research, and it attributes export market choices to the perceptual differences between the home market and a foreign market business and cultural practices. However, this study has presented empirical evidence to support the notion that the psychic distance concept is “*past its due date*” as posited by O’Grady and Lane (1996), Stottinger and Schlegelmilch (1998) and Evans and Mavondo (2002). In so doing, affirming that the psychic distance effect is inconsequential when applied to international market choices, specifically in the context of agricultural commodity exports from a developing country context. This is in tandem with Brewer (2001) who established that psychic distance hardly affects export market choices of Australian exporting firms.

Policy and managerial implications

First, the study revealed that government support agencies significantly influence export market choices. Although the ministry of trade and the Uganda export promotion board thrives to promote exporters, the country’s trade facilitation structures are still at infancy to be able to support all exporting firms to their full potential. Therefore, consulates and missions abroad ought to actively engage in trade facilitation in their various

potential export markets by especially reducing information asymmetry.

Secondly, the agricultural exports sector ought to host an annual international trade exhibition targeting international buyers. This strategy has already been adopted by the Kenyan flower exporters through the hosting of the Annual International Floricultural Trade Expo (IFTEX) that attracts buyers from over 40 countries. By hosting sector specific exhibitions of international magnitude, small and medium sized exporters without sufficient logistical support to attend exhibitions outside the country, would get exposure to other buyers and possibilities for export market diversification.

The findings also observed that export market choices guided by unsolicited export orders were unsustainable, therefore export managers ought to consider such unsolicited orders as complimentary rather than as a major or predominant method in international market selection.

Study limitations and possible areas for further research

The study is not devoid of shortcomings and therefore limits generalizations. For instance, results from a qualitative research design would compliment those of this study that was guided by a positivist research orientation. Secondly, given the cross-sectional nature of the study, repeated or multiple observations of the same study over a longer period (5 to 10 years) would account for structural changes in the environment that the respondents operate in (i.e. bi-lateral trade agreements). Lastly, whereas this study established a positive link between government support programs and export market choices, further research ought to be done to explore methods/ modalities of integrating strategic position of embassies and high commissions into the export promotion cause or export market penetration endeavours of exporters.

Conflict of interests

The authors have not declared any conflict of interests.

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Appendices

Table 1. Factor analysis for international market selection approaches

Variable	Unsystematic IMS	Systematic IMS	Relational IMS
Our firm exports to non-English speaking markets	0.555	-	-
The majority of our firm's exports are from unsolicited export orders	0.683	-	-
We only export through un-solicited orders	0.689	-	-
We often receive unsolicited export orders	0.754	-	-
Our initial export venture was through an unsolicited order	0.744	-	-
Word-of-mouth significantly contributes to our export orders	0.808	-	-
We seek referrals from our customers	0.786	-	-
Information about export markets is often gained by Word-of-mouth	0.785	-	-
We consider the number of alternative suppliers when choosing export markets	-	0.620	-
Our firm is able to access the necessary financial resources for export ventures	-	0.609	-
We are able to meet the demand from our export markets	-	0.721	-
Our export managers have sufficient International marketing experience	-	0.718	-
Our firm mainly considers markets with low tariff levels	-	0.741	-
Our firm only exports to markets which allow tariff concessions like drawbacks	-	0.709	-
Our firm considers markets with stringent customs clearance procedures	-	0.608	-
Our export markets are chosen after attending business exhibitions	-	-	0.775
Our firm exports to markets recommended by our government agencies	-	-	0.742
Participating in trade fairs contribute to the bulk of our export orders	-	-	0.650
Exhibitions provide us with information about other export markets	-	-	0.798
Our firm relies on previous customers for new export markets	-	-	0.563
Eigen Values	4.082	1.574	1.106
Variance %	38.272	14.753	10.367
Cumulative %	38.272	53.025	63.392

Kaiser-Meyer-Olkin measure of sampling adequacy: 0.796

Table 2. Factor analysis for export market information use.

Variable	Instrumental use	Symbolic use
Export marketing information is often relevant to our decisions	0.660	-
Our confidence in making export decisions is increased as a result of marketing information	0.576	-
Decisions based on export market information are more accurate than wholly intuitive ones	0.741	-
Export decisions are made after acquiring detailed export market information	0.727	-
We sometimes take account of EM information, to justify the cost of having acquired it	-	0.662
Export marketing information is often collected to justify a decision already made, for example, the choice of an export market	-	0.798
Export Marketing information is always considered in the making of decisions for which it was originally requested	-	0.794
Eigen values	2.172	1.210
Variance %	39.496	22.003
Cumulative %	39.496	61.499

Kaiser-Meyer-Olkin measure of sampling adequacy: 0.690.

Table 3. Factor analysis for choice of export market.

Variable	Market growth	Export share	market
We have expanded our operations in order to meet demand in most of export markets	0.646	-	
We have been profitable in most of our export markets in the last 5 years	0.798	-	
Over the past 5 years, we have increased the number of export markets we serve	0.744	-	
Our export sales have grown in most of our export markets over the last 5 years	-	0.752	
Our Market share has improved in most of our export markets over the last 5 years	-	0.830	
Eigen values	1.925	1.187	
Variance %	38.502	23.742	
Cumulative %	38.502	62.244	

Kaiser-Meyer-Olkin Measure of Sampling Adequacy: 0.596.

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