



**ASSESSMENT OF CHALLENGES AND PROSPECTS OF EXPORT BASED
LOCAL TEXTILE & GARMENTS MANUFACTURING COMPANY: THE CASE
OF DESTA GARMENT PLC**

BY

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DECLARATION

Under the supervision of Professor Fesseha Gebreanania, I, the undersigned, declare that this thesis is my own work. All sources of information used in the thesis have been properly credited. I further confirm that the thesis has not been submitted to any other higher learning institution, in part or in whole, for acquiring a degree.

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This is to certify that this paper is written by Yonas Kifle, titled "Assessment of Challenges and Prospects of Export-Based Local Textile Garment Manufacturing Companies: The Case of Desta Garment Plc.," was completed. It is submitted in partial fulfillment of the criteria for the Master of Art in Project Management degree, and it complies with the University's norms and satisfies the established standards for originality and quality.

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Abstract

The Ethiopian government's strategic plan includes the textile industry as one of its main sectors. The study used quantitative and qualitative research methods to examine the challenges and potential of an export-based local textile manufacturer in the case of Desta garment plc. The information was acquired using questionnaire. The target population was management consultants, project leaders, and project participants who worked on export marketing at Desta garment factory. Since the census technique of sampling was used, all marketing and management staff took part in the sample procedure. All 48 people in the marketing and management division were used as a sample by the researcher. The data was then analyzed using descriptive statistics in SPSS to find relevant facts and outcomes that helped produce conclusions and recommendations. As a result, given the nature and purpose of the study, a descriptive research study was chosen for this study. According to the study, a company's export success is influenced by its marketing mix strategy, management characteristics, management qualities, industry-specific related issues, and general export strategy. The findings of the study suggest that there are a number of issues that need to be addressed in order to improve. Despite the hurdles, there are chances that will positively impact the company's export performance in the future. The study is significant for researchers as it helps to improve the understanding of factors concerning with challenges and prospects of export on textile products.

Key Words: Export Performance, Challenges, Prospects, Textile

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List of Abbreviations

AGOA	African Growth Opportunity Act
EIC	Ethiopian Investment Commission
ELG	Export- led growth
ETGMA	Ethiopian Textile and Garment Manufacturers Association
ETIDI	Ethiopian Textile Industry Development Institute
FDI	Foreign Direct Investment
GC	Gregorian calendar
GDP	Gross Domestic Product
MFA	Multi-Fiber Agreement
NBE	National Bank of Ethiopia
SME	Small and Medium Enterprise
SPSS	Statistical Package for Social Sciences
T & C	Textile and Clothing
TNC	Transnational Corporation
USD	United States Dollar
WTO	World Trade Organization

CHAPTER ONE

INTRODUCTION

1.1 Research Background

Textile industries were among the earliest large-scale commercial activity to propel the industrialization process centuries ago and it is the world's first global manufacturing sector. This industry is the most broadly distributed of all the others in both mature and emerging economies. Textiles can be created by low-skilled workers using simple technologies. During that time, larger businesses were built on the foundation of handcrafted spinning, weaving, and stitching. In the eighteenth century, English inventors began automating textile cottage businesses such as carding and spinning, as well as weaving (Abdella, 2016).

Fabrics and garments had a crucial part in the early stages of industrialization in the United Kingdom, Northern America, and Japan. The East Asian economy, particularly Hong Kong, the Republic of Korea, and Taiwan, relied largely on textile and garment exports from 1950 until mid-1980 (North, 1963).

Since these economies scaled up their industrial growth toward better capital intensive and high technology manufacturing products, the textile and apparel sector shifted to Southeast Asian emerging economies in pursuit of low-cost production (Yang and Zhong, 1998). As a result, the fabric and garment exporters' group has become more varied throughout time, and Asia has emerged as a textile power house.

African countries do not produce the same amount of textiles and apparel as Asian countries, the European Union, or the United States. Meanwhile, as labor prices in Asia continue to climb, businesses are beginning to shift their operations to Africa. Industrial textile supply patterns demonstrate a continuous pattern of continued reduction in established countries, as well as a geographical migration of manufacturing to emerging

countries (Amurgo-Pacheco, 2012). The African Growth and Opportunity Act (AGOA) boosted investment, trade, and job development across Africa. It has aided the reintegration of Sub-Saharan Africans into the international economic system as well as their participation in global trade discussions (Zeng, 2015). This has also aided in the implementation of commercial and financial developments that have aided the continent's prosperity.

Traditional apparel (cottage industry) was originally carried out by local artisans known as "Shemane" in Ethiopia's textile and apparel sector, which has a long history. Ethiopia's professional textiles and clothing sector began in 1939 with the construction of Dire Dawa Fabric Production Plant, the country's first unified production site. The Ethiopian Textile Industry Development Institute (<http://www.tidi.gov.et/>,2022) estimates that the garment and textile industries employed approximately all of the sector's workers.

These industries include spin, weaving, knitting, processing, apparel, and historical fabric. More than 70 of these businesses participated in export activity from 2012/13 to 2022. Ethiopia's government has selected these sectors as a priority sector for the country's rapid industrialization because of the economic benefits. This is owing to the considerable impact of foreign trade on the economy of the country.

Desta PLC was founded in 1993 in Addis Ababa, Ethiopia. Desta began by producing ten-station rotating plastic molding equipment built in Italy. The procedure generated a jelly shoe, which was previously unheard of in Ethiopia. Desta was prepared to take another great step forward until the shoe and sole market became overloaded in 2008, turning its focus to textiles and garment manufacture. In a very short time, Desta rose to become Ethiopia's largest collars and cuffs producer with complete manufacturing lines, as well as the country's second largest embroiderer. The corporation had built a new three-story structure as the company's organization became larger and more complex equipment arrived.

Desta is currently expanding its infrastructure and production capacity. Desta's expansion plant in Butajira, 136 kilometers south of Addis Ababa, is now complete. Desta aspires to become one of the country's most important garment manufacturing centers.

As a result, the most up-to-date data is required to assess the export performance of this industry. The industry's challenges and potential must be investigated in order to focus stakeholders' and other investigators' efforts on developing the crucial solution that will help enhance exports.

1.2 Statement of the Problem

Some economic sectors have been prioritized due to their strategic importance in guaranteeing the country's long-term economic growth. The textile and clothing sectors have been identified as a major area for industrial growth due to their large contribution to output, foreign currency revenues, employment opportunities, and the quantity of foreign investment into the country. It is also called a development link because it connects the agricultural and industrial sectors.

Recognizing the challenges that textile and clothing companies have when it comes to exporting would go a long way toward alleviating the problem and keeping their journey on track. In this regard, export performance predictors such as marketing mix variables, managerial character traits and preconceptions, industry-related variables, export approach variables, business and organizational relationships, and export and domestic economy characteristics must be assessed to assess the output difficulties of these sectors of the economy (Beleeska-Spasova, 2014).

The industry's expected potentials include the world's largest export economy, regional and bilateral trade contracts, infrastructural facilities, government assistance and incentives, manufacturing park development, services and educational institution development, input and accessory accessibility in the local market, and related industries to institution connections.

An industry that could have prospered in the best interests of the economy is currently operating at roughly half capacity due to several situations identified by this inquiry. Furthermore, the industries are only operating at a fraction of their potential, and their contribution to the economy pales in comparison to the government's and other stakeholders' efforts.

Ethiopia's textile industry has the potential to become a major contributor to the global textile and apparel market in Sub-Saharan Africa in the future. The textile industry in the country has a measurable competitive advantage, with a labor force of 43 million people and 2.6 to 3 million hectares of land accessible for cotton cultivation, of which only 5-6 percent is now used compared to other nations.

Ethiopia's textile industry has the potential to become a significant contributor to the global textile and apparel markets in Sub-Saharan Africa in the future. The textile industry in the country benefits from a measurable competitive advantage, including a 43 million cheap labor force and 2.6 to 3 million hectares of land available for cotton cultivation, of which only 5-6 percent is now used. Furthermore, when compared to other nations, According to international standards, the bulk of Ethiopian textile manufacturers are operating at less than 40% – 50% of their capacity, which is extremely low by international standards. Ethiopia's textile and apparel sector had hoped to earn \$30 billion by 2025, but it has so far earned a fraction of that amount. Despite the fact that the Ethiopian government supports the sector with various incentives, particularly for those enterprises that specialize in export-oriented textile production.

As a growing country with a large number of young people and abundant natural resources, understanding the hurdles is critical, as productivity is a key indicator of a company's performance, particularly in the garment industry, which relies on the contributions of a large number of workers. As a result, the researcher was driven to explore the current factors influencing the industry in order to provide answers to the key issues created by the low expansion and export performances of Desta garment industry in comparison to various chances.

As a result, the focus of this research is on examining the export performance, challenges, and opportunities of the Desta textiles and clothing industries in Ethiopia. As a result, based on the problem's features, the researchers have identified the following basic research questions that will be answered at the study's conclusion.

1.3 Research Questions

1. What are Desta Garment PLC's various export performance challenges?
2. What are the prospect determinants of Desta Garment PLC's exporting performance ?

1.4 Objectives of the Study

1.4.1 General Objective

The ultimate purpose of this research is to look into the obstacles that Desta Garment PLC faces in terms of export performance, as well as the company's future export opportunities.

1.4.2. Specific Objectives

1. To determine the obstacles that Desta Garment PLC faces in terms of export performance.
2. To assess the performance of Desta Garment PLC in terms of exporting.
3. To find practical answers to the difficulties that will aid Desta Garment PLC's export success.
4. To assess the management's competency in relation to Desta Garment PLC's export performance.

1.5 Significance of the Study

The study is based on assumptions that are a significant requirement among stakeholders. The Ministry of Industry, the Trade and Manufacturing Bureau, privately and publicly owned Textile and Apparel industrial plants, financial firms, policy experts, and other research studies are among the assumptions made to prevent and mitigate the negative effects of the textile and apparel industry sectors' export difficulties on economic growth. It also supports in the formation of a better understanding of the sectors' accomplishments and potential, which helps to improve the end outcome. Furthermore, the findings of the study are expected to serve as a guideline in the field of expertise and may contribute in the development of solutions to the sector's problems. Furthermore, the findings of the research

- It aids the Ministry of Industry, as well as other interested government and commercial bodies, in conducting further investigations and taking appropriate action, and it is beneficial to other researchers as a source of information for further study.
- It helps the textile and garment sector improve its export competitiveness and achieve its objectives.
- It provides information and recommendations to politicians, decision-makers, regulatory bodies, and others.

1.6. Scope of the Study

1.6.1 Conceptual Scope

The study focused on evaluating the problems and prospects for the success of a local textile garments manufacturing company that exports: the case of Desta garment plc. As a result, the researcher exclusively looked at literature in this field. That is, the performance of an export-based local textile garments manufacturing company was investigated in terms of conceptuality, obstacles, and possibilities.

1.6.2 Geographical scope

Many textile garments manufacturing companies, as said in the introduction, aim to examine difficulties and prospects on their performance. However, in terms of geography, the focus of this research was on Desta garment plc in Addis Ababa, which is specifically located in the Gerji neighborhood.

1.6.3. Time scope

It took four months to do this research. Employers of Desta garment company in Addis Ababa, specifically in the Gerji neighborhood, who were working during this time period had the opportunity to be questioned or investigated.

1.6.4 Methodological Scope

This study's methodology combines a mixed-methods approach with census sampling method, which assumes that every person in the population was chosen. Employees at Desta garment company in Addis Ababa, mainly in the Gerji neighborhood, make up the study's population. The study focused on evaluating the problems and prospects for the success of a local textile garment manufacturing company that exports different products in the case of Desta garment plc. Data was gathered from secondary as well as primary sources. Data from the questionnaire was analyzed using SPSS, while data from the interview was evaluated and summarized using a logical technique. Finally, the arrangement of this research is discussed in the subtopic below.

1.7 Organization of the Study

Five sections make up the research. The first chapter covers the research's background, problem statement, research questions, objectives, study scope, and limitations. The study's conceptual framework is discussed in the second chapter, which also includes a review of related theoretical and empirical literatures. The third chapter discusses research design and methodology, as well as data sources, target populations, sample methods, and data gathering and analysis tools. Chapter four presents the results and their explanations. The results are used to draw the conclusion and provide recommendations in Chapter 5.

CHAPTER TWO

LITERATURE RELATED

2.1 Theoretical Review

The term "export" refers to the movement of goods or services beyond national borders in order to sell and earn foreign currency. According to (Salomon and Shaver, 2005), the term export refers to the provision and transportation of commodities in a foreign country, and exporters are those who sell a variety of goods and services.

Exporting is a driving force for economic and social growth in developing countries (Lam, 2015). It helps a company improve its ability to compete globally, gain global market shareholdings, increase sales and profit, diversify, compensate for seasonal requirements, lower unit costs, create opportunities for company growth, utilize excess capacity, gain new skills and understanding, and extend the product life cycle (www.expertbase.org). According to the World Bank, export is predicted to boost GDP by lowering balance-of-payments constraints, enhancing the country's capacity to purchase critical raw materials and intermediate products, and encouraging specialization and competitiveness (Xing and Pradhananga, 2013).

According to (Shapiro, 2018), exports are critical to the creation of jobs in the United States. 95 percent of the world's potential customers are located outside of the United States, and exports enable American businesses to expand into new markets. As a result, export provides jobs for millions of people across the economy.

2.1.1 Export Performances

(Beleska-Spasova, 2014) defines export performance as a firm's distinct strategy to maximizing its talents and capacities in an international setting at a specific point in time. Company export performance is widely acknowledged as one of the most important indicators of a company's export success, and as a result, it has received a lot of attention. All members of the company want the company to succeed in the export market, but they may have differing definitions of success. As a result, a number of factors played a key part in assuring positive outcomes. This section covers the relevance of export performance, export performance indicators, and factors to consider when choosing export performance measurements.

2.1.2 Significance of Export Performance

Export performance indicators are critical in supplying export executives with helpful information in the formulation and implementation of effective marketing strategies, according to (Katsikea and Skarmeas, 2003). Furthermore, (Morgan et al., 2003) classify export competitiveness as a crucial problem for three distinct groups. For government officials who consider export as a way to increase foreign exchange reserves, create more jobs, increase productivity, and increase social wealth (Morgan et al., 2003). For corporate leaders that consider export as a way to increase organizational performance, the focus is on raising the efficiency of production capability, boosting financial outcomes, encouraging business competitive strength, and ensuring the firm's survival in a globally competitive market (Rondinelli et al., 1998).

According to a review of various research, scholars used a number of approaches to assess export performance (Sousa, 2004). Export growth is frequently separated into two categories based on economic and non-economic factors (Beleska-Spasova, 2014). According to (Katsikea and Skarmeas, 2003), economic measurements are most commonly employed in literature on export success, whereas non-economic variables are used the least. Sales-related economic factors were the most often used economic factors. Different export success measures reflect various aspects of the financial and tactical phenomena.

2.2 Empirical Review

According to (Howard et al., 2016), the Ghana textile industry faced internal and external issues ranging from the raw material process to the final product. High manufacturing costs due to the use of outdated technology, high power consumption, high input prices, and the import of raw materials and spare parts were all major roadblocks for the business. According to the report, the manufacturing industry has suffered a significant setback as a result of the federal government's lack of a comprehensive national policy statement with favorable conditions and circumstances for the sub-sector.

Significant problems confronting the Indian Textile and Apparel sector that may prevent it from recognizing its export opportunities, according to the study's findings (Jain-Chandra and Prasad, 2006), include host nation politics and security, reliability of road transport and communications companies in the host nation, trade and commerce regulations, wage costs and regulations, wellness, environment, and lack of capital payment constraints. The study's title is "The Impact of Trade Openness on India in the T&C Industry." The conclusions were reached using general equilibrium modeling and descriptive statistical methodology. firm's survival in a globally competitive market (Rondinelli et al., 1998).

Furthermore, owing to government activities and a lack of coordination across businesses and important trade organizations, India's textile and garment sectors are highly fragmented, with many middlemen, according to (Jakhar and Barua, 2013). Furthermore, the lack of dyeing equipment has a severe impact on the quality of the materials available for manufacturing units.

The progress and challenges of Tanzania's textile industry were described by (Keregero, 2016). Organizational difficulties, such as poor application of rules, guidelines, and regulatory requirements, negative perceptions toward the use of local products, employee benefits and team spirit, poor customer service, and business model; financial difficulties, such as access to funding; skilled manpower shortages and understanding; information and communication technology; organizational difficulties, such as poor application of rules, guidelines, and regulatory requirements, negative perceptions toward the use of

local products, employee benefits and team spirit, poor customer service, and business model; financial difficulties, such as access to funding. The study also suggested that reliable electricity be built, that scientific and technological investment be increased, that ICT skills and applications be developed, that domestic goods be promoted, that financial and tax reforms be implemented to reduce financial risks, that yarn efficiency and effectiveness be improved, and that proper price monitoring policies be implemented.

The researcher (Howard et al., 2016) talked about the various textile groups' future prospects in Ghana. It also highlights the company's current capabilities and opportunities in terms of natural resources, technological expertise, and fundamental infrastructure. In his report on evaluating the opportunities for Indians in the textile and apparel industry, (Bedi, 2009) provides an overview of the overarching textile and apparel industry, domestic want patterns, export competitiveness and possibility, difficulties and efforts to promote development in the technological textiles sector, expertise and labor regulations, and investments and requirements. The study's topic is "Evaluating the Opportunities for Indians in the T&C Industry."

In comparison to other allotment garment export-oriented developing countries, (Bargawi, 2005) examines Cambodia's garment sector's future opportunities in light of global economic implications of MFA quota expulsion, the ability to absorb expected response price fluctuations and manufacturing costs, and industry long-term profitability. In terms of yearly merchandise exporting, percentage of total exporting, number of textile companies in operation, category proportion of growth domestic product, and yearly growth, the study also highlighted the effectiveness of the garments industry.

Working population ineffectiveness caused by a lack of professional knowledge, limited product variety, structural problems, transportation delays, technical skill gap, and social issue are among the challenges of Ethiopia's textile and apparel industry sectors, according to (Alderin, 2014). Employee salaries in Ethiopia are among the lowest in the world, and the independent sector minimum wage has yet to be established. This is a terrific capital-attraction technique. Staff turnover, on the other hand, is high due to

dissatisfaction with remuneration. Empirical studies, including site inspection and a qualitative study style, were used in the research.

According to (Tadesse et al., 2016), the Ethiopian textiles industry faces challenges such as a lack of marketing and market knowledge, as well as a lack of access to the global market, a paucity of skilled workers, and ineffective management methods. For its research, the study title used both primary and secondary data. The most significant obstacles, according to (Abdella, 2016), are indirect taxes that favored market participants, a lack of foreign currency for the procurement of equipment and inputs, frequent power outages, water supply issues, commodity inflationary pressures, and a lack of adequate and trustworthy replacement part and dye employees providers in the market.

According to (Tewodros, 2016), the elements impacting the performance of an exporting garment factory are material costs, financing, people, advertising, facilities, administration, technology, institutions, industry relationships, and government involvement and incentives. "An investigation of elements that determine the success of Ethiopia's garment exporting industry sectors: The case of Addis Ababa," says the study's title. The research methodology used in this study was a mix of descriptive and analytical methodologies. Infrastructures, managerial competence, technologies, institutions and industrial relations, raw material, labor, finance, and advertising challenges are among the key factors cited by Tesfaye (2017) as contributing to the difficulty of textile export sectors in Oromia.

The challenges of Ethiopian textile and garment industries workforce inefficiency due to lack of technical experience, low product variety (mainly basic t-shirts and tops), infrastructure problem, transportation delay, cotton quality limited to short and middle staple length, technical skills shortage, problem on social and environmental issues required by Transnational Corporations, according to Alderin (2014). Ethiopian workers' salaries are among the lowest in the world, and the private sector's minimum wage is not set. This is an excellent opportunity to attract capital. Labor turnover, on the other hand, is high due to discontent with pay.

Temesgen (2011) said that the Ethiopian textile industry's issues included a lack of marketing and market understanding, as well as a lack of access to the worldwide market, a shortage of qualified staff, and ineffective and inefficient management structures. The study's title is "Challenges in Ethiopia's Textile Export Market," and it employed both primary and secondary data for its research. According to Abdella (2016), the key problems are an excise tax policy that benefits traders, a lack of foreign cash for the acquisition of capital goods and inputs, frequent power outages, and a water supply problem, as reported by Yirgalem Addis Textile Factory PLC. Furthermore, commodity price inflation, a lack of sufficient and dependable spare part and dye crew suppliers in the local market, and a propensity for secondhand goods are also factors to consider.

According to Tesfaye (2017), the Oromia region's garment exporting sectors have a great potential for export market. Aside from duty-free privileges for machinery and equipment imports, benefits from the African Growth and Opportunity Act (AGOA) reduced import taxes on raw materials and accessories, a tax holiday for exporting, strong government support for export, efficient and effective government administrative in addressing issues, and sufficient accessibility of information on current government regulations The study's title is "The Challenge and Prospects of Oromia's Garment Exporting Industries." Gebreyesus (2010) employed a variety of measures to evaluate the export performance of MAA clothing factory, including export level, export growth, and the ratio of export sales to total sales.

According to the gaps found in prior related studies conducted abroad, most of the studies, with the exception of Ananthakrishnan and Jain-Chandra (2005) and Badi (2009), focus on either the textile or garment industries. Furthermore, export difficulties were mixed in with domestic ones. With this study, they have a different geographical and time scope. These studies' conceptual scopes differ from this one in some ways. To clarify, the following studies primarily focus on: Howard (2013) on the industry's challenges and prospects, Tusubira (2007), and Ananthakrishnan and Jain-Chandra (2005) on the challenges, Chirongo (2016) on the prospects, and the study accompanied by Bargawi (2005) and Badi (2009) primarily focus on the prospects.

According to the gaps revealed in earlier similar Ethiopian studies, some of the studies concentrated on textiles while others focused on the garment sector. Furthermore, some of these researches combined the export and domestic issues. With this study, they have a different timeframe. Some of the following studies' geographical scopes differ from this study's: Tewodros (2016) - Addis Ababa, Tesfaye (2017) - Oromia region, and Gebreyesus (2010) - MAA clothing. Furthermore, the conceptual scopes of these researches differ from the scope of this study (An assessment on export performances, challenges, and prospects of textile and garment industries in Ethiopia). To be more specific, the following researcher's study focused on: Alderin (2014) on the issues of the developing textile sector. Temesgen (2011) discusses the challenges of the textile export market, Tewodros (2016) discusses the factors affecting the performance of garment exporting industries, Tesfaye (2017) discusses the challenges and prospects of garment exporting industries, and Gebreyesus (2010) focuses on the evaluation of MAA garment factory's export performance.

In general, the results of past related studies conducted in the United States and overseas are excellent, and they serve as a valuable source of information for this study. The goal of this study, on the other hand, is to evaluate Desta garment PLC's export performance, problems, and opportunities. The evaluated studies differ primarily in terms of conceptual, time, and geographic breadth.

2.2.2. Internal and External Export Challenges

The following are the export problems connected to internal and external variables.

1. Variables in the marketing mix provide a challenge.

- Price strategy is a set of operations aimed at determining the best price for a product, and it includes things like overall marketing objectives, consumer demand, product features, competitor pricing, and market and economic trends. (<http://www.businessdictionary.com>) The issue of price strategy is a poor product strategy.
- The difficulty of promotional strategy is the process of selecting a target market and developing the most effective promotion mix to influence it (www.businessdictionary.com). The intensity of advertising tends to have a positive impact on the industry's export success, according to Zou and Stan (1998). The problem of determining an acceptable promotion mix is the strategy's obstacle.
- Product strategy is a plan for marketing goods that is based on an analysis of the nature of the intended market, how much market share should be attained, how the items should be sold, and how much profit should be expected (www.businessdictionary.com). The difficulty of product strategy is an ineffective product plan for marketing goods.
- A distribution strategy is a plan devised by a manufacturing firm's management that outlines how the firm wants to convey its product to intermediaries and end customers (www.businessdictionary.com). The difficulty of this method is determining the correct plan.

2. Management Characteristics and Perceptions Variables Challenge

- The degree to which organizational and administrative resources are committed to exporting endeavors is referred to as "export commitment" (Chugan & Singh, 2015). High management commitment enables a company to go after export market possibilities aggressively and implement efficient export marketing tactics that boost export performance (Cavusgil & Zou, 1994; Zou & Stan, 1998). Export commitment is hampered by a lack of this commitment.
- International experience refers to the capacity to collaborate with people from different cultures in an international market. Having educated and internationally experienced management improves a company's ability to export (Zou & Stan, 1998). The firm's international experience and attitude aids it in taking advantage of global prospects.
- Export motivation is a challenge since motivation is an internal and external component that stimulates people's desire and energy. The difficulty of export motivation is the lack of enthusiasm for export activity.
- Perception of export advantages is a challenge: - perception is the process by which humans integrate sensory impressions into a unified and coherent vision of the world around them (www.businessdictionary.com). According to Zou and Stan (1998), perceptions of export advantages appear to predict export sales, earnings, and growth well, whereas management perceives export barriers well (e.g. risks, costs, or complexity of exporting). Export operations may be harmed by a misunderstanding of the export advantage.

3. Industry-Specific Variables Challenge

- The degree of internationalization is the extent to which a firm's sales and operations are conducted outside of its home country (Elango & Prakash-Sethi, 2007). The degree of internationalization increases as the proportion of export sales to overall sales rises.
- Organizational culture is defined as the values and practices that contribute to an organization's distinct social and psychological environment. It is manifested in an organization's self-image, inner workings, connection with the outside world, and future expectations, and comprises the expectations, experiences, philosophy, and value that keep it together (www.bussinessdictionary. com). The industry's biggest problem is a lack of this value and practice.

4. Variables in the Export Strategy Challenge

- To construct the best exporting strategy, the important factors must be determined. The entire export process is the major phase for export strategy to aid the framework of decision-making (New Zealand Trade & Enterprise, 2007). The difficulty in developing and implementing a broad export strategy and export planning could have an impact on export performance.
- Reactivates challenge refers to a tendency to react to events or situations. Delays in providing appropriate responses to clients may have a negative impact on the connection.
- Organizing exports, implementing controls, and taking risks are all difficult tasks. Organizing exports aids in the smooth flow of operations and the avoidance of performance snafus. The control system is a set of rules for verifying, recording, regulating, supervising, and authenticating access to a resource, asset, or system (www.bussinessdictionary.com). The act or reality of doing something dangerous

or risky is known as risk taking (www.merriam-webster.com). The impact of these challenges on export performance could be significant.

- Market expansion is the process of making a product or service available to a larger segment of an existing market or to a new demographic, psychographic, or geographic market (www.businessdictionary.com). The difficulty of expanding the market could have an impact on performance.

5. Export Market Characteristics Variables Challenge

- The legal and political issue presents a challenge: - legal restrictions are imposed by legislation, and the interpretation of laws has an impact on person or organizational activities. Business operations are influenced by political issues such as government policies and administrative practices (www.businessdictionary.com). Political considerations have a major impact on political stability, regulatory reform, and risk mitigation. Import/export law, consumer law, employment law, and other legal factors are examples of external factors that affect how businesses run and how customers behave.
- Economic and environmental issues pose a challenge: - economic aspects include interest rates, government policy, taxation, and other essential facts that influences a firm or an investment. Environmental issues have a detrimental impact on the environmental sustainability that is required for the wellness of the organisms that live in it (www.businessdictionary.com). Waste disposal rules, energy consumption regulations, the climate, and other challenges are examples of environmental factors.
- The challenge of market competitiveness is defined as a firm's or a country's capacity to deliver products and services that meet the quality criteria of local and global markets at competitive prices, while also providing appropriate returns on the resources used or consumed in their production (www.businessdictionary.com). The capacity of a company to compete and succeed in the market minimizes the market's competitiveness issue.

6. Domestic Market Characteristics Variables Challenge

- Export assistance, domestic market conditions, and environmental issues: - export assistance is the amount of aid obtained from the national government, trade groups, and other organizations that can help a company increase its exporting activity (Lages & Montgomery, 2004). It refers to the availability of adequate and equitable export aid, such as incentives, knowledge exchange, technical and marketing assistance, and so on. Because of the conditions and opportunities in the domestic market, exporters are more likely to concentrate on the domestic market. Export performance may be harmed by inadequate export aid and the state of the home market. Domestic environmental issues include worries about upholding domestic environmental obligations.
- Inadequate quantity and quality of inputs: Inadequate supply of inputs in the local market has a direct or indirect impact on the industry's export performance. Inadequate supplies of lint cotton/yarn/fabric, accessories, spare parts, chemicals, and dyestuffs, as well as the lack of long staple and organic cotton fiber and synthetic fiber in the local market, are among these issues. The export performance could be harmed by poor input quality and a supply constraint.

Others to Challenge External Variables: Skilled Workforce Shortage: - A skilled worker is a person or group of people who are knowledgeable about a specific skill needed to do a task ([www.business dictionary.com](http://www.businessdictionary.com)). Ethiopia has a young and productive age group that makes up more than 60% of the population, according to the EIC study. This indicates that the country's labor force has an absolute numerical advantage, but it does not imply that the country's work force is sufficiently qualified (Tesfaye, 2017). In the local market, a shortage of skilled personnel could have an impact on export performance.

- A power failure occurs when the electrical supply to a specific location is disrupted for an extended length of time (www.collinsdictionary.com). Frequent power outages could disrupt the company's manufacturing process and cause material damage.
- Unavailability of foreign currency and ability to secure a loan: -foreign currency is the currency of a different country (www.bussinessdictionary.com). Foreign currency shortages can wreak havoc on the import/export process, putting export performance in jeopardy. The difficulty in obtaining a loan arises when the financing is not available within the specified time frame.
- Challenges of transportation costs, infrastructural issues, and closeness to export markets - Transportation costs are the costs of transferring goods or assets from one location to another (www.bussinessdictionary.com). The profitability and competitiveness of a corporation may be harmed by high relative transportation costs. The lack of basic infrastructure facilities, such as roads, telephone and network, electric, and water, is an issue. The closeness to market refers to how close a company is to its main export market.
- Customs and logistics challenges, fuel/furnace oil/coal supply: - Customs is a government department in charge of enforcing rules and regulations in order to collect and protect import revenues, as well as to regulate and document the flow of commodities in and out of the country. The most typical customs issues are higher-than-expected charges, misclassification, and clearance delays, among others. The planning, implementation, and control of purchase, movement, and other resources to meet the strategy's goal is referred to as logistics (www.bussinessdictionary.com). Delays in the flow of resources owing to logistical issues, as well as delays in the supply of fuel/furnace oil/coal, may have an impact on export performance.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1. Research Design

A research design is a set of conditions for data collection and evaluation that attempts to strike a balance between relevance to the study purpose and ease of use. It is essentially the conceptual framework within which the research is being conducted (Kothari, 2004). The main purpose of this study is to assess the export competitiveness, challenges, and opportunities of the Desta textile and clothing sectors. Because of the nature of the study, it is vital to summarize the findings and statistics in order to provide relevant information based on actual data. As a result, given the nature and purpose of the study, a descriptive research study was chosen for this study. The primary purpose of a descriptive study is to characterize the current situation (Kothari, 2003).

3.2 Research Approach

The qualitative and quantitative research approaches were used in this study. The qualitative data analysis began by deducing study topics and parameters from the general theory and pertinent studies, using the deductive research approach. Following that, a pilot survey and observations were undertaken to help construct relevant questions and interviews for the study's execution. After then, questionnaires were employed to gather qualitative data or the respondent's point of view. Quantitative data was mostly acquired from the Desta textile PLC. After that the data analysis was given.

3.3. Population of the Study

3.3.1 Target Population

The term "population" refers to a group of people to whom the researcher want to apply the study's findings. A population is defined as a collection of people who have a common trait. This population could be small or huge, depending on the context of the study. However, because the sample size was small, the researcher used a non-representative or target population in this study.

According to Creswell (2016), a target population (sample frame) is a group of people who share a common attribute that the researcher may identify and analyze. Sampling is the process of determining a target population. The process of selecting a statistically representative sample of people from the population of interest to the researcher is known as sampling (Kamangar and Islami, 2013). Employees from the marketing and management divisions of Desta garment factory made up the study's population.

3.3.2 Sampling Technique

A census sampling technique was used to acquire qualitative data for the examination of the firm's challenges and prospects. This research focused on marketing experts and high-ranking executives who could provide the essential data. Interviews and questioners are the data collection methods of choice. To acquire quantitative data for the analysis of Desta textile export performance, a census sampling technique was adopted. The foundation for judgment is the source and data's reliability, relevance, and accuracy.

3.3.3 Sample Size Determination

Since the census technique of sampling was used, all marketing and management staff took part in the sample procedure. All members of the population are included in the census technique because it aims to collect all members of the population. All 48 people in the marketing and management division were used as a sample by the researcher. The data was gathered from the management and marketing departments, which included consultants, project leaders, and project participants who worked on export marketing.

3.4. Data Collection Tools

The data collection procedures for the study included questionnaire items and interviews. As a data source, this study used both primary and secondary data. To acquire qualitative data, survey questions and formalized interviews with key informants from the Desta textile sector were used. Secondary information was acquired through reading both published and unpublished works. Other relevant articles were also looked at, such as previous period research, literature, and journals. As a result, the researcher acquired primary data through questioners and interviews.

3.5 Data Analysis Technique

Data must be handled and reviewed after gathering according to the framework established for the purpose when the research plan was designed, according to (Kothari, 2004). The term "analysis" refers to the computation of certain metrics as well as the search for patterns in data sets' relationships. The data was edited, coded, categorized, and tallied by the researcher. To process raw data, percentage and rank were used. The data was then analyzed using descriptive statistics in SPSS to find relevant facts and outcomes that helped produce conclusions and recommendations. As a result, in addition to the quantitative technique, the researcher adopted this approach because it is seen to be beneficial to the study's goal.

The data from the interview was analyzed using a deductive technique, which allows for conclusions to be drawn from the accumulation of one or more specific evidences. The research made clear ties between the research purpose and the outcomes by condensing voluminous and varied raw material into a succinct overview.

3.6 Validity and Reliability of the Study

Validity demonstrates the study methodology's ability to achieve perfect realism. If a study is deemed valid, it means that the proposed assessment has been accurately examined. If a researcher is convinced that his or her study is genuine, he or she can rely on data that truly demonstrate the issue's uniqueness. If a study fails to meet the criteria for validity, the thesis demonstrates that the research findings were inaccurate (Churton,2010). To address the issue of questionnaire validity, items were created and a pilot research was carried out. The major goal of pilot testing the questioner was to find any issues that would cause respondents confusion, such as confusing or biased questions in the questioner. The researchers analyzed the data.

The measure of consistency in providing identical results on different but comparable occasions is referred to as reliability. If a study is deemed to be dependable, it means that if it is duplicated, the results will be comparable or identical. If a researcher is confident in the validity of his or her study, there is little risk of adopting a chance pattern or trend indicated by his or her sample and applying it to the entire population Bediako (2017).

Cronbach's alpha is one of the most extensively utilized internal consistency measures (reliability). Cronbach's alpha coefficient should be at least 0.70, and the higher the better; thus, the outputs for reliability tests of Cronbach's alpha coefficients are over 0.7, as shown in Table 3.1 below.

Table 3-1 Measurement of Reliability Analysis

Variables	Number of items in the scale	Cronbach's Alpha value						
Marketing mix related challenges	4	<table border="1"> <thead> <tr> <th colspan="2">Reliability Statistics</th> </tr> <tr> <th>Cronbach's Alpha</th> <th>N of Items</th> </tr> </thead> <tbody> <tr> <td>.74</td> <td>4</td> </tr> </tbody> </table>	Reliability Statistics		Cronbach's Alpha	N of Items	.74	4
Reliability Statistics								
Cronbach's Alpha	N of Items							
.74	4							
Management characteristics & perception related challenges	6	<table border="1"> <thead> <tr> <th colspan="2">Reliability Statistics</th> </tr> <tr> <th>Cronbach's Alpha</th> <th>N of Items</th> </tr> </thead> <tbody> <tr> <td>.78</td> <td>6</td> </tr> </tbody> </table>	Reliability Statistics		Cronbach's Alpha	N of Items	.78	6
Reliability Statistics								
Cronbach's Alpha	N of Items							
.78	6							
Industry/firm specific related challenges	17	<table border="1"> <thead> <tr> <th colspan="2">Reliability Statistics</th> </tr> <tr> <th>Cronbach's Alpha</th> <th>N of Items</th> </tr> </thead> <tbody> <tr> <td>.79</td> <td>17</td> </tr> </tbody> </table>	Reliability Statistics		Cronbach's Alpha	N of Items	.79	17
Reliability Statistics								
Cronbach's Alpha	N of Items							
.79	17							
Export strategy related challenges	8	<table border="1"> <thead> <tr> <th colspan="2">Reliability Statistics</th> </tr> <tr> <th>Cronbach's Alpha</th> <th>N of Items</th> </tr> </thead> <tbody> <tr> <td>.722</td> <td>8</td> </tr> </tbody> </table>	Reliability Statistics		Cronbach's Alpha	N of Items	.722	8
Reliability Statistics								
Cronbach's Alpha	N of Items							
.722	8							
Export market characteristics related challenges	8	<table border="1"> <thead> <tr> <th colspan="2">Reliability Statistics</th> </tr> <tr> <th>Cronbach's Alpha</th> <th>N of Items</th> </tr> </thead> <tbody> <tr> <td>.708</td> <td>8</td> </tr> </tbody> </table>	Reliability Statistics		Cronbach's Alpha	N of Items	.708	8
Reliability Statistics								
Cronbach's Alpha	N of Items							
.708	8							

Domestic market characteristics related challenges	10	Reliability Statistics	
		Cronbach's Alpha	N of Items
		.83	10
Prospects of Desta garment PLC	9	Reliability Statistics	
		Cronbach's Alpha	N of Items
		.855	9

Source: researchers own computation

3.7 Ethical Considerations

The term "ethics" refers to the practice of recognizing and respecting others' rights. "Ethics is intimately tied to access and acceptability, as well as anonymity and confidentiality," according to this definition, which is relevant to the current study. Furthermore, ethics is frequently associated with morals and deals with issues of right and evil that arise among individuals, groups, societies, and communities (Babbie,2001). As a result, anyone involved in any form of research should be aware of the ethical implications.

CHAPTER FOUR

DATA ANALYSIS AND INTERPRETATION

4.2 Determinants for Export Performance Challenges

4.2.1 Internal Variables

Internal determinants, also known as variables, are a factor that demonstrates that the industry's export performance issues are under the control of the industry/firm and its management (Katsikeas et al., 1996). The descriptive data based on respondents' perceptions linked to internal variables export problems of Textile and Garment industries are shown in the table below.

4.2.1.1 Marketing Mix Related Variables/ Export Challenges

Table 4-0-1 Marketing Mix Related Variables/ Export Challenges

Descriptive Statistics

Variables related to export challenges	N	Minimum	Maximum	Mean	Std. Deviation
Product Strategy	48	1.00	5.00	3.6250	.67240
Price Strategy	48	1.00	5.00	2.2917	.98841
Promotional Strategy	48	1.00	5.00	3.9167	.79448
Distribution Strategy	48	1.00	5.00	3.7500	.78551
Average	48	1.00	5.00	3.3958	

Source: researchers own survey, 2022

The number of participants that participated in the study, as well as the lowest, maximum, mean, and standard deviation of the replies for the four variables, are shown in Table 4.1. The minimum and maximum response values for all variables range from 1 to 5. This indicates that the reaction of each variable covers both extremes of the response. The mean value and standard deviation for each marketing mix-related export challenge are as follows: price strategy (mean=2.2917 and standard deviation =.98841), product strategy (mean=3.6250 and standard deviation =.67240), promotional strategy (mean=3.9167 and standard deviation=.79448), and distribution strategy (mean=3.7500 and standard deviation =.78551). The mean value of the marketing mix factors was 3.3958. The standard deviations of all the variables are less than one. This implies that the departure is imminent.

According to the findings, among the marketing mix-related characteristics listed in the table above, the level of difficulty in selecting an acceptable price strategy, product strategy, and promotional strategy was significant. As a result, these marketing mix factors were the most important export roadblocks for Desta Garment PLC. The average mean value also demonstrated that the issues that this group was dealing with were the industry's biggest problems. The difficulty in identifying an appropriate distribution plan was the final dimension; as a result, it can be regarded a major export barrier for these enterprises. According to Zou and Stan (1998), several export-related studies were focused with determining the magnitude of various marketing mix factors. Those marketing mix elements are also reviled in those studies.

4.2.1.2 Management Characteristics and Perceptions related Export Challenges

Table 4.2 below shows descriptive data on respondents' responses to questions about managerial qualities and views of export challenges in Desta garment PLC.

Table 4-0-2 Management Characteristics and Perceptions related Export Challenges

Descriptive Statistics

Variables related to export challenges	N	Minimum	Maximum	Mean	Std. Deviation
Export commitment and support	48	2.00	5.00	2.9479	1.07307
International experience	48	1.00	5.00	3.4583	1.38316
International orientation	48	1.00	5.00	3.9375	.63267
Export motivation	48	1.00	5.00	3.8750	.95928
Perception of export advantages	48	1.00	5.00	2.8333	.99645
Educational background	48	3.00	5.00	3.8958	.75059
Average	48	1.50	5.00	3.49	

Source: researchers own survey, 2022

Table 4.2 shows the number of respondents, minimum and maximum values, mean values, and standard deviation of responses for the management traits and perceptions linked variable.

The mean value and standard deviation of each management characteristic and perception-related variable were explained as follows.

Absence of management characteristics and perceptions on international exposure (mean=3.4583, Std.Deviation=1.38316), export dedication and assistance (mean= 2.9479, Std.Deviation=1.07307), export incentive (mean= 3.8750, Std.Deviation=.95928), perspective of export benefits (mean= 2.8333, =.99645), academic background (mean= 3.8958andStd.Deviation=.75059),

The weighted aggregate average score for the management qualities and perspectives group factors was 3.49. The standard deviation of each variable reflects the response's variation from the mean, whereas the average value depicts the degree of each managerial feature and viewpoint's impact on Desta garment PLC's export issues. Based on the data analyses on the factors indicated in table 4.2, the extent of the difficulty connected with a lack of top management traits and views on international exposure, exporting commitment and support, and export incentive was large.

This shows that Desta Garment PLC faces significant export challenges as a result of poor managerial performance and attitudes toward worldwide exposure, export commitment and support, and export incentives. The average mean value also demonstrated that the issues that this group was dealing with were the industry's biggest problems. The extent of the difficulty associated with a lack of managerial abilities and attitudes toward participation, export advantage, and academic background, on the other hand, was minimal over time. As a result, the lack of key managerial characteristics and viewpoints is causing these sectors' moderate export challenges at present moment. According to Zou and Stan (1998), global experience assists a firm in finding and maximizing foreign opportunities while avoiding international hazards. Top management commitment also allows a company to see results.

4.2.1.3 Industry Specific related Export challenges

The accompanying table 4.1 shows descriptive statistics on participants' responses to industry-specific related exporting hurdles in Desta garment PLC.

Table 4.0-3 Industry Specific related Export challenges

Descriptive Statistics

Variables related to export Challenges	N	Minimum	Maximum	Mean	Std. Deviation
Firm size	48	3.00	5.00	2.2083	.74258
Firm age	48	2.00	5.00	2.2708	.84399
Degree of internationalization	48	1.00	5.00	3.4583	1.16616
Technology	48	1.00	5.00	3.4583	.96664
Product type	48	1.00	5.00	2.8333	.99645
Product quality	48	1.00	4.00	2.3333	1.07848
Organizational culture	48	2.00	4.00	3.2708	.64378
Financial resource shortage	48	1.00	4.00	1.7708	.75059
Ownership structure	48	1.00	5.00	2.2083	.98841
Labor productivity	48	1.00	5.00	2.3542	1.08156
Labor turnover	48	1.00	5.00	2.2500	.91093
Quality assurance and control	48	1.00	4.00	3.7292	.81839
Compliance issue	48	1.00	4.00	3.7292	.81839
Modern methods and procedures	48	4.00	5.00	2.4167	.49822
Information technology	48	2.00	5.00	3.3125	1.07498
Capacity utilization	48	2.00	5.00	3.0000	.74377
Cost of production	48	2.00	4.00	3.2292	.92804
Average	48	1.58823	4.6470	3.225490	

Source: researchers own survey, 2022

Table 4.3 shows the total number of survey participants, as well as the lowest, highest, and standard deviation of the replies received on the industry-specific linked variable.

The minimum and maximum values of each parameter represented the two extreme answers. The mean value and standard deviation of the above-mentioned industry-specific export challenges are presented below. Product quality challenges have a mean value of 2.3333 and a standard deviation of 1.07848. While production cost challenges have a mean value of 3.2292 and a standard deviation of 0.92804.

Challenges associated to a lack of financial resources, on the other hand, have a mean of 1.7708 and a standard deviation of 0.75059. The mean value of labor productivity perception is 2.3542, with a standard deviation of 1.08156. The average and median degrees of internationalization are 3.4583 and 1.16616, respectively.

Furthermore, the product type had a mean of 2.8333 and a standard deviation of 0.99645. With a mean of 3.00 and a standard deviation of 0.7437, capacity utilization is high. The mean value for information technology was 3.3125, with a standard deviation of 1.07498. The culture of the company has a mean of 3.2708 and a standard deviation of 0.64378. The mean value for quality assurance and control was 3.7292, with a standard deviation of 0.81839.

The remaining sector of the economy Compliance issue with a mean of 3.7292 and a standard deviation of 0.81839, labor turnover with a mean of 2.2500 and a standard deviation of 0.91093, firm age with a mean of 4.2708 and a standard deviation of 0.84399, and modern methods and procedures with a mean of 2.4167 and a standard deviation of 0.49822 are specific related Export challenges. Finally, the average business size is 2.2083 with a standard deviation of 0.74258.

The weighted average value of the industry-specific category variables is also 3.2292. The standard deviation of each variable reveals how far the response deviates from the mean, whilst the mean value indicates how much each company's export problems to Desta clothing PLC are distinct and linked.

Cost of production, capacity utilization, information technology, compliance issue, quality assurance and control, organizational culture, technology, degree of internationalization, and firm age were among the key industry-specific connected variables stated in table 4.3. As a result, the major export roadblocks for Desta Garment PLC have been these industry-specific traits over time. Furthermore, the mean value demonstrated that the difficulties that this group was dealing with were the company's biggest problems. The level of difficulty posed by firm age, existing processes and techniques, firm size, and ownership structure, on the other hand, was limited, and the export barriers in these industries can be categorized as minor.

4.2.1.4 Export Strategy related Challenges

The accompanying table 4.4 shows descriptive statistics on participants' responses to export strategy-related export obstacles in Desta garment PLC.

Table 4-0-4 Export Strategy related Challenges

Descriptive Statistics

Variables related to export challenges	N	Minimum	Maximum	Mean	Std. Deviation
General export strategy	48	2.00	5.00	4.2292	.90482
Export planning	48	2.00	5.00	4.4375	.87291
Export organization	48	1.00	4.00	3.7292	.81839
Controlling system	48	1.00	5.00	3.2083	.98841
Reactiveness	48	1.00	5.00	2.2917	.98841
Market expansion	48	1.00	5.00	3.9167	.79448
Service strategy and process	48	1.00	5.00	3.8750	.95928
Risk taking	48	1.00	5.00	3.9375	.63267
Average	48	1	5	4.28	

Source: researchers own survey, 2022

Table 4.4 shows the number of survey participants, as well as the lowest, highest, mean, and standard deviation of the replies received on the export strategy associated problems variable. With a mean value of 4.2292 and a standard deviation of 0.90482, the first variable was general export strategy challenges. The second variable, with a mean of

4.4375 and a standard deviation of .87291, was export planning. The export organization, on the other hand, reported a mean value of 3.7292 and a standard deviation of 0.81839. With a mean value of 3.2083 and a standard deviation of .9884, the controlling system came up with a result. Reactiveness, with a mean of 2.2917 and a standard deviation of 0.98841, was the other factor on export strategy-related issues. The mean value of the market expansion variable was 3.9167, with a standard deviation of 0.79448. The last two variables are service strategy (mean value=3.8750 and standard deviation of 0.95928) and risk taking (mean value=3.9375 and standard deviation of .63267), as seen in the table above. The export strategy group factors have a cumulative average mean value of 4.28. Every variable's standard deviation reveals response dispersion from the mean, but the average value highlighted the degree of the export strategy's influence on Desta garment PLC exporting sectors' concerns.

4.2.2 External Variables

External factors/variables assume that the sector's export performance concerns are external to the industry, i.e., they are beyond the control of the industry. The descriptive data based on participants' responses to external export problems issues is presented in the following two tables. The export market was the first external variable, followed by domestic market variables.

4.2.2.1 Export Market Characteristics related Challenges

The accompanying table 4.5 shows descriptive statistics on participants' responses to Export market characteristics related difficulties in Desta garment PLC.

Table 4-0-5 Export market characteristics related challenge

Descriptive Statistics

Variables related to export challenges	N	Minimum	Maximum	Mean	Std. Deviation
Legal issue	48	1.00	5.00	3.9167	.79448
Political issue	48	1.00	5.00	3.9375	.63267
Cultural similarity	48	1.00	5.00	3.4583	1.16616
Market competitiveness	48	1.00	4.00	3.7292	.81839
Environmental issue (abroad	48	1.00	5.00	3.7500	.78551
Economic issue	48	1.00	5.00	3.8750	.95928
Channel accessibility	48	1.00	5.00	3.4583	.96664
Customer exposure	48	1.00	5.00	2.8333	.99645
Average	48	1	5	3.619792	

Source: researchers own survey, 2022

The results of the research are presented in table 4.5 above. As a result, the following is the mean value and standard deviation of the export market characteristics challenge: with a mean of 3.7292 and a standard deviation of 0.81839. difficulty connected to export market competitiveness with a mean of 3.7292 and a standard deviation of 0.81839. Environmental concern or needs in the international market, with a mean value of 3.7500 and a standard deviation of .78551 correspondingly. The average customer exposure during the export process is 2.8333, with a standard deviation of 0.99645. The export market political issue, on the other hand, had a mean of 3.9375 and a standard deviation of 0.63267.

While the economic condition on the export market improved to a mean of 3.8750 with a standard deviation of 0.95928. Similarly, the mean value for market legal issue export challenges was 3.9167, with a standard deviation of 0.79448. Finally, the mean and standard deviation values of the export market political issue were 3.9375 and 0.63267, respectively.

4.2.2.2 Domestic Market Characteristics related Export Challenges

Table 4.6 shows descriptive data based on respondents' responses to domestic market characteristics related to export obstacles in the Desta garment PLC.

Table 4-0-6 Domestic Market Characteristics related Export Challenges

Descriptive Statistics

Variables related to export challenges	N	Minimum	Maximum	Mean	Std. Deviation
Domestic market condition	48	1.00	5.00	3.9167	.79448
Lack of export assistance	48	1.00	5.00	3.8750	.95928
Environmental issue (domestic)	48	1.00	5.00	3.9375	.63267

Inadequate supply of cotton/yarn/fabrics in local market	48	1.00	5.00	3.9167	.79448
Lack of quality on local cotton & other inputs	48	1.00	5.00	3.9375	.63267
Unavailability of long staple & organic cotton fiber	48	3.00	5.00	4.2083	.74258
Inadequate supply of accessories in local market	48	2.00	5.00	4.2708	.84399
Inadequate supply of spare part in local market	48	1.00	5.00	3.6250	.67240
Inadequate supply of chemicals & dyestuffs in local	48	1.00	5.00	2.2917	.98841
Inadequate supply of chemicals & dyestuffs in local	48	1.00	5.00	2.5417	.89819
Average	48	1.3	5	3.652083	

Source: researchers own survey, 2022

As stated in table 4.6, the mean value and standard deviation of each domestic market feature connected difficulty are as follows. Quality issues with local cotton and other inputs had a mean of 3.9375 and a standard deviation of 0.63267.

In addition, the mean value and standard deviation of insufficient supply of cotton/yarn/fabrics inputs in the local market are 3.9167 and 0.79448, respectively. Inadequate accessory supply on the local market, on the other hand, have a mean and standard deviation of 4.2708 and .84399.

The mean and standard deviation values for the other domestic market characteristics associated to export challenges factors were as follows. Unavailability of long staple and organic cotton in the local market (mean=4.2083, Std. Dev=0.74258) and domestic market conditions (Mean=3.9167, Std. Dev 0.79448). Spare parts are in short supply in

the home market (mean=3.6250, Std. Dev=0.67240), while chemicals and dyestuffs are in short supply in the local market (mean=2.2917, Std. Dev=0.98841).

Lack of export support (mean=3.8750, standard deviation=0.95928) and domestic environmental concern or demand (mean=3.9375, standard deviation=0.63267)

The aggregate mean value of the domestic market characteristics group variables is also 3.652083. Each variable's standard deviation showed the response's dispersion from the mean, whilst the mean value disclosed the extent of each domestic market's influence on Desta clothing PLC. This demonstrates that Desta Garment PLC's biggest export hurdles are domestic market specific variables.

4.3 The Prospects of Desta Textile and Garment Exporting

The descriptive statistics based on the respondents' responses to variables relevant to the Ethiopian T&G sectors' prospects were explained in Table 4.7.

Table 4-0-7 Prospects of Desta Textile and Garment Exporting

Descriptive Statistics

Variables related to export prospects	N	Minimum	Maximum	Mean	Std. Deviation
Huge export market in the world	48	1.00	5.00	3.5000	.68417
Government Support and Incentives	48	1.00	5.00	3.6667	.72445
Existence of regional & bilateral trade agreements	48	1.00	5.00	2.5417	.74258
Development of infrastructure & power supply	48	1.00	5.00	3.2917	.92157
Education & training institution development	48	2.00	5.00	3.0417	.84949
Industry park development	48	1.00	5.00	3.0000	1.11087

Availability of input & accessories in local market	48	1.00	5.00	3.4583	.94437
Industry to institution relationship	48	1.00	5.00	3.3125	.85443
Average	48	1.125	5	3.138889	

Source: researchers own survey, 2022

It was plainly displayed on the above table 4.7 that nine dimensions were studied in order to study the Desta garment's prospects. The first topic the researcher looked at was the world's massive export market, and respondents agreed on the topic with a mean value of 3.5 and a standard deviation of 0.68417. Respondents agreed that government support and incentives were an opportunity, with a mean value of 3.6667 and a standard deviation of 0.7244. On the other hand, the researcher considers the existence of regional and bilateral trade agreements to be a promising opportunity for Desta Garment Plc. Respondents' perceptions reveal a mean value of 2.5417 and a standard deviation of 0.74258. Another opportunity, with a mean value of 3.2917 and a standard deviation of 0.92157, was infrastructure and power supply development. Another possibility is industry park development, which has a mean value of 3.00 and a standard deviation of 1.11087, according to the data analysis. When we consider the availability of inputs and accessories in the local market as an export opportunity, we must consider the following factors (mean value 3.4583 and Std. Deviation of 0.94437). As the final export prospect, the researcher considers the industry-institution relationship. The respondent's assessment of 3.3125 and 0.85443 as mean and standard deviation, respectively, is reflected in the above table (table 4.7). The respondents' perceptions of Desta textile and apparel export potential averaged 3.138889.

4.4 Discussion of Major findings

The primary goal of this study was to determine Desta Garment PLC's export problems and opportunities. Based on the study's findings, the researcher highlighted the following main findings in this subtopic. When researching Desta Garment PLC's export issues, the researcher separated the variables into two categories: internal and external variables (determinant). Internal determinants, also known as variables, are a factor that demonstrates the industry's export performance issues that are under the control of the industry/firm and its management. Starting with Marketing Mix Related Variables/Export Challenges, descriptive statistics based on respondents' perceptions linked to internal variables export challenges of Textile and Garment are used to begin the investigation. To investigate Marketing Mix Related Variables/Export Challenges, the researcher uses four dimensions. Product strategy, price strategy, promotion strategy, and distribution strategy were the four strategies. The lowest and maximum response values for all variables range from one to five. This indicates that the reaction of each variable covers both extremes of the response. The mean value and standard deviation for each marketing mix-related export challenge were as follows: price strategy (mean=2.2917 and standard deviation =.98841), product strategy (mean=3.6250 and standard deviation =.67240), promotional strategy (mean=3.9167 and standard deviation=.79448), and distribution strategy (mean=3.7500 and standard deviation =.78551). The mean value of the marketing mix factors was 3.3958. The standard deviations of all the variables were less than one. This means that the response's deviation from the mean was less than one standard deviation. The mean value of each variable demonstrated the degree of influence of each marketing mix on Desta clothing PLC export concerns. As a result, among the marketing mix-related variables, the level of difficulty in selecting an acceptable price strategy, product strategy, and promotional strategy was significant. As a result, these marketing mix factors were the most important export roadblocks for Desta Garment PLC. The average mean value also demonstrated that the issues that this group was dealing with were the industry's biggest problems.

Management traits and views related to export issues were the second export challenges faced internally. The weighted total average score was 3.49 based on the data analysis management features and perceptions group variables. The standard deviation of each variable reflects the response's variation from the mean, whereas the average value illustrates the degree of each managerial feature and view's impact on Desta garment PLC's export issues. The degree of the difficulty connected with a lack of top management qualities and views on foreign exposure, exporting commitment and support, and export incentive was significant, according to the findings of the research.

This shows that Desta Garment PLC faces significant export challenges as a result of poor managerial performance and attitudes toward foreign exposure, export commitment and support, and export incentive. The average mean value also demonstrated that the issues that this group was dealing with were some of the industry's most pressing concerns.

The degree of the difficulties associated with a lack of managerial abilities and attitudes regarding involvement, export advantage, and academic background, on the other hand, was minimal over time. As a result, a lack of key managerial characteristics and viewpoints is causing these sectors' modest export challenges at present moment. Top management commitment also allows a firm to actively look at export sector opportunities and conduct effective export marketing campaigns, which can help to boost and promote export competitiveness. As a result, the study found that management proficiency significantly and favorably affects export market. The results demonstrate that management ability has a significant impact on the export challenges and prospect of Ethiopian textile factories. Managers who present profitable opportunities for the company and ways to grow the business worldwide. Numerous studies have confirmed the beneficial effect of management competency on a company's export performance.

A critical issue for the global market and one that will negatively affect the success of export market business enterprises is management's lack of commitment to engage in export marketing as well as the lack of suitable managerial, supervisory, and production staff abilities and knowledge. The results of this study support other studies' conclusions

that, in order to successfully market their exports, management of export companies must commit to both their export markets and their products.

In particular, management's attention is needed in order to address differences in product usage in various foreign markets, linguistic and cultural differences, the need to modify pricing and promotional policies in accordance with the state of the foreign market, and the need to adapt products to meet the preferences of foreign customers.

A serious issue for the global market is management's lack of commitment to engaging in export marketing, as well as the lack of necessary managerial, supervisory, and production employee skills and expertise. These issues will negatively affect the export marketing performance of export market business enterprises. Therefore, this research has demonstrated that, even though various academic works advocate for infrastructure to influence export performances, its impact on export performance in Ethiopia's textile and apparel industries is little.

Industry-specific challenges were the third internal export challenge investigated. The aggregate value of the industry-specific category variables is also 3.2292, according to the data analysis. Every variable's standard deviation represents the response's variation from the mean, whilst the mean value indicates the quantity of each company's unique associated export problems to Desta clothing PLC.

Cost of production, capacity utilization, information technology, compliance issue, quality assurance and control, organizational culture, technology, degree of internationalization, and firm age were among the key industry-specific connected variables, according to the study's findings. As a result, the major export roadblocks for Desta Garment PLC have been these industry-specific traits over time. Furthermore, the mean value demonstrated that the difficulties that this group was dealing with were the company's biggest problems. The level of difficulty posed by firm age, existing processes and techniques, firm size, and ownership structure, on the other hand, was limited, and the export barriers in these industries can be categorized as minor.

The strategy-related problems were the fourth internal export challenge investigated. The primary strategy-related issues were general export strategy and export planning, with mean values of 4.2292 and 4.4375, respectively. This implies that the company should examine its export strategy and planning. Because poor export strategy and planning should result in negative outcomes, such as market loss, Market expansion, service strategy, procedure, and risk taking were also significant determinants of strategy-related difficulties.

External determinants or variables are factors that suggest the industry's export performance issues are outside the industry's/firm's/control. Management's Export issues of Textile and Garment begin with export market features associated challenges, followed by domestic market characteristics related export challenges, according to descriptive statistics based on respondents' perceptions linked to external variables. Therefore, the export market characteristics' overall mean value was 3.619792. According to the findings, the economic issue was a key factor of export market features associated challenges, followed by the legal issue, political issue, and market competition. Inadequate availability of accessories in the local market was also a major factor in the home sector's export issues.

Finally, the study looked into Desta's textile and garment export prospects. The following are the primary prospects for Desta textile and garment exports, according to this report. Huge global export market, government support and incentives, regional and bilateral trade agreements, infrastructure and power supply development, and education and training institution development. Desta textile and garment exporting also benefited from the growth of industry parks, the availability of input and accessories in the local market, and industry-to-institution relationships.

Desta textile and garment industry evaluates annual export performance based on qualitative data analysis. The questionnaire and interviewee responses indicated the following additional points in addition to the above-mentioned potentials for Desta clothing PLC's exporting companies. The availability of financial support and incentives, the presence of a large young labor population in the country, and the availability of

suitable land for raw cotton production, according to the respondents, should all be examined by Desta clothing PLC. Furthermore, the following industries can be evaluated as prospective prospects for Desta clothing PLC to be a source of foreign cash and a link between industrial development, as well as its ability to produce a large number of job opportunities, attracting investors.

The global market for textile and garment items is immense, according to the 2017 World Trade Organization trade statistics assessment. As a result, the Desta textile and garment industry can grow and prosper by combining global market potential with local investment prospects and capacity growth. In this study about the prospects of garment exporting industries in Desta textile and garment industry, the interviewers emphasize the following points: huge potential for export market, availability of duty-free privilege for machinery and equipment imports, reduced import tax on raw materials and accessories.

According to the responses from the Desta textile and garment industry interview, the challenges include a skilled manpower shortage, difficulty obtaining financial and other support, infrastructure issues such as electric power, water, and roads, power outages for existing firms, raw material shortages, and delays in the customs process.

The issue of supplying land for investment was raised by the interviewees, and it should be considered by government policy and aid. According to Desta garment PLC interviewees, the industry's other issues include the country's logistic expenses, a lack of equipment, supply chain performance between up and down stream, limited product types, and poor information management.

CHAPTER FIVE

SUMMARY OF FINDINGS, CONCLUSIONS AND RECOMMENDATIONS

5.1. Summary of the Findings

5.1.1. The Export Challenges of Desta garment PLC

Six important variables were constructed based on both primary and secondary sources of data to determine the effect on Desta garment PLC's export performance as well as to discover potential prospects that would boost the company's export performance in the future. Marketing mix approach, management traits, and perceptions, industry/firm-specific problems, export strategy, export market characteristics, and domestic market characteristics were all subcategorized into many common elements. The following are the subcategories of common factors:

- Price strategy, product strategy and promotional strategy
- International experience, export commitment and support, as well as management and employee export motivation
- Product quality, labor productivity, degree of internationalization, capacity utilization, product type, technology, organizational culture, quality assurance and control, compliance issue, information technology, and labor turnover are all factors to consider.
- General export strategy, export control system, market expansion, export organization, and export planning are all things that need to be considered.
- Export market competitiveness, abroad market environmental issues, consumer exposure during the export process, and export market political, economic, and legal issues
- Lack of high-quality local cotton and other inputs, insufficient supply of cotton/yarn/fabrics inputs in the local market, insufficient supply of accessories in the local market, domestic market conditions, insufficient supply of long-staple

and organic cotton in the local market, and insufficient supply of spare parts in the domestic market.

- Other hurdles include a lack of foreign money, a skilled labor scarcity, customs and logistics issues, power outages, transportation costs, loan access, and infrastructure issues.

In general, the study of the industry's export concerns found that the company's key export performance challenges throughout time were both internal and external export challenges. In addition, Desta Clothing PLC's minor external export issues included: insufficient supply of chemicals and dyestuffs in the local market, domestic environmental issue or requirement, lack of synthetic fiber in the local market, and lack of export assistance; and fuel/furnace oil/coal supply problem and proximity to the export market.

All of these elements were studied as part of the primary variables to see how they related to or affected Desta clothing PLC's export performance. SPSS correlation and regression were used to analyze the data in this study. The data was assessed to see if there was a link between the independent and dependent variables, and the results were positive. Desta garment PLC's export performance is heavily influenced by market mix strategy, management traits and perceptions, industry/firm specific obstacles, export strategy, export market features, and domestic market characteristics.

5.1.2 Prospects of Desta garment PLC

According to the report, Desta garment PLC's significant prospects include a vast worldwide export market, the availability of bilateral free trade agreements, and the improvement of education programs. Furthermore, government aid and incentives, ease of access to input and equipment in the local market, progress of infrastructure and power sources, creation of production parks, and progress of industry-to-institution relationships could all be opportunities.

Overall, the conclusions of this study aid in the gathering of knowledge about Desta garment PLC's existing and future exporting performance issues and potential. The following is a discussion of the findings of this study..

5.2 Conclusions

To support the country's industrial and economic progress, textile and garment factories have been identified as vital industry components. In order to achieve these aims, several studies on many elements of the textile and garment sectors must be included. As a result, the purpose of this research is to identify the problems and potential of Desta clothing plc's export performance.

Textile and garment industries have been identified as critical industry components for the country's industrial and economic development. In order to achieve these objectives, several studies on many elements of the textile and garment sectors must be included. As a result, the purpose of this research is to determine the problems and prospects for Desta clothing plc's export performance.

Desta Garment PLC has faced substantial problems, which can be characterized as both internal and external export difficulties, according to the findings of the study. The investigation indicated that the company has large and small internal and external export roadblocks. Internal export concerns require more attention from the company's management, but external export challenges require a coordinated effort from all stakeholders. To compete with international textile and clothing industries, particularly those from Asia and developing African nations, the company must enhance its capacity and capability, allowing it to engage in the global market. The barriers to export discussed in this study must be addressed by a collaborative effort at the corporate and industry levels.

In order to improve their export performance, the company's management closely monitors opportunities (prospects) in order to attract new clients in the worldwide market. The availability of obvious prospects in the international textile market may help to alleviate such issues with export performance. Furthermore, the company's competitive

edge in the worldwide textile market is boosted by the availability of prospects in the textile industry. As a result, this study provides a solid foundation for future research in the subject, as well as crucial inputs and suggestions for businesses, politicians, decision-makers, regulatory agencies, helping government agencies, services, and educational institutions, among others.

5.3. Recommendations

Based on the identified facts from the assessment of Desta garment PLC's export performance issues and prospects, as well as the conclusion made in the previous section of this research, the study offers the following feasible resolutions.

- The internal and external export performance concerns revealed in this study should be addressed by Desta clothing plc's management.
- To boost Desta clothing PLC's export performance, managers and other staff must be informed of the textile industry's potential prospects.
- To achieve correct export performance, develop and implement a trustworthy and attainable export plan.
- Evaluate the company's export performance on a regular basis to ensure that essential actions are taken in a timely manner.
- When creating and implementing the company's strategy, the management should keep the worldwide textile market in mind.
- It is necessary for management to commit to improving the company's export performance and market potential.
- To improve the company's export performance, the organization must pay special attention to capacity building training for management and staff.
- Create a welcoming environment in the workplace in order to get new and innovative suggestions from employees on how to improve the company's exporting performance.
- Utilize the chances provided by the government to improve the company's exporting performance.
- Reduce its reliance on imported raw materials; the corporation needs to cooperate closely with local raw material and accessory suppliers.

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APPENDICES – A

Questionnaire to be completed by Desta Textile and Garment industry management and marketing officials

Dear Respected Respondents,

The main purpose of this research is to gather helpful information Desta textile and Garment manufacturing PLC Export Performances, Difficulties, and Opportunities. The information you provide could be used solely for academic purposes for thesis for a Master of project management. As a result, your help in supplying specific data and responses would be gratefully received and kept private. We respectfully request that you feel free to complete the questionnaire honestly. I would appreciate your cooperativeness in advance.

General Directions:

It is not necessary to write your name.

Please put "√" mark of your choice.

For the questions where space is provided please write your opinion.

Part I: Personal information

1. Please tell us your position in the company?.....

2. Gender:- Male Female

3. Education Diploma

BA/BSC Degree

PHD

Others please specify

4. Work experience

Below 5 year

5-9 years

10-14 years

Above 14 years

5. Age

Below 25 years

25-35 Years

36-45 Years

45 Years and above

Part II: Question to assess challenges of Desta textile and Garments Industries.

Internal variables

1. Marketing mix related challenges

No.	Variables related to export challenges	Strong Disagree (1)	Disagree (2)	Neutral (3)	Agree (4)	Strong Agree (5)
1.1	Product strategy					
1.2	Price strategy					
1.3	Promotional strategy					
1.4	Distribution strategy					

2. Management characteristics and perceptions related challenges

No.	Variables related to export challenges	Strong Disagree (1)	Disagree (2)	Neutral (3)	Agree (4)	Strong Agree (5)
2.1	Export commitment and support					
2.2	International experience					
2.3	International orientation					
2.4	Export motivation					
2.5	Perception of export advantages					
2.6	Educational background					

3. Industry/firm specific related challenges

No.	Variables related to export challenges	Strong Disagree (1)	Disagree (2)	Neutral (3)	Agree (4)	Strong Agree (5)
3.1	Firm size					
3.2	Firm age					
3.3	Degree of internationalization					
3.4	Technology					
3.5	Product type					
3.6	Product quality					
3.7	Organizational culture					
3.8	Financial resource shortage					
3.9	Ownership structure					
3.10	Labor productivity					
3.11	Labor turnover					
3.12	Quality assurance and control					
3.13	Compliance issue					
3.14	Modern methods and procedures					
3.15	Information technology,					
3.16	Capacity utilization					
3.17	Cost of production					

4. Export strategy related challenges

No.	Variables related to export challenges	Strong Disagree (1)	Disagree (2)	Neutral (3)	Agree (4)	Strong Agree (5)
4.1	General export strategy					
4.2	Export planning					
4.3	Export organization					
4.4	Controlling system					
4.5	Reactiveness					
4.6	Market expansion					
4.7	Service strategy and process					
4.8	Risk taking					

II. External variables

1. Export market characteristics related challenges

No.	Variables related to export challenges	Strong Disagree (1)	Disagree (2)	Neutral (3)	Agree (4)	Strong Agree (5)
1.1	Legal issue					
1.2	Political issue					
1.3	Cultural similarity					
1.4	Market competitiveness					
1.5	Environmental issue					
1.6	Economic issue					
1.7	Channel accessibility					
1.8	Customer exposure					

2. Domestic market characteristics related challenges

No.	Variables related to export challenges	Strong Disagree (1)	Disagree (2)	Neutral (3)	Agree (4)	Strong Agree (5)
2.1	Domestic market condition					
2.2	Lack of export assistance					
2.3	Environmental issue					
2.4	Inadequate supply of cotton/yarn/fabrics in local					
2.5	Lack of quality on local cotton & other inputs					
2.6	Unavailability of long staple & organic cotton fiber					
2.7	Inadequate supply of accessories in local market					
2.8	Inadequate supply of spare part in local market					
2.9	Inadequate supply of chemicals & dyestuffs in					
2.10	Unavailability of synthetic fiber in local market					

Part III: Question to assess the export prospects of Desta Textile and Garments Industries

No.	Prospects related variables	Strong Disagree (1)	Disagree (2)	Neutral (3)	Agree (4)	Strong Agree (5)
1	Huge export market in the world					
2	Government Support and Incentives					
3	Existence of AGOA and EBA					
4	Existence of regional and bilateral trade					
5	Development of infrastructure & power supply					
6	Education & training institution development					
7	Industry park development					
8	Availability of input & accessories in local market					
9	Industry to institution relationship					

If there are any other prospects that are not mentioned please specify here? -----

Interview questions

1. When does your office evaluate the export performance?
A. Every week B. Every month C. Every quarter D. Every year

2. What your office has done so far to address the export challenges of the industry?
And what result obtained? -----

3. What is the reason for leading foreign textile and garment exporters to be successful
in their export performance?-----

4. What policy/government support is required to be successful in export performance? -

5. What is the solution to improve the export performance of the industry? -----

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