Access to and Use of Export Market Information by Non- Traditional Commodity Exporters in Ghana

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Abstract

Ghana has traditionally depended on a number of export commodities such as cocoa, timber, gold and diamonds for its economic and social development. Recent economic policies of government have aimed to expand the country's exports to include non-traditional exports such as horticultural products, textiles, fishery products, wood products and handicrafts. Growth in exports depends on both domestic factors, such as the quality, quantity and cost of production of the commodities, as well as conditions in the export markets. It was in that context that this paper analysed the nature of access to and use of export market information by non-traditional commodity exporters in Ghana. A mail questionnaire was used to collect organisational-level perception and activity information concerning export market information from forty non-traditional commodity exporting firms in Ghana. The study found that 32 (87%) of the firms sought information from diverse sources concerning foreign markets, although the information was mostly obtained from institutions and organisations. The types of market information sought included prices of product; consumer tastes and preferences; export logistics and facilities; political issues; and customs procedures. The study recommended specific roles in the dissemination and provision of access to export information for the Ghana Export Promotion Council, and for public, community and academic libraries and trade associations in Ghana.

Keywords

Introduction

Exports can be divided into two main groups, namely: traditional and non-traditional exports. Ghana's traditional exports are predominately raw materials or primary commodities and comprise commodities – cocoa, timber, gold and electricity. Non-traditional products are all other export products such as horticultural products, textiles, fishery products, wood products and handicrafts. This sector is considered a major means for poverty alleviation as it has great potential for job creation and income generation, especially in the rural communities in Ghana. In regard to income generation, the non-traditional export sector, for instance, earned a total of US $671.11 million, representing 57.6 % of the total export revenue for Ghana in 2007 (*Spectator*, April 19, 2008, p.22).

Exports increase foreign exchange for the country. Exports also increase labour employment which, through income and multiplier effects, leads

to higher standards of living for the people. Exports have featured prominently in the Ghanaian economic development since independence in 1957. This made Ghana the richest country in West Africa (Sorensen et al, 2000). However, for about two decades now, the country has experienced a continuous deterioration of her traditional exports (Buame, 2000). The Economic Recovery and Structural Adjustment Programme (ERP and SAP), implemented in April 1983 and August 1986 respectively, emphasised production for export in order to increase the country's foreign exchange earnings.

Alemna (1998) defines information as knowledge given or received of some fact or circumstance. Certo (1993) defines information from the management perspective as conclusions derived from the analysis of data that relate to the operation of an organisation. Mintzer (1972) explains that the information received heavily influences managerial decision-making which eventually leads to the success or failure of the organisation. Toften et al (2003) view export market information as filtered, transformed and organised data on current and potential international customers. All these definitions sum up to one thing: that information aids decision-making by reducing uncertainty. Market information is critical in formulating an effective marketing programme for entering a foreign market and for identifying good trading partners. Information that is crucial to the non-traditional export business includes: customs procedures, standards of commodities, partnering, pricing, packaging, market identification, distribution networks and cultural issues. Studies conducted on exports have identified the major role of information in export business (Doole et al. 2006; Wang and Olsen, 2002}. Therefore, lack of effective market information or inappropriate application of such information would be detrimental to the survival and growth of the non-traditional export sector in Ghana.

The body responsible for providing export market information to the export sector in Ghana is the Ghana Export Promotion Council (GEPC). However, other sources where export market information can be obtained include the Ghana Chamber of Commerce, the embassies, and the Federation of Associations of Ghanaian Exporters. However, no studies have been conducted in Ghana on the challenges faced by Ghanaian firms in accessing and using export

market information from these and other sources to drive their export intentions and plans. But such studies are required because of the importance of non-traditional exports to Ghana's economic growth and the critical importance of export market information in organisational decisions to produce for such markets.

Objectives of the Study

The objective of the study was to investigate the availability, accessibility, affordability and use of export market information among non-traditional export firms in Ghana. The study also aimed to identify the challenges that such firms face in respect of export information, as well as recommend solutions to them.

Literature Review

Sources, Nature and Uses of Export Market Information

A fundamental ingredient of any market selection process is the availability of adequate market information (Wood et al, 2000). However, the main logistical issue is the actual accessing and collection of the requisite market information. The collection of information involves seeking sources of existing information and selecting and using research methods to obtain the required information.

Albaum et al. (1989) categorise the sources of market information into internal and external types. Internal market information originates from sales and cost records and the acquired knowledge of company personnel. The sources include salespersons, company officers and technical personnel who obtain information in the course of their contacts with customers, competitors, personnel, or government officials. The external sources of market information comprise both primary and secondary sources. Primary sources include information obtained by observation, controlled experiments, surveys and other techniques. The use of primary sources becomes necessary when the information needed has not already been collected and published elsewhere.

The secondary sources are published information, including government pamphlets or books, news and trade papers and magazines, competitors' house organs, trade association publications and published research studies. An

exporter can gain much from secondary data in the early stages of the market screening process. This includes information on general market indicators that can be obtained through regular reporting and special reports from national government agencies and international bodies. Such international bodies include the United Nations, Organisation for Economic Cooperation and Development (OECD), the European Community (EC), European Free Trade Association (EFTA), General Agreement on Trade and Tariffs (GATT), World Bank and International Monetary Fund (IMF). Others include the World Health Organisation (WHO), the Inter-American Development Bank (IADB), and the International Finance Corporation (IFC). Albaum et al (1989) note that besides reporting historical and current data, some of these supranational organisations publish reports on forecasts, outlooks and trends. These assist the exporter to improve the decision making process.

Albaum et al (1989) also see non-governmental agencies as useful sources of information for the exporter. Large commercial banks and investment houses often have an international department that collects and disseminates useful statistics. The experienced personnel of these institutions are quite capable of providing assistance and guidance. Other service businesses such as insurance and freight-forwarding firms are also useful, especially, to the new exporter. The service industries, such as transportation, are also helpful in providing information on foreign markets and conditions, techniques of exporting, financing, insuring and shipping products to foreign countries. Business, trade and professional associations are also sources of relevant information. Commercial marketing research agencies also conduct research for clients.

Albaum et al (1989) state that secondary sources of information are not sufficient for making export market decisions. However, available data from secondary sources should be collected, processed, analysed and interpreted so that it can serve as a background for primary research. They contend that the main challenge of the export marketer will not be finding data, but selecting, evaluating, interpreting and using the data already available. In their view, the appropriateness of various sources of information depends on the type of information needed and how it is analysed, interpreted

and applied. For instance, in order to enter international markets, a firm needs an estimate of the political and legal situation and knowledge of the financial institutions which are vital to the planned venture. Also, in order to make product, channel, promotional and pricing decisions, data would be available on consumer needs, attitudes and other behaviours. Finally, they point out that information on such issues can be obtained in part from the literature of a nation's publication of sociologists, social psychologists, and cultural anthropologists who report the result of their research in scholarly journals and books. In their view, it becomes necessary to have a great deal of detailed information obtained mainly to solve the firm's individual marketing problems. Such information, according to Albaum et al (1989), might be obtained from specialists in the market; but often some kind of direct observation, experiment or survey is required. The information is then processed for effective application.

Access to and Use of Export Market Information in Ghana

Godwin (1993), in discussing the wide gap between Ghana's export earnings and import bill, saw increased export activity as very crucial for the country's survival. However, Levy (1994) points out that when market penetration begins, transaction costs are high and market support can be important. Hence, institutional support provided by public, private or cooperative organisations have been recognised as essential for export growth, especially the non-traditional exports.

In this regard, Solormey (1998) identifies information generation and dissemination as one of the fifteen required components of the export promotion package in Ghana. The others are : liberalisation of exchange rate; intensification of export and investment drive; removal of administration and procedural bottlenecks; strengthening of supply base via export free zones; export development and investment fund; capital market; stable macro-economic environment; government reduction of its deficit to give private sector access to funds; creation of favourable legal environment; and pluralistic political democracy. Others include mobilisation of domestic savings; facilitation of flows of international capital to Ghana; supply of financial services competitively to the

economy; and protection of investors through the Securities Regulatory Commission.

Levy (1994) who studied Columbia, Indonesia, Japan and Korea realised that the most effective collective marketing support can be provided more effectively by decentralised organisations such as industry associations, local government and chambers of commerce. Nkrumah (2000) investigated how Ghanaian exporters had negative perception of government promotion support. He discovered that the non-traditional exporters scarcely obtained valuable information from the public administration and considered export support services unsatisfactory.

In another exploratory study of four Ghanaian local governments, Nkrumah (2000) revealed that Ghanaians local authorities were neither aware of their responsibilities for export sector development nor did they have the resources to provide promotional support. By contrast, Sorensen and Nyanteng (2000) however state that the Aalborg Commune (the equivalence of a local government) in Denmark undertakes various export support activities for business, especially the small and medium-sized enterprises. Its support activities, among others, include dissemination of trade information and sales leads and Trade Newsletters and Reports on Aalborg trade issues. This, in their view, appears to minimise the costs of access to export market information and thereby facilitates its use by the small and medium export enterprises.

Sorensen and Nyanteng (2000) found that Ghanaian entrepreneurs responded positively to the government's policies targeted at export development. But the study did not explain the ease with which the entrepreneurs accessed export information about their overseas markets. In Nkrumah's (2000) view, the lack of progress in the export drive generally in Ghana tends to make the position of Ghana's promotional system unimpressive.

In Ghana, it has been observed that parts of the trading system have some monopoly features that hamper the free flow of export market information. Sorensen and Nyanteng (2000) point out that in the case of a non-traditional commodity like salt, for example, although the producers are few and relatively big, they cannot easily export themselves because of a strong network of traders and foreign buyers linked together by ethnicity or language barrier (Hausa) and religion (Muslim). In such markets, the

free generation, dissemination and availability of export market information may be curtailed as the information is considered the basis of the monopoly power. Market participants may therefore be unwilling to disseminate important market information among potential and actual exporters outside their ethnic group. Such imperfect markets and inadequate dissemination and availability of market information may be some of the factors responsible for low trade among West African countries.

Wangwe (2000) has observed that trade among African countries is not more than five per cent, including both formal and informal trade. Asenso-Okyere and Asante (1997), quoted in Buame (2000), note that the European Union is the leading destination of most of Ghana's non-traditional exports. According to their study, between 1993 and 1996, the European Union accounted for an average of 58.1% of total exports, whilst the ECOWAS market accounted for only between 14 and 20 per cent of Ghana's total non-traditional exports in the same period. In assessing the Ghanaian producers' knowledge of the ECOWAS regional market, Sorensen and Nyanteng (2000) observe that some domestic producers stated that they were aware of the market, but have not taken any action in terms of investigations, business visits or actual exports. Their finding signpost the possibility that most producers in Ghana lack essential export market information in respect of the West African regional market required to stimulate export.

Characteristics of Non-Traditional Exporters in Ghana

Buatsi (2000) states that Ghanaian exporters are still predominantly micro and medium-sized firms. The volume of commodity exported by firms is small. He states that the fallout or attrition rate of exporters is high and they still experience problems in the areas of production, finance, human resources, and markets. Problems with markets can be attributed to inadequate market information. Baah-Nuako et al (1996) confirm that small firms are at a disadvantage in exporting because of limited resources. Baah-Nuakoh et al (1996) find a positive relationship between firm size and exporting. This is because managers of small firms tend to be less well qualified in terms of formal education, accounting and marketing skills than managers in the larger firms. According to Baah-Nuakoh et al., quoted in Buatsi

(2000), the lack of price and quality competitiveness, the decision to focus on local market, lack of finance and inadequate information about external markets were the main reasons why manufacturers did not export.

Methodology

Primary and secondary data were used to analyse the access to and use of export market information among the non-traditional commodity exporters in Ghana. The main source of primary data was a questionnaire survey of a sample of non-traditional commodity exporters in Ghana. Other sources of primary data were the Ghana Export Promotion Council and the Federation of Associations of Ghana Exporters, in the form of interviews of staff and search and analysis of organisational documents and databases. The secondary sources of data comprise periodical articles and book publications from various sources such as the library and the Internet. Basically, books and directories from GEPC Library.

A self-designed questionnaire was used in the questionnaire survey. Neuman (2007) suggests that local norms should be taken into consideration when framing questions for questionnaire surveys. This is because issues about local norms would have significant influence on the perceptions and responses of potential respondents. Accordingly, the researchers relied heavily, while designing the questionnaire, on the existing literature on export market information access and use, as well as insights gained from interviews with decision makers in the exports sector institutions and firms.

The questionnaire was divided into three sections. The first section sought information about the characteristics of each exporting firm. These include location of firm, products and export destinations. The second section collected information on the firm's access to export market information from export assistance institutions. Variables in this section included: nature and frequency and accuracy of export market information received by the firm from export assistance, and whether the information was received on time, was in the right form, was affordable, etc. The final section collected information on the use of export market information by the firm, either for immediate use in export transactions decisions or for future use.

There were a total of 21 closed- and two open-ended questions.

Population of the study consisted of 435 exporting firms in 12 non-traditional export industries in Ghana listed in the Federation of Associations of Ghanaian Exporters, 2007 database. One hundred and eleven copies of the questionnaire were mailed to all the firms located at Accra and Tema, which are the most industrialised locations in Ghana. Multistage cluster sampling and judgemental sampling were adopted in selecting two of the industries (Agriculture and Manufacturing) and the firms. Export managers or their assistants were asked to complete the questionnaire.

Ten copies of the mailed questionnaire were returned by the post office as undeliverable, five were returned uncompleted, and 40 were returned completed (for an overall return rate of 36%). The low return rate may be due to a combination of factors, including: many firms might have closed shop, as noted by Buatsi (2000); wrong addresses provided by some non-traditional commodity exporters during their registration with the Federation of Associations of Ghanaian Exporters. Another possible reason could be irregular updating of the non-traditional exporters' database which still holds some addresses that are no longer in use. This may be inferred from the fact that 10 posted copies of the questionnaire were returned as undeliverable. The above factors, as well as the apparent reluctance on the part of some non-traditional commodity exporters to return their copies of the questionnaires (either completed or uncompleted), seem to account for the low return rate. However, Aina (2004) indicates that the general principle of sample size is that if the population is less than 1000, then a 30% sampling rate would provide an adequate representation. On the basis of this suggestion, the return rate of 36% can be considered an adequate representation of the population of non-export commodity firms in Ghana.

Results and Discussion

Characteristics of Market Information

The results show that 32 (87%) of the firms sought export market information from various sources. Furthermore, 22 (71%) of the firms sought market information from organisations, such as the Ghana

Export Promotion Council, the Ghana Chamber of Commerce and from Ghana's embassies abroad. This finding appears to negate the previous finding by Nkrumah (2000) that non-traditional commodity exporters in Ghana had negative perception of government promotion support and thus scarcely obtained valuable information from the public agencies. This may also indicate improvements in the provision of export market information by the agencies. However, some firms indicated that they still faced many challenges in accessing and using the organisational sources of export market information in Ghana. These challenges might be what made 9 (29%) of the responding firms not to patronise organisational sources of export market information in Ghana. The results also show that only six (16%) of the respondents received market information from libraries. When respondents asked how timely they received market information, the findings indicate that about 23 (77%) of the firms received market information when they wanted it. However, the decomposition of the responses by sector reveals that, although about 12 (92%) of the firms in the agricultural sector indicated that they received market information when needed, many firms in the manufacturing sector that needed to receive and respond frequently and quickly to market information were not comfortable with the timeliness of market information supply from the organizational sources. It might also be true that 10 (25%) of the responding firms who did not answer the question, out of which nine were from the manufacturing sector, were either not sure what to say or wanted to register their dissatisfaction. Some of the firms suggested that the organisational sources of market information should be more proactive in their activities. This also suggests that some firms were missing out on important information because the information was outdated or brought to their attention late.

Twenty-four (80%) of the firms affirmed that they had easy contact with organisational sources of market information. The analysis of responses by sector showed that 12 (92%) of the firms sampled from the agricultural sector find the location of market information right, whilst about 12 (70%) from the manufacturing sector said the same. But there was a suggestion from some firms that more organisations should be involved in the provision of export market

information services. This suggests that, at least for some firms, the location of market information services relative to their own locations might be less than optimal.

Most of the respondents (79%) claimed they received the information in the right form, and a further 87% indicated they received accurate market information, implying that market information obtained from various sources are generally correct, relevant and tailored to the decision-making on exports markets. However, two firms suggested that the Ghana Export Promotion Council's Trade Information Centre should be more informed about their needs in order to serve them better.

Eighteen (56%) of the 32 firms that responded to the relevant question claimed they received market information at affordable cost, with the remainder expressing a contrary opinion. Suggestions offered by the firms in this respect include the need for information and education to be made available to every exporter at affordable cost. Eighteen (60%) out of the 30 firms used market information immediately upon receipt to inform immediate export market decisions, whereas the remaining 12 (40%) either processed and stored the information or disseminated it to staff or business partners.

The types of market information sought and used by the firms in the order of importance were (Table 1): prices of products (34.8% of the firms); consumer taste and preference (24.6%); consumer trends (17.4%); customs (7.2%); logistic facilities (7.2%) and political issues (7.2%). The "prices of products", which top the types of market information used, is useful mainly for decisions with short-term consequences. This suggests that the firms might be

Table 1: Type of Market Information Sought

Types of Information	Frequency	%
Prices of Products	24	34.8
Consumer Taste and Preference	17	24.6
Consumer Trends	12	17.4
Customs	5	7.2
Logistic Facilities	5	7.2
Political Issues	5	7.2
Others	1	1.2

Source: Responses from the field study

too focused on short-term market plans and activities.

The study also revealed that the majority of the firms wanted the market information to be provided in both detailed and summarised forms. Summarised and detailed information are connected with the instrumental and conceptual uses of information respectively. Table 2 shows that almost three-quarters of the firms 26 (74.3%) wanted the market information to be provided in both print and electronic formats. Seven (20%) of them preferred only electronic delivery, whilst only two preferred print only delivery. This suggests that most of the firms wanted fast access to market information through electronic media, and also desired print versions due to the generally inadequate infrastructure for accessing electronic information in Ghana.

Table 2: Preferred Form of Market Information
Source: Responses from the field study

Form of Information	Frequency	%
Print	2	5.7
Electronic	7	20.0
Both Print and Electronic	26	74.3
Total	35	100.0

Access to Market Information Measured by Firms' Moment of Value

The analysis of firms' level of access to market information shows that 24 (81%) of them had adequate access to market information. This was determined by averaging each firm's perception of the timeliness, ease of contact, format and accuracy (i.e. time, location, form and accuracy) dimensions of market information. These four variables constitute the components of a firm's moment of value. However, when each firm's perception of the affordability of market information was included in the computation of the firms' moment of value, the number of firms that had adequate access to market information reduced from 24 (81%) to 22 (76%). This indicates that the affordability of market information is an important factor considered by the firms when relating to export market information services and that the affordability of market information may be a problem for some of them.

Recommendations

The Ghana Export Promotion Council should identify the market information needs of the non-traditional commodity exporters in Ghana by conducting regular information needs assessment of such exporters. The Council should intensify contacts with the appropriate sources of export market information outside the country, including the foreign embassies in Ghana. The Council should also package the market information appropriately to meet the needs of various non-traditional exporters that have been identified in this study. In order to be able to do all these, the Council should be well resourced in terms of infrastructure, as well as human resources adequately trained and experienced in market information search, acquisition, analysis and interpretation.

One of the findings of the study is that only six (16%) of the firms reported receiving market information from libraries, even though libraries in Ghana are in a good position to serve as market information delivery centres in the country. The libraries in the country should be empowered to become dissemination centres for export market information in the country. For market information to benefit both potential and actual users, the dissemination points have to be close to them, and libraries across the country are strategically located to play such a role. The Ghana Public Library Service can deploy its branches along with the community libraries to accomplish the role on dissemination to non-traditional exporters.

The various trade associations, of which non-traditional commodity exporters are expected to be members, should form part of the market information dissemination network. Their major role will be to identify the relevant market information for the members. They can be the main sponsors of periodic surveys to assess the market information requirements of non-traditional commodity exporters.

Conclusion

In order to achieve and maintain effective and efficient market information management for non-traditional commodity exporters in Ghana, the information collation and research function should be separated from the information dissemination function. Accordingly, the Ghana Export Promotion Council, in partnership with the Ghana Chamber of

Commerce, trade associations and the Ghanaian embassies abroad, should have responsibility for the collection of market information, whereas libraries in Ghana should constitute the dissemination channels of market information.

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