

**GOVERNMENT EXPORT PROMOTION POLICIES AND THE DEVELOPMENT OF LOGISTICS
BUSINESS IN AN ECONOMY. A CASE STUDY: ATLAS CARGO SHIPPING COMPANY**

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ABSTRACT

There has been consensus that logistics as well as supply chain management is a vital research field, yet with few literature reviews on this topic. This paper sets out to propose some hot issues in the current research, through a review of related literature from the perspective of operations management. In addition, we generate some insights and future research directions in this field.

Logistics is gaining day by day more attention in the business world and in the fields of interest of policy makers. Even so the same people who use this term frequently declare that the concept of logistics is not completely clear to them. The study examined the effect of government export promotion on the development of logistics business in an economy. The following hypotheses were formulated, they are: Export subsidies positively lead to the development of logistics business in an economy, Tax exemptions positively affects the on the development of logistics firms. The survey research design was used in the study. Data was collected from primary source with the use of adopted and findings revealed that there is a significant relationship between government export promotion policies and development of logistics firms. From the findings, 40.4% and 30.9% agreed that Government policies gives chance to logistics firms to attain foreign markets, a few respondents by the percentage of 11.95 disagreed with the statement simply because they are never at the front line of running the company activities. This implied that Government policies gives chance to logistics firms to attain foreign markets. Regarding recommendations for improvement, the management of Igara growers' tea factory should focus on increasing the utilization of government export promotion policies strategies like negotiation and third-party intervention to increase organizational performance. The management should be sensitive to conflicts and set up effective communication channels to facilitate an improvement in government export promotion policies.

Key words: government export promotion policies, development, logistics, business and economy

Background of the study

Export promotion policies reflect the interest of national governments to stimulate exports (Lydia et al., 2023). Subsidies, tax exceptions and special credit lines are the main instruments used to promote exports. Export promotion is sometimes seen as a complementary development strategy to import protection (K. Faridah et al., 2023). Export promotion

leads to expansion of goods for the foreign market. These goods earn foreign exchange that can be used to facilitate development. Export promotion industries have a wide market for their produce for both domestic and foreign markets. They are therefore able to produce for a greater capacity. Logistics refers to the overall process of managing how resources are

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acquired, stored and transported to their final destination (Alex & Kazaara, 2023). The term is now used widely in the business sector, particularly by companies in the manufacturing sectors, to refer to how resources are handled and moved along the supply chain (Winny et al., 2023). The logistics business involves the obtaining, producing and distributing of materials and products in the right quantities to an end user or final destination. Services and related information from the source point to the consumer is sent through logistics to fulfill and meet customer demands. According to Archer (2016) countries allocate public funds to export promotion services. The goal of these services is to help firms in general and in many cases small and medium sized firms in particular to become successful exporters (Oromo et al., 2023). The key policy question related to promotion activities is whether export promotion creates value and generates employment opportunities to justify the appropriation of tax revenues. Existing studies show that export promotion affects firms' performance overall in terms of sales, value added and employment and whether the benefits of export promotion outweigh the costs is not discussed in the current literature, (Allan et al., 2023).

Export promotion programmes are common components of most countries' international trade

Problem statement

The government has tried creating favorable conditions for the logistics firms. This has been manifested through the government putting in place training institutions to train logistics experts, not only that but the government has also initiated many logistics firms whereby they have been given chance to operate in a free market with associated benefits like tax holidays (Ramadhan et al., 2023). The government has also encouraged many outsiders mainly those who participate in international logistics to operate freely. This has inspired many logistics firms to perform at a moderate

policies. In both developed and developing countries, firms often require help and guidance to identify potential export opportunities and markets; but developing countries-based firms face more problems in their exporting activities and accordingly have more needs in terms of assistance. A few studies have examined the role of export promotion programmes and their varied aspects in determining export performance in developing countries (Ronet et al., 2023). This study aims to investigate the direct and indirect effects of export promotion programmes on export performance of Iranian food manufacturers. A review of the literature shows that no brilliant attempt has been made to empirically assess the direct and indirect impact of export promotion programmes on export performance of Iranian firms as one of the developing countries in the Middle East region (Tasha et al., 2023b). On the other hand, while most research focusing on export performance has been undertaken in the USA and Europe, limited work has been conducted in developing countries. Enhancing export performance is crucial for developing countries-based firms that view the global market place as a means to ensure growth, survival or competitiveness (N. Faridah et al., 2023).

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level (Tasha et al., 2023a). However, in spite of the government's participation in encouraging the development of logistics business in an economy, logistics firms still experience some inconsistencies, in other words, their performance is not to the international level (Brian & Jacob, 2023). Thus, posing a question to the researcher to fully explore the effect of government policy on the development of logistics business in an economy, Lederman (2016).

Objectives of the study

1. To examine the effect of export subsidies on the development of logistics business in an economy.
2. To explore the effect of tax exemptions on the development of logistics business in an economy.
3. To find out the relationship between government policy and productivity of logistics firms.

Methodology**Research design**

The study was descriptive in nature and allowed the use of both qualitative and quantitative methods, where qualitative determined wordy responses and quantitative determined the frequency distribution of responses used as an interpretive technique. The researcher adopted a cross sectional survey whereby different categories of the targeted population were studied at one point in time some respondents were selected by the researcher randomly in order to obtain appropriate information required by the researcher.

Study population

The researcher carried out the study using both female and male respondents including the logistics officers, government policy makers like some members of parliament and many other nationals.

Sample size

The researcher used the sample size given below, Logistics officers sample size 9 out 16, policy makers 15 out of 25, other national 18 out 36.

Category	Sample size	Total population
Logistics officers	9	16
Policy makers	15	25
Other nationals	18	36
Total	42	77

NB: The researcher sampled 42 workers out of a total population of 77

Data collection instruments

The researcher used different methods when collecting data as shown below.

Interview guide questions

Interviews were used because they were convenient for the researcher for example the unstructured interview where the respondent was free to explain a question according to the existing situation. This helped the researcher to get more information. The researcher interviewed investment authority chairperson, members from the investment

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authority office, and some investors in Kampala. The researcher used at least 10 minutes in each interview with the respondent as he notes down some points.

Survey questionnaire

Here, the researcher sent semi structured questionnaires to the respondent because they are time saving and convenient for busy people like the investment authority chairperson, members from the investment authority office, some investors in Kampala. They were given time to fill in the questionnaires hence giving accurate results to the researcher, the questionnaire was self-administered whereby after two weeks of submission of questionnaires to the respondents, the researcher went on collecting the questionnaires from the respondents.

Data analysis

In the works of Oso and Onen (2018), data analysis deals with interpretation and presentation of data collected, that is, how data is to be analyzed. In order to ensure logical completeness and consistency of responses, data editing was carried out each other day by the researcher. Identified mistakes and data gaps were rectified as soon as they would be identified. In addition, data was analyzed qualitatively and quantitatively. Quantitative data analysis was through statistical package for social sciences (SPSS) software (Nelson et al., 2022). This is because SPSS is capable of handling large amounts of data and can perform all of the analysis covered in the text by the use of graphs, charts and many more. The researcher used the frequency distribution and percentages techniques which determined the proportion of respondents selecting the various responses for each group of items relating to the research questions.

RESULTS

Table 1. The effect of export subsidies on the development of logistics business in an economy.

No.	Statements	5	4	3	2	1	Total
							Freq
D1	The government gives import subsidies to Atlas cargo shipping company.	22	10	5	00	5	42
		52%	23.8%	11.9%	00%	11.9%	100
D2	Import subsidies stimulates the performance of logistics firms	15	10	5	00	10	42
		35.7%	23.8%	11.9%	00%	23.8%	100
D3	Atlas has greatly benefited from import subsidies	25	10	5	00	2	42
		59.5%	23.8%	11.9%	00%	4.7%	100
D4	The government sources foreign markets	12	15	00	10	5	42
		28.5%	35.7%	00%	23.8%	11.9%	100
D5		22	10	5	00	5	42

	There are some delays in the government arrangements to support logistics companies	52%	23.8%	11.9%	00%	11.9%	100
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Source: Primary source

Basing on the findings in D1, was found out that 52% strongly agreed that the government gives import subsidies to Atlas cargo shipping company, 23.8% agreed to the statement, 11.9% were not sure and 11.9% strongly disagreed to the statement. This gave an implication that the government truly gives subsidies to Atlas cargo shipping company (Musaibah et al., 2023). This was supported by the clearing agent to Atlas cargo shipping company that it is true the government has to a certain extent the government has contributed to these importing companies like Atlas cargo shipping company.

Under D2, 35.7% of respondent strongly agreed that import subsidies stimulate the performance of logistics firms, 11.9% were not sure, 23.8% strongly disagreed to the statement. This gave an implication that import subsidies stimulate the performance of logistics firms as it was supported by the largest number of respondents. However, not ignoring the other percentage (23.8%) who disagreed, it also implied that not only import subsidies stimulate the performance of logistics firms but also other factors matter (Brighton et al., 2023).

Under D3 at, 59.5% and 23.8% of the total respondents stood in agreement that Atlas cargo shipping company has greatly benefited from import subsidies, 11.9% were not sure of what to answer since they were not among the administrators in other words, they belonged to the casual workers, and they also lacked much knowledge on the subject matter (Polycarp et al., 2023). This implies that Atlas cargo shipping company has greatly benefited from import subsidies and this was approved by the manager Atlas cargo shipping company who asserted that the government has always been giving some deduction son the charges put on the company activities. D4, 28.5% agreed that the government sources foreign markets, 35.7% agreed with the statement, 23.8% and 11.9% disagreed with the statement, this implies that the government sources foreign markets (Victoria et al., 2023). This was approved by the clearing agent of the company who said that the government has tried negotiating with many foreign countries on the various markets available on behalf of its indigenous companies, the number of turn up of customers for the company service. D5, 52% strongly agreed that there are some delays in the government arrangements to support logistics companies, 23.8% also agreed to the statement, 11.9% were not sure, 11.9% disagreed with the statement (Racheal et al., 2023). Basing on the largest number of respondents, the findings reveal that there are some delays in the government arrangements to support logistics companies. This is in line with what some other proprietors of clearing companies who were complaining that the government promises provide some subsidies but that promise coming to pass, it takes so long (Kazaara & Kazaara, 2023).

Table 2. The effect of tax exemptions on the development of logistics business in an economy

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No.	Statements	5	4	3	2	1	Total
							Freq
R1	The government exempts taxes from some logistics companies.	12	15	00	10	5	42
		28.5%	35.7%	00%	23.8%	11.9%	100
R2	Atlas cargo shipping company receives tax holidays.	15	10	5	00	10	42
		35.7%	23.8%	11.9%	00%	23.8%	100
R3	Tax exemption enables the company to meet other company requirements.	11	29	1	00	1	42
		26%	69%	2%	00%	2%	100
R4	Some logistics firms have never tested tax exemption.	12	15	00	10	5	42
		28.5%	35.7%	00%	23.8%	11.9%	100
R5	The logistics companies are satisfied with the government tax policies.	25	10	2	3	2	42
		59.5%	23.8%	14.2%	7%	4.7%	100

Source: Primary source

In table 2 under R1, 65% agreed that the government exempts taxes from some logistics companies, 23.8% were not sure and 11.9% strongly disagreed basing on their faced issues within the company. Taking the largest percentage of respondents, it gave an implication that the government exempts taxes from some logistics companies. One of the company supervisors stated that Atlas cargo shipping company has ever received some tax deductions making it one of the beneficiaries of the tax holidays given by the government (Winny et al., 2023).

Under R2, Atlas cargo shipping company receive tax holidays and this was strongly supported by 35.7%, 23.8% also agreed with the statement, 11.9% were not sure since they were not working in the tax department of the company, 23.8% strongly disagreed with the statement due to their respective departments, these happened to be people who worked in the stores department and they had no updates on the current company affairs. Most of the administrators of Atlas cargo shipping company agreed that the can has ever gotten an opportunity to get tax holidays (Tasha et al., 2023b).

R3, Tax exemption enables the company to meet other company requirements and this was supported by 26% and 69%, 2% was not sure of the respondents. This implies that Tax exemption enables the company to meet other company requirements (Ramadhan et al., 2023). This company human resource manager agreed with this testament stating that tax exemptions have given the company an opportunity to meet the expenses of other departments of the company. R4, some logistics firms have never tested tax exemption; this was supported by 59.5% and 23.8% who agreed with the statement. However, a few respondents disagreed and this was accounted by 4.7%, finally this gave an implication that it is very true that some logistics firms have never tested tax exemption. Mostly the Ugandan based

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logistics firms are really struggling and the Ugandan government tend to be very loyal to the foreign investors and tend to neglect the indigenous companies and this has made these local companies to miss the opportunity of tax holidays says the chairman Kampala Capital City Authority Traders Association (KACITA). Under R5, The logistics companies are satisfied with the government tax policies and this was strongly agreed upon by 59.5%, 23% also agreed to the statement, 14.2% were not sure, 7% strongly disagreed to the statement, and 4.7% disagreed to the statement reasoning that not every logistics firm is really satisfied with the government terms and policies (Brian & Jacob, 2023). However, taking the largest percentage of the respondents, it implies that the logistics companies are satisfied with the government tax policies. This is line with companies Act, 2012, which provides for model articles, which can be adopted by a company when registering. Once the memorandum and articles of association have been executed by at least one subscriber, they are then stamped with a duty currently levied at 0.5% and a registration fee levied at 1% of the nominal share capital of the company. All the constitutive documents are then registered by the Registrar and the company number is accorded.

Table 3. The relationship between government policy and productivity of logistics firms.

No.	Statements	5	4	3	2	1	Total
							Freq
Q1	Government policies favor the productivity of logistics firms.	11	29	1	00	1	42
		26%	69%	2%	00%	2%	100
Q2	Government policies give chance to logistics firms to attain foreign markets.	17	13	00	5	5	42
		40.4%	30.9%	00%	11.9%	11.9%	100
Q3	The government funds private companies.	15	19	4	00	4	42
		35.7%	45%	9.5%	00%	9.5%	100
Q4	Logistics firms are performing to their expectation	15	10	5	00	10	42
		35.7%	23.8%	11.9%	00%	23.8%	100
Q5	Logistics firms are operating profitably	11	29	1	00	1	42
		26%	69%	2%	00%	2%	100

Source: Primary source

In table 3, under Q1, it was revealed that Government policies favor the productivity of logistics firms and this was strongly agreed upon by 26%, 69% of the respondents, a few respondents by 2% disagreed with the statement. Taking the side of the largest percentage of respondents, this implies that Government policies favor the productivity of logistics firms and this was in line with the company manager who strongly agreed that they would not continue in operation if the government policies were not favorable at all (Paul & Kazaara, 2023).

Q2, 40.4% and 30.9% agreed that Government policies gives chance to logistics firms to attain foreign markets, a few respondents by the percentage of 11.95 disagreed with the statement simply because they are never at the front line of

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running the company activities. This implies that Government policies gives chance to logistics firms to attain foreign markets (Ntirandekura & Christopher, 2022).

Q3, it was observed that the government funds private companies and this was supported by 35.7% and 45%, who agreed with the statement, 9.5% disagreed with the statement due to the fact that they have never received any fund from the government in support of their businesses. However, going by the largest percentage of respondents, it was agreed upon that the government funds private companies, but the manager complemented that this government aid is really very hard to get. Under Q4, it was revealed that logistics firms are performing to their expectations and this was strongly agreed upon by 35.7% and 23.8% of which was the largest percentage, a few respondents by 23.8% strongly disagreed with the statement saying that there are still loopholes in the performance of the company performances to the extent that it makes some losses and it fails to raise the expected profits (Annet et al., 2023). However, according to the Company experts like the Company marketing manager says that the company is making profits though not the maximum profits. This implies that Logistics firms are performing to their expectations to a certain extent.

Under question 5 in the table above, the findings revealed that 26% strongly agreed that logistics firms are operating profitably, 69% also agreed to the statement, 2% were not sure and 2% strongly disagreed to the statement. Basing on the largest percentage of respondents, this implied that logistics firms are operating profitably (Annet et al., 2023).

Conclusion

The discussion confirms that export subsidies greatly affect the development of logistics business in an economy. The tax exemptions have also greatly contributed to the development of logistics business in an economy and there exists a significant relationship between government policy and the productivity of logistics firms.

Recommendation

The government has greatly invested in the physical infrastructures like roads to favor the performance of logistics firms, besides investing in the physical assets the support a logistics cluster, governments should invest in the human assets that work in the cluster, as well as in knowledge creation.

The government should fund training, education and research in logistics, which drive both current performance and future competitiveness.

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