

**Managerial Competences, External Business Environment And
Effective Pricing Among Clearing And Forwarding Logistics Enterprises In Nakawa Division, Kampala.**

Kayiwa Nicholas¹, Irumba Alex²

1, 2 Metropolitan International University

Abstract

This study was to examine the relationship between managerial competences, external business environment and effective pricing among clearing and forwarding logistics enterprises in Nakawa Division, Kampala. The study used a cross-sectional research design along with a quantitative research approach. A sample of 66 clearing and forwarding logistics enterprises was used. Data used herein was obtained from general managers, marketing officers, and risk managers using a structured questionnaire. The study presented results using frequency tables, correlation and regression analysis models. The study found a positive relationship between managerial competences and effective pricing. There was a positive relationship between external business environment and effective pricing. The study noted that managerial competences and external business environment significantly predict effective pricing. The study also found that external business environment was a better predictor of effective pricing. The study concludes that managerial competence and external business environment are core factors for effective pricing among clearing and forwarding logistics enterprises. The study recommends that clearing and forwarding logistics enterprises should continuously carryout environmental scanning and analysis; and enhance competences of managers to ensure effective pricing. The areas for further research include: examination of the relationship between external business environment and effective pricing among clearing and forwarding logistics enterprises focusing on other dimensions other than competition, technology, and economic conditions and examining relationship between managerial competences, external business environment and effective pricing across different enterprises other than clearing and forwarding logistics.

Keywords: Managerial Competences, External Business Environment, Pricing Clearing, Forwarding Logistics and Enterprises

Background of Study

One of the complex decisions that every business faces is determining the appropriate price for the products and services provided (Alex & Moses, 2024). When a business sets a high price for products and services, it discourages customers; especially those who are price sensitive when purchasing. On the other hand, a low price discourages customers who associate quality with price from purchasing because it may attract price-sensitive customers (Faridah et al., 2023). This is why businesses should be keen enough to price their products or services effectively. Effective pricing is important because it allows businesses to set a price that is beneficial to customers as well as one that accurately matches the value of the products and services offered to maximize profit (Julius, 2024). Effective pricing is also associated with improved competitiveness, customer loyalty, product acceptance, which have a significant impact on revenue generation (Lydia et al., 2023). These benefits help to suggest that it is critical to understand the antecedents of effective business-to-business pricing. Dynamic Capabilities Theory (DCT) shows that businesses do not have finite mechanisms for determining an effective price because they are subject to a dynamic external business environment that constantly affects their daily

Received: 16.06.2024

Accepted: 20.06.2024

Published on: 30.06.2024

operations (W. Paul & Kazaara, 2023). The theory suggests that businesses have specific dynamic capabilities to deal with this environment in order to be effective in their decisions. Dynamic Capabilities Theory reveals that dynamic capabilities can take the form of technological, managerial and organizational competencies (Moses & Nancy, 2024). He emphasizes that these competencies are key to enable businesses to effectively integrate, build, and reconfigure a price that matches the prevailing environment (Nelson, Christopher, Teddy et al., 2022). From this explanation, the dynamic capabilities theory states that effective pricing can be explained by managerial competencies and the external business environment. It reveals managerial competence as a form of dynamic ability that guides managers in making the right decisions and setting a price that suits the prevailing external business environment (Winny et al., 2023). It also shows that managerial competencies enable managers to appropriately implement strategies that effectively deal with the dynamic external business environment.

Many businesses face difficulties in determining the appropriate price for products and services. According to (Ramadhan, Alex, Kazaara, et al., 2023), businesses do not have a clear pricing strategy and structure to follow, yet they operate in a dynamic external business environment that has some major competitors. Although most logistics enterprises try to maximize profit while setting the price, insufficient managerial competencies affect their ability to competently predict the market and competitors' reactions, leading them to experience losses in the long run (A & Ahmed, 2019). . In Uganda, the National Small Business Survey Report (2019) also shows that businesses do not have sufficient pricing tactics to ensure product acceptance among customers and this is a result of limited resources. Businesses also apply traditional technology that limits their potential to produce high-quality products or services that they can price profitably (Racheal et al., 2023). In Kampala City, the use of efficient pricing is still undervalued, which is evident in most of the pricing practices and strategies used, which are not sustainable during tough competition from established businesses. Approximately 17.4% of logistics enterprises have implemented and recorded unjustifiable pricing practices and strategies that can be attributed to either existing management competencies or the external business environment (Turyatamba et al., 2022). Logistics enterprises are characterized by insufficient managerial competences, which make it difficult to determine the appropriate supply and production chain that will guarantee high-quality, low-cost products or services that can compete effectively. It is not clear why, despite the importance of effective pricing, logistics businesses continue to struggle. While the dynamic capabilities theory explanation suggests that managerial competencies and the external business environment are key (Ramadhan, Alex, Ariyo, et al., 2023), there is a general lack of empirical evidence to examine these hypotheses both internationally and locally. . Hague, (2018) expresses concern about the lack of research to develop the antecedents of effective pricing. The purpose of this research is to contribute to answering this question by examining the relationship between managerial competencies, the external business environment and effective pricing in the context of Uganda.

Statement of the problem

Setting an effective price for services provided by a business has a significant impact on the amount of revenue generation (K. Paul et al., 2023). This is manifested when a business sets a price that is consistent with its pricing objectives, pricing strategies, pricing procedure and pricing tactics (Hwang et al., 2011). However, it is difficult for Clearing and Forwarding logistics companies in Nakawa Division in Kampala to set effective prices for their services. Fierce competition has caused businesses to resort to setting low prices that are relatively lower compared to the total value spent on providing services (Ronald et al., 2023). Some businesses operate without a clear pricing procedure and strategy due to a lack of managerial competencies that allow them to analyze the market, competition, tastes and preferences of customers in order to set an appropriate price (Benard, 2023). If this is not addressed, some logistics businesses may not survive because they will not operate profitably. It is believed that inefficient pricing among the clearing and forwarding logistics businesses in the Nakawa Division may be due to managerial competencies and the external business environment in which they operate.

Specific Objectives

1. To examine the relationship between managerial competences and effective pricing among clearing and forwarding logistics enterprises in Nakawa Division, Kampala.
2. To assess the relationship between external business environment and effective pricing among clearing and forwarding logistics enterprises in Nakawa Division, Kampala.
3. To examine the joint effect of managerial competences and external business environment on effective pricing among clearing and forwarding logistics enterprises in Nakawa Division, Kampala.

Methodology

This was a cross-sectional research design along with a quantitative research approach. A cross-sectional research design was adopted because it allows drawing conclusions and recommendations pertaining the subject under investigation within a short time frame (Alex et al., 2023). In addition, cross-sectional research designs reflect the natural view of the phenomenon under investigation (Olanrewaju et al., 2021a). On the other hand, quantitative research approach was applied because it is able to clearly demonstrate the cause-and-effect relationship between variables with the help of statistical results (A & Ahmed, 2019). The study population comprised 109 clearing and forwarding logistics enterprises in Nakawa Division, Kampala district (Abiodun & Christopher, 2024). The clearing and forwarding logistics enterprises were regarded as the unit of analysis. The unit of inquiry comprised the general manager, marketing officer, and risk manager (Jallow et al., 2022). These were established as the key participants in the determination of price rates which clearing and forwarding logistics enterprises charge (Nafiu et al., 2017).

A sample size of 86 clearing and forwarding logistics enterprises in Nakawa Division was selected. This was based on the Krejcie and Morgan (1970) table for selecting a sample from a given population. The study used primary data (Nafiu & Ph, 2012). This source of data was used because it avails recent data regarding the subject matter under investigation. In addition, primary data is always customized to the issues under investigation (Olanrewaju et al., 2021b). The questionnaire used in this study was structured containing strictly closed ended questions which were anchored on a 5-Point Likert scale (Nafiu et al., 2013). The points on this scale were defined as 1-strongly disagree, 2-disagree, 3-not sure, 4-agree and 5-

strongly agree. Data was analyzed inform of tables, frequencies and percentages using SPSS & STATA (Nelson, Christopher, & Milton, 2022).

RESULTS

Table 1: Pearson Correlation Analysis examining relationships between studied variables

Variables/Constructs	Managerial Competences (1)	2	3	4	5	6	7	8
	1							
Consummate competences (2)	0.084	1						
Threshold Competences (3)	.251**	.158*	1					
External Business Environment	.226**	0.122	0.024	1 (4)				
Competitors (5)	0.021	0.040	0.107	.257**	1			
Technology (6)	0.104	-0.036	.695**	-0.005	.214**	1		
Economic Conditions (7)	.290**	-.253**	.301**	0.038	.165*	.352**	1	
Effective Pricing (8)	.456**	.360**	.395**	.494**	.297**	.208**	.288**	1

Notes: n=66; **. p<.01(2-tailed).

Source: Primary Data

Managerial competences and Effective pricing

Correlation results presented in table 1 revealed that there exists a significant and positive relationship between managerial competences and effective pricing among clearing and forwarding logistics enterprises ($r=.456, p<.01$) (Nelson et al., 2023). Based on these results, it meant that enhancing managerial competences is likely to enhance effective pricing, more especially among clearing and forwarding enterprises in Nakawa division, Kampala district. Furthermore, results obtained a significant and positive relationship between consummate competences and effective pricing ($r=.360, p<.01$) (Moses & Nancy, 2024). Results also revealed a significant and positive relationship between threshold competence and effective pricing ($r=.395, p<.01$). These results meant that enhancing both consummate and threshold managerial competences is bound to stimulate effective pricing among clearing and forwarding logistics enterprises in Nakawa division, Kampala district.

External business environment and Effective pricing

Results in table 1 indicate a significant and positive relationship between external business environment and effective pricing ($r=.494, p<.05$). The results meant that the prevailing external business environment has a bearing on effective pricing among clearing and forwarding logistics enterprises in Nakawa division, Kampala district. Notably, the results

Received: 16.06.2024

Accepted: 20.06.2024

Published on: 30.06.2024

revealed a significant and positive relationship between competitors and effective pricing ($r=.297$, $p<0.01$). This meant that the level of competitors within a given industry has the potential to influence effective pricing, more so among clearing and forwarding logistics enterprises in Nakawa division, Kampala district. Furthermore, results established a significant and positive relationship between technology and effective pricing ($r=.208$, $p<0.05$). This meant that enhancing technology used within a given industry could have a bearing on effective pricing, especially among clearing and forwarding logistics enterprises in Nakawa division, Kampala. Further, results obtained a significant and positive relationship between economic conditions and effective pricing ($r=.288$, $p<0.05$). These results meant that the economic conditions within a given environment is bound to enhance effective pricing, especially among clearing and forwarding logistics enterprises in Kampala.

Table 2: Multiple Regression Analysis

Model	Unstandardized	Standardized		T	Sig.
	Coefficients	Coefficients			
	Std.	Beta			
	B	Error			
(Constant)	2.142	0.140		15.344	0.000
Managerial Competences	0.191	0.031	0.362	6.206	0.000
External Business Environment	0.211	0.030	0.412	7.056	0.000
	R	R ²	Adj. R ²	F	Sig.
	.607 ^a	0.369	0.362	56.980	.000 ^b
Dependent Variable: Effective Pricing					
Predictors: (Constant), Managerial Competences; External Business Environment.					

Source; Primary Data

Table 2 obtained Adj. $R^2=.362$ as a result of regressing managerial competences and external business environment on effective pricing. These results meant that jointly managerial competences and external business environment predicted up to 36.2% of the variances in effective pricing among clearing and forwarding logistics enterprises in Kampala. Results in relation to standardized coefficients under managerial competencies revealed $\beta=.362$, $p<.05$. In this case, the results meant that managerial competences significantly predicts effective pricing among clearing and forwarding logistics enterprises in Nakawa division, Kampala. From the beta value, results revealed that a unit positive change in managerial competence leads to a 36.2% positive change in effective pricing. On the other hand, standardized coefficients corresponding to external business environment revealed $\beta=.412$, $p<.05$. These results meant that external business environment is a significant predictor of effective pricing. In particular, the results reveal that a unit change within the external business environment causes a 41.2% variance in effective pricing among clearing and forwarding logistics enterprises. Hence, these results implied that external business environment is a better predictor of effective pricing compared to managerial competences.

Received: 16.06.2024

Accepted: 20.06.2024

Published on: 30.06.2024

Conclusion

It is affirmed managerial competences are vital in achieving effective pricing. When clearing and forwarding logistic enterprises possess managers with consummate and threshold competences, they will derive appropriate pricing procedures, objectives and strategies to formulate relevant prices that can keep their business afloat. Accordingly, this research demonstrates that being able to set price for services requires possession of specific skills, knowledge and abilities to guide in logical, analytical, and strategic reasoning to determine a price which is perceived favorable from both the demand and supply side. Furthermore, it is proved that enterprises which put into consideration external business environment effectively price their services. Although external business environment constitutes an array of attributes, competition, technology, and prevailing economic conditions matter significantly. Clearing and forwarding logistic enterprises which put into consideration these attributes will derive effective prices. This study contributes to empirical literature providing evidence to affirm the key role managerial competences and external business environment play in effective pricing. Importantly, it illustrates that these factors are paramount among clearing and forwarding logistic enterprises. From a policy makers perspective, it emphasizes that enterprises should ensure managers are competent enough in order to achieve effective pricing. Moreover, it contributes to the dynamic capabilities theory by clearly showing how managerial competences increase enterprises' capability to deal with the ever-changing business environment. It also goes ahead to acknowledge that ability to achieve intended goals and objectives can only occur when an enterprise is able to deal harmonize its decisions with the prevailing environment.

Recommendations

Clearing and forwarding logistics enterprises should continuously carryout environmental scanning and analysis. They should analyse their strategic position within the environment by using models such as PESTEL (Political, Economic, Social, Technological, Legal, and Environment), and SWOT (Strength, Weaknesses, Opportunities, Threats).

Clearing and forwarding logistic enterprises should improve competences of management to be in a better position to make appropriate decisions including determining effective prices for services rendered. These enterprises should therefore frequently provide training for managers, rotate, coach, mentor, take managers to workshops and conferences to enrich their competences to make pricing decisions.

References

- A, S. M. D. A. U. Y. N. L., & Ahmed, H. O. (2019). *On a Semi-Markov Model for Stock Exchange using Capital Assets*. 6(1), 138–144.
- Abiodun, N. L., & Christopher, F. (2024). *Public Financial management and service delivery in Kisoro Local Government , Kisoro District*. 8(4), 10–16.
- Alex, I., Ariyo, D., & Kazaara, G. (2023). Internal Controls and Financial Performance of Saccos in Wakiso District. In *International Journal of Academic Multidisciplinary Research* (Vol. 7). www.ijeais.org/ijamr
- Alex, I., & Moses, N. (2024). *Interest Rates and its Impact on Stock Prices among Small Scale Enterprises : An Empirical Evidence of Kampala District*. 8(4), 43–46.
- Benard, S. (2023). THE EFFECT OF PRODUCT QUALITY ON COMPETITIVENESS OF SMALL MEDIUM-

Received: 16.06.2024

Accepted: 20.06.2024

Published on: 30.06.2024

SIZED ENTERPRISES (SMES) IN WESTERN UGANDA; REFLECTION ON IGARA TEA FACTORY, IN BUSHENYI DISTRICT. In *METROPOLITAN JOURNAL OF BUSINESS & ECONOMICS (MJBE)* (Vol. 2, Issue 6).

Faridah, N., Kazaara, A. G., & Kazaara, A. I. (2023). *An Evaluation of the Effects of Advertising on Consumer Brand Awareness in an Organization , a Case Study of Mukwano Group of Companies.* 7(3), 206–212.

Jallow, M. A., Abiodun, N. L., & Weke, P. (2022). *Stochastic Forecasting of Stock Prices of Capital Assets Using Semi-Markov Model.*

Julius, A. (2024). *Foreign Direct Investment and its impact on Uganda ' s Gross domestic product . An Empirical Evidence of Wakiso District.* 8(4), 97–101.

Lydia, N., Ariyo, D., Kazaara, G., Kazaara, A. I., Brenda, T., Moses, N., & Bafaki, G. (2023). Promotion of Small-Scale Industries and Development of Business. A Case Study; Masafu Subcounty (Busia). In *International Journal of Academic Multidisciplinary Research* (Vol. 7). www.ijeais.org/ijamr

Moses, N., & Nancy, M. (2024). *Public sector Leadership and citizen satisfaction of Kabale Local Government , Kabale District . Empirical evidence of Kabale Municipality.* 8(4), 17–22.

Nafiu, L. A., Oshungade, I. O., & Adewara, A. A. (2013). *GENERALIZATION OF MULTISTAGE CLUSTER SAMPLING USING FINITE POPULATION.* 3(1), 17–20.

Nafiu, L. A., & Ph, D. (2012). *Comparison of One-Stage , Two-Stage , and Three-Stage Estimators Using Finite Population .* 13(2), 166–171.

Nafiu, L. A., Ph, D., Ibitayo, L. D., Ph, D., Muyombya, S. M., & Sc, M. (2017). *On Empirical Power of Univariate Normality Tests under Symmetric , Asymmetric , and Scaled Distributions .* 18(1), 90–96.

Nelson, K., Christopher, F., & Milton, N. (2022). *Teach Yourself Spss and Stata.* 6(7), 84–122.

Nelson, K., Christopher, F., Teddy, A., & Alex, A. (2022). *Customer Care and Sales Volume of Miami Hotel in Kabale District , South Western Uganda.* 6(6), 26–33.

Nelson, K., Kazaara, A. G., & Kazaara, A. I. (2023). *Teach Yourself E-Views.* 7(3), 124–145.

Olanrewaju, R. O., Waititu, A. G., & Abiodun, N. L. (2021a). *Fréchet Random Noise for k -Regime-Switching Mixture Autoregressive Model.* 11(1), 1–10. <https://doi.org/10.5923/j.ajms.20211101.01>

Olanrewaju, R. O., Waititu, A. G., & Abiodun, N. L. (2021b). *On the Estimation of k-Regimes Switching of Mixture Autoregressive Model via Weibull Distributional Random Noise.* 10(1), 1–8. <https://doi.org/10.5923/j.ijps.20211001.01>

Paul, K., Alex, I., Kazaara, A. G., & Kazaara, A. I. (2023). *Corruption and Public Finance Management A Case Study Of Wakiso District.* 7(3), 298–306.

Paul, W., & Kazaara, A. G. (2023). *Assessing How Employee Job Rotation Affects Workers Productivity In Organizations . A Case Study of Action against Hunger , Kiryandongo District .* 7(3), 168–173.

Racheal, N., Enock, Z., & Kazaara, A. G. (2023). *Impact of quality financial reporting on an organization resource management: a case study of humuza holding limited kampala uganda* 1. 2(2), 408–425.

Ramadhan, B., Alex, I., Ariyo, D., Kazaara, G., Nelson, K., Deus, T., & Pascal, T. (2023). Taxation and the Development of Small Businesses in Uganda, a Case Study of Iganga District. In *International Journal of Academic*

Multidisciplinary Research (Vol. 7). www.ijeais.org/ijamr

Ramadhan, B., Alex, I., Kazaara, A. G., Nelson, K., Deus, T., & Pascal, T. (2023). *Taxation and the Development of Small Businesses in Uganda , a Case Study of Iganga District*. 7(2), 136–149.

Ronald, K., Kazaara, A. G., Ismail, L., & Micheal, T. (2023). *The Impact Of Privately Owned Enterprises On The Economic Development Of Communities In Uganda . A Case Study Of Masaka City*. 7(3), 191–197.

Turyatamba, C., Nelson, K., Prudence, K., & Ntirandekura, M. (2022). *The Effect of Product Quality on Competitiveness of Small Medium-Sized Enterprises (SMES) In South Western Uganda ; Reflection on Kayonza Growers Tea Factory , In Kanungu District .* 6(12), 152–159.

Winny, N. D., Kazaara, A. G., Kazaara, A. I., & Deus, T. (2023). *Effect Of Motivation On Employee Performance In Non- Government Organizations (NGOS): A Case Of Mbale City*. 7(3), 67–71.