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Beyond harsh trade!? The relevance of 'soft' competitiveness factors for Ugandan enterprises to endure in Global Value Chains

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ABSTRACT

This article is based on an empirical study which examined the issues of organization and coordination of global production and trade for the case of trade between Uganda and Europe.Respective experiences of 34 exporters in Uganda and 19 importers in Europe were documented through in-depth interviews and consequently analyzed. The article discusses matters of cooperation between the exporters and importers and points to its significance for upgrading and enhancing competitiveness of the exporters studied. It further identifies firm level 'soft competitiveness factors' (SCFs) of Ugandan exporters and discusses their relevance for the firms' performance in Global Value Chains. The findings reveal that deficiencies in SCFs can have damaging effects, and vice-versa. Possession of the SCFs can yield significant competitive advantage for exporters and help to strengthen the relationship with the importers. Findings of ill-treatment of exporters by their importers highlight a particular kind of challenge that is often overseen in the debate about exports of African firms: the challenge regarding business behaviours, practices, and ethics including the ability to engage in relations with foreign buyers and leverage resources, knowledge and generally cooperation from them, first, and the general issue of problematic business practices in the global economy, second. The article policy recommends Policy, practice and research should focus on economic, political, social, cultural and institutional factors that impact on local levels of SCFs; to improve and help exporting enterprises in Africa to survive and succeed in GVCs, within the context of the state of the moral economy in global capitalism.

Keywords: Global Value Chains, governance, upgrading, trust, Africa, Europe

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(1) Background and overview of the article

The paper is based on the findings of an empirical study on Global Value Chains (GVCs) that was carried out in 2006 (Wiegratz, Nyabuntu and Omagor, 2007a). The study's objective was to explore issues of organization and coordination of global production and trade, illustrated by the nature and dynamics of the involvement of Ugandan firms (UFs) in respective GVCs, and the firms' experiences in terms of integration, coordination, cooperation, challenges and upgrading therein. In particular, the study investigated matters of governance of and upgrading in business relationships in GVCs, exemplified for the case of UFs and their buyers in Europe (EBs for European buyers).[1] Key areas for research and analysis included: (a) linking strategies of UFs/EBs and rationale of the relationship, (b) discussions and activities in the early phase of the relationship including GVC entry requirements for UFs and respective challenges, (c) forms and dynamics of GVC governance including UF-EB cooperation, (d) UFs' upgrading and related assistance from support institutions, and (e) prospects of the relationships. Using the results of in-depth interviews with 34 UFs and 19 EBs, related aspects for five sub-sectors were examined; coffee, fish, flowers, fruits and vegetables (FV) and tourism. 2

1.0 Conceptual introduction

The evolution and sophistication of cross-border, value-adding networks of global production and trade in both goods and services is one of the key characteristics of global markets. The analysis of the underlying structures and processes of this global fragmentation, relocation, and coordination of economic activities becomes vital for developing country' entrepreneurs and policy makers who face respective challenges and opportunities in their efforts to integrate local firms into the global economy in a competitive and beneficial manner. In this context, the study of Global Value Chains (GVCs) becomes relevant. The notion of a value chain (VC) describes the sequence of discrete value-added activities needed to bring a specific product or service from its conception through the different stages of production to its use and final disposal after use. The activities that comprise a VC can be contained in a single firm or strategically divided among several firms. In GVCs, value adding activities are divided among multiple firms and spread across wide geographic spaces (UNIDO, 2004; Humphrey and Schmitz, 2002; Humphrey, 2005; Schmitz, 2005a; Ponte and Gibbon, 2005; Gereffi, 2005; Gereffi *et al*, 2005; Kaplinsky and Morris, 2003; Wiegratz *et al*, 2007a).

To-date, the analysis of GVCs focuses on (1) the global dispersion of different value-added activities in product specific VCs and (2) on the related upgrading possibilities - improvements in terms of products, processes, functions and sectors - for local firms. A main concern of research is (3) the analysis of inter-firm relationships and interactions in GVCs; in particular, the way in which the lead firm (LF) of a GVC governs - that is organizes, coordinates, and controls - the dispersed activities and inputs of the firms participating at different functional positions in the upstream GVC part (e.g. up to exporters and farmers in producer countries such as Uganda). This study adapted a purely quantative approach.The literature differentiates between the following governance modes along GVCs: (a) arm's-length relationship (pure market relations), (b) network-type relationships, and (c) hierarchy/vertically integrated firms. Research is particularly interested in the explicit governance forms of (b) and (c) (ibid).

Governance activities by the LFs or other 'governors' in the VC can involve the following:

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1 I shall refer to UFs irrespective of concrete ownership (national, foreign etc.) of the firms. In the same vein, I refer to EBs meaning buyers/firms based in Europe irrespective of the actual nationality of the buyers, e.g. European/non-European, dual citizenship and so on.

2 The research team held interviews with seven UFs in each sub-sector except one (coffee: six UFs). UFs were producers, traders, and - in case of tourism - service providers (tour operators). The views of 19 EBs were gathered in the: UK : 4, Netherlands : 10, Belgium : 1 and Germany : 4. These EBs were operating in the following sub-sectors: coffee: 2, fish: 3, flowers: 5, FV: 3 and tourism: 6.

(i) setting rules that define conditions of VC participation, (ii) incorporating/excluding other VC actors accordingly, and allocating to them value-adding activities that LFs do not wish to perform, (iii) monitoring actors' performance and compliance with rules, and (iv) assisting them in meeting these rules (Ponte and Gibbon, 2005, Humphrey and Schmitz 2002). LF' governance activities can take forms that boost the local firms' capacities and performance; however the nature of the 'boost' depends on the specific conditions of the concrete case. For the context of the article,we argue that a good performance of UFs in the SCFs dimension can help them to nurture enhanced benefits from the EBs' governance activities, or influence the respective governance dynamics and outcomes.

Relevant is further the notion of upgrading (or improvements) of local firms in GVCs. The literature distinguishes upgrading in terms of: (a) products (improving existing products and/or developing new products), (b) processes (improving issues of process efficiency within a firm/ between firms in a VC, process technology as well as product development), (c) functions (new mix of activities conducted in a firm with a higher skills' content) and (d) sectors (inter-sectoral upgrading: moving to a more profitable VC in another sector) (UNIDO 2004, Humphrey and Schmitz, 2002, Gereffi *et al,* 2005).

Research shows that governance - the features of the relationships and links among various VC actors and their coordination etc. by the LF or its partners such as first tier suppliers, buying agents, consultants, as well as public and private support institutions - has implications for the nature and prospects of upgrading of local firms in developing countries (such as UFs). Research revealed that participating in explicitly governed GVCs can be fast-track strategy for local firms to gain access to foreign markets, marketing channels, credit, technologies, knowledge, skills and management practices of the LF (its partners) and thus mobilize the local growth potential. Integration into GVCs has been associated with the growth of a strong supplier base in a few developing countries (especially in Asia) in the past 15 years. It is suggested that a major explanation for the fast upgrading of some local firms is a mix of pressure and (formal/informal) assistance from global buyers (ibid).

Importantly, the GVC approach brings the discussion on trade competitiveness and prospects from the macro/meso level (tariffs, investment climate, trade laws and negotiations) to the meso/ micro level of the evolution of industries (GVCs) and related firms' strategies, interactions and the like. It offers insights not only of global buyers' governance strategies but also local firms' efforts to improve their performance in GVCs, enhance coordination, communication and trust with buyers and other VC actors, switch to more promising business partners or VCs and so on. GVC researchers believe it is vital for actors and stakeholders of global trade to understand: (i) the GVC structures and functioning including governance dynamics, (ii) ways in which a LF might intend to incorporate and support a local firm and allocate new tasks to it, and the (iii) requirements for the latter's integration and upgrading (UNIDO, 2004).

2.0 Selected main findings of the GVC study on relations between UFs-EBs

To begin with, there were numerous and complex challenges UFs had to tackle (often in partnership with the EBs) to enter into and compete in GVCs: for instance, it took time to establish a set of relationships with both domestic and foreign actors in the chain, to understand market processes and standard requirements, to master a new technology and new processes, or to attain an adequate level of product quality. The persistent challenge for UFs of developing appropriate human resources (capabilities, skills, attitudes, and mind-set) was significant across all sub-sectors. Further, UFs had to (pro-actively) search for the GVC arrangements that suit them best, according to their respective level of development and stimulus' needs. In this context, some UFs worked with different buyers at the same time and/or switched entirely from one to the other over time.

There were variations in governance forms in the relationships studied: from arm's-length to network and hierarchical governance patterns, for various reasons. The report shows the organizational set up of the GVCs with EBs - and thus forms of relationships - matter (both positively and negatively) for UFs' export undertakings, hence for local economic development. This is not really news for GVC researchers; However, the detailed accounts of the respondents allow a good understanding of the specifics of this point, e.g. when, how and why governance matters. The respondents noted a range of changes in the respective division of labour and respective governance patterns in certain GVCs, including: (a) enhanced local value addition activities or (b) a move from arms-length towards more thick relations between UFs and EBs. Such changes - which are driven by various forces - can imply new benefits and challenges (due to new rules/requirements) for the UFs. Further GVC restructuring is anticipated in some sub-sectors, e.g. to reduce costs and improve the efficiency of the GVC.

Overall, main driving forces for the GVC arrangements include: quality requirements, contractual obligations and related threats of penalties for deficits (from EBs or other clients along the GVC), technology, standards, regulations, investments, increase in global supply and competition, market dynamics, air freight availability and costs, volume requirements (economies of scale), or levels of mutual trust and local expertise. Another major driving force is high labour costs in Europe which partly motivated (i) the setting up of EB-UF VCs in the first place (e.g. in the flower industry), and (ii) the ongoing outsourcing of particular activities from the EB to the UF once the GVC is running (examples exist in almost all sub-sectors examined). A number of EBs said they welcome and encourage enhanced local value addition in Uganda.

There were many incidences where UFs and EBs indicated that they operate in a situation of mutual dependency; there were also cases of perceived one-side dependency of the UF or the EB respectively. In addition, while some UFs noted a worsening negotiation position (bargaining power), mainly due to oversupply in the market and a significant increase in production and transport costs, many UFs reported an improvement in their negotiation position with the EBs. A main reason for this improvement was strengthened human resources (HR) - or, the knowledge, information, capabilities, skills, and experience that the UFs accumulate over time while they operate and learn in GVCs. Improved local HR of the UFs - because better HR contributed to improved performance and reduced risk of failure of the UFs - also tended to result in more network forms of governance which was characterized by an advanced UF-EB relationship and more interactive and intense coordination (and cooperation). The more network-like form often had a positive impact on UFs' performance and growth. The finding suggests a prime role for the HR factor with respect to UFs' advancements in GVCs towards a relation with buyers that is characterized by more interactive, relational and beneficial forms of economic exchange, partnership and dialogue.

Regarding switching to another business partner (UF or EB respectively), some respondents highlighted switching is easy and related to low costs. There are other cases that point to considerable switching difficulties and costs; these are related to various relationship dimensions such as: (a) loyalty, mutual understanding, reputation, contractual obligations and the VC set-up (organization, relationships, investment into the partner's capacity), and (b) finding a new partner and starting from scratch (building the GVC and the trust and understanding between actors, adjusting to new buyer' requirements). In the context of such switching costs and difficulties, there is high interest of a number of UFs and EBs in the continuity of the arrangements (and the relations) that are in place.

Upgrading of the UFs took place in terms of products/services and related production and delivery processes; there are also cases of technology acquisition and new quality management systems. Main driving forces for upgrading were: VC requirements, competition, demand changes, and industry standards/regulations. Further driving forces were: EB demands, UF performance problems, UF strategy and enhanced local capabilities. For some UFs, the positive effects of upgrading contributed to business and market consolidation, productivity, customer satisfaction and loyalty, as well as profitability, and thus progress towards enhanced sustainability of their businesses. Yet, not every UF reaped benefits from upgrading. Most EBs noted that UFs' upgrading (of products, processes, and practices including communication and reliability) to-date was considerable (at moderate or high level) and often had a high impact on business outcomes in the UF-EB business. EBs noted that upgrading can benefit UFs especially in terms of staying in business, thus gradually improving and deepening the relation with the EB and developing and making use of market opportunities over time. More consistent business (demand stability) and cost reductions as well as better sales, contracts, and prices were also benefits identified. Accordingly, upgrading benefits to UFs could be limited (or non-existent), however, due to competition, oversupply, demand changes, and price pressures.

Regarding the feasibility of upgrading, UFs mainly stated that upgrading is costly but necessary, especially in order to improve their competitiveness, comply with standards and stay in business. Some UFs reported that advantages related to successful upgrading eroded after a relatively short period of time which made it necessary to undertake new upgrading initiatives. For many UFs, however, upgrading was vital to stabilize and consolidate the business operations, including the links with EBs. It helped in: (i) operating closer to requirement levels, (ii) carrying out more efficient production and trade activities, and (iii) achieving more consistent quality supply, fewer losses, better margins, enhanced learning processes, and a reputation as a good supplier. Thus, while upgrading does not necessarily come with higher prices, it can still be seen to be vital in building and maintaining export competitiveness. Yet, upgrading is costly and requires expertise; GOU and development agencies need to (re-)consider their activities in this context.

3.0 Matters of cooperation between UFs and EBs

The below discussion on the importance (and reality) of cooperation and interaction between UFs and EBs is set in the context of the argument that firms from economies that are so-called latecomers on the global industrial scene (e.g., Uganda) can in principle take advantage of their latecomer status: They can accelerate their upgrading and learning through tapping into the global pool of resources, knowledge, good practices and technology; for instance, via applying the LLL-approach (UNIDO, 2002). Firms from latecomer countries could follow a strategy of linking with global buyers from advanced economies and continuously undertaking leveraging (resources, knowledge, skills and technology) and learning efforts in these business arrangements. Such a strategy of marrying the available internal and external sources of competitiveness and growth can help addressing domestic gaps and constraints and thus foster or unlock the realization of the domestic growth potential (Mathews, 2006; Lall, 2004). Based on the study findings, Box 1 gives an exemplary overview of cooperation areas between UFs and EBs for the case of the floriculture sector; the cooperation is at a significant level and has helped the UFs to enhance their competitiveness in crucial business areas.

Box 1: Cooperation examples in the floriculture sector

- Joint business plans, joint production planning and logistics,
- Joint quality checks system (e.g., quality control when products arrive in Netherlands, quality feedback and reports from EBs which help UFs in adjusting production in Uganda). Part of the quality management and feedback mechanisms is the EBs' support in instructing local staff and translate buyer specification to local context. One flower EB for instance stated: "we send photographs [of the received flowers boxes to our partner in Uganda], and use terms such as 'sleeping' and 'happy' rose to explain local staff the differences in cut stage",
- Joint problem solving on matters of: quality, diseases, logistics, prices, financial assistance, production,
- Joint product development (PD): EB gives expertise and advice and/or co-finances PD projects,
- Technology support: UF upgraded its technological level with new technology from EB,
- Cost sharing between UFs and EBs: for standard systems, innovations, land expansion, new green houses, training, new machines, and logistics. Some EB look for respective donor funding in Europe,
- The EB fixing deficiencies of UF's product in Europe,
- Customer relations management in Europe by EB: marketing agents in Europe as 'buffers' between growers (UFs) and large buyers (supermarkets),
- Mentoring, advice and information sharing by EB: on production, quality, standards, and market trends.

On an overall level, there are significant differences within and between sub-sectors studied in terms of the level and form of cooperation between UFs and EBs; the differences have considerable consequences for the speed and depth of advancement of particular UFs, hence the competitiveness of the EB and GVC as a whole. Cooperation can feed information, knowledge and know-how into the operations of the UF on a regular basis. Strong cooperation forms which assisted the interviewed UFs to upgrade products and processes (and sometimes technology) were particularly important in the kick-off phase of a new export sub-sector; especially in the cases of fish, flowers and FV - all of them non-traditional export sub-sectors that started from a low or zero export base only some years back. UF-EB cooperation was essential to speed up the learning and growing of the UFs in these sub-sectors and thus the development of the industries as a whole. One could learn from these experiences, that there is potential for cooperation of UFs with foreign buyers which can help UFs and other domestic actors in Uganda's current and future export industries.

On the other hand, not all UFs reported well-built cooperation forms with the EBs, and there are a number of significant challenges and conflicts in some EB-UF arrangements. Yet, many UFs gave a positive assessment of current level of cooperation with their EBs; it could be that these UFs have sorted out over time the set of EBs they prefer to work with (stopped trading with problematic EBs) and improved relations with these EBs; research should look into this 'sorting process' of local firms. Many EBs also assessed the cooperation level with the UFs to be good or very good. These overall positive assessments could imply that relationship related learning and improvement efforts of both UFs and EBs bear fruit and have facilitated cooperation to-date.

Notably, UF-EB cooperation was typically based on some form of social relationship (as opposed to mere arms-length interactions), and thus a certain level of trust, loyalty, joint objectives and thus incentives to continue or deepen the relationship (I build on this point below). Further, interviews showed that deteriorating production and logistics conditions in Uganda which lower the volume traded and increase cost and uncertainty in export business not only lower the competitiveness of both the UFs and EBs (hence, the GVC) but can undermine UF-EB relations and cooperation. Such deteriorating trends can delay or wipe out the materialization of planned cooperation benefits (cooperation deepening), and even lower existing cooperation levels (up to EBs considering exit of the relation). The benefits lost for the UFs due to a souring or discontinued relation with cooperative EBs go beyond export revenues: they involve losses in areas such as product development, provision of advice and technology, sharing of information, knowledge, and ideas, as well as learning via repeated dealings with these buyer; such relationship damages could be hard to fix. Thus, while SCFs are crucial for UFs (in most but not all GVCs studied) to foster and benefit from EB cooperation, note: conventional or hard competitiveness factors (HCFs) - such as: business volume, product quality and price, production and transport conditions/costs, political stability, or the socio-economic situation - are still relevant to maintaining and improving relations and cooperation with EBs.

4.0 Relevance of soft competitiveness factors (SCFs) for succeeding in business with EBs

The study revealed soft issues such as trust, communication and cooperation are core issues in GVCs for both UFs and EBs. The study sums this up - from the view of the UFs vis-à-vis the EBs - as the relevance of firm level SCFs which include the following: trust (being trustworthy, developing and deepening trust with EBs), honesty, transparency, coordination, reliability, loyalty, responsiveness, communication, relationship management, social skill, business behaviour and practices, business ethics as well as pro-active behavior and eagerness to learn in the business relation with the buyer. UFs' deficiencies in the above categories can have damaging effects, e.g. when UFs are opportunistic and ill-treat EBs; and vice-versa: there are significant successes cases where UFs have (developed) a strong set of some of the SCFs, e.g. strong interactive capabilities, or high communication, responsiveness and transparency. Appendix 1 provides examples of interview accounts to illustrate the points made in this section; e.g., EBs' complains and praises about UFs' performance in SCFs.

Results across sub-sectors revealed that UF-EB business relations can grow over time beyond arms-length into a network and close social relationship with a considerable level of mutual trust, understanding and commitment which in turn strengthens both the GVC (thus EB) and the UF. Consequently then, - and as the report's examples of cooperation successes and failures reveal - UFs need social and interactive as well as entrepreneurial and organizational capabilities and respective business ethics, practices and know-how to initiate, manage and enhance both the relations and cooperation forms with foreign buyers, and increase the cooperation benefits for both parties involved. Another basic but important message of the findings: entering and advancing (and, where necessary, leaving) relationships with particular foreign buyers in a proper manner is an important competency of engaging in export trade. Those UFs that cannot sufficiently reap cooperation benefits might find it more difficult to advance competitively than UFs that are 'cooperation champions'. More general, UFs that cannot make adequate relationship decisions - e.g., when and how to enter and leave a relation with a buyer, or deepen cooperation - might advance more slowly as well.

Clearly, there is a dimension of learning related to the above issues; often, UFs had to improve their practices, e.g. by learning how to communicate properly, be responsive to the issues raised by the buyer, or develop trust. One could therefore say that the strength of the cooperation champions is related to both their 'initial endowments' (the communication skills etc. that the entrepreneur/staff have at the beginning of the engagement in export business) and day-by-day learning. The interviews illustrate these aspects and respective differences between various UFs; research should follow up on the described dynamics and firm differences. Exporting firms in Uganda (and elsewhere) might find it useful to move beyond measuring their performances in conventional categories only (product quality, return on investment, energy efficiency), and include relationship categories.

The research further revealed network type relations require not only strictly technical but also (and often more importantly) 'soft' capabilities. Local firms that develop or possess the HR needed to enhance responsiveness, reliability, communication, flexibility and trust vis-à-vis the foreign buyer can establish the pre-condition for advanced relations in GVCs. This in turn seems to improve the likelihood that UFs reap increased benefits from their integration into GVCs. Markedly, respondents suggested that 'getting it right' in GVCs (developing a mutual understanding and trust, improving the VC efficiency, and actually making good business) can take several years. It is thus important that UFs 'survive' the early years (to reap the benefits of the later relationship periods) and keep a commitment, where appropriate or possible, to their GVC, so as to accumulate product specific HR. Uganda thus has a vital interest that committed UFs - and the domestic VCs they govern - stay in export business over a longer period (rather than collapse) because of the considerable time dimension of the underlying processes of: (i) building up the HR (experience, learning on the job, formal training) and (ii) setting up and improving relationships in the GVC and 'getting it right'.

Significantly, comments from EBs in the FV sub-sector indicate that buyers who are frustrated (due to UFs' dishonesty, cheating, low responsiveness, switching of business partners and so on) talk about their negative experience among industry colleagues in their home country or Europe generally; hence negative reputation effects for Uganda as a sourcing country. Very important to note as well, some UFs in the FV industry reported problematic behaviour of certain EBs who cheat by: claiming they have never received the produce or 'inventing' quality defects of the delivery (to eventually pay the UFs less than agreed), breaching the contracts (if there are any), not paying the full amount for the delivery, or disappearing after delivery of the produce without any payment.

5.0 Concluding discussion

5.1. Implications for the state and development agencies as well as learning institutions

The behavioural (and competency) issues in GVCs discussed above highlight a particular challenge that is often overseen in the debate about exports of African firms: the challenge regarding local business ethics, values, behaviours and practices, including honesty, communication or reliability as well as ability to effectively engage in business relations, and leverage resources, knowledge and generally cooperation from the buyer. Trade proponents have to analyze and address related issues of performance of UFs (and economic actors in Africa in general) in SCFs such as trust, communication, reliability, transparency. Attention should be paid not only to the economic, but also social, cultural and political factors impacting on the relevant empirical outcomes. I cannot discuss the implications of this policy, programme and research agenda in this article; yet, it is obvious that we (interested researchers, firms, technocrats, NGOs, donors, etc.) have yet to fully grasp the state of relevant institutions (prevailing norms, rules, values, practices, routines, habits) in the Ugandan economy and African economies at large; those institutions that are regarded as prerequisites for the establishment and running of a (more or less stable, competitive or 'modern') market economy (Bair, 2005). This agenda is closely related to understanding the embeddedness and thus economic sociology and political economy of markets (Polanyi, 1957).

More specifically for the Ugandan case, it seems reasonable to suggest the following: Government and other stakeholders should consider how: first, they can complement and enhance UF-EB cooperation systems to optimize the benefits for the UFs and the GVC as a whole. Second, how they can help UFs to establish (beyond conventional support measures, such as support for UFs trade fair attendance) and deepen a meaningful relationship, and enhance mutual understanding, meaningful interaction and cooperation with foreign buyers. Third, how they can help UFs to translate the insights on the importance of SCFs - for matters of both (i) competitiveness in GVCs and (ii) cooperation with foreign buyers but also other actors - into relationship management measures that target e.g. pro-active trust building and improvement with business partners in GVCs (Möllering, 2005 & 2006; and Möllering and Stache, 2007).

Other questions that need attention are: Fourth, how can reliable UFs be helped to demonstrate trustworthiness to foreign buyers (and 'earn' trust over time via good performance), so that the buyer engages in the relationship, and enhances cooperation efforts? Fifth, how can the reputation of trustworthy UFs in a sub-sector be shielded against the negative effects of the actions of the untrustworthy UFs? Sixth, how can UF-EB trust be enhanced by regulatory measures and inspection services in the European part of the GVCs? Overall, trade promotion agencies need to support UFs in gaining the knowledge and skills that allow them developing a more informed mode of dealing with the challenges of linking up and developing a beneficial and long-term oriented relationship with (trustworthy) buyers. This could help especially young sub-sectors/firms in Uganda to strengthen the organizational set-up, day-to-day operations and overall performance of newly established GVCs.

Indeed, in my view, it is important to realize that trust and cooperation patterns of firms have a skill or capability component. For instance, Möllering defines trust as the ability to suspend uncertainty and develop positive expectations regarding the intentions and the actions of another actor (Möllering 2008, 2005). The (level of) ability to suspend uncertainty is related among others to early childhood experience and learning (Möllering, 2005; Giddens, 1990). If, in general, biographical issues affect the GVC actors (here UFs) present-day trust behaviour, then the (recent) history of Uganda, the institutional environment, the trust culture of the country, the macro and micro socio-economic conditions (including family) and so on play an important role in shaping the ability of Ugandan economic actors to develop inter-personal trust, with both domestic and foreign actors. It seems then reasonable to assume that some Ugandan exporters might have generally a lower propensity or ability to trust (little known) domestic or foreign actors in GVCs. In short, there would be a case for, among others: (i) research to pay more intention to this topic, (ii) the GOU and other actors to consider their role in the current state of trust affairs in the country, and (iii) the training and education institutions, among others, to help enhancing trust relevant knowledge, skills and routines among current and future economic actors in Uganda (Ssemogerere and Wiegratz, 2007, Wiegratz, 2006 (a), (b)).

Trade related training - especially for new and small exporting firms but also for examples. University students of trade - needs to put more emphasis on the ‘soft’ side of (export) business. Courses could cover the following topics: active relationship management including active trust building and loyalty enhancement, negotiations, transparency, and pro-active behaviour and communication in a VC setting, and dealing with matters of conflicts, opportunism, power imbalances, as well as control and trust between GVC actors. Such trainings can help boosting UFs’ understanding of and performance on the ‘soft’ side of GVC trade. Notably, textbook based teaching about the importance of keeping the buyers pleased (as part of marketing) is insufficient. Rather, more case study and class discussions based teaching is needed. Yet, few empirically grounded academic materials are available for the teaching of such meso-micro and interdisciplinary topics in an African context; which points to the need for more cutting edge research in this area. There is a related gap between the research topics suggested in this article and the (often externally funded, and more quantitative) mainstream research carried out for instance on the Ugandan economy.

The suggested trainings could involve sessions in which Ugandan entrepreneurs share their experiences and lessons learnt in interacting with foreign buyers and other GVC actors or stakeholders such as technocrats. Trainings based on experience sharing on soft issues of exporting seem almost non-existent at the moment. This increases the overall learning costs of UFs: in an environment of limited formal/informal sharing of business information and experience (and limited case study reports on such business matters), each new GVC entrant from Uganda has basically to go through the entire learning curve which involves a significant level of costly ‘learning by mistake’.

Lecturers and participants should for instance develop guidelines or self-help-tools for firms’ reflections and actions on SCF related topics, foxemples how to exit a relationship with a foreign buyer in a way that causes limited damage to, first, the trust and relationship atmosphere between the parties and, second, the cognitive and emotional predispositions of the buyer towards the respective sub-sector and the Ugandan economy as a whole. The is need for timely communication to the EB that one intends to switch in the near future to signal to the EB the UF's commitment to reliability, predictability and fairness (thus the relationship and trust) in the inter-firm relation (Zaheer, *et al,* 1998 & 2007).The interview responses of EBs who were disappointed by UFs and thus (temporarily) reduced their business with Uganda as a whole, or changed from network to arms-length governance in subsequent engagements with other UFs support this proposition. Given Uganda's development (and latecomer) context, the point is when a UF1exits a relation with EB1 (for whatever reasons, e.g. because business with EB2 is more lucrative) it should try to act in a way that limits reputational damage (negative externalities) for fellow UFs who might be willing/able to do business with EB1 under the conditions that caused UF1 to leave the relation.

Foreign buyers could also be involved in such training; as know interviews revealed that some buyers regularly visit their suppliers in Uganda;yet, few they have never been contacted by learning institutions to get involved in presentations, public talks, or lectures. This might indicate a relationship gap between foreign buyers (but also local exporters, or lead farmers) on one hand and trainning institutions (including staff of the relevant Ministry department or the standard private sector support programme) on the other. GOU and donors might consider involving committed foreign buyers, where appropriate, in the design and implementation of economic development programmes and policies. This would be part of applying a market-in approach (considering market structures and dynamics) rather than production-out approach (Schmitz, 2005a). But as a cautionary measures, this should be done with a check to the embedded self interest.Trade support institutions and development agencies (but also training and academic institutions) - and the people who run them - need to build (better) relationships with the various international and the local GVC actors and get their views and ideas (on how to improve support programmes, local firms performance). A functioning feedback system between foreign buyers and Ugandan institutions would probably help in tracing GVC dynamics in time and develop appropriate responses.

Furthermore, given accounts regarding problematic behaviour of some FV EBs, there is a case to look into better protection of interest of UFs (and probably small-medium exporters from other African countries) in the EU and other geographical destinations, especially vis-à-vis importers who (try to) deceive the UFs. This could help in reducing the export risk for UFs, thus stabilizing relations with importers abroad. Such issues also need some industry initiative (or public private partnership); one could consider (a) advocacy towards buyer traceability (registration system) in Europe, and (b) establishing a desk of representative (Ugandan/East African) and/or (c) a quality inspector system at the most important logistical points of entry of Ugandan/African FV cargo into Europe to take care of interest of the exporters. As said before, besides advocating for interventions that target the organizational and relationship aspect of global trade (including risk, power and trust dimensions), it remains a vital task to improve the HCFs such as volume, quality and costs of the UFs' products and services in order to set and strengthen the very foundation for enhanced trade relations between African exporters and foreign buyers.

5.2 Considerations regarding future research on value chain matters

Based on the findings of the study, there is a strong impression that GVC research needs to: (i) broaden its focus of analysis to better understand currently neglected aspects in GVC mainstream research (Gereffi *et al*., 2005; www.globalvaluechains.org; Bair, 2005). Unless research efforts do accelerate in various directions, the GVC approach might advance only slowly (thus remain below its potential), and keep its various blind spots, with respective consequences for analysis and policy descriptions. GVC research needs to (ii) incorporate useful tools and concepts of branches of social sciences that have potential to enrich the framework and thus put it on a more solid theoretical base where necessary. For instance, it is striking that to the best of my knowledge there is relatively little theoretical and empirical work existing on mechanisms of communication, (dis-)trust, betraying and cheating (or 'improper' behaviour, 'game play'.) in GVCs , or psychological, cognitive, and emotional aspects of formal and informal inter-firm trade, cooperation and learning. Overall, the importance of paying more attention to the interaction dimension of trade is of course fully acknowledged by GVC main researchers ; the issue is: we need an enhanced GVC theory and more diverse empirical work investigating the different issues of this interaction aspect. It seems to me that the deficits in terms of a proper action theory of individual economic GVC actors such as farmers, intermediate traders and marketing agents, key managers and staff of GVC lead firms, is a result of the research focus on 'the firm'; and thus an application of certain theories and concepts (and not others) in investigating GVC governance.

As Bair (2005) pointed out in her stock-taking paper, there is indeed a deficient (especially micro) theoretical foundation regarding the embeddedness of the behaviour of VC actors; this applies no less to the study of farmers, traders, processors and marketing agents operating in the SSA context. Bair has in principle outlined the main gaps of the GVC literature to-date and what could be part of the research agenda for the future; however, based on our findings, I re-emphasize or add some points below. For instance, Bair does basically not mention the dimensions trust, emotions or ethics (moral economy); yet these are important aspects of the soft side of embeddedness of GVCs. There is also surprisingly little reference in the mainstream GVC literature to issues of institutional nature such as relevant (local) norms, practices (business culture), understandings, mindsets, or politics and culture. A rather narrow version of the economic sociology (political economy) of markets and industry organization is dominant at the core of the GVC mainstream agenda. Besides addressing the above outlined research gaps, GVC analysis needs to show greater concern for a more detailed analysis of what is happening at the very end (or, more correctly, beginning) of GVCs, in respective domestic and regional VCs in developing countries. The problems regarding organization, cooperation, and trust in domestic export oriented agro VCs in Uganda calls for such an agenda (see Wiegratz *et al*. 2007b; van Bussel, 2005).

Indeed, 'mixing efforts' (what can be called GVCresearch+) need to be enhanced to improve the coverage and explanatory power and thus policy relevance of the GVC approach. Notably, Gibbon and Ponte (2005) tried to combine GVC concepts with convention theory; called for more research on cognitive processes among actors in GVCs. Thomsen (2007) has demonstrated the usefulness of looking at links between domestic GVC actors and local politics in a developing country context (Vietnam). Jackson *et al*. (2006) have applied discourse analysis to the study of the politics of food VCs. Further, Morrison *et al.* (2006) observe a disregard within GVC research for details relating to learning and innovation processes within firms in developing countries, and suggest that applying a technological capability approach to GVC analysis could be useful in this respect. Our UF-EB study confirms the relevance of governance via learning of UFs during 'chain visits' to their EBs (as well as during buyers' visits to Uganda) - and subsequent effects of process and behaviour modification of the UF (its staff).

However, GVC research has yet no solid theoretical grounding to give an account of the detailed technical, cognitive and cultural mechanisms of these processes at the exporter's side, and, as important, at the importer's side, and so on. This is striking as GVC research deals with the study of the relations of actors from different regions and socio-economic and cultural backgrounds (say an international buyer and a local exporter/farmer in Uganda). Our study shows that these processes of the formation of economic and social relations as well as mutual understanding are both complex (and involve, aspects such as emotions) and highly relevant for the performance (or, survival) of the UFs in GVCs; yet, our understanding of these processes is insufficient to-date. Research efforts are therefore required to understand the deeper trajectories of economic and social relations and interactions in GVCs; in short the embeddedness of GVCs (Blair, 2005). This has to include especially the non-economic aspects of embeddedness of GVCs at their local nodes: Research needs to analyse not only the economic but also the social, cultural, political, religious, moral, organizational and cognitive factors (and their interaction) which impact on the relevant GVC outcomes; e.g. the multi-faced pre-conditions that enable or disable local lead firms to integrate and perform in GVCs in one way and carry out governance of the domestic VC in another.

For the Ugandan/African case, the economic analysis in general has to move beyond merely analysing the effects of liberalization on firms' and sectors' performance in terms of product quantity and quality as well as issues of incomes, inequality and poverty (as important as the topics are). It needs to address as well the research gaps regarding the impact of liberalization (and related neoliberal policies and interventions) on, among others: (i) the relative distribution of actors' power in domestic VCs, (ii) the VC actors' minds, norms, moral values, cognition, and practices (routines, habits, and behaviours) and (iii) state rules and organizations that affect (i) and (ii).

In sum, I agree with suggestions from proponents and observers of GVC research for a broadened agenda which could mean giving more consideration to: (1) normative/cognitive (not just material) aspects of VC governance within a historical perspective (Gibbon and Ponte, 2005), (2) social relations of production (Bernstein and Campling 2006a & 2006b), (3) less tangible elements of economic development (social capital etc.) (Knorringa and van Staveren, 2005), or (4) the institutional embeddedness of GVCs and thus non-economic factors constitutive of the VC including the role of the state in the development of productive forms of inter-firm networks (Blair, 2005; Meagher, 2005).

No doubt, finding answers to the research questions of this agenda will not be straightforward, especially because quite complex concepts from various social sciences will have to be applied to both theoretical and empirical investigations. A good share of the work will have to be done by researchers with training in economic sociology, anthropology, geography and political economy. Needed is inter-disciplinary work; needed for the African context are also somewhat considerable budgets to carry out research at the required scale to fruitfully advance with the second generation of GVC research. There are dozens of interesting and important topics to be explored related to the above outlined research gaps; it remains to be seen whether funding for such research in Uganda and other African economies can be secured, and whether one can get the dominant actors in state and donor agencies to take into account and, where necessary, act upon relevant findings.

Overall, the kind of analysis carried out in the study points to the realities of upgrading and LLL strategies in GVCs for the case of Uganda - of which buyer-supplier cooperation is a vital part. The report's insights could provide valuable lessons for other exporting firms, but also for state officials, NGOs and researchers in Uganda and other countries in the region. In future, researchers, public sector officials but also private sector associations, among others, should intensify efforts to identify: (i) areas of cooperation needs and possibilities between UFs and foreign buyers; and, (ii) how cooperation could be stimulated, where desired and appropriate (!), by supporting policies and institutions. It is vital (as the GVC literature acknowledges) that the analysis of inter-firm cooperation applies a certain historical perspective to capture the evolution (and sense the outlook) of concrete partnerships. Cooperation is dynamic in its level, scope and underlying rationalities; it can increase, decrease or remain unchanged for some time. Researchers need to better: (i) understand the principles of these dynamics and what they mean for firms in Africa , and (ii) grasp the rationalities, practices and implications (costs, benefits, changes) of cooperation between local firms and foreign buyers.

5.3 A final note on the title of the article: 'Beyond harsh trade!?

The sheet scale of the following in global production and trade: opportunism, short term calculation, switching business partners, inter-actor power and wealth imbalances, as well as low or dis-trust, immorality and ill-practices; relates to actors from both advanced and developing economies. Some of these actions are or might be reasonable from the actor's point of view (given the surrounding environment), value system, practices, habits and so on. It is important to point out that there is both: opportunistic, short term, low trust, harsh (or cut-throat) trade on one hand and more trust-based trade on the other, and a lot in the grey area in between. The reasons, effects, implications and outlook of the respective action patterns are probably controversial among students of the global economy and need further investigation. And indeed, related issues of the economics, sociology and political economy of markets are not straightforward. Academia needs a better theoretical and empirical grip on these characteristics of contemporary capitalism. It is worthwhile to help (especially the smaller) exporting firms in Africa to be more aware of the chances and pitfall of the behavioural side of trade, help them improve their SCFs, find trustworthy and committed buyers, promote interactions and cooperation between actors (from different cultures) and find regulations that limit the risks of outright cheating along the entire GVC.

An important political question will be if the neoliberal proponents in Uganda and elsewhere will be willing to take into account that these greyish, contentious trade practices are not just a singular, irregular 'event' (of marginal importance e.g. for economic development in Africa). But rather, they are first, an in-built outcome of a competitive global economy that has regulatory blind spots, and, second, maybe also intriguingly related to the one dimensional behavioural model of self-interested, economically rational economic actors that the neoliberal policy tool box often seems to be based on and to promote. Perhaps, the observation of the late Sanjay Lall - an economist (!) and eminent writer on matters of industrial development - can make policy makers and researchers (who take for granted or ignore certain SCFs-dimensions) re-think their assumptions:

> "Social and behavioural factors that may affect the process and nature of the (massive) adjustment required of developing economies are rarely taken into account [by the development mainstream which focuses on the business environment, investment climate etc.]. There is again an implicit assumption that these factors do not matter, or that, if they do, exposure to globalization and the adoption of market friendly policies will ensure that social norms and patterns of group behaviour will automatically adapt to economic needs. There is growing evidence that this view is over-simplified and possibly harmful. …[S]ocial capacities …allow economic capabilities to be developed and efficient policies to be designed and implemented" (Lall, 2002).

By bringing together two titles of trust research output with relevance for the above discussed issues in the case of Uganda and Africa at large: first, 'trust under pressure', the title of a book (Bijlsma-Frankema *et al*, 2005) on trust and trust building in less institutionalized and more uncertain environments; 'under pressure' looks like a phrase worth to keep in mind when one thinks about the historical and structural context and preconditions for SCFs. Two, 'Cooperation against all odds - finding reasons for trust where formal institutions fail' is an article which brings in a powerful notion of agency to trust behaviour of economic actors (Tillmar et al, 2007). The two titles point to a direction of structure-agency issues that are relevant for the theory and practice of 'beyond harsh trade!?'.

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Appendices

Appendix 1: Illustrative interview quotes related to SCFs

(A) FV sub-sector

UFs' views:

Growing of a business into a social relation

- "This business is a gamble: trust and mutual understanding are the backbone of the business

…Mutual understanding is the biggest mechanism for dealing with deficits in the sector; it allows for mistakes: If you don't have a buyer who is flexible and helps you when you are down: you can't survive",

- "Besides being a buyer, [the EB] is now my close friend… I gradually learned about the importance of trust and of a trustworthy buyer",
- "We have become like brothers. It wasn't like this before",
- "A relationship stops or limits the buyer from looking for other supplier countries".

Relevance of face-to face contacts (mutual visits):

"It is hard for buyers who have never been down here [in UG] to understand how systems work. With all our clients who have visited us here in Uganda we have seen that the relationship improves instantly. It then goes beyond a commercial relation; the social aspect comes in which is the foundation of a long term relationship and cooperation…. Relationships are really a strengthening factor".

Not all UFs reported well-built cooperation forms:

"The buyer [in the UK] doesn't know me, he has never seen me…I don't know the prices of the product in the UK; the prices are elusive to me". Yet, other FV UF gets market price info from UK buyer who regularly sends comparative market figures (which allow UF to compare prices in different markets) to stabilize/improve the relation: "This keeps us running into the same trust atmosphere".

Reference to behavioural deficits of UFs limiting relations with EBs:

"Buyers are not willing to invest in Uganda because of the amount of cheating on the Ugandan side. Many exporters have misused the money provided by the buyers".

Challenges and conflicts:

- In case of quality claims: UF can usually not prove that e.g. only 20% of delivered shipment is of bad quality when the EB says it is 50%: "The buyer makes you to agree to lower payment because he is in stronger position once the shipment is with him in Europe. The buyer is really powerful in this sense. …He can refuse to sell this shipment or drop me in future",
- Accumulation of outstanding payments: bargaining power problem for UF: "When buyers sit on your money and the balance is on their side, then they are most dangerous, they claim anything: the hot pepper is green, we have never received boxes and so on. But what can we do: we need continuity; we need them to buy our produce. It is hard to fully, forcefully claim;

so, you easily loose 200 Euros or more now and then",

- Cheating of some EBs: "Some buyers tend to cheat new exporters, [that's why] they always look for new exporters".

(B) EBs' views: about UFs' honesty and professionalism

FV buyer x based in the Netherlands: "When our first local partners saw cash flow at beginning, they often diverted money to other business activities [e.g. pigging], instead of using it for the vegetable business. Or, they used pre-finance differently from what was agreed. But honesty is a global problem. However, as an honest supplier, if you are on a contract you should honour the contract even when local market prices go up for a while. Some suppliers in Uganda did not honour their contract and cut the supply to us. There were all sorts of excuses given for non delivery: 'We were too far from Entebbe to make it to the airplane', or, 'There was too much rain'. .. At the end, we decided to go down to farming level and establish a strong supply system: we now work with a cooperative, have a joint venture and put in equipment and know-how. And, it works very well. … There were many cases in Uganda where the buyer gave pre-payment and the exporter used money for other things. Many buyers who lost a lot of money in Uganda talked bad about the country in Europe…Many exporters [in Uganda] have too little capital; they never have money. They work on a margin that is too small. They go bankrupt soon: when prices for produce go up, when a truck breaks down or when the buyer pays less because he invents quality problems and says 50% of the shipment is of bad quality". Same buyer about UFs honouring contracts: "A few cents difference has little meaning here in Europe but can make a difference [to the exporter] in Uganda. So, they [the exporters] sell it to the buyer who gives more at a particular day and don't regard the relationship. However, they often come back to you later [because they found themselves in trouble with the other buyer]... With time, some of them [UFs] learn and get better in honouring relationships and contracts".

E-mail reply of another FV buyer in Netherlands whom the researcher requested for an interview: "No, no, no Sir. A lot of exporters in your country are thieves. They kept a lot of thousands US Dollars and never send me any merchandises. I don't want to do one word with your people. Exporters as [names were given].... I am very sorry." The researcher tried to find out whether EB thought dishonesty of exporters was Uganda specific or a problem of other supplying countries as well. The EB replied: "I import from 10 countries and never had this problem before".

UK buyer who was disappointed about UFs' communication behaviour:

"[We coordinate] nothing. We have very poor communication. For instance, we sent the partner data and application forms three months ago but did not receive feed back yet. These forms would have helped us to apply for authorization and clearance certification to import fruits from Uganda. The firm only writes when they need something from me. ….[In essence,] the Ugandan partner has let us down".

EBs about FV UFs' efforts to improve governance via SCF

- *FV buyer in Belgium praised the responsiveness, flexibility and eagerness of the UF he is trading with (quote reveals supplier qualities a EB looks for)*:

"From the beginning the Ugandan supplier showed great flexibility: The first time, he sent us the product and agreed the payment can be done after first shipment; if we are satisfied. He offered, in case of any damage or mistakes we can inform him and he takes care of it. This is the best [most flexible/responsive] I ever heard from an African supplier. He is also very transparent and tells us the right thing at the right time; he is not hiding. Anything we ask for, information and so on, he can answer. Even in time of problems he supplied us with produce. We feel that we can build a long term relationship with him because he shows very high flexibility and eagerness to do business. This gives us a good feeling. We have already shut the doors to other two [weaker] suppliers as a consequence".

- FV buyer x from the Netherlands has shifted from working with exporters (traders) to directly sourcing from a particular cooperative

- This buyer noted importance of honesty of farmers he works with: "The Ugandan partner [the cooperative] has continuously put honesty on the table. Indeed, at the beginning of the relationship the partner had nothing to put on table but honesty. They were too far away [several hundred km] from Kampala/Entebbe; they could not 'hit and run' [opportunistically sell product easily to other traders]. They needed investment and commitment by a buyer to get into the export business".

C) Related quotes from other sub-sectors:

Floriculture EBs

Energy problem makes flower production more expensive and less reliable and threatens relation: "There is no uncertainty in terms of partner, location and people [staff], there is only the energy uncertainty….[The future outlook of the partnership with UF will depend on solution of energy deficit]. We feel uncertain. We could consider stopping production in Uganda: I have to decide at the end of this year [2006] about renewal of a 5 year contract, 2008-2012, with our partner in Uganda. The energy problem is a major concern in this respect: Based on solutions implemented by the end of the year, we will have to make a decision" (Flower EB).

Advanced relations improve operational efficiency - VC outlook depends on relations and how they affect operational efficiency of the VC:

"With improved understanding, the processes in the VC are less time wasting. It is all said and done. The Ugandan partner can concentrate on growing, and we on marketing" (flower marketing agent z). UF's reliability key for supplying supermarkets: "If supplier is reliable the price is not the problem - the price can even go up. In the business with supermarkets it is important that UFs are listening and are flexible to change" (same agent).

Trust and transparency are crucial:

Flower EB with direct sourcing link with grower in Uganda: "You have to get trust [from the UF] before you do business. We do direct sourcing from grower and work on a one year contract: This requires building relationship first. Straight trust with the grower is important. You can't cheat in the value chain: that doesn't help in future. Cheating among the competitors here in Europe does happen nevertheless". Coordination in this VC s already very high: "The issues are already on table and coordinated; we have an open book [situation]".

Importance of information sharing on supply forecasts:

Flower marketing agent z in the Netherlands: "In this system [of collective marketing of several growers], hiding behind silence doesn't work; you have to face the music. We need better production forecast from the growers to plan marketing and sales. The forecasts should come in at least three weeks in advance. Currently, we get forecasts about one week in advance, but even that is not yet systematically done. … If information from UFs arrives early, for instance regarding low or no supply, we can try to get out of contract or look for alternative supply to fulfil the contract. The sooner we inform the buyer the sooner he can look for alternatives. So, we try to tell growers, if you know your production output, let us know. We need to know when the shipment leaves and arrives. For instance, in case of extra supply from our growers we can go to buyers and see if we can have a promotion. We can also try to pre-sell to buyers when we know there is a high supply coming in soon from other countries which puts pressure on price in three weeks time".

Flower EBs quotes on switching:

"We cannot be out of production for one day; the customers rely on us. It is very difficulty to get quantity and quality. Also, loyalty plays a role: we know each other so well". Loyalty and relationship related costs: "We put a lot of effort in relationships in the sense that the product and the business ethics and business concepts of the partners fit". "It is not easy [to switch], because I have tried to improve farms together with the growers. There is a personal relationship and loyalty to each other. So, it is hard to say, 'sorry we were not successful - we switch'".

Fish EBs

Relationship building:

- Fish buyer from Germany narrated the experience of travelling to East Africa to identify and select a business partner: "Choosing a supplier partner is a quite personal process. For instance, we visited Uganda and Kenya and did product tests with a Tanzanian firm [but did not visit Tanzania]; our impression was in favour of a Ugandan firm both in terms of competence and sympathy. In case of a Kenyan firm, it just did a firm tour with us in a rush and did not really show keen interest to work with us. Another Ugandan firm said right away 'we cannot do this' when we requested for particular type of packaging. Our current partner instead showed readiness to improve and adjust from beginning; the firm said 'we can do it'. It is important that potential partners show this readiness: the impression counts a lot at the beginning [of choosing a partner and building a relationship]".

- The following is a narrative of a fish buyer in the Netherlands on relationship building in the young fish sector in Uganda (in 1990s):

"The Ugandan firms had difficulties at beginning in choosing the right relationship. They dealt with many buyers: they were not clear which partner they want to work with. They were walking into many opportunities, and playing on many horses until they found the right partner. They never made a clear choice on partner. The firms took the risk of never finding the right partner [right foreign buyer]. A good partner would have maybe walked away in the process of this indecisiveness. Regarding relationships, the Ugandan firms were often opportunistic instead of strategic; this period was a headache on our side regarding for instance marketing. But the issue of relationship has now stabilized". "….In part, the weakness in relationship choosing and building was understandable. The local firms lacked international exposure in knowledge of markets and also money to for instance travel to Europe to visit buyers and see whom they are comfortable with and then make a decision on which buyer they want to work with. It also important to consider that at the beginning of the fish sector development in Uganda, there were many European buyers in the market who were crooks; this made it difficult for local firms to find right partners. Today, 90% of international buyers active in Uganda are well-known and reputable. However, UFs should be more pro-active in partner choosing, not reactive in terms of only choosing buyer in reaction to buyer visits to Uganda".

Consequences of UF failure for EB's reputation in the market

"If the Ugandan partner is deficient and supplies faulty products, our whole firm group [- a conglomerate of a dozen food firms -] can suffer in terms of reputation. The relationship of our group with retailers can suffer: we can get punished from our client. If things go very wrong, for instance the press mentions wrong firm names in this context, the overall group name can suffers. We can be kicked out by the supermarket chain, not only in Germany but other European countries where our products are listed. Such dynamics happened recently when one supermarket in Germany found gene-manipulated rice in a sushi product of a firm [not the firm of the conglomerate]. All sushi-products [of all firms] were taken out of the supermarkets immediately. Supermarkets here can react quite drastically. Thus, quality reliability of the Ugandan firm is so important… There is a rejection clause in contract. In practice, however, the clause is difficult to apply and enforce" (Fish EB).

Tourism EB

Relevance of responsiveness and communication:

"Very good responsiveness and communication [from a tour operator in Uganda/Africa] help us a lot: it makes it easier to get a client to book the tour. One of vital strengths for a tour operator in East Africa has to be fast response time, e.g. 2-3 days. Because I want to make my clients very fast a tour offer so that they book with me. My clients often say: 'you are so fast'. Indeed, I need to perform in Holland. For that I also need a responsive partner in Uganda. Responsiveness and communication are important issue for me to select and keep up a partner. For instance, the speed of communication with a Tanzanian firm was too low: The firm had a one week response time; that's not appropriate for my business" (tourism EB).

Cooperation in exchanging information useful:

"It is good to know what the Ugandan firm [a tour operator] does - in terms of vehicles, staff training etc. - to achieve high quality. I am happy that this year the Ugandan partner has started sending a newsletter and informs about tourism, politics and other salient issues". According to this and another EB, the newsletter of this UF is a very good trust building measure (informs on activities of the UF to improve staff skills), gives the EB ideas & inspirations for marketing and product development and is a good advertisement for Uganda. "I refer to the newsletter information when talking and advising clients on Uganda as a destination country" (same tourism EB).