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MAKERERE UNIVERSITY BUSINESS SCHOOL

**EXAMINING THE MARKET INTERNATIONALIZATION AT BUSOGA FORESTRY
COMPANY (BFC) LTD**

**BY
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2019/HD10/25768U**

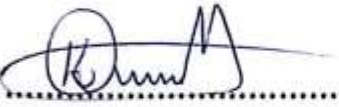
**A DISSERTATION SUBMITTED TO MAKERERE UNIVERSITY BUSINESS SCHOOL
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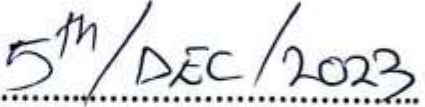
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DECEMBER, 2023

DECLARATION

I Kinobe Moses, declare that the information provided in this dissertation which "*Examine the market internationalization at Busoga Forestry Company Ltd*" is my original work and has not been presented in any institution of higher learning for any award.

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APPROVAL

This is to certify that this dissertation titled "*Examine the market internationalization at Busoga Forestry Company Ltd*" has been under our supervision and we hereby approve it for examination

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DEDICATION

I dedicate this research report to my Mother Ms. Joy Isabirye Kasiira who has always supported my academic pursuits, my wife Mrs. Kinobe Doris Mbabazi, Daughter Zuri Joy Kinobe and the team at Busoga Forestry Company Ltd whose support cooperation and insights made this research possible.

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LIST OF ACRONYMS

BFC	-	Busoga Forestry Company
CVI	-	Content Validity Indices
FDI	-	Foreign Direct Investment
GDP	-	Gross Domestic Product
GDP	-	Gross Domestic Product
OECD	-	Organization for Economic Cooperation and Development
SPSS	-	Statistical Package for Social Scientists
UEPB	-	Uganda Export Promotions Board

ABSTRACT

This study examined the market internationalization at Busoga Forestry Company Ltd. The study was guided by three study objectives which included examining the motivation factors to market internationalization at Busoga Forestry Company Ltd, the challenges encountered during market internationalization at Busoga Forestry Company Ltd and measures that can be put forward to improve market internationalization at Busoga Forestry Company Ltd. The study adopted a cross sectional research design while both qualitative and quantitative approaches. The study targeted 104 participants but 101 managed to respond back. Questionnaire and interview guide were used to collect data from the field. The findings were presented in form of tables with statements, frequencies, percentages, mean, and standard deviation to make meaning of the study findings. Data from interviews were presented in statement that clearly represents the respondents' views. The study findings revealed that for market internationalization, BFC was motivated by more financial gains from international markets, high technology advancements to meet international standards, availability of knowledge about the foreign markets, high economies of scales in the foreign markets, the need to have access to foreign resources (raw materials) and limited local market. It was revealed that different challenges affected market internationalization and these included high competition in the international markets, unfavorable international trade policies, high taxes charged in the foreign countries, much capital needed to facilitate the internationalization process, increased scrutiny from the host countries, differences in culture, long physical distance between home and host countries and lack of enough knowledge & understanding about the host country's business. In regard to measures to improve market internationalization, it was revealed that BFC needs to produce products that meet the expected standards in the international market, employ people with right skills, government should exempt taxes on some machinery used in production, develop strong information channels to tap information from the foreign markets, conduct more research international businesses and carryout aggressive marketing on the international platforms. The study recommended that initiatives need to be taken in raising awareness about the trade support services Ministry of Trade offers to companies that internationalize their markets. Furthermore, the government should ensure that the internet is easily accessible to facilitate the retrieval of crucial trading information at both local and international levels. It was also recommended there is imperative for the government to enhance accessibility to financial support, particularly for companies involved in foreign trade. Lastly, it was recommended that companies establish stronger networks in foreign markets, starting with those neighboring countries that have a lower perceived cultural difference, referred to as psychic distance.

CHAPTER ONE

INTRODUCTION

1.0 Introduction

This chapter presents the background of the study, statement of the problem, purpose of the study, study objectives, research questions, scope, and significance of the study.

1.1 Background of the study

As the world becomes more globalized and countries become more economically integrated with each other, the amount of trade and investment between them increases (Khan, 2020). Living in the age of international competition, it has become increasingly important for companies to adapt to internationalization (Kristjánsdóttir & Óskarsdóttir, 2021). This is because it has made companies get involved into making one or more marketing decisions across national boundaries (D'Angelo *et al.*, 2016).

Accordingly, companies go international with an aim to compete for resources that are limited while depending on the global economy to provide them with the necessary market for their products (Thornton *et al.*, 2019). Internationalization is therefore crucial in helping companies expand their market reach, diversify their customer base and tap into new growth opportunities (Knight and Cavusgil, 2009). It also allows companies to gain a competitive advantage by accessing new resources, Knowledge as well as enhancing their ability to Innovate and adapt to changing market conditions (Johanson and Vahlne, 2009). Companies while going international need to consider their own internal structure, the role of governments of other countries that the organization needs to operate in, and the mode of operation in the new foreign market. Similarly, political situations of the country and the labor availability should also be considered (Frenken and Schor, 2017).

As per OECD (1997) on the globalization of companies, companies are internationalizing more rapidly than in the past in both developed and less developed countries (Aliabadi *et al.*, 2019). In Central and Eastern Europe, countries have small domestic markets. Therefore, globalization and internationalization are seen as options to offer larger opportunities for firms in these countries to grow (Jorgji, 2017). Therefore, with increasing globalization, the process of internationalization

has become significant not only for large firms, but also for small and medium enterprises. Like in other countries, companies from European countries also struggle because of weak institutions and an economic environment not very suitable for growth. However, they have experienced changes quite quickly facilitated by membership in World Trade Organization and integration in European Union (Horobet, 2018). The EU membership is a factor that favors the internationalization of companies from this region that thus have easier access to a regional market of considerable size.

Africa is a continent with a high poverty rate (World Bank, 2020). It was found that exports in general contributed significantly to the growth and development of Sub-Saharan African countries. However, Studies on companies' internationalization in the Sub-Saharan African region have been limited in comparison to other regions of the world (World Bank, 2020). In fact, internationalization of businesses has become crucial for growth strategy. These strategies mostly include exportation, licensing and joint venture. Ocloo et al. (2014) perceive that the companies in Africa are experiencing different challenges as they are trying to internationally globalize their operations, so they become more competitive. Most African companies encounter challenges in globalizing their services and products and almost 70% of the companies fail to keep up in the global for three consecutive years (Hamza, 2018).

In Uganda, a number of companies are engaged in selling locally, and for international through export selling on order basis in foreign countries. Many exporters work closely with the government through the Export Promotion and the Ministry of Trade. Internationalization of many companies in Uganda is done through exportation. Export statistics show that in 2015 Uganda exports from companies were 24% of the entire GDP, but in Uganda exports have not been stable (Hamza, 2018). Despite the increase Uganda's exports in 2019 at \$6.05B with an increase of 21.76% increase from 2018, exports in 2020 suffered a decline with \$5.62B hence recording a 7.02% decline from 2019. Averagely from 2010-2020, Uganda's export trade was largely a deficit. Trade deficit has been largely due to the failure Ugandan companies to effectively operate in the global/foreign markets (World Bank, 2021).

Expanding into international markets, Busoga Forestry Company (BFC) Ltd that deals in timber and poles mostly use exportation as the internationalization tool (Hans, 2020). The company registered an increase in sales of 1,099,441,048 Ugx, which is from export sales of 1,062,290,206 Ugx in 2019 to 2,161,731,255 Ugx in 2020. However, in FY2020/21, poor performance in exports was registered. The export sales only grew by only 443,438,176 Ugx. This indicated that export sales dropped by almost 60% when compared to those of FY2019/20 (Busoga Forestry Company, Ltd Report, 2021). No study has investigated the drop in export sales hence prompting the study of examining the market internationalization at Busoga Forestry Company Ltd.

1.2 Problem statement

The global market has increasingly become popular and gaining importance as a market and a base for internationally active companies as well as those intending to go international (Yehualashet & Germinah, 2015). Internationalization of companies like Busoga Forestry Company Ltd that deals in timber and poles is mostly through exports (Hans, 2020). Market internationalization not only increases companies' revenue but also increase on taxes for the government both directly and indirectly. Therefore, as a way of promoting market internationalization, the government of Uganda reduced costs and taxes involved in export activities and on top of that, the management of Busoga Forestry Company Ltd positioned itself with export license and skilled human resource to spear head the internationalization process (Ferguson, 2019). However, the export sales of Busoga Forestry Company Ltd have for long remained unstable. In FY2020/21 only, the company registered a 60% in its export sales (Busoga Forestry Company Ltd Report, 2021). Amidst BFC performing badly in its market internalization process, no study that had been undertaken to investigate this matter and if not studied, it may result into more adverse effects in future. Therefore, this prompted the researcher to examine the market internationalization of Busoga Forestry Company Ltd.

1.3 Purpose of the study

The main purpose of this study was to examine the market internationalization at Busoga Forestry Company Ltd.

1.4 Objectives of the study

- i. To examine the motivation factors to market internationalization at Busoga Forestry Company Ltd.
- ii. To assess the challenges encountered during market internationalization at Busoga Forestry Company Ltd.
- iii. To suggest measures that can be put forward to improve market internationalization at Busoga Forestry Company Ltd.

1.5 Research questions

- i. What are the factors motivating market internationalization at Busoga Forestry Company Ltd?
- ii. What are the challenges encountered during market internationalization at Busoga Forestry Company Ltd?
- iii. What are the measures that can be put forward to improve market internationalization at Busoga Forestry Company Ltd?

1.6 Scope of the Study

This study considered content, and geographical.

1.6.1 Content Scope

This study generally focused on examining market internationalization. However, more emphasis was on examining the motivation factors to market internationalization, accessing the challenges encountered during market internationalization and suggest measures that can be put forward to improve market internationalization of companies.

1.6.2 Geographical Scope

The research was carried out at Busoga Forestry Company (BFC) Ltd found in Eastern Uganda in Jinja district along 9B Kyaggwe Avenue, Jinja. This company was considered because its export sales as their major market internationalization strategy dropped by almost 60% in the FY2019/20.

1.7 Significance of the Study

Organization: The study will be an invaluable source to the management of Busoga Forestry Company (BFC) Ltd on how to remedy the challenges encountered by the company in their quest of internationalization. The study also delved into challenges that arise from the internal operations that will inhibit the internationalization process. The findings of this study will provide valuable information on business strategies that will be put in place to enhance internationalization of Ugandan companies. This will help mostly the growing companies such as SMEs to find their way into the international markets.

Policymakers: The study will be of importance to policymakers and implementers within the sectors in understanding the challenges that the companies face and therefore help in coming out with mechanisms of countering the challenges. The study will give information on areas that need to be refined and redefined in order to ensure that the company achieves its goals of internationalizing by establishing an enabling environment that can help facilitate the internationalization of Ugandan companies.

Academia: To academicians, scholars and researchers, the findings of this research project will be a source of reference material for future research on other related topics; and will also help other academicians who undertake the same topic in their studies.

CHAPTER TWO

REVIEW OF LITERATURE

2.0 Introduction

This chapter presents a review of the related literature that has been critically studied and selectively adopted for the purpose of the study. As appropriate sources for the literature to be reviewed, relatively rich scholarly works such as journals, articles, book chapters, and professional supplements will be taken into consideration.

2.1 Theoretical review

The study was guided by the Uppsala model theory that was advanced by Johanson and Wiedersheim (1975) and later by Johanson and Vahlne (1977). The primary feature of the Uppsala internationalization model could be described like *“There is a loop process between the market and the enterprise where by market knowledge leads to commitment decisions in the firm thus ensuring marketing activities and in turn leading to increased knowledge, commitment and many more”* (Munyoomi, 2018; pg 13). Based on a Swedish study, the idea is an internationalization hypothesis that examines manufacturing companies that seek out overseas markets. Internationalization is a lengthy, incremental process, according to Uppsala. It is the circumstance when lack of market information and uncertainty are turned into a process of experiential learning. This causes numerous activities, including direct investment and overseas sales, to gradually pick up. The concept comes from behavioral theory (Elsner, 2013).

The strength of Uppsala is principled on the knowledge on how best business can be conducted in the foreign market. Without that knowledge the company intending to go international will not be able to realize the dream. Most of the firms that use Uppsala theory are mostly successful in entering a new market through psychic and geographic distance. There is a tremendous role being played by cultural differences and socio-cultural factors when a company is entering a foreign market. While in overseas, the way of life, government, as well as organizations will not be the same as that in the domestic market of the entering firm (Azuayi, 2016). The knowledge needed for the success of internationalization include general or objective knowledge. This knowledge is usually taught either in class or during seminars. There is also the experiment knowledge that is commonly learnt through personal experience, and it is mostly tough to

transfer ones acquired. Internationalization requires much more of experimental knowledge as it is not possible to acquire it like general knowledge (Azuayi, 2016).

Furthermore, the Uppsala model portrays that a firm goes through four (4) steps of gradual engagement during the internationalization process. It puts forwards that in the early stages the firm has no regular export activities, on the next stage the firm is involved in direct exporting, in the third phase it establishes a sales agency and finally in the last phase it sets up a fully owned foreign subsidiary (Munyoomi, 2018). Since Busoga Forestry Company is largely at the second stage of direct exporting, it the Uppsala model will be important to them by offering them full understanding of the key factors that may hinder their exporting process. The success of the company in foreign countries focuses more on how much the social, economic and political environment which this theory considers. The Uppsala Model theory therefore remains one of the most crucial theories for the present study.

2.2 The motivation factors to internationalization among companies

There are several reasons why companies seek internationalization initiatives. While some motivations are proactive, others are reactive (Hamza, 2018). Serving an important client who has expanded internationally is an example of a reactive reason, and seizing new information or possibilities in foreign markets are examples of strategic or proactive motives (Hamza, 2018). One or two elements, however, seldom explain a specific behavior in the majority of economic activity. Companies often go in a certain direction as a consequence of a combination of circumstances.

2.2.1 Proactive motivation factors

Proactive motivators serve as catalysts for strategy change attempts based on the company's desire to capitalize on distinctive competences or market capabilities. The main driver for businesses to expand overseas is profit. According to The Export Marketing Imperative (2016), proactive motivations include financial gain, the availability of special items, technology advances, market knowledge, management compulsion, tax advantages, and economies of scale. Companies expand internationally because they want to grow both their consumer base and their profit margins. The majority of companies also produce distinctive goods that are unavailable in the new nation, providing them a competitive edge (Export Marketing Imperative, 2016).

According to Sofik, Ivan & Fury, (2021) companies go international because of economies of scale, growth opportunities, and resource access and cost savings. The expansion of globalization across industries has been fueled by a number of causes. These have been the primary catalysts for the shift from local to global or regional industrial structure, despite the fact that their influence and pace have varied depending on the kind of industry (Sofik, Ivan & Fury, 2021). The same considerations that affect any business choice apply when deciding to expand internationally. The most certain reasons for doing so are to increase profits by expanding operations in a country and to address fierce competition and market saturation in that area (Sofik, Ivan & Fury, 2021; Export Marketing Imperative, 2016).

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2.2.2 Reactive Reasons

According to Export Marketing Imperative (2016), Reactive motivation factors indicate that a company responds to pressure or danger in its own market or in overseas markets and passively adjusts to them by adjusting its operations over time. Competitive pressures, overproduction, diminishing domestic sales, surplus capacity, saturated local markets, and proximity to consumers and ports were all listed as reactive incentives (Export Marketing Imperative, 2016).

According to Mohapatra (2020), a company may experience competitive pressure when it worries about losing home market share to rival companies or permanently losing the overseas market to local rivals that specialize in such sectors. When domestic business cycle downturns

are accompanied by overproduction, international markets offer the perfect outlet for bloated inventories or surplus (Aliabadi et al. 2019).

Once the domestic market recovers, the importance of these motivation factors will gradually decline as ties are severed. Domestic sales that are steadily dropping will have the same effect on motivation as overproduction (Bose, 2016). It happens when a company increases the market for a product in foreign nations. Overproduction and falling domestic sales, respectively, will come from excess capacity and saturated domestic markets (Jeronimo et al., 2019). Proximity to clients is a key reactive driver for companies since increased product visibility enhances export sales.

2.3 The challenges encountered by companies during internationalization

One of the main obstacles to company internationalization is competition (Ojuolape, 2019). Companies are up against fierce competition on two key fronts. They compete with one another on the one hand, while established businesses compete with them on the other (Carmody and Fortuin, 2019). Different types of retribution, including violent demonstrations and lobbying governments to enact stricter rules, have been used in response to the rivalry with established businesses (Marano et al., 2020; Christensen, Raynor & McDonald, 2015). The competition from incumbent firms largely stems from the fact that companies suffer from the liability of newness (Marano et al., 2020). The competition between companies in foreign markets is emerging and fierce. It has been ignited by the easy imitability of the business models of companies. This has resulted in a proliferation of copycats and counterfeits (Jean, Kim & Cavusgil, 2020). In Africa, local companies compete with established foreign franchises (Ojuolape, 2019). According to Boso et al. (2018), many African firms are young and therefore are vulnerable to competition from established firms in the foreign market.

According to Hossain (2020) and Gonzalez-Padron (2017) company internationalization is still growing in many developing countries and they do not have laws to regulate it. Companies have exploited these regulatory loopholes to internationalize rapidly across multiple geographical localities (Leighton, 2016). This has resulted in increased efforts by some governments to promulgate laws that govern the operation of some companies (Marano et al., 2019). The most cited ones in literature are those concerning taxation, employment, zoning and public safety

(Park, 2019). These regulations have negatively affected the internationalization of companies. For example, ridesharing platforms consider their drivers as partners not as employees (Domiruth, 2018). Many governments oppose this and have crafted laws that force ride-sharing platforms to treat drivers as employees instead of partners. In accommodation sharing, governments have introduced quantitative, qualitative, locational and density restrictions in order to regulate the operations of companies (Nieuwland and Melik, 2018).

Companies also face increased scrutiny from host countries because of their entry into foreign markets without familiarizing themselves to the local regulations (Marano et al., 2020). The scrutiny of companies has largely centered on the legality of their activities and compliance with existing regulations (Marano *et al.*, 2020).

Psychic distance is one of the main challenges that hinder the internationalization of firms (Henama & Sifolo, 2017). The higher the degree of psychic distance (similarity/difference in factors such as language), the more challenging the internationalization. Internationalization is dependent on the knowledge about the foreign country, the greater the knowledge, the easier the internationalization process (Menzies & Orr, 2013). Nearness in geographic distance does not necessarily lead to a lower degree of psychic distance. Ignorance of psychic distance may hinder the internationalization process (Pettersson & Uppström, 2019). According to Boso *et al.*, (2018) many African firms handle the psychic distance paradox poorly due to assumptions of cultural similarity within the region. Further, Yamin and Sinkovics (2016) developed the “*virtuality trap*” concept of psychic distance paradox in the internationalization of digital platforms. The concept concerns firms’ assumptions on similarity in different countries and the use of the same platform (home platform) in foreign markets. For example, a digital platform only translates the platform’s language (Pettersson and Uppström, 2019) and assumes similarity without customizing the platform to the new international market (Parente *et al.*, 2018). The foreign market might be unresponsive due to ignored differences.

Country culture in terms of preventing information flow between market players is an influential barrier to internationalization (Thornton *et al.*, 2019). The cultural difference between the home and host countries can prevent internationalization and integration. Differences in language,

religion, values, habits, norms, and attitudes hinder communication and business practices within the different networks and institutions (Thornton *et al.*, 2019). Language commonality increases trade between countries to very high percentages. Factors such as ethnicity, social norms and religion will determine business operating hours and how to approach and treat customers (Pettersson and Uppström, 2019). Lack of knowledge and understanding of a country's business practice will lead to a lot of internationalization challenges (Thornton *et al.*, 2019) and assumptions of the same might not be helpful either.

In Africa, the social norms and social status associated with owning assets is a significant barrier. The aspiration to own personal assets is still high and it is considered respectable to be an owner (Retamal and Dominish, 2017). Legitimacy and acceptance in foreign markets are not easily achievable in African countries. Locals tend to trust their known local providers over foreign firms until the foreign firm gains legitimacy. Foreign firms face discrimination for being considered outsiders (Brouthers *et al.*, 2016).

In some countries, the internationalization of firms has been curtailed by limited funding and high costs of doing business (Ojuolape, 2019). Companies typically require significant funding to establish the initial platform. Additionally, more money is needed when companies internationalize to meet expenses associated with platform optimization for local adaptation (Parente *et al.*, 2018). Obtaining financial assistance from banks and other lending institutions has proved to be a challenge for some companies operating in Africa (Fjose, 2010). Companies often struggle to access financial assistance because of the liability of smallness or newness in the operation. This makes it difficult for companies to insulate themselves from market imperfections, as they do not have the support of banks and other creditors. Financiers typically require collateral security, which many growing companies do not possess (Quartey, Turkson, Abor & Iddrisu, 2017).

According to Ojuolape (2019), firms operating on the African continent also struggle to unlock offshore venture capital because of perceived country risks. In South Africa, startup firms face difficulties in raising venture capital because of the unproven future demand of a service and the limited track record of entrepreneurs (Jones & Mlambo, 2013). Therefore, many companies in

Africa are making strategic “*U-turns*” on internationalization because of its strain on financial resources (Bosso *et al*, 2018).

According to Thornton *et al.*, (2019) networks influence internationalization. Networks can be formal (various institutional and partners) and informal (family and friends). The various institutions such as the government, religious groups, and culture in the network may hinder the internationalization process. Lack of network support in terms of insufficient resources, knowledge, finance, and experience can be a challenge to internationalization (Thornton *et al.*, 2019). Knowledgeable and educated networks facilitate firm growth (Retamal and Dominish, 2017). For example, well-educated and knowledgeable employees and platform users will enable swift exchanges in the platform. Participants in international companies require a set of skills to operate. This presents a challenge because of the low levels of literacy in Africa (Retamal and Dominish, 2017).

Africa is associated with lack of proper roads, poor network connectivity, urban congestion, and poor communication networks (Retamal and Dominish, 2017; Van Welsum, 2016). These challenges hinder the internationalization process of companies. This also explains why many companies are operational only in major cities that have better infrastructure compared to smaller cities (Ojuolape, 2019). Previous studies have indicated a strong connection between technological advancement and internationalization (Evers, Cunningham & Hoholm, 2016). Technology drives innovation and innovation is one of the key resources that facilitate internationalization (Thornton & Campbell, 2016). Innovation helps a firm achieve competitive advantage, and being innovative is crucial for the successful internationalization. The internationalization of companies is slowed down and restricted to certain countries that have better technical and technological advancement (Ojala *et al.*, 2018). This is due to the fact that operations can only happen with proper market technology and internet connectivity.

2.4 Measures to improve internationalization of companies

According to Ahimbisibwe, Ntayi, Ngoma, Bakunda, Munene, & Esemu (2021), companies should pursue actions that are related to the mobilization of adequate finances. This can be done by creating working relationships with banks to provide export credit as well as short-term loans.

More so, lobbying the government to provide cheaper sources of capital can be pursued by the managers and owners of companies (Ahimbisibwe *et al.*, 2021). Through financial access, companies will be well-positioned to produce products that meet the expected standards in international markets, will facilitate improvement in production processes, will ensure constant supply as well as lessen product rejection due to poor quality.

Additionally, Ahimbisibwe *et al.*, (2021) revealed that companies need to seek the right skills to be able to expand their operations beyond their national borders. The skills could be in line with production, marketing, market information gathering, and analysis as well as product quality management. These skills are critical in ensuring constant production, production of high-quality products as well as keeping pace with the changes in international markets. With such actions, companies will be able to expand to multiple markets, generate substantial returns from export sales, and above all expand faster into foreign markets.

There is a need for policymakers to augment the efforts to extend their operations in foreign markets (Azuayi, 2016). Particularly the government should acknowledge the role of information in the process of opportunity evaluation and make it easier for entrepreneurs to effortlessly access it. This is particularly so since opportunity exploitation requires information for initial evaluation. Thus, deliberate efforts aimed at providing relevant export-related information within the relevant government institutions like Uganda Export Promotions Board (UEPB) should be pursued (Ahimbisibwe *et al.*, 2021). This information could be related to market opportunities, competition in the target markets, regulations, as well as the foreign customer values, tastes, and preferences. Access to such information by the exporting companies will go a long way in forming a strong basis on which firms can evaluate their abilities on whether to pursue certain foreign opportunities or not.

Furthermore, it should be noted that exploitation of opportunities in international markets requires the installation of the improved production process, conducting foreign market research, and meeting standards which all require a substantial financial investment (Bose, 2016). The government of Uganda can do this by exempting taxes on imported machinery as well as by providing relatively cheap export credit to smoothen international expansion (Ahimbisibwe *et*

al., 2021; Ngoma *et al.*, 2017). This is very critical since in most cases opportunity exploitation among growing companies is dependent upon the finances at hand and the possibility of accessing the additional resources when needed.

Wasike (2021) in his study recommended companies to developing and acquiring information on the foreign markets prior to expanding abroad. This can be achieved through outsourcing for the services of management personnel in the country of interest or employing individuals with international experience and education. Additionally, taking part in trade exhibitions and conducting market research can be key in understanding foreign markets (Wasike, 2021).

There is need for adopting superior technologies meant to reduce production costs, maximize profits, and give the firms a competitive advantage (Ngoma *et al.*, 2017; Wasike, 2021; Ahimbisibwe *et al.*, 2021). Some of the technological strategies include diffusion of technology, technological advancement, and global communication. This is possible if more resources are allocated towards the process of internationalization. Larger or older firms are more capable of allocating more resources to cushion losses associated with the risky nature of Internationalization. However, Wasike (2021) revealed smaller firms can experiment both physically and psychologically with exports to relatively close countries, earning them enough resources to support internationalization.

CHAPTER THREE

RESEARCH METHODOLOGY

3.0 Introduction

This chapter encompasses the research methodology that was used in field. It puts more focus on research design, study population, sample size, sampling technique, data collection methods & tools, data collection procedures, data quality control, data analysis techniques, ethical consideration and study limitation.

3.1 Research Design

A cross-sectional survey design was taken into account for the investigation. A cross sectional research design is an approach used to explain and describe the phenomena basing on the various opinions of a particular group of people (Kothari, 2014). This design was selected because it enabled the researcher to generate more data in a short period of time and facilitate faster analysis of the data collected. The study considered both quantitative and qualitative research approached. A quantitative method was used because the method provides empirical support to the study. The researcher used the quantitative approach to collect numerical data from larger population in short time using the questionnaire while the qualitative approach was used to collect non-measurable or non-quantifiable through interviews (Mugenda & Mugenda, 2013). The mixed-method approach was used because it allows triangulation by ensuring that the strengths balance the limitations of one type of data.

3.2 Study Population

According to Amin (2005), population refers to all categories of people/items who qualify to participate in the study. This study targeted 140 people who were staff members of BFC (BFC Human Resource Report, 2022). It was from this total population where the sample size was drawn and these involved 07 members from top management while 133 were employees in the company who had knowledge on market internationalization

3.3 Study Sample Size

A total sample of 104 participants was considered to represent based on the guidance of Yamane's formula developed in 1967 as shown below.

$$n = \frac{N}{1 + N(e^2)}$$

Where

N– Population = 140

e - Standard error = 5%

n- Sample size = ?

$$n = \frac{140}{1 + 140(0.05^2)}$$

$$n = \frac{140}{1 + .35}$$

$$n = \frac{140}{1.35}$$

n= 104 Respondents

Table 3.1: The study sample size distribution

Category	Population	Selected sample	Sampling technique	Data collection method	Data collection tool
Top Management	07	07	Purposive sampling	Interviewing	Interview Guide
Employees	133	97	Simple random sampling	Questionnaire survey	Questionnaire
Total	140	104			

3.4 Sampling Techniques

The study used simple random sampling and purposive sampling

3.4.1 Simple random sampling

The study employed simple random technique when selecting respondents from the employees of the company. Simple random sampling technique gave all the participants in that category an equal chance of being part of the study (Kombo & Tromp, 2016). The researcher used papers labelled "Yes" and "No", where each member in the targeted group was allowed to pick one paper without replacement. The members who picked papers labelled "Yes" were considered for the study, while other who picked papers labelled "No" were dropped. This method was utilized

to reduce the sampling bias and provide an equal opportunity for members to participate in the study. This technique was used to collect quantitative data.

3.4.2 Purposive sampling

The study also employed the purposive sampling technique. Purposive sampling technique of selecting respondents helped the research to go to the field knowing precisely the members who had the deeper required information regarding the study objectives (Amin, 2005). In this study, the purposive sampling technique was employed on Top management of the company who provided qualitative data. Purposive sampling was used because it only considers respondents who have relevant and detailed information to the study and these were the top management of the organization.

3.5 Data collection methods and tools

The study employed a questionnaire and interview method.

3.5.1 Questionnaire

The researcher used a questionnaire during data collection. A questionnaire is made up of structured list of questions or statements intended to elicit data from respondents in order to achieve research objectives (Mugenda & Mugenda, 2013). The researcher designed a questionnaire basing on a 6-point Likert ranging from 1-Strong disagree, 2-Disagree, 3-Slightly disagree, 4-Slightly agree, 5 -Agree and 6-Strongly agree. The 6-point Likert was used because it allows capturing of respondent's intensity of feeling or attitude. A closed-ended questionnaire was used in this study to prevent responders from providing unnecessary details. Since the target population was in position read and write, the questionnaire was self-administered. This method of data collection was preferred because it gives a great degree of assurance to the anonymity and confidence of the research respondents. This tool was used on employees of the company.

3.5.2 Interview Guide

An interview guide consisting of semi-structured questions often administered to key informants to give wide latitude to talk about the subject (Saleem & Amin, 2013). The interviews helped the researcher to collect in-depth data. An open-ended interview guide was used to collect data from the respondents. The researcher endeavoured to schedule appointments with each targeted

respondent to be interviewed on an ideal date at their convenience when they prefer to be interviewed for a period between 30 to 45 minutes. This was only employed on top management of the company.

3.6 Data Collection Procedure

The researcher acquired an introduction from the Makerere University Business School with the approved study project and data collecting equipment from the supervisors. The acquired letter introduced the researcher to BFC and requested authorization to conduct the study in their organization. After receiving authorization, the researcher obtained the list of the workers of BFC arranged according to different department. Thereafter, the researcher sought informed consent from the respondents, distributed questionnaires to them and made arrangements for carrying interviews.

3.7 Data Quality Control

In any research, the study's quality was crucial. This was done by guaranteeing the validity and Reliability of the study's tools (Yin, 2014).

3.7.1 Validity Test

3.7.1.1 Quantitative Validity

The study tools were pre-tested for their face and content validity. For face validity, the tools were reviewed by the supervisor who made comments on the questions in the questionnaire. The questions found vague as suggested by the supervisor were eliminated or rephrased. Additionally, a Content Validity Index (CVI) test based on SPSS, Ver. 20, was performed on the tools. The items were evaluated as Relevant (R) or Irrelevant (I) by 5 research specialists at the level of research supervisors at Makerere University Business School (IR). The CVI was determined using the formula $CVI = R / (R + IR)$. All the CVIs were above threshold of 0.7 hence making the tool regarded as legitimate (Mugenda & Mugenda, 2005).

Table 3.2: Validity test of the tool

Construct	Total Items	Relevant Items	Irrelevant	CVI
Motivation factors to market internationalization	09	08	01	.89
Challenges encountered during market internationalization	11	09	02	.82
Measures that can be put forward to improve market internationalization	10	09	01	0.9

However, necessary adjustments were made on questions that were ranked Irrelevant (IR) to improve the validity of the tool.

3.7.1.2 Qualitative Validity

In the context of assessing the qualitative validity of the interview, it underwent a validation process by the supervisors prior to its application in the study. To ensure qualitative validity, the interview guide was submitted to the supervisors for assessment in terms of its alignment with the study's topics and objectives (Creswell, 2018). The primary focus was on confirming the credibility and transferability of the tool. To achieve this, questions were pre-tested and modified before implementation in the study. Additionally, sufficient time was allocated for researcher-participant interactions.

3.7.2 Reliability Test

3.7.2.1 Quantitative Reliability

The tool's reliability is measured by its capacity to deliver reliable results even under varying conditions (Creswell, 2013). The instrument was pre-tested on 10 individuals who were not part of the main research in order to determine its reliability. The pre-testing findings were put into SPSS Ver.20, and their reliability were assessed based on the Cronbach reliability test scores (alpha values). All the tools' alpha values were above 0.7 hence regarded as dependable (Mugenda & Mugenda, 2005).

Table 3.3: Reliability test of the tool

Construct	Item tested	Alpha values
Motivation factors to market internationalization	9	.832
Challenges encountered during market internationalization	11	.749
Measures that can be put forward to improve market internationalization	10	.891

3.7.2.2 Qualitative reliability

To ensure the reliability of the qualitative data in the study, the researcher ensured credibility, transferability, and honesty when administering the research tools. Credibility was influenced by the selection of participants who possessed a deep understanding and the ability to provide trustworthy information, regardless of their current workplace, thereby ensuring that the findings accurately reflected the desired outcomes (Shaw & Satalker, 2018). Additionally, the research process adhered closely to the research questions, and rigorous steps were taken to maintain honesty throughout the interactions between the researcher and the participants. The researcher also emphasized prolonged engagement with each respondent to thoroughly explore the subject matter until saturation was achieved. Saturation helped minimize participant error and bias, as it became evident that no further diverse opinions could be obtained. Ultimately, the study aimed to ensure the consistency of research tools in capturing varying perspectives from a diverse audience during the course of the research.

3.8 Data analysis and presentation

3.8.1 Quantitative data

Quantitative data analysis methods were used to analyze the results from the field. Every day, the collected data was reviewed and updated for consistency and correctness. Data was put into the Statistical Package for Social Sciences (SPSS) software program version 20 for analysis after being collected. Descriptive statistics was conducted where frequency counts, percentages, mean and standard deviation were obtained. Descriptive statistics provided the researcher with the techniques of numerically presenting information that gave an overall picture of the data

collected. Tables were used to present the data with statement interpreting the figures in the tables.

3.8.2 Qualitative data

For the qualitative data, it was analyzed for content and language used through reviews of scripts looking for similarities and differences to identify themes and develop categories accordingly to the study objectives. The content analysis approach was the primary method of analyzing the data collected to determine the adequacy of the information, credibility, usefulness and consistency (Mugenda & Mugenda, 2013). Outstanding and relevant quotations, sentences, statements and expressions were picked and presented in the study to reflect the actual feelings of the participant without changing the meaning.

3.9 Ethical Considerations

Ethical considerations were upheld by ensuring high level of confidentiality and privacy, seeking for informed respondents consent and plagiarism.

- i. The thoughts and opinions of the responders remained confidential. The researcher made sure that all questionnaire responses were completed and that all interview materials were utilized strictly for academic reasons. During data collection, access to documents was done with formal approval by relevant authorities. Names, details, and other information that may be used to identify respondents were not requested.
- ii. Consent of the respondents was considered ideal and participants were made to understand the study and give their informed consent to participate in the study. Only respondents who gave their informed consent voluntarily were involved in the study.
- iii. The researcher made sure to acknowledge the authors of all the resources utilized throughout the literature review by clearly citing them in the work and under references. The majority of the content was paraphrased to prevent any plagiarism-related issues and to connect it to the present study.

CHAPTER FOUR

PRESENTATION AND INTERPRETATION OF STUDY FINDINGS

4.0 Introduction

This chapter presents and interpreted the study findings. It presents the descriptive statistics on the respondents' bio-data, descriptive statistics in form of percentages, means, and standard deviations. The study findings are presented and analyzed following the specific research objectives which included examining the motivation factors to market internationalization at Busoga Forestry Company Ltd, accessing the challenges encountered during market internationalization at Busoga Forestry Company Ltd and suggesting measures that can be put forward to improve market internationalization at Busoga Forestry Company Ltd.

4.1 Response Rate

This section looks at the number of respondents that managed to respond back and those who failed to respond back are shown in the table 4.1 below.

Table 4.1: Showing the response rate

Category	Quantitative Data		Qualitative Data	
	Frequency	Percentage	Frequency	Percentage
Responded	97	100.0	04	57.1
Didn't Respond	00\	00	03	42.9
Total	97	100.0	07	100.0

From table 4.1 above, all 97 (100.0%) respondents for quantitative data managed to respond back while for qualitative data, 04 (57.1%) respondents managed to respond back but only 03 (42.9%) didn't respond back because of their tight schedules that didn't allow them to take part in the study. All in all, it is seen that (101) 97.1% of the respondents responded back while only (03) 2.9% didn't respond back. This showed that the response rate was well above the 70% as recommended by the Guttmacher Institute, (2006) who assert that for a study to be considered satisfactory, the response rate must be 70% and above. This high response rate was achieved because the respondents were enough of between one to two weeks for them to fill the questionnaires before collecting back for data analysis.

4.2 Demographic characteristics of respondents

The study collected the bio-data information of respondents that participated in the study. This was done ascertain the nature of respondents in relation to their; gender, age, marital status, education and length spent working with Busoga Forestry Company Ltd. The findings are presented in table 4.2 below in form of frequencies and percentages as shown below.

Table 4.2: The demographics characteristics of respondents

Item	Category	Frequency	Percentage
Gender	Male	71	70.3
	Female	30	29.7
	Total	101	100.0
Age of respondent (Years)	18-29	06	5.9
	30-39	74	73.3
	40-49	21	20.8
	Total	101	100.0
Level of education	Secondary	04	4.0
	Higher Institutions of Learning	97	96.0
	Total	101	100.0
Number of years spent working with Busoga Forestry Company Ltd	1-4 years	39	38.6
	5-8 Years	54	53.5
	8 years and above	08	7.9
	Total	101	100.0

Source: Primary data, 2023

From table 4.2 above, majority 70.3% of the respondents were male while 29.7% were female. This implied that both males and females participated in study but the view of male respondents dominated the study findings. This could be attributed to the fact that BFC employs more men and women. However, 29.7% of women respondents were good enough to capture gender differences.

Still from table 4.2 above, majority of the respondents 94.1% were above the age of 30 years as compared to only 5.9% who were below 30 years. The results implied that majority of the respondents were mature. This could be attributed to experience needed to work at BFC. Therefore, mostly those of 30 years and above possess it.

In Table 4.2 above, it is seen that majority 96.0% of the respondents had reached Higher Institutions of Learning where some had certificates, diplomas, degrees and masters while the remaining 4.0% had reached secondary education. This implied that respondents were educated to understand questions asked and they were in good position to give reliable answers.

Results in the table 4.2 above, majority 61.4% of respondents had spent more than 5 years working with BFC while 38.6% had spent less than 5 years. This implied that the majority of respondents had been working BFC. Therefore, they were in a good position to give reliable information regarding market internationalization of the company and the study objectives.

4.3 The motivation factors to market internationalization at Busoga Forestry Company Ltd

The first study objectives examined the motivation factors to market internationalization at Busoga Forestry Company Ltd. The descriptive statistics showing the mean and standard deviation were used to present study findings as presented in table 4.3 below. The extracted descriptive statistics (mean) were compared to the grand mean to ascertain the level of agreement or disagreement towards the statement.

Table 4.3: The motivation factors to market internationalization at Busoga Forestry Company Ltd

Statement	Min	Max	Mean	S.Dev.
More financial gains from international markets	3	6	5.26	.650
High technology advancements to meet international standards	3	6	5.24	.747
Availability of knowledge about the foreign markets	3	6	5.20	.571
High economies of scales in the foreign markets	4	6	5.23	.715
The need to have access to foreign resources (raw materials)	1	6	5.25	.936
Limited local market	2	6	5.21	.871
Over production hence search targeting bigger foreign markets	2	6	5.19	.697
Loss of home market share to competitors	2	6	5.02	.777
Proximity to foreign market	2	6	5.16	.825
GRAND MEAN	5.19			

Source: Primary data, 2023

From table 4.3 above, it was revealed more financial gains from international markets motivated BFC to internationalize its markets. This was supported by a higher mean value of (Mean=5.26) since it was above the grand mean of (5.19). There was consistency in responses because of the standard deviation was below one (.650). This is because for all businesses financial gains are the key objective. Therefore, expanding the market internationally increases the financial gains.

On the issue of high technology advancements to meet international standards, majority of the respondents were in agreement with it. This was supported by a higher mean value of (Mean=5.24) which was above the grand mean of (5.19) with little variance in responses because of the standard deviation being below one (.747). This meant that BFC expanded its market internationally in pursuit to advance its technology in production to meet international required standards of goods and services.

Still from table 4.3 above, scoring a higher mean value of (Mean=5.20) which was higher the grand mean of (5.19) with consistency in responses because of the standard deviation being above one (1.430) revealed that majority of the respondents concurred that availability of knowledge about the foreign markets motivated BFC to internationalize its market. This means the when companies have acquired enough knowledge about foreign market. They tend to go international to challenge those already there and tap into their market share.

Furthermore, with a mean value of scoring (Mean = 5.23) which was above the grand mean of (5.17) with the standard deviation was below one (Std. Dev =.715), it meant that majority of the respondents concurred that the high economies of scales in the foreign markets motivated BFC to expand its market internationally. This means that with the cost advantages that a company enjoys when they go international motivates them to target international markets hence increasing its level of production.

Still from table 4.3 above, it was revealed that the need to have access to foreign resources motivated BFC to go internationally. This is because when companies go internationally, they have access to resources such raw materials that enhance their production capacity. With consistency in responses because of the standard deviation being below one (.936), the findings

were supported by a higher mean value of (Mean=5.25) which was above the grand mean of (5.19) which is the threshold.

Furthermore, on the factor of local market, it scored a higher mean value of (Mean = 5.21), which is above the grand mean of (5.19). With The consistency in the responses because of the standard deviation being below one (Std. Dev =.871), the findings imply that when company's production capacity is bigger than the local available market, they tend to target international markets in order to get market for the surplus products from the local market.

Still from table 4.3, it was revealed that to a larger extent BFC internationalized its market because of over production hence search targeting bigger foreign markets. This was supported by a mean value of (Mean=5.19) which was similar as the grand mean of (3.02) with little variances in responses because of the standard deviation being below one (.697). This is because with overproduction the local market may not absorb all of the products hence forcing the company to look for the market of the excess internationally.

Furthermore, it was revealed that majority of the respondents opposed the statement Loss of home market share to competitors motivated BFC to internationalize its market. This was supported by a lower mean value of (Mean=5.02) which was below the grand mean of (5.19) despite showing little variance in response because of the standard deviation being above one (SD=.777). This is because BFC is the leading company in Uganda dealing wooden electricity poles and other forestry products.

Lastly, from table 4.3 above, it was revealed that proximity to foreign market didn't motivate BFC to internationalize its market. This was supported by a lower mean value of (Mean= 5.16) which was below the grand mean of (5.16) despite showing little variance in response because of the standard deviation being above one (SD=.825). This is because closeness in the foreign market is not easy since there are barriers and tariff put on international companies despite the distance being short.

In follow-up interviews with the management of Busoga Forestry Company Ltd, many motivation factors were highlighted, it was revealed that;

.....entered into the international market, to tap into larger customer bases and increase their sales potential. which allows the company to generate higher revenues and achieve economies of scale (Respondent -1).

The findings further revealed that; *.....our local market became saturated and it was experiencing slow growth. we internationalized for opportunities for further expansion and revenue generation (Respondent - 2).*

It was also revealed that; *.....we considered market Internationalization in order to have access to valuable resources such as raw materials and advanced technologies (Respondent - 3).*

4.4 The challenges encountered during market internationalization at Busoga Forestry Company Ltd

The second study objectives examined the challenges encountered during market internationalization at Busoga Forestry Company Ltd. Like objective one, the descriptive statistics showing the mean and standard deviation were used to present study findings as presented in table 4.4 below. The extracted descriptive statistics (mean) were compared to the grand mean to ascertain the level of agreement or disagreement towards the statement.

Table 4.4: the challenges encountered during market internationalization at Busoga Forestry Company Ltd

Statement	Min	Max	Mean	SD
High competition in the international markets	4	6	5.33	.608
Unfavorable international trade policies	2	6	5.11	.828
High taxes charged in the foreign countries	2	6	5.11	.690
Much capital needed to facilitate the internationalization process	4	6	5.13	.656
Increased scrutiny from the host countries	4	6	5.23	.750
Long physical distance between home and host countries	4	6	5.24	.658
Differences in culture	2	6	5.12	.785
Lack of enough knowledge & understanding about the host country's business	4	6	5.14	.643
Discrimination in the foreign markets	1	6	5.05	.887
Lack of a network of skilled people to implement internationalization process	1	6	4.73	1.085
Lack of modern technology to much the international competitors	2	6	4.97	.888
GRAND MEAN	5.10			

Source: Primary data, 2023

From table 4.4 above, it was revealed that BFC experiences high competition in the international markets. These findings were supported by a higher mean value of (Mean = 5.33) since it was above the grand mean of (5.10) with low variance in responses since the standard deviation was below one (SD=.608). This is because the international markets attract different players of which some bigger in size with stronger financial muscle to out compete other small or growing companies.

On the issue of unfavorable international trade policies, it scored a high mean value of (Mean=5.11) which was above the grand mean of (5.10) with little variance in responses since the standard deviation was below one (SD=.828). This is because countries tend to protect their local companies. The countries may pass policies that require foreign companies to first sell shares to local companies as well as source staff from domestic markets. Most times foreign

companies fail to fully comply with this which creates issues with the government hence failing to internationalize their markets.

Still from table 4.4 above, it was revealed that the high taxes charged in the foreign countries largely affected the market internationalization process of BFC. This was supported by a high mean value of (Mean=5.11) which was greater than the grand mean of (5.10) with consistency in responses since the standard deviation was below one (SD=.690). Therefore, entering international market sometimes becomes difficult because companies have to go through a lot and pay huge amounts in terms of taxes and clearance fees. This sometimes discourages companies to internationalize their markets.

Furthermore, it was revealed that much capital needed to facilitate the internationalization process. This was supported by a high mean value of (Mean=5.13) which was above the grand mean of (5.10) with little variations in responses because of the standard deviation being below one (SD=.656). This is because the internationalization process tends to be expensive because of securing rights and permission to operate in the foreign countries which require payments and also high cost that may be incurred in form of logistics and advertising to create awareness of products.

Still from table 4.4 above, it was revealed that increased scrutiny from the host countries sometimes scare aware companies from internationalizing their products. This was supported by a higher mean value of (Mean=5.23) which was above the grand the mean of (5.10) and there was consistency in responses because of the standard deviation being below one (.750). This is because foreign countries require high standard products and services. Therefore, authorities in those countries take much scrutinizing the quality and effects of the products for them to be allowed on the market. This slow process most times discourages companies that wish to internationalize their markets.

Furthermore, it was revealed that long physical distance between home and host countries discourages market internationalization. This was supported by a higher mean value of (Mean=5.24) which was above the grand mean of (5.10) with their consistency in responses

because of the standard deviation being below one ($SD=.658$). This is because the long distance between countries may prove to be expensive to companies to difficult to be covered hence discouraging companies from going for international markets.

Still from table 4.4, it was revealed that market internationalization is also affected by the differences in culture. This was supported by a higher mean value of (Mean=5.12) which was above the grand mean of (5.10) with little variations in responses because of the standard deviation being below one ($SD=.785$). Different countries may have different cultures of which cultures influence demand for products and services. Therefore, some international markets are difficult to enter because the culture of people in those countries may not necessarily immediately adopt the products extended to them.

On the issue of lack of enough knowledge & understanding about the host country's business, majority of the respondents agreed with it. This was supported by a higher mean value of (Mean=5.14) which was above the grand mean of (5.10) while showing little variances in the responses because of the standard deviation being below one ($SD=.643$). This is because to enter into international markets, the company has to first gain more knowledge and understanding the dynamic s in the host countries. However, getting such knowledge and understand may not be easy and may prove to be too expensive hence discourage companies from internationalizing the markets.

On the issue of discrimination in the foreign markets affecting market internationalization, it did not receive much attention despite registering low variances in response ($SD=.887$). This was supported by a lower mean value of (Mean=5.05) which was lower than the grand mean of (5.10). This is because in international markets, people are mostly interested in the quality products and services. Therefore, the issue of discrimination may not occur as longer as the products and services meet the demand of the customers.

On the issue of lack of a network of skilled people to implement internationalization process, it didn't attract much attention. It scored a lower mean value of (Mean=4.73) which was below the grand mean of (5.10). There was inconsistency in responses because of the standard deviation

being above one (SD=1.085). This may seem to be a big challenge because there are people readily to be employed with skills of implementing internationalization process.

Lastly, it was revealed that lack of modern technology to much the international competitors was not a key challenge affecting BFC. This was supported by a lower mean value of (Mean= 4.97), which was below the grand mean of (5.10). However, there was inconsistency in responses because of the standard deviation being above one (SD=1.088). This is because BFC which was dealing poles and other forestry products had modern technology to enter the market and make sure they produce high quality products.

In follow-up interviews with the management of Busoga Forestry Company Ltd, many different challenges affecting market internationalization were highlighted, it was revealed that;

...Legal and Regulatory laws in the host countries are the key challenge. each country has its own set of laws, regulations, and compliance requirements, adapting to and complying with foreign legal frameworks, including trade regulations, intellectual property rights, taxation, and employment laws, can be complex and time-consuming (Respondent - 1).

That said another respondent revealed that, ... *some markets may have significant entry barriers such as high tariffs, trade restrictions, licensing requirements, or limited distribution channels (Respondent - 2).*

The findings also revealed that; *International logistics and supply chain management involve complex processes, including transportation, warehousing, inventory management, and customs clearance. Coordinating these activities across borders while ensuring timely delivery, quality control, and cost-efficiency can be demanding (Respondent - 3).*

Furthermore, it was revealed that; *entering international markets often means encountering fierce competition from both local and global competitors. it*

calls for more promotions and advertising which may require more funds that may not be readily available (Respondent - 4).

4.5 Measures that can be put forward to improve market internationalization at Busoga Forestry Company Ltd

The third study objectives examined the measures that can be put forward to improve market internationalization at Busoga Forestry Company Ltd. Like objective one and two, the descriptive statistics showing the mean and standard deviation were used to present study findings as presented in table 4.5 below. The extracted descriptive statistics (mean) were compared to the grand mean to ascertain the level of agreement or disagreement towards the statement.

Table 4.5: Measures that can be put forward to improve market internationalization at Busoga Forestry Company Ltd

Statement	Min	Max	Mean	SD
There is need to lobby the government to provide cheaper sources of capital	2	6	5.13	.759
The company needs to produces products that meet the expected standards in the international market	4	6	5.22	.750
The company needs to employ people with right skills in the international market	4	6	5.26	.617
There is need to invest more in the modern technologies used in the international markets	4	6	5.18	.662
The government should exempt taxes on some machinery used in production	4	6	5.26	.653
The company needs to develop strong information channels to tap information from the foreign markets	4	6	5.27	.688
The company needs to conduct more research on how to do international businesses	4	6	5.21	.684
The needs to install improved production process to meet the demands of the ever-increasing international markets	3	6	5.26	.650
The government should hold talks with foreign countries to harmonize the foreign trade policies	3	6	5.06	.723
BFC needs to carryout aggressive marketing on the international platforms	4	6	5.29	.661
GRAND MEAN	5.21			

Source: Primary data, 2023

From table 4.5 above, on the need to lobby the government to provide cheaper sources of capital, it received little attention because it scored mean value of (Mean = 5.13) which was below the grand mean of (5.21) despite consistency in responding to the statement with standard deviation was below one (Std. Dev =.759). This is because although the market internationalization process is too expensive, companies that go for international markets tend to be big with huge financial muscle to facilitate all the operations and processes.

On whether the company needs to produce products that meet the expected standards in the international market, majority of the respondents concurred with it. It was supported by a higher mean value of (Mean = 5.22) which was slightly above the grand mean of (5.21) showed little variances because of the standard deviation being below one (SD=.750). To meet the expected standards means that the company has to produce high quality products. Since people demand the quality products, it will be a tool to attract more customers for the product in the international market.

Still from table 4.5 above, it was revealed that the company needs to employ people with right skills in the international market. It was supported by a higher mean value of (Mean = 5.26) which was above the grand mean of (5.21) with little variations in responses because of the standard deviation being below one (SD=.785). This will be because to enter into international market requires people with right skills compete favorably in the international market because all international players tend to employ high skilled people to capture the market.

Furthermore, on whether there is need to invest more in modern technologies used in the international markets, received little attention. It was supported by a lower mean value of (Mean = 5.12) which was below the grand mean of (5.21) despite showing little variations in responses because of the standard deviation being below one (SD=.665). This could be attributed to the fact that BFC had recently invested in top modern technology of dealing with forestry products.

Still from table 4.5 above, majority of the respondents revealed that the government should exempt taxes on some machinery used in production. It was supported by a higher mean value of (Mean = 5.26) which was greater than the grand mean of (5.21) with less variance in the

responses ($SD=.653$). This is because machinery for production is mostly imported into the country expensively because of tax charges. Therefore, if the taxes are exempted, the company will purchase more machinery at lower costs hence lowering production costs and improving the quality of products to meet the market demands.

Furthermore, it was revealed that the company needs to develop strong information channels to tap information from the foreign markets. To enter into foreign, the companies need more information on foreign markets regarding competitors, culture, tastes among others. These findings were supported by a higher mean value of (Mean = 5.27) which was higher than the grand mean of (5.21). The standard deviation was also below one (Std. Dev =.688) which means that respondents were consistent in responding to the statement presented to them.

Still from table 4.5, the issue regarding the needs of the company to conduct more research on how to do international businesses, received moderate attention. This is because it scored a mean value of (Mean = 5.21) which was similar as the grand mean of (5.21) despite the standard deviation being below one (Std. Dev =.684) which meant that there was consistency in responding to the statement by the respondents. This means that to a larger extent, research is needed because companies to go international require it to build knowledge base and experience on how to successfully enter the international markets. It enables them gather valuable knowledge about the players and strategies to apply in market operations.

On whether there's need to install improved production process to meet the demands of the ever-increasing international markets, majority of the respondents concurred with it. This was supported by a higher mean value of (Mean = 5.26) which was above the grand mean of (5.21) with little variations in responses because of the standard deviation being below one ($SD=.650$). This is because internal market requires high quality products and high quantities which requires improved production lines and processes.

Furthermore, on the issue of the government holding talks with foreign countries to harmonize the foreign trade policies, received little attention. It was supported by a lower mean value of (Mean = 5.06) which was below the grand mean of (5.21) despite scoring less variance in the

responses (SD=.723). This could be attributed to the fact that BFC majorly targets the East African Community of which the governments of those countries have already talked and harmonized the trade policies.

Lastly from table 4.5, it was revealed that BFC needs to carryout aggressive marketing on the international platforms. It was supported by a higher mean value of (Mean = 5.29) which was higher than the grad mean of (5.21). The standard deviation was also below one (Std. Dev =.661) which means that respondents were consistent in responding to the statement presented to them. This is because the international market is occupied by top companies with bigger financial muscle. Therefore, competing with them, a company needs to aggressive market its self and products with any available international platform.

In follow-up interviews with the management of Busoga Forestry Company Ltd, different measures can be put in place to control challenges affecting market internationalization. It was revealed that;

.... there is need to mare thorough research on the target market to understand its cultural nuances, consumer preferences, local competition, and regulatory landscape. this will help in adapting products, services, and marketing strategies to meet market demands effectively (Respondent - 1).

It was also revealed that; *.... there is need for establishing partnerships with local distributors, suppliers, or agents who possess knowledge of the market can facilitate market entry and provide valuable insights. local partners can assist with navigating legal requirements, distribution networks, and cultural barriers (Respondent- 2).*

Furthermore, it was revealed *...there is need to provide training and support to employees involved in international operations to develop cross-cultural competence. this includes understanding cultural norms, communication styles, and business etiquette to foster effective relationships with customers, partners, and employees in the target market (Respondent - 3).*

Lastly, it was revealed that;*develop strategies to manage currency fluctuations and financial risks. this may involve hedging against currency risks, working with financial institutions to mitigate foreign exchange exposure, and ensuring sufficient financial reserves to navigate unexpected challenges*

(Respondent - 4).

CHAPTER FIVE

DISCUSSIONS, CONCLUSIONS AND RECOMMENDATIONS

5.0 Introduction

This chapter presents the discussions, conclusions and recommendations of the findings in relation to the study. This chapter was guided by the study objectives with focused on examining the motivation factors to market internationalization at Busoga Forestry Company Ltd, accessing the challenges encountered during market internationalization at Busoga Forestry Company Ltd and suggesting measures that can be put forward to improve market internationalization at Busoga Forestry Company Ltd. It was divided into four sections; discussions of findings, conclusions, recommendations, study limitations and areas for further studies.

5.1 Discussion of findings

5.1.1 The motivation factors to market internationalization at Busoga Forestry Company Ltd

The findings revealed that BFC to internationalize its market was motivated by proactive motivations the more financial gains from international markets since it the objectives of most of companies to earn financial gains, technology advances, market knowledge, management compulsion, tax and economies of scale. This was in line with findings of Export Marketing Imperative (2016) that opined that companies expand internationally because they want to grow both their consumer base and their profit margins. The majority of companies also produce distinctive goods that are unavailable in the new nation, providing them a competitive edge. Relatedly, Sofik, Ivan & Fury (2021) revealed that the most certain reasons for doing so are to increase profits by expanding operations in a country and to address fierce competition and market saturation in that area.

The findings also revealed that market internationalization at BFC was also fasted by reactive motivation factors indicate that a company responds to pressure or danger in its own market such as saturated local markets as a result of small local market and overproduction as resulted of surplus capacity. The Export Marketing Imperative (2016) also supports the notion of reactive motivations, stating that companies respond to pressures or dangers in their own or overseas markets by adjusting their operations over time. Factors such as overproduction, diminishing

domestic sales, surplus capacity, and saturated local markets can push a company to seek opportunities in international markets as a means of addressing these challenges.

5.1.2 The challenges encountered during market internationalization at Busoga Forestry Company Ltd

The study findings revealed that there are a lot of challenges affecting market internationalization. It was revealed that high competition in the international markets affected the company on top of unfavorable international trade policies that can with high taxes charged in the foreign countries and much scrutiny of the products and services from the host countries. Companies are up against fierce competition on two key fronts. They compete with one another on the one hand, while established businesses compete with them on the other (Carmody and Fortuin, 2019). Similarly, Marano *et al.*, (2020) revealed that the competition from incumbent firms largely stems from the fact that companies suffer from the liability of newness. Although Leighton (2016) revealed that companies have exploited these regulatory loopholes to internationalize rapidly across multiple geographical localities. This has resulted in increased efforts by some governments to promulgate laws that govern the operation of some companies (Marano *et al.*, 2019). These regulations have negatively affected the internationalization of companies. Similarly, Marano *et al.* (2020) revealed that companies also face increased scrutiny from host countries because of their entry into foreign markets without familiarizing themselves to the local regulations. The scrutiny of companies has largely centered on the legality of their activities and compliance with existing regulations hence hindering the entry in the international market.

Differences in culture were a key factor since different countries have different cultures hence affecting the way international trade is done. Country culture in terms of preventing information flow between market players is an influential barrier to internationalization. The cultural difference between the home and host countries can prevent internationalization and integration. Differences in language, religion, values, habits, norms, and attitudes hinder communication and business practices within the different networks and institutions as put forward by (Thornton *et al.*, 2019; Pettersson & Uppström, 2019). Difference in language commonality increases trade between countries to very high percentages. Factors such as ethnicity, social norms and religion

also determine business operating hours and how to approach and treat customers hence affecting international trade.

It was also revealed that there is much capital needed to facilitate the internationalization process which is not readily available within companies. Many firms operating on the African continent struggle to unlock offshore venture capital because of perceived country risks. Jones and Mlambo (2013) and Bosso *et al.*, (2018) revealed that startup firms face difficulties in raising venture capital because of the unproven future demand of a service and the limited track record of entrepreneurs. Therefore, many companies in Africa are making strategic “*U-turns*” on internationalization because of its strain on financial resources.

On top of that long physical distances between home and host countries usually make the market internationalization process very expensive. Psychic distance is one of the main challenges that hinder the internationalization of firms. The higher the degree of psychic distance the more challenging the internationalization. Ignorance of psychic distance may hinder the internationalization process. The findings concurred with Pettersson and Uppström (2019) and Boso *et al.*, (2018) who revealed that many African companies handle the psychic distance paradox poorly due to assumptions of cultural similarity within the region. Further, Yamin and Sinkovics (2016) developed the “*virtuality trap*” concept of psychic distance paradox in the internationalization of digital platforms. The nearness in geographic distance does not necessarily lead to a lower degree of psychic distance. As Menzies and Orr, (2013) opined that internationalization is dependent on the knowledge about the foreign country, the greater the knowledge, the easier the internationalization process but not the distance.

5.1.3 Measures that can be put forward to improve market internationalization at Busoga Forestry Company Ltd

The study findings revealed that BFC needs to produce products that meet the expected standards in the international market. This calls for employment of people with right skills in the international market and technologies that produces quality products that meets the international market standards. Information and marketing are key in the success of market internationalization. Therefore, it was revealed that BFC need to carry out research and get more

information channels to tap information from the foreign markets and carryout aggressive marketing on the international platforms. These findings concurred with Bose (2016) who revealed that exploitation of opportunities in international markets requires the installation of the improved production process, conducting foreign market research, aggressive marketing and meeting standards. Relatedly, Wasike (2021) recommended companies to developing and acquiring information on the foreign markets prior to expanding abroad. This can be achieved through outsourcing for the services of management personnel in the country of interest or employing individuals with international experience and education.

It was also revealed that that the government should exempt taxes on some machinery used in production as a way of facilitating local companies to future in international markets. This concurred with Ahimbisibwe *et al.*, (2021) and Ngoma *et al.*, (2017) who revealed that the government of Uganda can do this by exempting taxes on imported machinery as well as by providing relatively cheap export credit to smoothen international expansion. This is very critical since in most cases opportunity exploitation among growing companies is dependent upon the finances at hand and the possibility of accessing the additional resources when needed.

5.2 Conclusions

The study concluded that to go for market internationalization, BFC was motivated by the more financial gains from international markets since it is the main objective of most companies to target higher financial gains. High economies of scales in the foreign markets were also key in motivating the company to internationalize its market. It was concluded that the need to have access to foreign resources (raw materials) to improve the production was key. It was also concluded that the local market could not fully absorb all the products hence making the company focus on international markets. The company also had knowledge about the foreign markets and decided to take that advantage on top of the need to tap into the high technology advancements in the international markets to meet international standards.

The study concluded that there are a lot of challenges affecting market internationalization. It was concluded that high competition in the international markets, unfavorable international trade policies that come with higher taxes/fees charged in the foreign countries and greater scrutiny of

the products and services from the host countries were key challenges. Differences in culture were also discovered as a key factor since various countries have different cultures hence affecting the way international trade is done. It was also concluded that the High capital requirement to facilitate the internationalization process which is not readily available within companies especially in developing Countries coupled with long physical distance between home and host countries usually makes the market internationalization process very expensive.

Finally, the study concluded that BFC needs to produce products that meet the expected standards in the international market. This calls for employment of people with right skills in the international market and technologies that produce quality products that meet the international market standards. Information and marketing are key in the success of market internationalization therefore, it was concluded that BFC need to develop strong information channels to tap information from the foreign markets and carryout aggressive marketing on the international platforms. It was also concluded that the government should exempt taxes on some machinery and inputs used in production as a way of facilitating local companies to produce superior products that can competitively feature in international markets.

5.3 Recommendations

The following recommendations were put forward.

The Ministry of Trade and Industry should take initiative in raising awareness about the trade support services it offers. This can be achieved through organizing educational seminars across various regions of the country and educating the general public about the advantages of engaging in international trade and the ways to enter global markets.

Furthermore, the government should ensure that the internet is easily accessible to facilitate the retrieval of crucial trading information at both local and international levels.

The research findings revealed that inadequate access to finance is a significant obstacle for companies. Therefore, it is imperative for the government to enhance accessibility to financial support, particularly for companies involved in foreign trade.

Based on these findings, it is recommended that companies establish stronger networks in foreign markets, starting with those neighboring countries that have a lower perceived cultural difference, referred to as psychic distance.

5.4 Limitation of the Study

Obtaining information from specific participants, especially those who raised concerns about confidentiality, proved to be a challenging task. To address this obstacle, the researcher invested significant effort in thoroughly explaining to the participants that the study was solely for academic purposes and assured them that their data would be handled with the utmost confidentiality.

The researcher encountered difficulties with uncooperative participants, some of whom displayed bias and others who withheld information due to feelings of hostility and distrust. Nonetheless, the researcher remained determined to conduct a successful research study and managed to overcome these challenges by offering the participants an educational perspective on their role in the study.

The absence of some management members and very busy schedules did not allow a lot of time for deeper engagement during the interviews which were often rescheduled or interrupted by other work engagements.

5.5 Areas for further research

Since this study was done in Busoga Forestry Company Ltd, the researcher recommends that further research on the market internationalization should be conducted in other sectors such as Manufacturing companies or Service Companies to ascertain if the same factors motivate them and whether they face the same challenges.

The study also recommends that more in depth studies be done on the role of government in enhancing the internationalization of Uganda local companies since governments are seen as bigger players in the market internationalization of companies.

There is need to investigate what suitable processes (mode of entry) should the companies use to succeed in the international markets.

In further research, one should consider a bigger sample size that is more than just one company so that it could represent different whole sector to help in comparison purposes.

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APPENDICES

Appendix I: Consent form for participants

Dear Sir/Madam

To qualify for the award of Master of Business Administration of Makerere University Business School, I'm conducting a study *“Examining the internationalization at Busoga Forestry Company (BFC) Ltd”*. As a key stakeholder, please feel free to participate, for this is purely an academic study. The views that you will give will be purely used for academics which is the reason of this study.

The following are key considerations

Particulars	Narrations/Explanation
Nature of the study	Academic and non-profit or funded
Target study objective	i. To examine the motivation factors to internationalization at Busoga Forestry Company (BFC) Ltd. ii. To access the challenges encountered during internationalization at Busoga Forestry Company (BFC) Ltd. iii. To suggest measures that can be put forward to improve internationalization at Busoga Forestry Company (BFC) Ltd.
Respondents' role	To free give true information about the objectives under study without anything in exchange
Respondents' privacy	There is no need to provide information anywhere that may exposal of the respondent's identity
Respondents' limit	As a respondent, you are only limited to give information in the field
Terms for terminating or withdrawing from the process	The respondent is free to withdraw at any time if S/he feels not comfortable with the study.

If you feel comfortable and agreeing with the above information, append your signature to show that you have formally consented to take part in the study.

Signature:

Researchers' Name:

Telephone No:

Appendix II: Questionnaire for Employees of BFC

Dear Respondent,

I'm **Kinobe Moses** a student undertaking a Masters Degree of Business Administration of Makerere University Business School. I'm conducting a study ***“Examining the internationalization at Busoga Forestry Company (BFC) Ltd”***, therefore, I'm kindly requesting you to fill in or tick the most appropriate answer for questions presented below. The study is purely academic; therefore, all the responses received will be handled with utmost confidentiality.

Section A: Bio-data

Write or tick (✓) in the space or box (es) provided in the front of the given options

1. Gender of respondents

a) Male ☐

b) Female ☐

2. Age group of respondents

a) 18 to 29 ☐

b) 30 to 39 ☐

c) 40 to 49 ☐

d) 50+ ☐

3. Respondent's highest level of education

a) Primary ☐

b) Secondary ☐

c) Higher Institutions of Learning ☐

d) Others:

4. Time taken while working with Busoga Forestry Company?

a) Less than 1 year ☐

b) 1-5years ☐

c) 6-9years ☐

d) 10years and above ☐

For Section B, C and D, respond by ticking only one option: *(1-Strongly disagree, 2-Disagree, 3-Slightly disagree, 4-Sightly agree, 5- Agree and 6- Strongly agree)*

SECTION B: The motivation factors to internationalization at Busoga Forestry Company (BFC) Ltd

Code	Item	Ranking					
		1	2	3	4	5	6
B1	More financial gains from international markets						
B2	High technology advancements to meet international standards						
B3	Availability of knowledge about the foreign markets						
B4	High economies of scales in the foreign markets						
B5	The need to have access to foreign resources (raw materials)						
B6	Limited local market						
B7	Over production hence search targeting bigger foreign markets						
B8	Loss of home market share to competitors						
B9	Proximity to foreign market						

SECTION C: The challenges encountered during internationalization at Busoga Forestry Company (BFC) Ltd

Code	Item	Ranking					
		1	2	3	4	5	6
C1	High competition in the international markets						
C2	Unfavorable international trade policies						
C3	High taxes charged in the foreign countries						
C4	Much capital needed to facilitate the internationalization process						
C5	Increased scrutiny from the host countries						
C6	Long physical distance between home and host countries						
C7	Differences in culture						
C8	Lack of enough knowledge & understanding about the host country's business						
C9	Discrimination in the foreign markets						
C10	Lack of a network of skilled people to implement internationalization process						
C11	Lack of modern technology to much the international competitors						

SECTION D: The measures that can be put forward to improve internationalization at Busoga Forestry Company (BFC) Ltd

Code	Item	Ranking					
		1	2	3	4	5	6
D1	There is need to lobby the government to provide cheaper sources of capital						
D2	The company needs to produces products that meet the expected standards in the international market						
D3	The company needs to employ people with right skills in the international market						
D4	There is need to invest more in the moderns technologies used in the international markets						
D5	The government should exempt taxes on some machinery used in production						
D6	The company needs to develop strong information channels to tap information from the foreign markets						
D7	The company needs to conduct more research on how to do international businesses						
D8	The needs to install improved production process to meet the demands of the ever increasing international markets						
D9	The government should hold talks with foreign countries to harmonize the foreign trade policies						
D10	BFC needs to carryout aggressive marketing on the international platforms						

END: THANK YOU

Appendix III: Interview Guide for Top Management of BFC

Self-Introductions: Researcher and Respondent

The purpose of the interview is to gather views on *“Examining the internationalization at Busoga Forestry Company (BFC) Ltd”*.

Respondent’s Bio-data

- i. Gender:.....
- ii. Age bracket:.....
- iii. Highest education level:.....
- iv. Number of years working with BFC:.....

Guiding Questions

- i. What could be the factors motivating market internationalization at Busoga Forestry Company Ltd?
- ii. What are the challenges encountered during market internationalization at Busoga Forestry Company Ltd?
- iii. In your own view, which measures that can be put forward to improve market internationalization at Busoga Forestry Company Ltd?

End: Thank You