FACTORS INFLUENCING DECISION MAKING IN INTERNATIONAL COMMERCIAL TERMS USED BY IMPORTERS AND EXPORTERS: A CASE STUDY OF DAR ES SALAAM TANZANIA by Lucy M Mboma and Esther F. Mbuya

ABSTRACT

The objective of the study was to establish factors considered by importers and exporters to use International Commercial Terms (INCOTERMS) during sales agreements and transactions. It also assessed organizations that support trades in creating awareness about INCORTEMS. The study deployed descriptive study to assess importers and exporters in Dar es Salaam. The study indicated that the importers choice was influenced by buyers understanding, value or the cost of freight, and Volume of shipment. The companies' practices include value or cost of the freight, mode of shipment and the volume of shipment to choose the INCOTERM to apply. The exporters choice was influenced by Mother company requirements, Customs regulation, value or the cost of freight, and insurance. The mother company requirement includes customs regulation, company practice, insurance, value or cost of the freight, mode of shipment and the volume of shipment. The organizations that support trade have not created awareness of INCOTERMS on the application to exporters and importers. Both importers and exporters considered value or the cost of freight in applications of INCOTERMS. There was little awareness or training provided by organization that supported international business and trade to importers and exporters. The results have implications to knowledge, policy and management practice. In terms of knowledge the study contributes to importers and exporters working framework that need to be developed further. This implies that for importers the choice of company practice suggests that either they are doing this because of historical reasons as a practice but not necessarily a business strategy or policy of the company. For exporters the choice of the influence of the mother company requirement exporting to parent company based abroad influence has significant influence on the choice of INCOTERM.

Key terms: Importers, Exporters and INCOTERMS