

**PROFITABILITY AND EXPORT VOLUMES OF CERTIFIED ORGANIC
DRIED FRUITS OF SELECTED COMPANIES
IN CENTRAL UGANDA**

A Thesis

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In Partial Fulfillment of the Requirement for the Award of
the Degree of Master of Business Administration
(International Business)

By:

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DECLARATION A

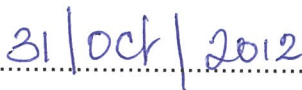
I, the undersigned declare that this Thesis "***Profitability and Export Volumes of Certified Organic Dried Fruits of Selected Companies in Uganda***" is my own original compilation and has never been presented to any organization or institution of higher learning either as a paper or for any academic award.

I also hold full responsibilities for all the mistakes in this study.



TUSHEMERIRWE HEDWIG

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Date

DECLARATION B

This is to acknowledge that this Research Thesis "***Profitability and Export Volumes of Certified Organic Dried Fruits of Selected Companies in Central Uganda***" by Tushemerirwe Hedwig , has been submitted under my close supervision and is now ready for submission to the College of Higher Degrees and Research of Kampala International University with my approval.



DR. GUREBYO MUZAMIRU SAID
(SUPERVISOR)



Date

APPROVAL

This is to approve that this Thesis entitled "***Profitability and Export Volumes of Certified Organic Dried Fruits of Selected Companies in Central Uganda***" Prepared and submitted by Ms. Tushemerirwe Hedwig in partial fulfillment of the requirement for the award of the Degree of Master of Business Administration, has been examined and approved by the panel on oral examination with a grade of **PASSED**.



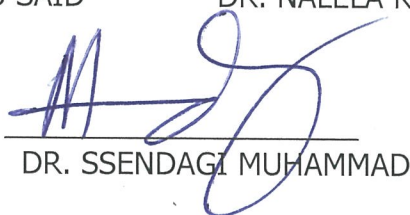
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DR. SSENDAGI MUHAMMAD

Date of Comprehensive Examination: _____

Grade: _____

Name and Sig. of Director, CHDR

Name and Sig. of DVC, CHDR

DEDICATION

I dedicate this piece of work to the Almighty God and to my husband, who have continuously supported me throughout my education; financially and morally, my babies Tatiana, Tadd and Samantha, friends and family members who have always encouraged me and through prayers that has enabled me to reach these heights that I would never have achieved.

ACKNOWLEDGEMENT

I wish to thank the Almighty God for giving me the strength, grace, opportunity and mercy in accomplishing this work.

I am forever gratified to the countless outstanding management of this great institution who by their commitment and dedication to becoming the best they could be, have inspired me to do the same.

I am privileged to acknowledge Dr. Novembrieta R. Sumil (DVC-College of Higher Degrees and Research) you are incomparable, and a gift to Africa.

Alhajji Hassan Basajjabalaba, your presence has enriched my journey to exploring the Heights of wisdom, may you be blessed.

Dr. Manuel O. Sumil you have positively rectified our thoughts and changed our destiny may you live to blow a million candles.

I also wish to thank my research supervisor, Dr. Gulebyo Muzamir for his numerous guidance, thank you so much.

I would also like to appreciate the efforts of the panellist, Dr. Gulebyo Muzamir, Dr. Ssendangi Muhammad and Dr. Nalela Kizito, thank you.

Special thanks goes to all the participants of the selected companies for allowing me to access the required and all those who contributed to the outcome of this piece of work whose names would not appear here because of space and am appreciative to you all and may the Almighty God bless you.

ABSTRACT

The study intended to establish the relationship between Profitability and Export Volumes of Certified Organic Dried Fruits of Selected Companies in Central Uganda. It was guided by the following objectives which included determining:- Demographic profile of the respondents; level of profitability; level of export volumes of certified organic Dried Fruits and whether there is a significant relationship in level of Profitability and Export Volumes of Certified Organic Dried Fruits of Selected companies in Central Uganda. Researcher made questionnaire were used to collect data from 140 respondents selected purposively. A descriptive corelational, cross-sectional and expost-facto design were used. Data analysis was done using frequencies, percentages, means, and Pearson linear correlation coefficiency (PLCC) were used to analyse data. The findings indicated that there is a high level of profitability in certified organic dried fruits, there is a high level of export volumes of certified organic dried fruits and a significant relationship in the level of profitability and export volumes of certified organic dried fruits of selected companies in central Uganda. Leading to a conclusion that profit significantly explains the high rates of export volumes in selected export companies in central Uganda. The researcher recommended that the certified organic dried fruits of selected companies in central Uganda should thoroughly ; Make their business distinctive and carry merchandise the competitors don't have; price merchandise according to what is appropriate; focus on buying more named brand promotional and off-price merchandise; test different aspects to promote business; identify vendor performance regarding sales, mark-up, turnover, and profits; use sales forecasts, expense sheets, and financial statements on regular basis; develop a tracking system for those products that are your best-sellers; buy closer to the selling season to minimize the risk of making a bad buy; attend trade shows and join buying groups to find better values; seek suggestions from vendors on ways you can boost business; use a store questionnaire to aid you in determining customers' wants and needs. Export volumes ; develop a timely markdown strategy to dispose of out-of-season inventory. avoid shortages of your most popular and profitable classifications; promptly return substandard and problem merchandise; offer customers better prices, more values, wider selections, and add-ons; specify delivery and completion deadlines for all initial orders and future reorders; display merchandise to make it easier for customers to see, feel, touch, and buy; look for new opportunities to increase prices on items your competitors don't carry.

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ACRONYMS

COGS	:	Cost of Goods Sold
EAOPS	:	East African Organic Product Standard
IFOAM	:	International Federation for Organic Agriculture Movements
EBIT	:	Amortization Earnings before Interest and Taxes
EBITDA	:	Earnings Before Interest, Taxes, Depreciation, and
EBT	:	Earnings Before Tax
EVA	:	Economic Value Added
GSCF	:	Global Supply Chain Forum
MRO	:	Maintenance, Repair and Operating Suppliers
NHS	:	National Health Services
UOS	:	Uganda Organic Standard
WTO	:	World Trade Organisation
UGOCERT	:	Uganda Organic Certification

CHAPTER ONE

THE PROBLEM AND ITS SCOPE

Background of the Study

The horticultural sector is one of the fastest growing subsectors in Uganda with a growth rate of 20% per year. The fruit and vegetable sub-sector is important in the rural economy because of the contribution to value addition and diversification of income generation. Uganda has a fairly well distributed rainfall and moderate temperature that allows production of a variety of tropical and sub-tropical fruits and vegetables (Richard *et al.*, 2006). This is complimented by fairly fertile soils which support the production of very high quality and nutritious fruits. At present, improved varieties of particular fruits such as passion fruits have been developed, and Uganda also boasts of some of the sweetest and juiciest pineapples and apple bananas, renown in the market for their flavour and distinct quality. Different varieties of mangoes are also grown in various districts some being suitable for fresh markets, while others are suitable for drying, juice processing and other products. Uganda also produces probably some of the sweetest bananas (apple bananas and Gros Michel (Bogoya) compared to other countries. Production of these fruits has been increasing in many districts as a result of the conducive weather conditions (Zvi Bodie *et al.*, 2004)

Despite the increasing production of a number of fruits, there have been a lot of post-harvest losses associated with the peak production seasons. As a consequence there have been efforts to increase processing and value addition, and production and marketing of dried fruits has been one of the fastest growing line of the fruit subsector. Apple bananas, Gross Michel (Bogoya), pineapples and mangoes are the most demanded demand fruits in the market. The major fruits grown are pineapples, mangoes, citrus fruits, passion fruits, avocadoes and jack fruits. The major vegetables include Okra, French beans, tomatoes, Hot pepper, aubergines and a variety of local vegetables (Richard *et al.*, 2006)

Dried fruits meet dietary guidelines for daily fruit servings and address barriers to fruit intake. Dried fruits have the advantage of being very easy to store and distribute, they are readily incorporated into other foods and recipes, relatively low cost and present a healthy alternative to sugary snacks. The scientific basis for the recommendations to increase fruit consumption in the diet by health authorities is the epidemiological evidence that individuals who regularly eat generous amounts of these foods have lower rates of cardiovascular disease, obesity, several cancers, diabetes and other chronic diseases. Yet today 85% of our nation's children and 60% of adults do not meet the "5 a Day" recommendations for fruits and vegetables. Dried fruits, with their unique combination of essential nutrients, fiber and bioactive compounds are a convenient step toward healthier eating and a means to bridge the gap between recommended intake of fruits and the amount Americans actually consume (Hackman *et al.*, 1995)

Statement of the Problem

Though several organization have tried to increase on the quality of their produce and export volumes even during the economic crisis, margins for exporters in developing countries have come under severe pressure this is as a result of limited number of fruit processors and exporters currently available, perishable farm produce are wasted or sold at throwaway prices during the peak seasons due to inadequate post harvest storage facilities and lack of effective processing or preservation techniques, High product losses experienced during drying, Lack of appropriate dryers that ensure consistent quality and large volumes, Unpredictable weather patterns that affect drying regimes, Seasonality of the raw materials, Poor infrastructure development, lack of pack houses, cold rooms, collection centers, and poor road networks, High cost of capital finance, High costs of organic certification fees, High freight and local transport costs, Lack of information on alternative markets, Competition from imported processed food flavours in confectionery, dairy and drink industries leading to high wastage levels

and low capacity utilization (Uganda Chamber of Commerce report, 2001). Importers are cutting prices, orders are smaller and demand is declining, especially for high-end tropical fruit and off-season varieties. It has also become more difficult to finance trade as importers are less willing to make advance payments and access to credit is becoming more limited. Consequently resulting into; Main fruit production areas, size, growth, seasonality; Dried fruit product quality; Market size and value; Market demand and supply chains; Market share and competition among Ugandan dried fruit processors and exporters and Rules and regulations. Thus this study therefore attempts to establish the relationship between level of profitability and extent of export Volume among the selected companies. The beneficiary can then focus their production, processing and marketing to meet the demands through better access to market information (Willer, H *et al.*, 2011)

Purpose of the Study

The main purpose of the study was to;

1. Test hypotheses of no significant relationship between profitability and export volume.
2. Validate the Cup Theory of Profitability of Steve LeFever (2004).
3. Identify the existing gaps, in literature.
4. Generate more knowledge based on the findings of the study.

Research Objectives

General objective; This study investigated the relationship between level of profitability and extent of Export Volume of certified organic dried fruits among the selected companies.

Specific: Further, the study intended to;

- (i) To determine the demographic profile of the respondents in terms of:
 - a) Gender,
 - b) Marital Status,
 - c) Educational qualification
 - d) Post/position in the organization and

- e) Length of experience in Organic Dried Fruits f) Age
- (ii) To establish the level of profitability among the selected companies in Central Uganda
- (iii) To examine the level of export volumes of certified organic Dried Fruits among the selected companies in Central Uganda
- (iv) To determine whether there is a significant relationship in level of Profitability and Export Volumes of Certified Organic Dried Fruits of Selected companies in Central Uganda.

Research Questions

- (i) What were the demographic profiles of the respondents in terms of:
 - a) Gender, b) Marital Status, c) Educational qualification d) Post/position in the organization and
 - e) Length of experience in Organic Dried Fruits
 - f) Age
- (ii) What was the level of profitability among the selected companies?
- (iii) What was the level of export volumes of Certified Organic Dried fruits among the selected companies in Central Uganda.
- (v) Was there a significant relationship between level of Profitability and Export Volumes of Certified Organic Dried Fruits of selected companies in Central Uganda?

Null Hypothesis

There is no significant relationship between level of Profitability and Export Volumes of Certified Organic Dried Fruits of Selected companies in Central Uganda.

Scope

Geographical Scope

The study was confined to Amfri Farms Limited, Bio Uganda, Flona Commodities, Biofresh Limited, Fruits of the Nile, Be Organic Limited/Jali Organic) in Central Uganda.

Theoretical Scope

This study was based on the Cup Theory of Profitability of LeFever (2004) it states that, there are two ways to generate profit: You can simply go from day to day and hope it happens, or you can identify the primary "drivers" of profitability and manage them. Sadly, far too many jewelers opt for the "jump and hope" approach, even though the managed approach offers so many advantages. But in the financial time continuum of your business, financial statements represent past history. We can't change yesterday; we can only learn from it. We can have an impact only on today and tomorrow.

Content Scope

The study examined how profitability affects export Volumes of Organic Dried Fruits of selected companies in central Uganda.

Time Scope

The study was conducted within one year. It started with writing proposal followed by data collection, interpretation and analysis, submission of the final thesis, between March 2012 and September 2012 and in October the final report was defended.

Significance of the Study

The study findings were to be used as reference for future researchers in this study or related studies having contributed to operational definition of key concepts, literature and methodology for such future studies.

The findings were to enhance policy makers in the different producers and exporters of dried fruits firms to develop attitudes, create awareness, and transmit information in order to gain a response from the target market.

The study was to streamline customers in their bid to secure dependable, reliable product/ service free from errors and/or defects. This enhances customer satisfaction and increased product acceptance to gain sufficient market share.

The findings of the study was to encourage greater plantings and production of varieties of tropical fruits best suited for preservation through drying .It will also streamline Customers in their bid to secure dependable, reliable product/ service free from errors and/or defects. This would enhance customer satisfaction and increased product acceptance to gain sufficient market share.

Operational Definitions of Key Terms

For the purpose of this study, the following terms were operationally defined;

Profit margin refers to a ratio of profitability calculated as net income divided by revenues, or net profits divided by sales. It measures how much out of every dollar of sales a company actually keeps in earnings.

Certified Organic Dried Fruit refers to fruits like cherries, mango, blueberries, mulberries, figs, dates, bananas, cranberries and more. From the everyday raisin to the exotic rambutan, almost all organic fruits lend themselves well to becoming Organic Dried Fruit.

Dried fruit are fruits where the majority of the original water content has been removed either naturally, through sun drying, or through the use of specialized dryers or dehydrators.

Exports refers to selling goods and services produced in home country to other markets.

Organic; refers to noting or pertaining to a class of chemical compounds that formerly comprised only those existing in or derived from plants or animals

Organic certification refers to a certification process for producers of organic food and other organic agricultural products. In general, any business directly involved in food production can be certified, including seed suppliers, farmers, food processors, retailers and restaurants. Requirements vary from country to country, and generally involve a set of production standards for growing, storage, processing, packaging and shipping

An *export of a good* occurs when there is a change of ownership from a resident to a non-resident; this does not necessarily imply that the good in question physically crosses the frontier. However, in specific cases national accounts impute changes of ownership even though in legal terms no change of ownership takes place (for example *cross border financial leasing, cross border deliveries between affiliates of the same enterprise, goods crossing the border for significant processing to order or repair*).

CHAPTER TWO

REVIEW OF RELATED LITERATURE

Concepts, Ideas, Opinions from Experts/Authors

Profitability

Refers to a ratio of profitability calculated as net income divided by revenues, or net profits divided by sales. It measures how much out of every dollar of sales a company actually keeps in earnings. Profit margin is very useful when comparing companies in similar industries. A higher profit margin indicates a more profitable company that has better control over its costs compared to its competitors (Hessel *et al.*, 2006).

Looking at the earnings of a company often doesn't tell the entire story. Increased earnings are good, but an increase does not mean that the profit margin of a company is improving. For instance, if a company has costs that have increased at a greater rate than sales, it leads to a lower profit margin. This is an indication that costs need to be under better control. Imagine a company has a net income of \$10 million from sales of \$100 million, giving it a profit margin of 10% (\$10 million/\$100 million). If in the next year net income rises to \$15 million on sales of \$200 million, the company's profit margin would fall to 7.5%. So while the company increased its net income, it has done so with diminishing profit margins (Hessel *et al.*, 2006).

Profit can be considered to be the difference between the purchase price and the costs of bringing to market whatever it is that is accounted as an enterprise in terms of the component costs of delivered goods and/or services and any operating or other expenses. There are several important profit measures in common use. Note that the words *earnings*, *profit* and *income* are used as substitutes in some of these terms thus inflating the number of profit measures.

Gross profit equals sales revenue minus cost of goods sold (COGS), thus removing only the part of expenses that can be traced directly to the production or purchase of the goods. Gross profit still includes general (overhead) expenses like R&D, S&M, G&A, also interest expense, taxes and extraordinary items (Joshi *et al.*, 2005).

Earnings Before Interest, Taxes, Depreciation, and Amortization (EBITDA) equals sales revenue minus cost of goods sold and all expenses except for interest, amortization, depreciation and taxes. It measures the cash earnings that can be used to pay interest and repay the principal. Since interest is paid before income tax is calculated, the debt-holder can ignore taxes. Earnings Before Interest and Taxes (EBIT) or Operating profit equals sales revenue minus cost of goods sold and all expenses except for interest and taxes. This is the surplus generated by operations. It is also known as Operating Profit Before Interest and Taxes (OPBIT) or simply Profit Before Interest and Taxes (Joshi *et al.*, 2005).

Profit can be considered to be the difference between the purchase price and the costs of bringing to market whatever it is that is accounted as an enterprise in terms of the component costs of delivered goods and/or services and any operating or other expenses. There are several important profit measures in common use which will be explained in the following. Note that the words *earnings*, *profit* and *income* are used as substitutes in some of these terms, thus inflating the number of profit measures (Groppelli A et al., 2000)

Export

An export of a good occurs when there is a change of ownership from a resident to a non-resident; this does not necessarily imply that the good in question physically crosses the frontier. However, in specific cases national accounts impute changes of ownership even though in legal terms no change of ownership takes place for example. *cross border financial leasing, cross border deliveries between affiliates of the same enterprise, goods crossing the border for*

significant processing to order or repair). Also smuggled goods must be included in the export measurement (Joshi *et al.*, 2005).

Export of services consists of all services rendered by residents to non-residents. In national accounts any direct purchases by non-residents in the economic territory of a country are recorded as exports of services; therefore all expenditure by foreign tourists in the economic territory of a country is considered as part of the exports of services of that country. Also international flows of illegal services must be included (Joshi *et al.*, 2005)

Export volume

Refers to the relative success or failure of the efforts of a firm or nation to sell domestically-produced goods and services in other nations, measuring the output of a particular process or procedure, then modifying the process or procedure to increase the output, increase efficiency, or increase the effectiveness of the process or procedure (Joshi *et al.*, 2005)

Export volume and market price are on a total solids basis, U.S. dairy exports represented a record of 12.8% of total U.S. milk production in 2010. Exports have been trending higher in the last five years as world economies, mostly in eastern Asia, have continued to enhance their diet with dairy proteins. U.S. dairy exports for 2010 totaled \$3.71 billion in value, up 63% from the year prior. It's not so much that exports are correlated to price, but rather that price is correlated to exports. The higher prices go, the more US product is exported. The reason being that the U.S. is viewed as the seller of last resort. When product supplies become thin and buyers have depleted available global supplies through open market purchasing, they come to us. Largely, this is because our products are made to different specs (i.e. salted vs. unsalted butter or non-fat dry milk vs. skim milk powder). They can use our products, but must often make changes to accomodate it (Joshi *et al.*, 2005)

Dried fruit is fruit where the majority of the original water content has been removed either naturally, through sun drying, or through the use of specialized dryers or dehydrators (Zvi *et al.*,2006) . Dried fruit has a long tradition of use dating back to the fourth millennium BC in Mesopotamia, and is prized because of its sweet taste, nutritive value and long shelf life. Today, dried fruit consumption is widespread. Nearly half of the dried fruits sold are raisins, followed by dates, prunes (dried plums), figs, apricots, peaches, apples and pears (Zvi *et al.*,2006). These are referred to as conventional” or “traditional” dried fruits: fruits that have been dried in the sun or in heated wind tunnel dryers. Many fruits such as cranberries, blueberries, cherries, strawberries and mangoes are infused with a sweetener prior to drying. Some products sold as dried fruit, like papaya and pineapples are actually candied fruit (Zvi *et al.*,2006)

Dried fruit product quality at the processing level, quality is ensured through training and hygienic processing. However the numbers of people trained in quality assurance is still low (Hessel *et al.*, 2006). The current drying technologies available do not ensure products with consistent quality attributes. Processors sort and grade dried fruits accordingly (Hessel *et al.*, 2006). Low-grade dried fruits that do not meet export quality parameters are sold on the domestic market. Additionally, in order to access the organic markets, it is required that farmers who supply fresh fruits are certified as organic producers

Cherry Valley Organics is a certified organic producer of fruit, herb, vegetable, flower, and potted plant crops. We are also a certified organic processor and handler of dried herbs, dried fruits/vegetables, herbal teas, and flavored vinegars (Hessel *et al.*, 2006).

Certified Organic Dried Fruit includes cherries, mango, blueberries, mulberries, figs, dates, bananas, cranberries and more. From the everyday raisin to the exotic rambutan, almost all organic fruits lend themselves well to becoming

Organic Dried Fruit. Our Organic Dried Fruit mixes are grown all over the world, all by growers who are certified to use only organic methods and techniques. Offering, as an example, five different gourmet varieties of Organic Dried Figs, igourmet has the most complete selection of gourmet Organic Dried Fruit. To find Organic Dried Fruit and the best gourmet foods and gift baskets.

On the market demand and supply chains of dried fruits, the exporters interviewed indicated that there is a very big demand for Ugandan dried fruit products and cannot be satisfied at the current levels of production. Some exporters are only able to meet 10-20% of their demand. For example, Bio Uganda can process about 800 kg per month but their German demand is about 5 Mt per month. There are still very few exporters of dried fruits in Uganda, and the marketing channels are generally short. The marketing channels of dried fruits involve small-scale producers and/or processors supplying the exporters, or the exporters who produce, process and then supply distributors in the importing country. Most of the products are exported in bulk and then re-packed into smaller units ready for sale in the various retail outlets. One exporter visited packs the fruit products ready for sale onto the Swiss supermarkets.

Theoretical Perspective

This study was based on the Cup Theory of Profitability of Steve LeFever (2004) it states that, there are two ways to generate profit: You can simply go from day to day and hope it happens, or you can identify the primary "drivers" of profitability and manage them. Sadly, far too many jewelers opt for the "jump and hope" approach, even though the managed approach offers so many advantages. But in the financial time continuum of your business, financial statements represent past history. We can't change yesterday; we can only learn from it. We can have an impact only on today and tomorrow (Steve LeFever, 2004)

A useful and effective method of assessing cost-volume-profit relationships is through the application of break-even analysis. "Break-even," of course, refers

to the point at which there is no profit and no loss i.e., revenues exactly covering costs. Now, we know no one is in business to break even except at tax time but it's a useful concept for evaluating strategic options. But this analysis revolves around a second concept contribution margin (Zvi *et al.*, 2006) .

Related Studies

Several studies have discussed profitability and export volumes in different contexts and from different points of orientation.

For instance Ghosh and Ostry (1994), in Application of the financial portfolio theory various authors have suggested that export diversification reduces risks and reduces instability of aggregate export flows. By reducing macro instability – related to foreign exchange revenues, fiscal receipts and possibly exchange rate and interest rate levels a lower variability of export revenues could lead to a higher aggregate level of investment. This argument requires assuming that entrepreneurs are risk averse and therefore invest more in more stable macroeconomic environments (Bleaney and Greenaway, 2001). A broad range of arguments has also been developed in support of the importance of developing growing exports of manufactured goods and therefore, of diversifying exports related to the knowledge spillovers that may give rise to new production, management and marketing technologies, many of which can benefit other industries (Gutierrez de Piñeres *et al.*, 2000)

Prebisch and Singer (1950) in their study on downward trend in the terms of trade of raw material vis-à-vis manufactures, a more controversial view was the structuralist vision that suggests that the diversification towards manufactured goods is a necessary condition for sustained economic growth. This vision was derived from a normative interpretation of growth patterns in developed countries or from the old theories. Not far from these arguments, a vast literature has been developed on the so-called “curse” caused by abundant natural

resources. According to this view, an excessive dependence on the production and export of primary products harms development prospects. One of the reasons quoted most often for justifying this pessimism is the Dutch Disease effect hindering the development of other tradable and “modern” activities in the economy.

Hausmann and Klinger (2007) in their study of distance in the export production space, conceptually, suggest that the excessive specialization in minerals, hydrocarbons or agricultural products does not facilitate the appearance of new manufactured export goods. Hausmann and Klinger (2008) recommend an active state policy to foment the “discovery” of new export products in new sectors, pointing out that the scant development of new export activities in Peru is a serious flaw during the recent boom.

Dijkstra (2001) in his study on Government agencies says that different government agencies interpret measures differently, the financial sector is still not healthy, export financing is expensive, the legal system is weak, and the physical infrastructure remains undeveloped.

Export licensing procedures are relaxed and government supports the development of the non-agricultural traditional exports sector. Government organs like the Uganda Export Promotion Board or the Uganda Investment Authority are there to facilitate exporters with information required. Entry into the fruit export market is not restricted. However, there are still a lot of policy-related constraints affecting exports.

Currently according to World Trade Organisation (WTO) 2012, Regulations, there are no Ugandan standards for dried fruits however exporters use standards of the importing country. As members of the World Trade Organisation (WTO) Uganda is required to comply to the international food standards established by the Codex Alimentarius Commission. The national body responsible for standards

and quality enforcement is the Uganda National Bureau of Standards, which is in the process of setting Uganda Standards. There are private companies like Chemiphar Labs that handle the testing of samples to be exported only when required

Brothwell D (1998), in a Survey of the diet of early people argues that, dried figs were equated with bread and formed a major part of the winter food of country people. They were rubbed with spiced such as cumin, anise and fennel seeds, or toasted sesame, wrapped in fig leaves and stored in jars, Plums, apricots and peaches had their origins in Asia. They were domesticated in China in the 3rd millennium BC and spread to the Fertile Crescent where they were also very popular, fresh and dried alike. They arrived in Greece and Italy much later and were very expensive but valued in the preparation of gourmet dishes with port or stewed with honey and spices.

Hessel Schuurman (2006) in the diffusion of the ISO 9000 Standards, Dried fruits retain most of the nutritional value of fresh fruits, and so are included with fresh fruit in dietary recommendations by U.S. and world health agencies. The specific nutrient content of the different dried fruits reflect their fresh counterpart and the processing method for example traditional dried fruits versus sugar infused dried fruit. In general, all dried fruits provide essential nutrients and an array of health protective bioactive ingredients, making them valuable tools to both increase diet quality and help reduce the risk of chronic disease.

Hessel Schuurman (2006) in the study nutritional value of dried fruits argues that enjoyable taste is the reason dried fruits have been popularly considered a healthy food for millennia. Because they are naturally resistant to spoilage, easy to store and transport and relatively low in cost, dried fruits are a convenient way to increase the number of servings of fruit in the diet. The following are basic nutritional facts on dried fruits: Like fresh fruits, dried fruits are

practically devoid of fat, trans fats, saturated fat and cholesterol. Like fresh fruits, dried fruits have very low sodium content.

Zvi Bodie, Alex Kane and Allan (2006) in their study of Essentials of Investment argues that, Dried fruits are a particularly significant source of dietary fiber and potassium. On a per serving basis (1/4 cup) dried fruits are among the top 50 contributors of these nutrients among all foods in the American diet. Amongst all fruits, they are among the top 5 contributors of potassium and fiber. Dried fruits also provide essential nutrients that are otherwise low in today's diets, such as vitamin A (apricots and peaches), calcium (figs), vitamin K (dried plums), iron, and copper. Raisins and dried plums are among the 50 major contributors of boron in the American diet raisins having the highest concentration at 2.2 mg per 100 g. Boron, a putative trace element is important for the growth and maintenance of healthy bones and joints .

Joshi Rakesh (2005) in his study of International marketing says that, Direct selling involves sales representatives, distributors, or retailers who are located *outside* the exporter's home country. Direct exports are goods and services that are sold to an independent party outside of the exporter's home country. Mainly the companies are pushed by core competencies and improving their performance of value chain.

Daniels J. Radebaugh (2007) in their study of International Business environment and operations suggest that, the Direct selling through distributors; is considered to be the most popular option to companies, to develop their own international marketing capability. This is achieved by charging personnel from the company to give them greater control over their operations. Direct selling also give the company greater control over the marketing function and the opportunity to earn more profits. In other cases where network of sales representative, they company can transfer them exclusive rights to sell in a particular geographic region. A distributor in a foreign country is a merchant who purchases the product

from the manufacturer and sells them at profit. Distributors usually carry stock inventory and service the product, and in most cases distributor deals with retailers rather than end users.

Groppelli A. and Ehsan Nikbakht (2000) in their study of Baroon's Finance say that, direct selling over the Internet; Electronic commerce is an important mean to small and big companies all over the world, to trade internationally. We already can see how important E-commerce is for marketing growth among exporters companies in emerging economies, in order to overcome capital and infrastructure barriers.

Willer, H. and Kilcher, L. (Eds.) (2011) in their study if tropical fruit production, argue that, as part of the health food and organic movement, exotic dried fruits like banana are becoming increasingly more popular. At the same time, the majority of dessert bananas grown in East Africa derives from smallholder farms, few of whom have the capacity to cater for the volumes or can assure the regularity of supplies as demanded by the predominantly overseas markets. Similarly, few farmers are in a position to respond to the rapidly evolving markets and the increasingly more demanding standards that consumers ask for. If combined with the land-locked position of many of the major banana growing areas of East Africa, the inadequate transport infrastructure, and the expensive fuel and transport costs, it renders the region highly uncompetitive in export markets for fresh fruits.

The raw materials for use in the processing of dried fruits in the proposed product lines (Apple bananas, Pineapples, Mangoes, Jack fruit),are readily available locally, and also production can be stimulated easily for scaling up once sufficient processing demand/capacity is established. There is a lot of production of the fresh fruits; namely apple bananas, pineapple, mangoes and other potential fruits for drying, by small scale farm producers in many parts of Central, Eastern and Western parts of the country.

According to Uganda Investment Authority Report (2009), In addition, some development agencies such as Technoserve are supporting the increased commercial production of mangoes and are importing large volumes of seedlings of varieties such as alphonso and Tommy, and distributing them to small holder farmers, as well as encouraging the multiplication of other high quality local varieties such as the variety locally called '*Dodo*'.

Willer, H. and Kilcher, L. (Eds.) (2011), in the study ,The World of organic Agriculture, Statistics and Emerging Trends 2010, Uganda also is the leading African country with respect to organic agriculture production, with over 200,000 internationally certified organic farmers (IFOAM AND FiBL, 2009:) , providing an extra access to organic fruit raw materials, increasing further the competitiveness of Uganda's dried fruits, since organic dried fruits fetch higher prices.

J. A Agona, J. Nabawanuka, P. Kalunda (2002) in their study of market overview of the dried fruit sector in Uganda. The demand for dried fruits from Uganda especially of the organic and a fair-trade quality exceeds the supply. This is attributed to excellent product quality of Uganda's dried products and the fact that they are largely organic with no added chemicals, preservatives or colouring. However, most companies exporting dried fruits are small to medium with little or no investment capacity to scale up the production and take advantage of the market demand but still meet the food safety and hygienic requirements of the E.U and other international markets. Currently there are about 8 companies processing and exporting dried fruits from Uganda, all of which are exporting largely certified organic dried fruits to Europe, the US and Japan, each producing an average of 2 tonnes per month, which is far below the current demand.

Daniels (2007) their study of International Business environment and operations. Exporting to foreign countries poses challenges not found in domestic sales. With domestic sales, manufacturers typically sell to wholesalers or direct to retailer or even direct to consumers. When exporting, manufacturers may have to

sell to importers who then in turn sell to wholesalers. Extra layer(s) in the chain of distribution squeezes margins and manufacturers may need to offer lower prices to importers than to domestic wholesalers

Hessel schuurman (2006) in his study of quality management and competitiveness says that, Trade barriers which are generally defined as government laws, regulations, policy, or practices that either protect domestic products from foreign competition or artificially stimulate exports of particular domestic products. While restrictive business practices sometimes have a similar effect, they are not usually regarded as trade barriers, the most common foreign trade barriers are government-imposed measures and policies that restrict, prevent, or impede the international exchange of goods and services.

Willer (2011) in the world of organic agriculture, statistics and emerging trends . Some failing industries receive a protection with an effect similar to a subsidies in that by placing the tariff on the industry, the industry is less enticed to produce goods in a quicker, cheaper, and more productive fashion. The third reason for a tariff involves addressing the issue of dumping. Dumping involves a country producing highly excessive amounts of goods and *dumping* the goods on another foreign country, producing the effect of prices that are "too low". Too low can refer to either pricing the good from the foreign market at a price lower than charged in the domestic market of the country of origin. The other reference to dumping relates or refers to the producer selling the product at a price in which there is no profit or a loss. The purpose of the tariff is to encourage spending on domestic goods and services.

Protective tariffs sometimes protect what are known as infant industries that are in the phase of expansive growth. A tariff is used temporarily to allow the industry to succeed in spite of strong competition. Protective tariffs are considered valid if the resources are more productive in their new use than they would be if the industry had not been started. The infant industry eventually must incorporate itself into a market without the protection of government subsidies.

Drying as a Post-Harvest Tool; to overcome local infrastructural shortcomings and avoid the need for a very sophisticated cold transport chains for fresh products, the bananas are dried. Drying overcomes the issue of shelf life, simplifies the logistical chain and reduces transport costs. Organic Production; In addition, the product is certified organic; a market segment where dried fruits are well appreciated and demand is good.

Added Value; The company strives to translate added value, both for the consumer and the producer. From a client's perspective, this means clean and tasty quality products that are produced according to his social and environmental expectations, by a company that differentiates itself from others. From a farmer's perspective, the added value is a good price for his products, and coupled with a steady market, allows the farmer access to micro-credit facilities .

Richard A. (2006) in principles of corporate Finance, the value chain stands the clients, a large group of importers, traders, end-users, food manufacturers, etc., each with his/her own specifications as to what the product is supposed to be. Nevertheless, there are certain product qualifications that all kinds of clients expect or demand, including good quality, the desire or need to have the product available throughout the year, the desire to have choice, and the request that the quality of the product is documented from a reliable source. The ultimate buying decision is not only based on price, but also on the perceived value and the image of a brand, and on the desire of many clients to consume healthy products that are produced in a sustainable way and with social responsibility.

Willer (2011) in the world of organic agriculture, statistics and emerging trends says that, Sixty-seven percent of the companies that deal in commodities indicated limited supply of products from smallholder farmers and high cost of farmer organization as major challenges. Thirty-three percent reported high organic certification costs as well as lack of crop and trade financing as big

limitations for trade. Other challenges include poor road infrastructure and high cost of borrowing money from commercial banks.

Willer, H. and Kilcher, L. (Eds.) (2011) in *The World of organic Agriculture. Statistics and Emerging Trends 2011, Standards and certification*; the stakeholders of the Ugandan organic sector under the coordination of NOGAMU developed the Uganda organic Standard (UOS), which is in line with the EU regulation. In 2007 an East African organic Product Standard (EAOPS) and mark (Kilimohai) were developed by the East African countries in harmony with the country organic standards and in line with the EU regulation. The EAOPS has been adopted and own by the East African Willer, H. and Kilcher, L. (Eds.) (2011): *The World of organic Agriculture. Statistics and Emerging Trends 2011*. IFOAM, Bonn, & FiBL, Frick Community as a private standard against which products are certified.

CHAPTER THREE

METHODOLOGY

Research Design

The study took a descriptive correlation survey since it sought to establish a relationship between profitability and Export Volumes of Certified Organic Dried Fruits. This is a non-experimental research sought to describe the characteristics of an individual or a group of individuals. *Ex-post- facto* was used in collecting data in regard to academic performance. Statistical applications involved computation of frequencies, percentage frequencies and mean levels of profit margin and level of export volume. It took a correlational dimension because the levels of profit are correlated with levels of export volume.

Research Population

The target population under the study comprised of 140 respondents with in procurement and suppliers department, Finance section, marketing, Production department, general operation, marketing and Stores/inventory section. These employees were selected because of their role in the general /daily operations/activities of these firms and departments.

Table 1
Respondents of the Study

Outlet	Total target population	Sample size
Amfri Farms Limited	24	18
Bio Uganda	25	20
Flona Commodities	21	10
Biofresh limited	24	19
Fruits of the Nile	23	19
Be-Organic Limited/Jali Organic	23	18
Grand total	140	103

Source: Primary Data 2012

Sample Size

While there are several ways of determining sample size, the researcher used, The Sloven's formula to determine the minimum sample size of 103 respondents, the required sample size is given by

$n = N / 1 + N (e^2)$ as indicated in Table 1 above.

Where:

n = the required sample size;

N = Known population size;

e² = Margin of error at 0.05 level of significance.

Given a total population of 140 respondents in the selected export companies in Central Uganda, a sample was 103 respondents as illustrated in Table 1 and Appendix V11 for reference.

Sampling Procedure

Choice of respondents was based on two techniques: stratified sampling and simple random sampling. Stratified sampling ensured that all categories of companies were represented; while simple random sampling gave each participant a chance of representation.

Care was taken to ensure that all appointments; the day, evening and night were represented in the study. Firms/companies were chosen using the simple random sampling technique to ensure objectivity in the study.

The researcher used purposive sampling techniques to select the respondents using these inclusion criteria: (1) either male or female; (2) with one year or more work experience in certified organic dried fruits activities; (3) full time company staff.

Research Instruments

Three measuring tools used in this study were;

1. face sheet, questionnaire to determine respondents demographic characteristics of the respondents;

2. Researcher made questionnaire to determine the level of profitability is a non standardized tool (17 items) with response modes and scoring system as follows: Very High (4); High (3); Moderate (2); Low (1).
3. The questionnaire for the extent of export volume is non-standardized with 17 items and these scoring system: Very High (4); High (3); Moderate (2); Low (1).
4. All questions in this section are close ended, based on four Likert scale , ranging from four to one; where 4=Strongly agree, 3=agree, 2=Strongly disagree, and 1=Disagree.

Validity

To establish content validity of the questionnaires, the researcher specified the indicators which were relevant to the concept being measured the researcher relied on the supervisor to measure content validity. The supervisor assessed what concept the instrument was trying to measure and ascertained that the instruments adequately measured profit, and export volume.

Table 2
Content Validity Index

Items	Valid Items	Total Items	Validity
Profitability	17	17	100%
Export volume	17	17	100%

The results in table 2 indicated that 17 items were used and valid based on the contents of the instrument. Thus $CVI = \frac{\text{the number of relevant questions}}{\text{The total number of questions}}$

The total number of questions

Reliability

Composite reliability assessed inter-item consistency using Cronbach's alpha. Although the constructs developed in this study were measured primarily on previously validated measurement items and strongly grounded in the literature, they were modified to suit the selected companies.

Table 3:
A Cronbach alpha of Coefficients for Reliability Instrument

Items	Cronbach's Alpha	Number of items
Profitability margin and export volume	0.811	34

The qualitative and quantitative data collected during the interviews was coded, categorized, assembled, conceptually organized, presented and interpreted thematically in accordance with the research questions in order to make descriptive and qualitative conclusions.

Data Gathering Procedures

Before data gathering

1. An introduction letter was secured from the College of Higher Degrees and Research to conduct the study after which permission from the selected companies (Appendix IB) were sought to distribute questionnaires to their staffs among other participants .
2. The researcher then oriented and briefed her research assistants on the sampling and data gathering procedures.
3. The questionnaires for actual distribution were prepared and coded accordingly.
4. The non standardized instruments were pre-tested for validity and reliability.

During the administration of the questionnaires

1. The respondents were requested to answer completely and not to leave any part of the questionnaires unanswered and to sign the informed consent.
2. The researcher emphasized that picking of the questionnaires was after five days from the date of distribution.
3. During the picking of the questionnaires, all returned questionnaires were checked to see if all are answered.

After the administration of the questionnaire

The data collected were organized, collated, summarized, statistically treated and drafted in tables using Statistical Package for social science (SPSS).

Data Analysis

Data analysis involved editing, categorizing, and tabulating the collected data sets. Frequencies and percentage distribution were used to determine the profile of respondents.

Means scores were used to determine the level of profitability and export volume. These numerical values were utilized for the interpretations of means:

Mean Range	Response Mode	Interpretation
3.26-4.00	Strongly agree	Very high
2.51-3.25	Agree	High
1.76-2.50	Disagree	Moderate
1.00-1.75	Strongly Disagree	Low

A multiple correlation coefficient to test the hypothesis on correlation (Ho #1) at 0.05 level of significance was employed using a t-test. The regression analysis R^2 (coefficient of determination) were computed to determine the influence of the dependent variable on the independent variable.

Ethical Consideration

To ensure confidentiality of the information provided by the respondents and to ascertain the practice of ethics in this study, the following activities were implemented by the researcher:

1. The respondents and firms were coded instead of reflecting the names.
2. Solicited permission through a written request to the concerned officials of the selected firms included in the study.
3. Requested the respondents to sign in the *Information Consent Form*.
4. Acknowledged the authors quoted in this study through citations and referencing.

5. Present the findings in a generalized manner.

Limitations of the Study

The researcher claimed an acceptable (0.05 level of significance) 5% margin of error in view of the following anticipated threats to validity with relevance to this study;

Testing: Differences in conditions and time when the data were obtained from respondents by different persons on different days at different hours. This was minimized by orienting and briefing the research assistants on the sampling techniques and data gathering procedures.

Instrumentation: The research tools were non-standardized hence a validity and reliability test was done to arrive at an acceptable research instruments.

Extraneous variables: the researcher did not have control over the extraneous variables such as honesty of the respondents, personal biases and descriptive nature of the Design. For untruthfulness where some of the respondents are expected not to say the truth, the researcher probed the respondents further to establish the truth when it deems necessary and personal biasness also avoided by the researcher.

CHAPTER FOUR

PRESENTATION, ANALYSIS AND INTERPRETATION OF DATA

This chapter presents, interprets and analyses findings on demographic characteristics of respondents, level of profitability, extent of export volumes of certified organic Dried Fruits and significant relationship in level of profitability and extent of export volumes of certified organic Dried Fruits among the selected companies in Central Uganda.

Profile of Respondents

Respondents were asked to provide information regarding their gender, age, marital status, educational levels, and experience

Table 4
Profile of Respondents

Category		Frequency	Percent
Gender :	Male	48	46.6
	Female	55	53.4
Total		103	100
Age :	20-39 years	87	84.5
	40-59 years	16	15.5
Total		103	100
Marital status:	Married	43	41.7
	Single	54	52.4
	Divorced	5	4.9
	Widowed	1	1.0
Total		103	100
Education level:	Certificate	9	8.7
	Diploma	38	36.9
	Bachelors	47	45.6
	Masters	9	8.7
Total		103	100
Position held:	Manager	17	16.5
	Employee	76	73.8
	Director	10	9.7
Total		103	100
Number of years:	1-2 years	26	25.2
	2-3 years	39	37.9
	3 and above years	38	36.9
Total		103	100

Source: Primary Data 2012

In this study, respondents were described according to gender, age, educational qualification and number of years of experience in profitability and export volumes of certified organic Dried Fruits. In each case, respondents were asked to declare their respective profile information in order to enable the researcher classify them accordingly. Close ended questionnaire were employed by the researcher in ascertaining information about their personal profiles and analyzed their responses using frequencies and percentage distributions as summarized in table 4 above.

The findings indicated that most respondents were female 55 (53.4%), and 48 (46.6%). It can therefore be deduced that though all age categories were represented, the female respondents monopolized in this study. This is true because organizations prefer employing youths who have the potential to work towards development.

Regarding age majority of the participants with 87 (84.5%), ranged between 20-39 years , followed by those participants between 40-59 years whose composed 16(15.5%). This means that middle age adults participate more than the elderly.

Pertaining marital status, over 54 (52.4%) were Single, followed by married participants who composed of 43(41.7%), divorced 5(5.9%) and widowed 1(1.0%). This means that probably these widowed participated less.

On the educational qualification of respondents majority of the respondents had Bachelors 47 (45.6%), followed by 38(36.9%) with Diplomas, certificates and Master's holder respectively composed of 9(8.7%) each. This implies that atleast a good number of the participates had adequate knowledge about the study.

Among these participants 76 (73.8%) were employees, followed by managers who composed of 17(16.5%) and Directors 10(9.7). This means that employees took a large among the sample size under that study.

Majority of the respondents 39 (37.9%) had spend between 2-3 years, followed by 38(36.9%) over 3 and above years and 1-2 years were (25.2%).

Level of Profitability among the Selected Companies in Central Uganda

The independent variable in this study was Profitability Margin among the selected companies in Central Uganda for which the researcher wanted to determine its level in which respondents were required to indicate the level to which they rate (high or low) with each of the items by indicating the number that suits their perceptions. Their responses were analyzed using SPSS and summarized using means as indicated in table 5 below;

Table 5
Profitability of Certified Organic Dried Fruits in terms of Gross Profit.

Category	Mean	Interpretation	Rank
Gross profit			
You have a sound composition of capital	3.23	High	1
You ensure safety on investment	3.08	High	2
You record, analyze and report historical experience	3.06	High	3
You retain profits for expansion and diversification plans	3.03	High	4
You take decision with regards to the net profit distribution	2.83	High	5
Average mean	3.04	High	
Net profit		High	
You make estimation with regards to capital requirements of the company	3.14		1
Your decisions depend upon expected costs and profits and future programmes / policies.	3.11	High	2
You ensure optimum funds utilization	3.03	High	3
You balance is maintained between debt and equity capital	2.99	High	4
You earn profit through promotion	2.78	High	5
Average mean	3.00	High	
Facilities and equipments			
You frame financial policies regarding cash control, lending, borrowings	3.10	High	1
Your capital requirements focus on aspects of short- term and long- term requirements	3.09	High	2
You, retain and store record for the finance department	3.08	High	3
You ensure scarce financial resources are maximally utilized	3.07	High	4
Your earnings, profit and income are substitutes	2.99	High	5
You access to assets and financial records only when authorized	2.85	High	6
Your financial records are destroyed every financial accounting period	2.10	Low	7
Average mean	2.89	High	
Overall mean	2.98	High	

Guide to the interpretation of the mean

Mean range	Response mode	Interpretation
3.26-4.00	strongly agree	Very high
2.51-3.25	Agree	High
1.76-2.50	Disagree	Low
1.00-1.75	Strongly disagree	Very low

Generally the profitability was ranked to be high (Mean =2.98) in the selected export companies in central Uganda.

Respondent were asked to rank different aspects of profitability in different aspects. Gross profit was ranked to be high (mean = 3.04), Net profit ranked high too (average mean =3.0) and Facilities and equipments ranked (average mean=2.89).

Level of Export Volumes of Certified Organic Dried Fruits among the selected Companies in Central Uganda

The dependent variable in this study was export volumes of certified organic Dried Fruits, for which the researcher intended to determine its level. Respondents were asked to rate the level of export volumes of certified organic Dried Fruits in the organisation by indicating the extent to which they rate (very high or low) with each question. Their responses were analyzed using SPSS and summarized using means and indicated in table 6 for interpretation of means, the following means ranges were adopted.

Table 6
Level of Export Volume of Certified Organic dried fruits

Category	Mean	Interpretation	Rank
Competitiveness			
Your product quality is ensured through training and hygienic processing	3.34	Very high	1
You extend your product by producing different variants, or packaging existing products it in new ways	3.17	High	2
Advertise, to encourage more people within your existing market to choose your product,	3.04	High	3
You ensure products with consistent quality attributes	2.99	High	4
You assessing cost-volume-profit relationships	2.95	High	5
Average mean	3.09	High	
Current product mix			
Profit margin is an indicate a company's pricing strategies	3.05	High	1
Your goods constitute the bulk of most countries' production and marketing effort	3.05	High	2
You focus on organization profits by putting efforts on sales and distribution of product	3.04	High	3
You use sales channels, such as online or direct sales	2.93	High	4
You sale on international and domestic market	2.72	High	5
Average mean	2.95	High	
Seasonality of Raw material			
You have new product dimensions or packaging	3.23	High	1
You identify new geographical markets; for example exporting the product to a new country	3.22	High	2
You maintain the market share of current products	3.20	High	3
Your business grow by developing new products.	3.17	High	4
You set different pricing policies to attract different customers or create new market segments	3.17	High	5
You increase usage by existing customers	3.15	High	6
You technically drive out competitors	3.01	High	7
Average mean	3.16	High	
Overall mean	3.06	High	

Source: Primary data

Guide to the interpretation of the mean

Mean range	Response mode	Interpretation
3.26-4.00	strongly agree	Very high
2.51-3.25	Agree	High
1.76-2.50	Disagree	Low
1.00-1.75	Strongly disagree	Very low

Generally the export levels was ranked to be high (Mean=3.06) in the selected export companies in central Uganda.

Respondent were asked to rank different aspects of export volumes of certified organic fruits in different aspects where competitiveness was ranked to be high (mean =3.09), current product mix ranked high too (average mean = 2.95) and seasonality of raw material ranked (average mean=3.16) as the highest on average.

Significant relationship between level of Profitability and Export Volumes of Certified Organic Dried Fruits of Selected companies in Central Uganda.

The fourth objective was to determine if there was a significant relationship between the level of Profitability and export volumes of Certified Organic Dried Fruits of Selected companies in Central Uganda.

On this, the researcher stated a null hypothesis that there is a significant relationship between the level of Profitability and Export Volumes of Certified Organic Dried Fruits of Selected companies in Central Uganda. To achieve this last objective and to test the null hypothesis, the researcher correlated the means of all aspects of Profitability and Export Volumes of Certified Organic Dried Fruits used Pearson Linear Correlation coefficient, as indicated in table 7:-

Table 7:
Significant relationship between the level of Profitability and Export
Volumes of Certified Organic Dried Fruits of Selected companies in
Central Uganda

Variables correlated	R-value	Sig	Interpretation	Decision on Ho
Profitability Vs Competitiveness	.256	.010	Significant correlation	Rejected
Profitability Vs Current product mix	.280	.004	Significant correlation	Rejected
Profitability Vs Seasonality of Raw materials	.329	.001	Significant correlation	Rejected
Export volume Vs Gross profit	.403	.000	Significant correlation	Rejected
Export volume Vs Net profit	.254	.010	Significant correlation	Rejected
Export volume Vs Facilities and equipments	.288	.003	Significant correlation	Rejected
Overall Profitability Vs Overall Export volume	.417	.000	Significant correlation	Rejected

Source: primary Data 2012

The results in table 7 indicate that the relationship that exist between profit and export volume is significantly correlated, (all sig.<0.05). This means that the more profit is given attention and available in the firm, the more the export volume and the higher the profit, the less the export volume the lower the profit.

Table 8:
Regression Analysis between the level of Profitability and Export
Volumes of Certified Organic Dried Fruits of Selected companies in
Central Uganda

Variables regressed	r-Squared	F	Sig	Interpretation	Decision on Ho
Profitability Vs Export volume	.88	8.160	.000	Significant effect	Rejected
Coefficients	Beta	t	Sig		
(Constant)		7.841	.000	Significant effect	Rejected
GROSS	.347	3.393	.001	Significant effect	Rejected
NET	.014	.127	.899	Insignificant effect	Accepted
FACILITIES	.196	1.982	.050	Insignificant effect	Accepted

Source: Primary data

According to the regression analysis results in table 8, showed that profit accounts for over 88.5% variations in the of export volume indicated by a high adjusted r-square of 0.89. Results further suggested that the profit significantly influence levels of export volumes ($F= 8.160$, $sig. = 0.000$). Leading to a conclusion that profit significantly explains the high rates of export volumes in selected export companies in central Uganda. The coefficients table further shows that of all the aspects of profit ; gross profit ($\beta= 0.347$, $sig=0.00$) accounts for the biggest variation in profit, accounting for 34% as compared to the other two factors; net profit ($\beta= 0.014$, $sig=0.00$) accounting for 1% and facilities ($\beta= 0.196$, $sig=0.00$) accounting for 20%.

CHAPTER FIVE

FINDINGS, CONCLUSION AND RECOMMENDATIONS

This final chapter presents and summarizes the findings, conclusions and recommendations of study.

The study aimed to determine the relationship between level of Profitability and Export Volumes of Certified Organic Dried Fruits of Selected companies in Central Uganda.

FINDINGS

Demographic profile of the respondents

The findings show that most respondents in the study sample were of the age between 20- 39 (84.5%) while the rest were from age group 40-59, which is in line with most African countries where the biggest portion of the population lies below 35 years and very few are above 60 years.

Regarding gender, more than half of the study participants were female (53.4%) compared to who 46.6% were male, indicating that the of study is dominated by female.

Majority of the respondents were single (52.4%) indicating that the majority of the employees in this field requires a lot of dedication in terms of time.

In relation to educational level, results indicate that respondents in the selected export companies in central Uganda are highly educated with majority of them at Bachelors Degree level at (45.6%) in the study.

In terms of designation most of the respondents were employees with 73.8% and with a high percentage representing in the number of years of service at 37.9% for serving from 2-3 years and above.

Level of Profitability among the Selected Companies in Central Uganda

Results indicated that profitability among the selected companies in Central Uganda was ranked to be high (mean 2.98). Where gross profit was ranked at 3.04, Net profit ranked at 3.0 and facilities and equipment was also ranked at 2.89.

Level of Export Volumes of Certified Organic Dried Fruits among the Selected Companies in Central Uganda.

The level of export volume of organic dried fruits were rated high (mean 3.06) ; where competitiveness was ranked at 3.09, current product mix ranked at 2.95 and seasonality of raw material ranked at 3.16.

The relationship between level of Profitability and level Export Volumes of Certified Organic Dried Fruits of Selected companies in Central Uganda.

There was a significant relationship between the level of Profitability and Export Volumes of Certified Organic Dried Fruits of Selected companies in Central Uganda.; hence the null hypothesis was rejected.

CONCLUSIONS

Based on the findings of this study, the following was concluded:

There was a relationship between the level of profitability and export volumes of certified organic dried fruits of selected companies in central Uganda.

The study agreed with the cup theory of profitability of Steve LeFever (2004) which Theory states that, there are two ways to generate profit: You can simply go from day to day and hope it happens, or you can identify the primary "drivers" of profitability and manage them.

In regard to the gaps that exist in the literature; the study concluded that issues of lack of recent studies on the subject would be answered in the preceding studies recommended.

This study generated more knowledge because of the finding, literature, methodology as a reference for future studies.

RECOMMENDATIONS

In light with the findings of the study, the following were the recommendations suggested:

Certified Organic Dried Fruits in selected export companies in central Uganda should conduct their business distinctive and carry merchandise that competitors don't have , Price merchandise appropriately , focus on buying more named brand promotional, test different aspects to promote business: new offers, new items, new prices for the new market and identify vendor performance regarding sales, mark-up, turnover, and profits.

The export companies should use sales forecasts, expense sheets, and financial statements on regular basis by the finance department for the benefit of company's cash flows, develop a tracking system for those products that are their best-sellers in the market.

The certified organic export companies should use a store questionnaire to aid in determining customers' wants, and needs, ask main vendors to share in paying freight costs, evaluate open-to-buy and expenses on a regular basis.

The certified organic export companies selected in central Uganda should develop a timely markdown strategy to dispose of out-of-season inventory, Promptly return substandard and problem merchandise, Specify delivery and completion deadlines for all initial orders and future reorders, insist on credits or adjustments for late deliveries and substituted orders. And avoid shortages of your most popular and profitable classifications, offer customers better prices, more values, wider selections, and add-ons, display merchandise to make it easier for customers to see, feel, touch, and buy, look for new opportunities to increase prices on items your competitors don't carry, bargain for exclusive rights and products that will not be sold to the competition, ask for markdown money for excessive or unreasonable in-season selling losses, adjust your stock on hand with estimated sales projections and customers needs, pay attention to your monthly overhead and business expenses ratios in relation to the accounting principles.

To reinforce the recommendations mentioned above, certified organic export in selected companies in central Uganda;- Bio Uganda, Amfri Farms Limited, Flona Commodities, Biofresh Limited, Fruits of the Nile, Be Organic Limited/Jali Organic, under study should should present the findings of the research and proposed strategies to the stakeholders in a meeting to reveal the facts based information about the practice of financial Profitability Margin and Export Volumes of Certified Organic Dried Fruits for a consultative decision-making and implementation of the proposed strategies.

Areas for further research

The researcher proposed that further research could be done along the following areas

- i. A similar study in other Certified Organic Dried Fruits firms be conducted to expound and enrich the findings in Central Uganda and East Africa as well as Africa as a whole.

-
- ii. There is need to thoroughly investigates the hygiene and survival of the fruit producing firms and how the government should come in to lender its assistance to farmers and beverage companies.

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APPENDICES

APPENDIX 1A: TRANSMITTAL LETTER FROM COLLEGE OF HIGHER DEGREES AND RESEARCH (CHDR)



KAMPALA
INTERNATIONAL
UNIVERSITY

Gqaba Road - Kansanga
P.O. Box 20000, Kampala, Uganda
Tel: +256 - 414 - 266813 / +256 - 772 - 322563
Fax: +256 - 414 - 501 974
E-mail: admin@kiu.ac.ug
Website: www.kiu.ac.ug

OFFICE OF THE HEAD OF DEPARTMENT, ECONOMICS AND
MANAGEMENT SCIENCES
COLLEGE OF HIGHER DEGREES AND RESEARCH (CHDR)

Date: 8th August, 2012

RE: REQUEST OF TUSHEMERIRWE HEDWIG
MBA/32595/102/DU TO CONDUCT RESEARCH IN YOUR
ORGANIZATION

The above mentioned is a bonafide student of Kampala International University pursuing Master in Business Administration.

She is currently conducting a research entitled "**Profitability Margin and Export Volumes of Certified Organic Dried Fruits of Selected Companies in Central Uganda.**"

Your organization has been identified as a valuable source of information pertaining to her research project. The purpose of this letter is to request you to avail her with the pertinent information she may need.

Any information shared with her from your organization shall be treated with utmost confidentiality.

Any assistance rendered to her will be highly appreciated.

Yours truly,

Mr. Malinga Ramadhan
Head of Department,
Economics and Management Sciences, (CHDR)

NOTED BY:

Dr. Sofia Sol T. Gaite
Principal-CHDR

APPENDIX 1B: TRANSMITTAL LETTER FROM THE RESPONDENTS



Amfri Farms Limited

Tel: ++ 256 41 28 66 90/91, Fax ++ 256 41 28 66 92
Cell: ++ 256 77 2 909 266 or ++ 256 77 50 66 44
Kampala, Uganda

To the head of department,
Economics & management science,
College of higher degree and research,
Kampala international university,
P.O.Box 20000, Ggaba road,
Kampala, Uganda

Dear Sir/Madam,

RE: ACKNOWLEDGEMENT FOR MS. TUSHEMERIRWE HEDWIG
REGNUMBER MBA/32595/I02/DU

With reference to the above subject, this is to acknowledge that Ms. Tushemerirwe Hedwig has conducted a research study in our organization as a partial fulfillment of the requirements for the Degree of Master of Business Administration.

I am giving my consent as part of the research study and permission has been granted to her, to collect the necessary data from this organization as part of the requirement of her study.



PLOT 11 MARTYRS LANE, NTINDA
P.O.BOX 29078,

APPENDIX II: CLEARANCE FROM ETHICS COMMITTEE

Date : October, 2012

Candidate's Data

Name : Tushemerirwe Hedwig

Reg.# : MBA/32595/102/DU

Course : Master of Business Administration (International Business)

Title of Study: ***Profitability and Export Volumes of Certified Organic
Dried Fruits of Selected Companies in Central Uganda.***

Ethical Review Checklist

The study reviewed considered the following:

- ☐ Physical Safety of Human Subjects
- ☐ Psychological Safety
- ☐ Emotional Security
- ☐ Privacy
- ☐ Written Request for Author of Standardized Instrument
- ☐ Coding of Questionnaires/Anonymity/Confidentiality
- ☐ Permission to Conduct the Study
- ☐ Informed Consent
- ☐ Citations/Authors Recognized

Results of Ethical Review

- ☐ Approved
- ☐ Conditional (to provide the Ethics Committee with corrections)
- ☐ Disapproved/ Resubmit Proposal

Ethics Committee (Name and Signature)

Chairperson _____

Members _____

APPENDIX III: INFORMED CONSENT

I am giving my consent to be part of the research study of Ms. Tushemerirwe Hedwig that will focus on "***Profitability and Export Volumes of Certified Organic Dried Fruits of Selected Companies in Central Uganda***"

I shall be assured of privacy, anonymity and confidentiality and that I will be given the option to refuse participation and right to withdraw my participation anytime.

I have been informed that the research is voluntary and that the results will be given to me if I ask for it.

Initials: _____

Date _____

APPENDIX IVA: FACE SHEET: DEMOGRAPHIC CHARACTERISTICS OF THE RESPONDENTS

Direction: Please provide information about yourself. Kindly **tick or fill out** in the blank spaces of each option:

A. Organization (Company) Staff

Gender:

Male ☐ Female ☐

Age:

20-39 years ☐

40-59 years ☐

60 years and above ☐

Marital status:

Married ☐ Single ☐

Divorced ☐ Widowed ☐

Educational level:

Certificate ☐ Masters ☐

Diploma ☐ Ph.D. ☐

Bachelors ☐ Others (please specify).....

Your position/post in the bank:

Number of years service as company staff: 1-2 ☐ 2-3 ☐ 3 and above ☐

APPENDIX IVB: QUESTIONNAIRE TO DETERMINE PROFITABILITY AND EXPORT VOLUMES OF CERTIFIED ORGANIC DRIED FRUITS.

Direction: Please write your preferred option on the space provided before each item. Kindly use the rating guide below:

Response Mode	Rating	Description
Strongly Agree	(4)	You agree with no doubt at all.
Agree	(3)	You agree with some doubt
Disagree	(2)	You disagree with some doubt
Strongly Disagree	(1)	You disagree with no doubt at all

SECTION B. LEVEL OF PROFITABILITY.

	PROFITABILITY	Rating			
No	A. Gross Profit	1	3	2	4
1	You record, analyze and report historical experience	1	2	3	4
2	You take decision with regards to the net profit distribution	1	2	3	4
3	You retain profits for expansion and diversification plans	1	2	3	4
4	You ensure safety on investment	1	2	3	4
5	You have a sound and fair composition of capital	1	2	3	4
	B. Net Profit				
6	You earn profit through promotion	1	2	3	4
7	You ensure optimum funds utilization	1	2	3	4
8	You balance is maintained between debt and equity capital	1	2	3	4
9	You make estimation with regards to capital requirements of the company	1	2	3	4
10	Your decisions depend upon expected costs and profits and future programmes as well as policies.	1	2	3	4
	C. Facilities and equipments				
11	Your capital requirements focus on aspects of short- term and long- term requirements	1	2	3	4

12	You frame financial policies regarding cash control, lending, borrowings	1	2	3	4
13	You ensure scarce financial resources are maximally utilized in the best possible manner to get maximum returns on investment	1	2	3	4
14	You, retain and store record for the finance department	1	2	3	4
15	Your financial records are destroyed every financial accounting period	1	2	3	4
16	You access to assets and financial records only when authorized	1	2	3	4
17	Your earnings, profit and income are used as substitutes	1	2	3	4

Thank you very much for your cooperation

**APPENDIX IVC: QUESTIONNAIRE TO DETERMINE THE LEVEL OF EXPORT
VOLUME OF ORGANIC DRIED FRUITS.**

SECTION C. LEVELS OF EXPORT VOLUME

	EXPORT VOLUME	Rating			
No	A. COMPETITIVENESS	1	3	2	4
1	You ensure products with consistent quality attributes	1	2	3	4
2	Advertise, to encourage more people within your existing market to choose your product,	1	2	3	4
3	You extend your product by producing different variants, or packaging existing products it in new ways	1	2	3	4
4	You have an effective method of assessing cost-volume-profit relationships	1	2	3	4
5	Your product quality is ensured through training and hygienic processing	1	2	3	4
	B. CURRENT PRODUCT MIX				
6	Profit margin is an indicate a company's pricing strategies	1	2	3	
7	You export quality parameters are sold on the domestic market	1	2	3	
8	You use different sales channels, such as online or direct sales	1	2	3	
9	Your goods constitute the bulk of most countries' production and marketing effort	1	2	3	
10	You focus on organization profits by putting efforts on sales and distribution of product	1	2	3	
	C. SEASONALITY OF RAW MATERIAL				
11	You maintain or increase the market share of current products	1	2	3	4
12	You restructure a mature market by driving out competitors	1	2	3	4
13	You increase usage by existing customers	1	2	3	4
14	You identify new geographical markets; for example exporting the product to a new country	1	2	3	4
15	You have new product dimensions or packaging	1	2	3	4
16	You set different pricing policies to attract different customers or create new market segments	1	2	3	4
17	Your business grows by diversifying into new businesses by developing new products for new markets	1	2	3	4

Thank you very much for your cooperation

APPENDIX V: SAMPLE SIZE DETERMINATION

$$n = N / 1 + N (e^2).$$

Where:

n = the required sample size

N = Known population size

e² = Margin of error at 0.05 level of significance.

$$s = \frac{P}{1 + P (0.05)^2}$$

Thus:

P = Population = 140

S = Sample size

0.05 = Level of Significance

$$= 140 / 1 + 140 (0.05^2)$$

$$= 140 / 1.359223301$$

$$= \mathbf{103}$$

RESEARCHER'S CURRICULUM VITAE 2012

PERSONAL PROFILE:

NAME : Hedwig Tushemerirwe Namutula
GENDER : Female
MARITAL STATUS : Married
NATIONALITY : Ugandan
RELIGION : Catholic
DATE OF BIRTH : 18th September 1978
PLACE OF BIRTH : Kitagata Hospital
CONTACT ADDRESS : P.O. BOX 70071, Kampala (Uganda)
TELEPHONE NO : +256 772 603 539,
E-mail : wigatush@gmail.com

EDUCATION BACKGROUND:

Year	School/Institution	Award Obtained
2010/2011	Kampala International University P.O Box 20000,Kansanga Ggaba Road Kampala-Uganda	Masters of Business Administration
2001-2005	Makerere University Kampala	Bachelor of commerce
1997-1999	Makerere University business school (MUBS)	Diploma in Business Studies
1995-1997	Kyeizooba Girls Secondary	Uganda Advanced Certificate Education (U.A.C.E).

WORKING EXPERIENCE;

Year	Organisation/Institution	Designation/position
2006 -2011	National Organic Agricultural Movement of Uganda (NOGAMU)	Organic Trade Point Officer
2005-2006	Improve Uganda Limited(Uganda)	Accountant/Administrator
2002-2005	African Organic (Uganda)	Accounts Assistant/Administrator
2000-2002	Mavid Pharmacy Ltd (Uganda)	Store Manager

Summary of Duties and Responsibilities:

- ❖ Managing NOGAMU data base which includes, farmers ,processors, exporters, trainers, academic institutions, NGOS and Private companies.
- ❖ Managing data base on Organic products, their market and the different sources
- ❖ Collecting statistics on organic production nationally
- ❖ Website updating and management
- ❖ Subscription to different networks in relation to marketing of organic products on market portals (EG. CBI, ITC, Public ledger, WTOF, organic Monitor, organic exchange), and other related marketing sites
- ❖ Managing market Linkages of farmers to exporters, exporters to exporters and exporters to international buyers
- ❖ Managing training needs for exporters e.g. Web based marketing
- ❖ Attending to inquiries from members and other stake holders on organic especially market information for organic products.
- ❖ Making payments to all the responsible recipients
- ❖ Carrying out administrative duties
- ❖ Making Financial reports
- ❖ Making tax returns and Invoicing
- ❖ Representing the Managing Director in meetings in her absence.
- ❖ Monitoring all the receiving and dispatch of stock from stores

Professional Skills

Computer Skills:

Training in MS office, internet access, dream weaver, photo shop

Interests: Charity work, community work, computer work, trading, accountancy, traveling and reading

Language proficiency

> English > Runyakitara > Luganda

REFERENCES;

1. MR. Namuwoza Charity

NOGAMU

P.O. Box 70071, Kampala (Uganda)

Tel: +256 752 52 83 64

2. Mr. MURWANI ABEL

Carion International

P.O. BOX 6158, Kampala, Uganda

Tel: +256 759 30 07 75

Declaration;

I, Tushemerirwe Hedwig, declare that the information given in this resume is correct and to the best of my knowledge as per 2012.

