

**FACTORS INFLUENCING THE EXPORT OF HORTICULTURAL
PRODUCTS BY HORTICULTURAL FIRMS IN NAIROBI, KENYA**

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DECLARATION

I hereby declare that this is my original work and has not been submitted to any other academic body.

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DEDICATION

This research study is dedicated to my son Wachira Mwangi, who in his own special way has been an inspiration in my life each and every day, may you grow up believing that as long as God is on your side nothing is impossible in this world. I love you very much and Be Blessed in all you do!

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ABSTRACT

This study sought to determine the factors influencing exporting of horticultural products and to establish challenges facing exportation of horticultural products by horticultural firms in Nairobi, Kenya. The design of this research was descriptive survey research. Data was collected using both the structured and unstructured questions in a questionnaire to collect the primary data. The population for this study was on based on the 35 horticultural products (both vegetables and cut flowers) exporting firms Kenya with the main concentration being on those with offices located in Nairobi and its environs. Quantitative data presentation was done by the use of pie charts, bar charts and graphs, percentages and frequency tables. Descriptive statistics such as means, standard deviation and frequency distribution were used to analyze quantitative data. Qualitative data was analyzed using content analysis and was presented in prose form. The study found a major influence to exportation of horticultural products is for firms to gain competitive advantage over their competitors as well as in the international markets domain with a positive influence on current and future export performance and so companies allocate more attention and resources in order to export their products to foreign markets. The study also found that firms are able to give better quality products and services when the international market sets certain standards on quality of goods expected. The other important factors influencing the exportation of horticultural products are global market competition, competitive advantage of a firm, legally imposed exchange controls, access to suitable distribution channels and intensity of competition. The study also found that much as the horticultural firms may perform well in the local market there should be focus more on exportation to tap the foreign market to ensure they earn higher profits, influence economic growth of national industries, increase foreign exchange reserves, enhance societal prosperity, improve productivity and create employment opportunities.

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ABBREVIATIONS/ACROMNYS

AOA - Agreement on Agriculture

CAP-Common Agricultural Policy

DFG – Dutch Flowers Group

EAC – East African Community

E.C. – European Commission

E.U. – European Union

FEPA - Framework Economic Partnership Agreement

GDP - Gross Domestic Product

IMF- International Monetary Fund

KBS - Kenya Bureau of Statistics

KHEA- Kenya Horticultural Export Authority

POM - Product Order Model

WTO - World Trade Organization

CHAPTER ONE: INTRODUCTION

1.1 Background of the Study

The liberalization of international markets under the auspices of the World Trade Organization (WTO) has made trade in fresh agricultural products become increasingly global. This type of globalization has been assisted by a number of factors including changing national regulations in response to the dynamics of the international market place, the rapidly expanding aviation and sea transport, advanced packaging technologies, information and communication technologies and electronic commerce (Rabino, 2004). The global commodity price boom of the first decade of the 21st Century (2000 to 2010) helped many African countries to increase their levels of exports and helped Africa as a whole to achieve modestly-high economic growth rates during that decade (Bayoumi, Laxton & Pesenti, 2004). Several African countries are important exporters of horticultural products. These include Egypt, Ivory Coast, Zimbabwe and Kenya. Ghana is gradually emerging as an important exporter of horticultural products especially to the European Union (EU) markets. For example, Ghana is the fifth largest African Caribbean-Pacific (ACP) exporter of fruits and vegetables to the EU market (Islam, 2000).

1.1.1 Horticultural Firms in Nairobi

Agriculture accounts for approximately 24% of Kenya's GDP (Gross Domestic Product), with approximately 75% of the population depending on the sector either directly or indirectly (KHEA, 2005). The horticultural sub-sector of Agriculture has grown expansively in the last decade to become a major foreign exchange earner, employer as well as a food contributor for both the domestic and foreign markets. As a result most of

the horticultural firms we have in Kenya mainly export oriented, processing both vegetable and fruits have their own farms i.e. Lake Naivasha, Thika, and Limuru-Kiambu regions. However most of the firms have their administration operations in Nairobi i.e. we have approximately 23 Vegetable and fruit companies i.e. Frigoken Ltd, East African Growers Limited, Wilham (K) Ltd, East African Growers Limited amongst others. There are also approximately 37 cut flowers companies situated in Kenya horticulture with about 15 situated in Nairobi i.e. Magana Flowers, Beverly Flowers Limited, Redhill Flowers Limited amongst others. (KHEA, 2005)

1.1.2 Export Marketing

Export marketing is achieved by a company when it increases its market share by maintaining production in its own country while venturing into the international market. The company marketing strategies will have to change to meet the different demands set by the new markets with indirect marketing used frequently to enter new markets (Rabino, 2004). Export marketing also means exporting goods to other countries of the world and involves lengthy procedure and formalities (Theodosiou & Leonnidou, 2003). Export of commercial quantities of goods normally requires involvement of the customs authorities in both the country of export and the country of import. Exporting activity is of extreme importance from the point of view of nations and firms. From the point of view of national governments, exporting activity is crucial because it contributes to the economic development of nations (O’Cass, & Julian, 2003). It influences the amount of foreign exchange reserves as well as the level of imports a country can afford, while shaping public perceptions of national competitiveness (Swanberg, 1995). Additionally, exports enhance societal prosperity and help national industries to develop, improve

productivity and create new jobs. Abroad, exports enlarge consumers' accessibility to a diversity of goods and services, and improve the standard of living and quality of life (Rugman, & Collinson, 2006).

At the firm level, through market diversification, exporting provides an opportunity for firms to become less dependent on the domestic market. By serving new customers abroad, the firm may also explore economies of scale and achieve lower production costs while producing more efficiently (Style & Ambler, 2000). The firm may also use the international experience to become a stronger competitor at home. Additionally, by operating abroad, the firms may learn from international competition to eventually explore new foreign markets and get involved in other international activities such as licensing, franchising, joint ventures or direct investment abroad (Zarin& Vazife, 2009). In sum, exporting may assume an important role within the firm as a means of reducing production costs, stabilizing cyclical demand, reaching new markets and gaining experience for other forms of internationalization (Czinkota, 2002)

Export success is the attainment of a good performance by a firm in export activities through strategic use of factors internal to the firm and proactive adaptation of the firm to external factors over a period of time (Sol, Patricio & Kogan, 2007). The resources in a firm's possession - whether managerial or organizational and its environment have significant implications for the performance of the firm. An exporting firm requires successful entry first into an international market in order to transact its trading obligations (Astrow, 2003). But for a firm to have continuous success in repeatedly exporting into international markets, it may need to use additional strategies beyond those that allow it to make a successful entry into the international market in the first place.

Successful entry and continuous success into an export market depend on a combination of both (Style & Ambler, 2000).

In export marketing, goods are sent abroad as per the procedures framed by the exporting country as well as by the importing country. Export marketing is more complicated to domestic marketing due to international restrictions, global competition, lengthy procedures and formalities and so on. Moreover, when a business crossed the borders of a nation, it becomes infinitely more complex. Along with this, export marketing offers ample opportunities for earning huge profits and valuable foreign (Zarin, & Vazife, 2009).

1.1.3 Horticultural Products

The major flower varieties grown and exported from Kenya are roses, carnations, statice, cutfoliage, carthhamus, solidaster/solidago, chrysanthemums, arabicum, trelizia, rudbeckia, gypsophilia, lilies, molucella, erylningium and tuberoses. The main export season is October to May (Humphrey, Neil, & Masako, 2004). Some cut flowers are also sold locally mainly in urban centers of Nairobi and Mombasa by street vendors and floriculture shops in high/medium class shopping centres.

Kenya having an ideal climate for the production of horticultural produce produces a wide range of vegetables, fruits and cut flower products for both local and international markets key among them being (Collinson, 2001). These companies process a range of vegetable and fruit products, which include chutney, canned fruit, juices, health drinks, jams, marmalades, pickles, sauces, tomato sauce, ketchup paste, canned vegetables, dehydrated vegetables, peanut butter and canned soups among others (KHCP, 2013).

1.1.4 Horticultural Sector in Kenya

The Kenyan horticultural export is a success story in the African agriculture. The horticultural sector has grown in the last decade to become the second largest earner of foreign exchange, employer and contributor to food needs in the country (KBS, 2013). Currently the horticulture industry is the fastest growing agricultural sub sector. Kenya's tropical and temperate climatic conditions make it favorable for production of wide range of fruits, vegetables and flowers. Kenya is currently ranked the largest supplier of cut flowers to the European Union and is also the second largest horticultural exporter in the sub-Saharan Africa after South Africa and largest developing country supplier of vegetables to the European Union after Morocco (Central Bank of Kenya, 2008)

The horticulture export sector has experienced rapid growth since 1966 because of the active role by the private sector and minimum government intervention. The European Union is the largest consumer of Kenyan horticultural exports which include green beans, snow peas (mange-touts), runner beans, okra, chillies, avocados, mangoes, and cut flowers as a result Kenyan horticultural exports to the European Union accounted for 45 percent of the total exports in 2012. Main cut flower growing areas include Lake Naivasha, Thika, and Limuru- Kiambu regions. Most of the flower production companies have their own flower farms. These companies grow, harvest, pack and transport cut flowers to airports for export. Vegetable exports registered the highest growth in monetary terms, bringing an increase of Sh1.67 billion to stand at Sh11 billion for the first six months of this year (KHCP, 2013)

In recent years, horticultural export growth has declined. The quality of production has declined, following a reduction of the role of exporters in supporting production by

small-scale farmers. This has reduced Kenya's competitiveness in the horticultural export market at time when the sector is faced with increased competition from other producer countries. The reform of the European Union Common Agricultural Policy (CAP) and other emerging issues in the on-going negotiations on the Agreement on Agriculture (AOA) at the World Trade Organization (WTO) present other pertinent issues as concerns expanded export horticulture. Trade in fresh horticultural products has become increasingly global. The trade is vertically integrated through contracts rather than control and ownership of the means of production (Bruinsma 2008). This trend has been encouraged by a liberalizing international and national regulatory framework, associated with World Trade Organization (WTO), International Monetary Fund (IMF) and the World Bank policies, and has been further facilitated by improvements in communication and packaging technologies.

1.2 Research Problem

The horticultural export industry has been identified as an important area to generate income, foreign exchange and to move farmers out of poverty in developing countries (Shah, 2007). Horticultural exporting countries that accounted for 90 per cent of the horticultural exports of developing countries, indicated that infrastructure, size of domestic market, shipping facilities, per capita income in the exporting country, and the share of manufactured exports in total exports are significant factors having a positive effect on exporting (Rickard, Pierre and Becker, 2009).

Kenya's horticultural sector has received a great deal of attention over the past decade due to the rapid and sustained growth of its exports to Europe (Dolan, Humphrey and Harris-Pascal, 1999). The potential for expansion of horticultural business in developing

countries, including production for domestic and export sales of cut flowers and plants is unlimited provided the country expands the production of existing products as well as the product range (Murray, 2010). The horticultural exports in Kenya has been increasing where a total Value horticulture exports is Sh43.5 billion, compared to Sh40.5 billion in 2012 (KBS, 2013). However, there has been scanty study that has focused on factors influencing exporting of horticultural products by horticultural firms in Kenya.

Locally, studies have focused on determinants of the export performance of Kenya's horticultural industry. For instance, Muriira (2006) carried out a study on determinants of export performance of the Kenyan horticultural industry and found that foreign income, air-cargo space availability, the real exchange rate and the concessions under Rome Conventions all positively influence the volume of horticultural exports from Kenya. On other hand; Nzomoi, Byaruhanga, Maritim and Omboto, (2007) carried out a study on determinants of technology adoption in the production of horticultural export produce in Kenya.

Internationally, Anderson, Ayala, Bird, (2005) carried out a study on the factors influencing export of horticultural products in UK and found that basic comparative advantage in horticultural commodities, improved market access increases agricultural exports as long as domestic barriers to trade are not so high as to remain prohibitive, and at least some factors of production are able to move into the exporting sectors from other sectors of the economy. The size of the response will vary however, depending on the rate at which diminishing returns set in as production in the exporting sector expands. Gereffi (2009) noted that fresh vegetable export to UK from African countries such as

South Africa and Zimbabwe is influenced by high demand for the products international restrictions, global competition, lengthy procedures and formalities.

Despite the increase in horticultural exports in Kenya, there has been scanty study that has focused on determining factors influencing exportation of horticultural products in Kenya. This study sought to fill the existing knowledge gap by determining factors influencing exporting of horticultural products by horticultural firms in Kenya by answering the question, what are the factors influencing exporting of the horticultural products by horticultural firms in Nairobi?

1.3 Objectives of the Study

- i. To determine the factors influencing exportation of horticultural products by horticultural firms in Nairobi, Kenya
- ii. To establish challenges facing exportation of horticultural products by horticultural firms in Nairobi, Kenya.

1.4 Value of the Study

The findings of this study would be of value and interest to various stakeholders.

The Horticultural companies in Nairobi will find the study significant and will gain insight on factors that influences horticultural exports and seek strategic decision to enhance exporting the products in the foreign markets.

The study will provide information that will be useful to governments in the region in designing and implementation of trade policies directed to influence effective exportation of horticultural products so as to increase gross domestic products, increase employment and increase foreign exchange

The study will provide a platform for further research in the area of horticultural products exportation in the horticultural industry. In times of exportation, this study is highly relevant for academics and practitioners, and a great deal of research can be conducted in this field.

CHAPTER TWO: LITERATURE REVIEW

2.1 Introduction

This chapter explores the various theories relating to custom union. It also looks at the general overview of the export market, theoretical review and factor influencing exporting of horticultural products.

2.2 Theoretical Foundation

There have been many theories addressing internationalization of firms in different ways. Adam Smith talked of absolute advantage basing on the classical economics thought (Mitgwe, 2006) while David Ricardo came up with his argument that Adam Smith was not right and came up with competitive advantage. However, not all theories are applicable to the case of internationalization of organization but they complement each other in enabling one understand internationalization of firms (Masum & Fernandez, 2008).

The Nordic incremental school put forward the U-model. The theory was first developed by Wagner, (2009) as they were studying Swedish firms. In their model, they observed that firms internationalized by following a series of incremental steps (establishment chain). The Uppsala model also proposes that foreign sales begin with occasional export orders that are followed by regular exports and the POM model states that the first sales object is physical product services, knowledge, and systems are possibly, but not necessarily later added to the sales objective (Johanson & Mattsson, 1988). This theory was refined later and it puts its focus on four aspects that a firm should encounter as it internationalizes. These include the knowledge of the market and commitment,

commitment to making decisions, current activities that are divided into stages and change aspects (Wagner, 2009). The resources that are committed to foreign market from the state determine the success of exporting of products in the foreign market. The knowledge of the market will help the management of the firm to succeed in its venture to internationalize Wagner, (2009).

The first theory of U-model has received challenges from network theories in recent years. Network theory argues that today's modern organizations do not exhibit incremental process of internationalization but rather, they internationalize faster through the help of the resources of networks partners (Mitgwe, 2006). All firms in the market are presumed to be embedded in one or more networks via linkages to their suppliers, contractors and customers. (Johanson & Mattsson, 1988). According to Andexer, (2008), networking is a source of information about the market and knowledge which are acquired in the long term when there is no relationship with the host country. Thus networks act as bridging mechanisms for internationalization (Mitgwe, 2006). The network theory put its emphasis in the ability of parties involved coming closer using information acquired by the firm through an establishment of a close relationship with customers, suppliers, distributors etc. the relationship created is based on mutual trust, commitment in the market and knowledge on the market (Mitgwe, 2006).

According to Andexer, (2008), in foreign markets, firms usually establish and develop their position in the market in relation to their competitors. Before internationalization, firms involve themselves in domestic networking to establish relationship in a foreign country. The position of the company in a local network is important since it shows the

ability of the company to mobilize resources in the network. Thus all firms are related to other firms whether local or international (Muhlbacher, Leih, & Dahringer, 2006).

The theoretical explanation for the relationship between export marketing and level of export development rests with the issue of uncertainty and the way in which firms cope with it (Erramilli, 1991). It has been suggested that acquisition of knowledge through experience from business operations in a specific overseas market is the primary means of reducing foreign market uncertainty (Johanson & Vahlne, 1990). It might then be argued that, as contrasted with sporadic exporters, those firms exhibiting regular export involvement experience with a specific overseas market area are likely to: perceive less uncertainty in their exporting operations; develop a better understanding of foreign market conditions; and, ultimately, be more competent in seeking and identifying export market opportunities.

2.3 Factors Influencing Export Marketing

The increasing internationalization and globalization of business has forced many firms to reconsider what contributes to their competitive advantage. Hamel and Prahalad (1996) have found that firms who achieve success in their international business are those that perceive the changes in the international environment and are able to develop strategies that enable them to respond accordingly. The firms that will survive base their success to a great extent on an early identification and analysis of changes in markets and industries in their international market environment.

The growing of global trade and sales activity in the world has increasingly accentuated the importance of exporting for firms and countries. Globalization process, global market

competition and the subsequent performance difficulties encouraged by exporters cause the increasing interest in this subject (Sousa et al., 2008). Exporting plays a vital role in the world and has countless benefits for firms and countries. Exporting is a fundamental strategy in ensuring firm's survival or growth, and firms may achieve competitive advantage in international markets with a positive influence on current and future export performance and so, many companies recently allocate more attention and resources in order to export their products to foreign markets (O'Cass & Julian, 2003)

The product's attributes are argued to affect the positional (marketplace) competitive advantage of a firm, thereby influencing marketing performance. Product characteristics that have been argued to influence marketing performance include culture specificity, strength of patent, and uniqueness (Zarin & Vazife, 2009). A unique product that provides a firm with a differentiation advantage those other firms in a competitive market may find difficult to challenge or overcome resulting in higher performance than a standardized product (O'Cass, 2002). This differentiation advantage may result from better quality and reliability, or more durability, or they may be backed by better service, or have superior design or better performance (Terpstra & Sarathy, 2000). Furthermore, when a culture-specific product is exported to a foreign market, the cultural base on which the product is developed may not match the cultural base in the foreign market .To be viable, the product must be adapted to the cultural idiosyncrasies' of the export market (Navarro et al., 2009)

Legal and regulatory policies of host country governments are concerned, frequently when a developing country is involved, the host country government may exercise influence over the choice of suppliers and over marketing (Julian & Lages, 2003). Or it

may impose exchange controls, which can have an important impact on reinvestment, financing and repatriation decisions. As a result, laws or pressure from the host government can play a significant role in the marketing performance of the venture by increasing or reducing firm capacity and effectiveness (Cavusgil & Zou, 1994).

Access to suitable distribution channels is an area of concern; inaccessibility to distribution channels has been widely cited as the reason behind the failure of many foreign market ventures (Yam, 2004). Furthermore, success in export markets is often equated with the export venture's ability to initiate and sustain strong and mutually beneficial relationships with their foreign partners. This is because market knowledge is likely to reside with the local partner or distributor. When an unstable political and economic environment is perceived to influence the export market, many export market ventures rely heavily on their local partners or distributors to help reduce the risk (Ozsomer & Simonin, 2004). Also, to take advantage of local resources, the export market venture must rely on its local partners or distributors to negotiate with local governments to provide access to local elite and manage local labour (Theodosiou & Leonnidou, 2003). Companies provide ongoing support to their foreign distributors in the form of sales force training, technical assistance, marketing know-how, promotional support. In the Cavusgil and Zou (1994) study the most critical determinant of such support turned out to be management's commitment to the venture.

The intensity of competition in the export market could force firms to seek a high degree of product and promotion adaptation to gain a competitive advantage over rivals, because adaptation of product and promotion can broaden the local market base and be geared to specific local preferences thereby enhancing marketing performance (Sousa, 2008). In the

export market the intensity of competition could force firms to seek a high degree of product and promotion adaptation to gain a competitive advantage over rivals because adaptation of product and promotion can broaden the local market base and be geared to specific local preferences thereby enhancing marketing performance (Douglas and Craig, 2001). Additionally, in a competitive export market, a high degree of product adaptation also is needed due to intense competitive pressure, because product adaptation can help gain a competitive superiority over rivals. However, a product that has to be adapted to the domestic market because it is unique, new to the company, culture-specific or because the export market is competitive may have limited acceptance in the export market (Shamsuddoha, 2004).

2.4 Challenges Facing Export of Horticultural Products

Export marketing is highly competitive. This competition relates to price, quality, production cost and sales promotion techniques used. Indian exporters face three faced competition while exporting (Baunsgaard, & Keen, 2006). This includes competition from domestic exporters, local producers where the goods are being exported and finally from producers of competing countries at global level. Such competition is one special problem to the exporters. Developed countries insist on high product standards from developing countries like India. The products from developing countries like India are subject to product tests in the importing countries (Islam, 2000). At times, the importing countries do not allow imports of certain items like fruits, textiles and other items on the grounds of excessive toxic content. Therefore Indian exporters lose markets especially in developed countries. Trade in fresh horticultural products has become increasingly global (Baunsgaard, and Keen, 2006). The trade is vertically integrated through contracts rather than control and ownership of the means of production (Bruinsma, 2008). This trend has been encouraged by a liberalizing international and national regulatory framework, associated with World Trade Organisation (WTO), International Monetary Fund (IMF) and the World Bank policies, and has been further facilitated by improvements in

communication and packaging technologies. Others estimate that trade in fresh fruits, vegetables and cut flower is equivalent to 8 percent of global commodity trade-equivalent to that of crude petroleum (Jaffee, 1995).

Even without trade liberalization, horticultural markets are highly competitive subject to rapid shifts in export competitiveness. Jaffee, (1995) describes the turbulent history of attempts to expand exports of dehydrated vegetables, passion fruit juice, and pineapple products, including several bankruptcies and government buy-outs. In export markets, exporters have to face three-faced competition that is competition from the three angles – from the other suppliers of the exporter’s country, from the local producers of importing country and from the exporters of competing nations (Rabino, 2004). East African countries lost the European fresh pineapple market to Ivory Coast in the 1980s, it was squeezed out of avocado exports to Europe by the higher quality of Israeli and South African products, and it lost the European market for georgettes, sweet peppers, and other temperate vegetables by European and Mediterranean suppliers. Yet it has shown resilience in finding new markets and expanding its exports of French beans, Asian vegetables and cut flowers (Ogunmokun, 2004).

Every country has its own currency which is different from international currencies. The dominant international currencies are US dollar or Sterling Pound. From the point of view of Indian exporters we are interested to realize the payment in international currency (Slater, Hult & Olson, 2009). Foreign exchange earned by the operators is converted into Indian rupees and paid to the exporters in Indian currency; this exposes the exporters to the dangers of fluctuation in foreign exchange rates. The Government restrictions compel the exporters to follow certain rules and regulations in the form of licenses, quotas, and customs formalities (Astrow, 2003). Due to such restrictions, new

problems develop before the exporters. Even trade restrictions in foreign countries create problems before exporters. Indian exporters face this difficulty of government restrictions and foreign exchange regulations even when trade policy is now made substantially liberal (Tantong, Karande, Nair & Singhapakdi, 2010).

Most of the developing countries market their horticultural produce to the European Markets (Mutuku *et al.*, 2005). Export of all horticulture products have boomed over the last decade but changes around the world are causing concern, including the saturation of the traditional European market and tightened controls by supermarkets (Swanberg, 1995). African growers face increasing pressure from the set controls which lead to higher production costs and political uncertainties following the demise of the Rome convention, leading to a new and so called level playing field under the World Trade Organization (WTO).

The world market, faced recession in 2008 and in the first half of 2009. The recession was triggered due to sub-prime crisis of USA in September 2007. As a result exporters get low orders from overseas markets, and thus have to quote lower prices. Therefore, exporter gets low profits or suffers from losses. On the other hand Stevens and Kennan (1999), established that the developed countries are equipped with sophisticated technologies capable of transforming raw materials into finished goods on a large scale (Swanberg, 1995). Less developed countries, on the other hand, lack technical knowledge and latest equipments. And therefore they have to use their old and outdated technologies. It leads to the lopsided development in the international market (Swanberg, 1995). In recent years, horticultural export growth has declined.

Due to low technology usage, quality of production decline, this reduces countries' competitiveness in the horticultural export market at time when the sector is faced with increased competition from other producer countries (Astrow, 2003). Export marketing is risky. Risk relates to safety and security of goods. The importer may not make payment, if the quality of imported goods is inferior or if the goods are damaged during transportation (Thiru, 2000). This may lead to trade dispute and delay in securing payment from the importer. All such situations can be avoided if satisfactory warehousing facilities are available to the exporters. A major risk faced by international trade is attack by pirates in the Gulf of Aden (Swanberg, 1995).

More than half of India's merchandise trade passes through the piracy infested Gulf of Aden. New exporters and importers are facing problems, because of increased pirate attacks as they find it difficult to get insurance cover. Ti, (2000) noted that horticultural exporters need to look into the political stability factor before selection of overseas markets. Exporters may ignore those markets, where there is lot of political instability. Due to political instability, there is change of governments or the government may find it difficult to adopt stable foreign trade policies. This creates risks and uncertainties for the exporters. Exporters may select those markets, where there good degree of political stability (Tantong, Karande, Nair, & Singhapakdi, 2010).

CHAPTER THREE: RESEARCH METHODOLOGY

3.1 Introduction

This chapter sets out various stages and phases that were followed in completing the study. It involves a blueprint for the collection, measurement and analysis of data. In this section the research identified the procedures and techniques that were used in the collection, processing and analysis of data. Specifically the following subsections which include research design, target population, data collection and finally data analysis are discussed.

3.2 Research Design

The design of this research was descriptive survey research. A descriptive survey research seeks to obtain information that describes the existing phenomena by asking individuals about their perceptions, attitude, behavior or values (Mugenda and Mugenda 2003). Descriptive research portrays an accurate profile of persons, events or situations.

This design described the characteristic of the population or phenomenon. It generated detailed information regarding the key aspects in order to develop a profile of the phenomenon. Facts were generated from experiences and observations. The design is deemed to portray a clear picture of factors influencing the exporting of horticultural products by horticultural firms in Nairobi, Kenya and also establish the challenges facing exportation of horticultural products by horticultural firms in Kenya.

3.3 Target Population

According to Ngechu (2004), a population is defined as a set of people, services, elements and events, group of things or households that are being investigated. The population for this study was on based on the 27 horticultural products (both vegetables and cut flowers) exporting firms Kenya with the main concentration being on those with offices based in Nairobi and its environs. The target population was also a mix of those exporting vegetable products in Kenya as well as those exporting cut flowers (KHEA, 2013)

3.4 Data Collection

The main data collection instrument used was questionnaires which were used to collect the primary data. The questionnaire contained the questions which were both closed ended and also a few open ended. These types of questions were accompanied by a list of possible alternatives from which respondents were required to select the answer that best describes the situation. The main advantage of close ended questions is that they are easier to analyze since they are in an immediate usable form. They are easy to administer and economical to use in terms of time saving.

The questionnaires used were administered using face to face mode of questioning; however for those interviewees who were not able to give a face to face feedback a drop and pick mode was used to administer the same to the 27 respondents from the 27 horticultural exporting firms in Nairobi. The respondents of the study were marketing managers, financial managers, human resource managers and their equivalent appointed representative. Secondary data was collected from the horticultural firm magazines, newspaper dailies, the internet and firms published annual reports.

3.5 Data Analysis

The collected data was examined and checked for completeness and comprehensibility. The data was then summarized, coded and tabulated. Descriptive statistics such as means, standard deviation and frequency distribution were used to analyze quantitative data. Quantitative data presentation was done by the use of pie charts, bar charts and graphs, percentages and frequency tables. This ensured that the gathered information was clearly understood by describing what the respondents indicated in their responses. Qualitative data was analyzed using content analysis and was presented in prose form.

CHAPTER FOUR: DATA ANALYSIS, INTERPRETATION AND DISCUSSION

4.1 Introduction

This chapter discusses the presentations, interpretations of the study findings. The general objective of this study was to determine the factors influencing exporting of the horticultural products by horticultural firms in Nairobi. This chapter also presents the analysis and discussion of the study findings. The study population was composed of 35 horticultural firms where 27 of them responded giving a response of approximately 77%. Mugenda and Mugenda (2003) indicate that for generalization purposes, a response rate of 50% is adequate, while that of 60% is good but a response rate of 70% as excellent. The response rate of over 75% for this study was therefore excellent and acceptable.

4.2 Background of the Horticultural Firms

The respondents were requested to indicate ownership of the firms. From the findings 57% of the respondents indicated that their horticultural firms were indigenous while 47% of the horticultural firms were multinational owned. This implied that some horticultural firms were owned locally while others were owned by foreigners as multinational firms.

The respondents were required to indicate their job titles. From the findings, the respondents indicated that from the results 65% composed of the marketing managers, 30% were financial managers and 5% comprised of human resource managers. The study further found that respondents held the job titles namely international managing director of their firms, procurement officers, supply directors, corporate relations director and special projects director in horticultural firms. This implies that information concerning

factors influencing exporting of horticultural exports were collected from relevant respondents.

4.3 Exportation of Horticultural Products

The study sought to know the period horticultural firms had been exporting horticultural products. From the findings, 67% of the respondents indicated that they had been exporting horticultural products for over 10 years, 26% of the respondents indicated that they had been exporting horticultural products for 5-10 years while 7% of the respondents indicated that they had been exporting horticultural products for 3-5 years. From the findings it was largely noted that the firms that had been exporting their products longer controlled a larger portion of the market and the quality of the products they offer to the market stands out, the firms were also noted to be better performers in terms of revenue collection in comparison to their counter parts in the sector. There was also a clear indication that majority of the horticultural firms have been exporting their products for over ten years and as a result had the experience on the various factors affecting the exportation process. The results of the findings are shown in Table 4.1:

Table 4.1: Longevity in the Horticultural Industry

Duration in the Industry	Frequency	Percentages
3 - 5 years	2	7
5 - 10 yeas	7	26
Above 10 years	18	67
Total	27	100

Source: Primary Data

The study further sought to investigate the various kinds of horticultural products exported by the various firms. The findings are illustrated in Table 4.2:

Table 4. 2: Horticultural products exported by the firm

Export Products	Frequency		Percentages of yes Yes
	Yes	No	
Fresh fruits	24	3	88
Vegetables	22	5	82
Cut flowers	20	7	74
Processed pineapple products	19	8	70
French beans	18	9	68

Source: Primary Data

Horticultural products export is one of the top foreign exchange earners in Kenya thus from the findings shown in Table 4.2, 88%, 82%, 74%, 70% and 68% of the respondents indicated that the firms exported fresh fruits, vegetables, cut flowers, processed pineapple products and French beans with the United Kingdom being the largest export partner for Kenya. This implies that horticultural firms in Nairobi have been exporting horticultural produce to the global market. This is in line with Collinson, (2001) who stated that Kenya having an ideal climate for the production of horticultural produce produces a wide range of vegetables, fruits and cut flower products for both local and international markets.

The respondents were further requested to indicate extent to which the exportation of various horticultural products had been beneficial to the firm. The results are shown in Table 4.3.

Table 4.3: Extent to which exporting of horticultural products been beneficial to the firm

Benefits of Exportation	Moderately Extent	Great extent	Very Great Extent	Mean	Standard deviation
Enhanced productivity	4	4	19	4.46	0.47
Higher earnings	2	6	19	4.31	0.37
Increasing consumers' accessibility to a diversity of goods	6	7	14	4.64	0.63
Reduction of dependency on domestic market	2	4	21	4.43	0.39
Gained economy of scale	8	3	16	3.93	0.27
From the findings most of the respondents indicated that	4	9	14	4.81	0.74
Increased competitiveness in the market	5	4	18	4.49	0.45
Increase direct investment abroad	8	6	13	3.81	0.24
Reduction of production cost	4	6	17	4.01	0.36
Reaching new markets	2	7	18	4.91	0.89
Gain knowledge on global market trends	0	4	23	4.86	0.87
Existence of cyclical demand	0	9	18	4.31	0.37

Source: Primary Data

From the findings most of the respondents indicated that the exporting of horticultural products made firms to increase their competitiveness in the global market as the firm acquired and learnt new ways of improving their products, enhanced productivity due to the global technological advancement, reduced dependency on domestic market ensuring that the firm is able to cushion itself against losses in revenue as they have a variety of markets to sell their products in as well as production dependent on the seasonal demand of different markets, higher earnings and reduction in production cost to a great extent as indicated by a mean of 4.49, 4.46, 4.43, 4.31 and 4.01 supported by standard deviation of

0.45, 0.47, 0.39, 0.37 and 0.36. The study further found that respondents indicated that company gained economies of scale and increased direct investment abroad as a result of exporting their horticultural products to a great extent as indicated by a mean of 3.93 and 3.81 supported by standard deviation of 0.27 and 0.24.

This shows that exporting of horticultural products has been beneficial to the horticultural firms in Nairobi as indicated by the findings where the exportation horticultural firms are able to outperform their competitors who are only selling their products in the domestic market this is in line with O’Cass and Julian (2003) who stated that exportation plays a vital role in the world and has countless benefits for firms and countries as it is a fundamental strategy in ensuring firm’s survival and growth.

4.4 Influence of Internalization on Exporting of Horticultural Products

The respondents were requested to indicate the extent to which the given business aspects of internalization influenced exporting of horticultural products by the firms. Table 4.4 shows the impact of various Internationalization factors.

Table 4.4: Internalization influence on exportation of horticultural products

Internationalization Factors	Moderately Extent	Great extent	Very Great Extent	Mean	Standard deviation
Reduction of international barriers to global trade	1	8	18	4.31	0.43
Accessibility of international market	5	3	19	4.65	0.53
Changes in global pricing	5	8	14	4.79	0.70
Liberalization of the market	1	5	21	4.27	0.31
Gained economies of scale	8	3	16	4.93	0.70
Increased diversification	8	4	14	4.34	0.40
Foreign direct investment	5	4	18	4.82	0.63
Global market trends	3	8	16	4.44	0.47

Source: Primary Data

From the findings in Table 4.4 , majority of the respondents indicated that the firms had gained economies of scale this is as a result of increased units produced, foreign direct investment as a firm is better positioned to trade in foreign markets once it has learnt the trade practices of the foreign country, changes in global pricing and accessibility of international markets influenced exportation of horticultural products by the firms to a very great extent as indicated by a mean of 4.93, 4.82, 4.79 and 4.65 with standard deviation of 0.70, 0.63, 0.70 and 0.53. The study also found that the positive and more business friendly changes in global market trends, increased diversification, reduced international barriers in global trade as trading zones remove most of the earlier implemented trade barriers and liberalization of the market has positively influenced exportation of horticultural products by the firms as firms are able to access markets they

did not have access to before and this has influenced exportation to a great extent as indicated by a mean of 4.44, 4.34, 4.31 and 4.27 with standard deviation of 0.47, 0.40, 0.43 and 0.31 as shown in Table 4.4 above. This implies further that internalization has influenced exportation of horticultural products to a great extent as the world has become more liberalized; trade barriers reduced, advancements in technology and more friendly business practices making the exportation of products a better choice for firms to reap maximum benefits. These findings were in line with Astrow (2003), who stated that for a firm to experience continuous success in repeatedly exporting its products into international markets positive opportunities, friendly business terms, conditions and trade practices in the international markets have a great influence. The same can be concurred with the recent tax imposed on Kenyan exports to Europe which is the country's biggest market for fresh produce i.e. European countries forced Kenyan exporters to sell their goods at higher retail prices effectively pushing away potential customers. The trickledown effect of the same will result to more than 150,000 Kenyans losing their jobs in the horticultural sector. Hence the better the trade relations between countries or trading zones the better the benefits.

4.5 Competitive advantage influence on the exportation of horticultural products

Competitive advantage gained by a firm is considered a key aspect of the exportation process from the findings the extent to which a firm gained a competitive advantage on various aspects in the industry over its competitors upon venturing into exportation is shown in Table 4.5.

Table 4.5: Impact of competitive advantage upon exportation

Impact of Competitive Advantage	Moderately Extent	Great extent	Very Great Extent	Mean	Standard deviation
The firm acquiring global knowledge on exporting	1	3	23	4.82	0.79
Better accessibility of international market	8	4	14	4.77	0.61
Increased global competitiveness	5	0	22	4.84	0.68
Gaining of foreign partners through joint ventures	8	0	19	4.75	0.53

Source: Primary Data

From the findings in Table 4.5, it is clear that that increased global competitiveness, firms acquisition of global knowledge on exportation in the different markets they participate in, better accessibility of international market and gaining of foreign partners through joint ventures for example the recent case of Oserian a Kenyan leading horticultural firm alliance with Dutch Flowers Group (DFG) which is likely to spark rivalry in the sector from the efficiency and better performance due to economies of scale expected from such an alliance clearly shows the above factors influenced the exportation of horticulture products to a very great extent this is as indicated by a mean of 4.84, 4.82 and 4.75 supported by a standard deviation of 0.68, 0.79, 0.61 and 0.53 respectively. The study also found that most of the respondents indicated that increasing the quality products and gaining a competitive superiority over rivals influenced the exportation of horticulture products to a great extent as indicated by a mean of 4.29 and 4.03 supported by standard deviation of 0.44 and 0.41 this is because a firm is able to position itself in the market as the leader by not compromising on the quality of goods they produce for their target market.

This implies a firm gains competitive advantage from the exportation of horticultural products. This is in line with O’Cass and Julian (2003) who stated that firms achieve competitive advantage in international markets with a positive influence on current and future export performance. This has resulted to an increase in the number of companies allocating more attention and resources to their exportation processes in the recent past due to the various advantages a firm gains from going international.

A company’s differentiation of its products also shows that a firm has better returns this is shown by the findings of the study and it was clear that the more unique a horticultural firm’s product are the more the firm is likely to gain a differentiation advantage over other firms in a competitive market.

From the study findings, majority 62% of the respondents indicated that horticultural products differentiation influence export marketing in firm to a very great extent while 38% of the respondents indicated that horticultural products differentiation influence export marketing in your firm to a great extent. This shows that a firm is likely to have higher returns from its unique line of products than its other more common products as the demand may more often than not result to being higher than the supply available in the market as most firms in the industry are not likely to take a risk in creating or producing their products at a higher cost. This is in line with Terpstra and Sarathy (2000), who stated that due to the distinctive attributes a product may offer in the market due to differentiation advantage as a result of better quality and reliability, more durability or backed by market acceptance of the same a firm is likely to reap profits from the same by passing on the costs along the supply chain and gaining a strong corporate identity.

4.6 Legal and regulatory policies influence on exportation of horticultural products

Globally trade practices differ from one country or region to another from the study findings the extent to which respondents agreed on whether legal and regulatory policies influence exportation of horticultural products, 52% of the respondents strongly agreed that the legal and regulatory policies influence exportation of horticultural products in the company while 48% of the respondents agreed that legal and regulatory policies influence exporting of horticultural products this clearly shows that before a firm ventures into a foreign market there are various trade regulations set in place that they are expected to adhere to. Table 4.6 shows the effects of legal and regulatory policies influence on the exportation of horticultural products.

Table 4.6: Legal and regulatory policies influenced exportation of horticultural products

Legal and Regulatory Policies	Moderately Extent	Great extent	Very Great	Mean	Standard deviation
Removal of export tariff for horticultural products influencing effectiveness of exporting firms	8	6	13	4.68	0.64
Ease of legal framework on horticultural exporting to increase exporting capacity	4	6	17	4.81	0.79
Adaption of product and promotion in local market	2	7	18	3.98	0.44
Enhanced exchange controls in exporting of horticultural products	1	5	21	4.33	0.41
Need for high horticultural product standards	0	6	16	4.63	0.41
Elimination of horticultural export barriers	0	7	20	4.65	0.59
Policy framework	5	3	19	4.78	0.64
Political influence	1	5	21	4.46	0.55

Source: Primary Data

From the findings in Table 4.6, legal and regulatory policies have an impact on exportation of horticultural products, depending on their flexibility or rigidity will have either a positive impact or negative, elimination of horticultural export barriers in countries involved have made it easier for firms to take advantage of the global market and grow. A need for high horticultural product standards in most markets guarantees the consumer is consuming safe products this has been especially the case with the European market which is our horticultural products largest consumer where the products exported should be in line with the trade provisions of the Framework Economic Partnership Agreement (FEPA) which was agreed between the East African Community (EAC) and the European Commission (EC) from the study the influence of the above factors clearly show the influence of the various set policies have on the exportation of their products to a very great extent as indicated by a mean of 4.81, 4.78, 4.68, 4.65 and 4.63 supported by standard deviation of 0.79, 0.64, 0.59, 0.64 and 0.41. Most of the respondents indicated that political influence and enhanced exchange controls influence the exporting of horticultural products to a great extent as indicated by a mean of 4.46 and 4.33 supported by standard deviation of 0.55 and 0.41 when the political environment is conducive trade between countries is usually very good however when the political climate is hostile trade volumes decrease i.e. when Kenya's presidential elections are taking place trade usually goes down due to the political uncertainty in the country. This concurred with Julian and Lages, (2003) who stated that legal and regulatory policies of host country governments are concerned, frequently when a developing country is involved, the host country government may exercise influence over the choice of suppliers and over marketing strategies they may wish to implement.

From the findings, majority of the respondents indicated that ease of legal framework on horticultural exporting led to increased exporting capacity amongst firms, removal of export tariff for horticultural products, elimination of horticultural export barriers in countries involved and need for high horticultural product standards influenced the effectiveness of firms exporting horticultural products to a very great extent. Most of the respondents indicated that political influence and enhanced exchange controls influenced the exportation of horticultural products to a great extent, a high number of the respondents were also neutral on whether adaption of product and promotion in local market influenced the exporting of horticultural products this was indicated by a mean of 3.98 supported by standard deviation of 0.44.

The findings concurred with Cavusgil and Zou, (1994) who argued that laws or pressure from the host government can play a significant role in the future performance of a foreign venture by increasing or reducing firm capacity and effectiveness either positively or negatively depending on the legal and regulatory policies put in place by the different participating governments in the trade practice. With appropriate policies and legal frameworks horticultural production and exportation can significantly contribute towards increasing the incomes of horticultural farmers, expanding employment opportunities, enhancing rural development and an important source of foreign exchange earnings for the exporting country.

4.7 Availability of Distribution Channels

Distribution channels play a key role in the exportation process more so for horticultural firms whose line of products are highly perishable and too much handling would result to physical damage of the products before they can reach their destined locations. From the study carried out the respondents were asked to indicate the effects availability of distribution channels had on the exportation of horticultural products Table 4.7 illustrates the same.

Table 4.7: Availability of distribution channels influence on exportation of horticultural products

Effects of Distribution Channels	Moderately Extent	Great extent	Very Great Extent	Mean	Standard deviation
Accessibility of distribution channels for export horticultural firms	1	9	17	4.89	0.83
Technological advancement	6	7	14	4.35	0.37
Effective relationship with foreign partners to reduce risks	2	10	15	4.52	0.47
Use of efficient and short channel of distribution	0	5	22	4.12	0.28
Efficient distribution system eliminated much of the product handling and hence reduced the risk of physical damage to the horticultural products	0	6	21	4.79	0.72
Increasing promotion of horticultural product in foreign media stations	0	7	20	4.61	0.65
Logistical constraints associated with transport, haulage, air freight and cold storage facilities	4	5	18	4.10	0.27
Access to foreign media advertising	9	7	11	4.45	0.46

Source: Primary Data

With a diversified demand structure, there is no doubt that the supply of horticultural products has to move along distinct marketing channels if it is to reach the respective target groups. The Table above indicates the response of respondents on the extent to which the given issues of availability of distribution channels influenced exportation of horticultural products by the firm. From the findings, majority of the respondents indicated that accessibility of distribution channels for exportation by horticultural firms and an efficient distribution system eliminated much of the product handling and hence increased food safety and reduced the risk of physical damage thus influencing the exportation of horticultural products to a very great extent as indicated by a mean of 4.89 and 4.79 supported by standard deviation of 0.83 and 0.72 this as a result ensures that a Firm's exported products reach the market in the quality desired.

Majority of the respondents indicated that increasing promotion of horticultural products in foreign media stations to create awareness of the products and effective relationship with foreign partners especially in case of mergers was to a very great extent influential as indicated by a mean of 4.72, 4.61 and 4.52 supported by standard deviation of 0.69, 0.65 and 0.47 this ensured that the foreign market was able to perceive the product as one of their own and the exporting firm acquiring an already existing market share as a result of the good relations with the foreign firms.

The study further found that most of the respondents indicated that technological advancement and use of efficient and short channels of distribution influenced the exportation of horticultural products to a great extent as indicated by a mean of 4.45, 4.35 and 4.12 supported by standard deviation of 0.46, 0.37 and 0.28 as this enabled the firm's products which are highly perishable in nature to reach their destined country without

destruction or decay. Technical advancement also ensures that the firms are able to reduce the consumers / customers final price as they are able to reduce the number of middlemen along the distribution channel. The study further found that most of the respondents indicated that logistical constraints associated with transport, haulage, air freight and cold storage facilities affect the exportation of horticultural products to a great extent as indicted by a mean of 4.10 with standard deviation of 0.27.

Fresh fruit, vegetable and cut flowers production and marketing value chains are becoming increasingly important. These also hold potential market opportunities for even larger markets however investments are needed to upgrade marketing infrastructure and facilitating services for traditional participants in the system. This implies that availability of distribution channels influences the exportation of horticultural products greatly. This is in line with Yam, (2004), who indicated that access to suitable distribution channels is an area of concern, inaccessibility to distribution channels has been widely cited as the reason behind the failure of many foreign market ventures.

CHAPTER FIVE: SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Summary

The study revealed that the firms exported fresh fruits, vegetables, cut flowers, processed pineapple products, French beans, nuts, medicinal and aromatic plants horticultural products. The study established that exporting of horticultural products has made the company to make reaches on new markets, gain knowledge on global market trends, have increased diversification and value addition and increases consumers' accessibility to a diversity of goods. Exporting of horticultural products also made firms to increase competitiveness in the market, enhance productivity, reduce dependency on domestic market, have higher earnings and reduce of production cost.

The study established that gained economies of scale, foreign direct investment, changes in global pricing and accessibility of international market influenced exporting of horticultural products by the firms. The study further found that global market trends, increased diversification, reduction of international barriers to global trade and liberalization of the market influenced exporting of horticultural products by the firms

The study revealed that increased global competitiveness, firm acquiring global knowledge on exporting, better accessibility of international market, gaining of foreign partners through joint ventures and knowledge on global exporting, increasing productivity of quality products and gaining a competitive superiority over rivals influenced the exportation of horticulture products. On whether horticultural products differentiation influence export marketing the study established that horticultural products differentiation influence export marketing in firm.

The study revealed that legal and regulatory policies influence exportation of horticultural products in the company. From the findings, ease of legal framework on horticultural exporting to increase exporting capacity, policy framework, removal of export tariff for horticultural products, elimination of horticultural export barriers in countries involved and need for high horticultural product standards, political influence and enhanced exchange controls influence effectiveness of exporting firms of horticultural products.

The study established that accessibility of distribution channels for export horticultural firms and distribution system eliminated much of the product handling and hence reduced the risk of physical damage, acquisition of horticultural marketing know-how, increasing promotion of horticultural product in foreign media stations and effective relationship with foreign partners to reduce risks influence the exportation of horticultural products. Access to foreign media advertising, technological advancement and use of efficient and short channel of distribution influence the exportation of horticultural products however logistical constraints associated with transport, haulage, air freight and cold storage facilities affect the exportation of horticultural products.

5.2 Conclusion

The study concluded that exportation plays a vital role in the world and has countless benefits for both the participating firms and countries and plays a key role in ensuring a firm's survival and growth. Exporting activity has been of extreme importance from the point of view of nations and firms because it contributes to the economic development of nations and influences the amount of foreign exchange reserves as well as the level of imports a country can afford, while shaping public perceptions of national

competitiveness. Additionally, exports enhance societal prosperity and help national industries to develop, improve productivity and create new jobs. Abroad, exports enlarge consumers' accessibility to a diversity of goods and services and improve the standard of living and quality of life.

The study findings showed that horticultural firms in Nairobi have been exporting horticultural produce to the global market and this has been of great benefit to the horticultural firms and the country at large i.e. through employment creation, food security and higher foreign exchange earnings. The remarkable performance of the industry has been ascribed to this policy, which engendered autonomy in production and marketing decisions thus fostering significant local private initiatives and dynamism within the industry. As a result the study concluded that increased global competitiveness, that is, a firm acquiring global knowledge on exportation, better accessibility of international markets, gaining of foreign partners through joint ventures and knowledge on global exporting, increasing production of quality products and gaining a competitive superiority over rivals influenced the exportation of horticultural products.

The study also established that horticultural products product differentiation influenced export marketing in that a firm could incur higher costs of production to give its target market unique and quality products as they are ready to pay extra for the same resulting to a firm reaping profits as they only produce enough to supply that specific market with i.e. the European market has been a large consumer of Kenyan cut flowers for example roses, carnations and mixed bouquets from the study, the same products do not perform

so well in the Kenyan market for example roses mostly perform well during the Valentines period in February.

The study concluded that legal and regulatory policies influenced exportation of horticultural products in the company. From the findings, ease of legal framework on horticultural exporting to increase exporting capacity, policy framework, removal of export tariff for horticultural products, elimination of horticultural export barriers in countries involved and need for high horticultural product standards, political influence and enhanced exchange controls positively influenced exportation of horticultural products. The study also further concluded that accessibility of distribution channels for exportation of horticultural products and an efficient distribution system eliminated much of the product handling and hence reduced the risk of physical damage, acquisition of horticultural marketing know-how, increasing promotion of horticultural product in foreign media stations and effective relationship with foreign partners to reduce risks influence the exportation of horticultural products. Access to foreign media advertising, technological advancement and use of efficient and short channel of distribution influence the exportation of horticultural products however logistical constraints associated with transport, haulage, air freight and cold storage facilities affect the exportation of horticultural products.

The study thus concluded that higher earnings by both the firms and the participating countries, government incentives, reduced production cost as a result of economies of scale, existence of cyclical demand, market liberalization, removal of export tariffs and trade barriers, conducive political environment, accessibility to efficient and shorter distribution channels and new markets are all factors playing a very vital role in the

exportation process from the small scale or large scale farmer to the very end of the supply chain. When all these factors are in place, the exportation of horticultural products will result to an even higher foreign exchange earner for the country and at the same time ensuring food security and employment to the parties involved i.e. Amiran Kenya Ltd has been a driving force behind the horticulture and floriculture industries in Kenya and throughout East Africa.

5.3 Recommendations

The study found that from exportation a firm is able to earn higher earnings, gain economies of scale as a result of mass production and the country also gains in the process as this results to more job opportunities for example a horticultural firm like Frigoken Limited uses small scale farmers from all over the country to produce their products however they ensure that their set standards are met. Further Economic development, food security due to use of greenhouses for food production and higher earnings as a result the study recommends that horticultural firms and the government through the Ministry of trade and Finance should formulate strategies that would influence better conditions and terms for the exportation of horticultural products to ensure that both the firm, the government and other participating parties in the production and supply chain clearly benefit from the exportation of horticultural products.

The study also found that with the technological advancement leading to accessibility to new markets and faster transportation, availability of shorter and more efficient distribution channels which has eliminated much of the handling hence reduced risk of physical damage due to the sensitivity nature of horticultural products resulting to reduced prices at the end of the distribution channels as well as safer foods for

consumption due to shorter transit time the study therefore recommends that management of horticultural companies ought to work hand in hand with all the other industry players i.e. the government bodies, farmers, logistics companies etc. and be encouraged to allocate more resources in research of better ways to produce as well as new markets they can access to export their products to thus resulting to all parties involved gaining from whichever end they work and acquiring better profits, economic growth, efficiency in production and distribution and thus ensuring the country does not rely too much on one market as is the case with Kenyan horticultural firms reliance on the European market for example the recently imposed tax on Kenyan horticultural products by the EU will result to, job losses, reduced foreign income for the country and firms, closure of firms amongst others.

5.4 Recommendation for Further Studies

The study focus on determining factors Influencing the Export of Horticultural Products by Horticultural Firms in Nairobi, Kenya. A further study should be carried out to determine the effects of exporting of horticultural products on organizational performance with the main focus being on horticultural firms. A further study could be carried out to determine the factors hindering exportation of horticultural products in Kenya.

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APPENDIX 1: QUESTIONNAIRE

SECTION A: GENERAL INFORMATION.

1. What is the name of the Firm?

.....

2. Kindly indicate the ownership of your firm?

a) Indigenous []

b) Multinational []

c) Both []

3. What is your job title?

.....

4. How long have you been exporting horticultural products?

a) 3 - 5 years []

b) 5 - 10 yeas []

c) Above 10 years []

4. Kindly indicate the horticultural products exported by your firm

	Yes	No
Fresh fruits		
Vegetables		
Cut flowers		
Processed pineapple products		
French beans		

Any other, kindly specify

.....

.....

5. To what extent has exporting of horticultural products been beneficial to your firm? Use a scale of 1-No extent, 2-Less extent, 3-Moderately Extent, 4-Great extent and 5-Very Great Extent

	No extent	Less extent	Moderately	Great extent	Very Great Extent
Enhanced productivity					
Higher earnings					
Increasing consumers' accessibility to a diversity of goods					
Reduction of dependency on domestic market					
Gained economy of scale					
Increased diversification and value addition					
Increased competitiveness in the market					
Increase direct investment abroad					
Reduction of production cost					
Reaching new markets					
Gain knowledge on global market trends					
Existence of cyclical demand					

6. To what extent has the following business aspects of internalization influenced exporting of horticultural products by your firms? Use a scale of 1-No extent, 2-Less extent, 3-Moderately Extent, 4-Great extent and 5-Very Great Extent

	No extent	Less extent	Moderately	Great extent	Very Great Extent
Reduction of international barriers to global trade					
Accessibility of international market					
Changes in global pricing					
Liberalization of the market					
Gained economies of scale					
Increased diversification					
Foreign direct investment					
Global market trends					

Any other, kindly specify.....

.....

.....

.....

7. To what extent has the firm's gaining of competitive advantage influenced the exportation of its products? Use a scale of 1-No extent, 2-Less extent, 3-Moderately Extent, 4-Great extent and 5-Very Great Extent

	No extent	Less extent	Moderately	Great extent	Very Great Extent
The firm acquiring global knowledge on exporting					
Better accessibility of international market					
Increased global competitiveness					
Gaining of foreign partners through joint ventures					
Gain knowledge on global exporting					
Increasing productivity of quality products					
Gain a competitive superiority over rivals					

8. To what extent do horticultural products differentiation influence export marketing in your firm?

- a) No extent []
- b) Less extent []
- c) Moderately Extent []
- d) Great extent []
- e) Very Great Extent []

9. To what extent do you agree that legal and regulatory policies influence exportation of horticultural products in your company?

- a) Strongly agree []
- b) Agree []
- c) Neutral []
- d) Disagree []
- e) Strongly disagree []

10. To what extent has legal and regulatory policies influenced exportation of horticultural products by your firm? Use a scale of 1-No extent, 2-Less extent, 3-Moderately Extent, 4-Great extent and 5-Very Great Extent

	No extent	Less extent	Moderately	Great extent	Very Great Extent
Removal of export tariff for horticultural products influencing effectiveness of exporting firms					
Ease of legal framework on horticultural exporting to increase exporting capacity					
Adaption of product and promotion in local market					
Enhanced exchange controls in exporting of horticultural products					
Need for high horticultural product standards					

Elimination of horticultural export barriers in countries involved					
Policy framework					
Political influence					

Any other, kindly specify.....

.....

11. To what extent have the following issues of availability of distribution channels influenced exportation of horticultural products by your firm? Use a scale of 1-No extent, 2-Less extent, 3-Moderately Extent, 4-Great extent and 5-Very Great Extent

	No extent	Less extent	Moderately	Great extent	Very Great Extent
Accessibility of distribution channels for export horticultural firms					
Technological advancement					
Effective relationship with foreign partners to reduce risks					
Use of efficient and short channel of distribution					
Distribution system eliminated much of the product handling and hence reduced the risk of physical damage to the horticultural products					
Increasing promotion of horticultural product in foreign media stations					

Acquisition of horticultural marketing know-how					
Logistical constraints associated with transport, haulage, air freight and cold storage facilities					
Access to foreign media advertising					

Any other, kindly specify.....
.....
.....

Thank you for your cooperation.