

Determinants of Coffee Export Performance; In Ethiopia

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Declaration

I, Motuma Sintayehu, hereby declare that the dissertation entitled "Determinants of Coffee Export Performance; In Ethiopia" is exclusively the result of my own work and that it has not been submitted, in whole or in part, in any prior application for any degree or professional qualification. References used are acknowledged in the literatures and resources.

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This is to certify that Motuma Sintayehu's research paper on “Determinants of Coffee Export Performance; In Ethiopia” is the original of his own work. All sources of materials used for research have been duly acknowledged. This work is plagiarism free and has not been submitted for any other degree.

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Date: June, 2021

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Abstract

Although coffee plays a dominant role as a source of foreign exchange income, as it makes up the largest proportion of the export sector in Ethiopia, the potential in the region is not fully realized. As stated in various references, the performance of Ethiopian coffee exports to the rest of the world is low in relation to the country's potential. Therefore, the main objective of conducting this study is to examine the determinants of the export performance of coffee in Ethiopia. Accordingly, seven specific objectives have been developed under the theme of the main objective, comprising the variables examined; Company barriers, product barriers, institutional support problems, government policy and regulatory factors, export industry barriers, export market challenges and infrastructural challenges in Ethiopia. To achieve the goal of the study, the researcher used a mixed research approach that combines both a qualitative and a quantitative research approach. Both primary and secondary data sources were used in conducting the study. The primary data were collected through questionnaires and interviews. The secondary data was used by various websites, articles, and research edited in the area of the study. In order to arrive at meaningful facts and conclusions, the collected data were analyzed using descriptive and inferential statistics. The results of the study showed that the export performance of coffee in Ethiopia is significantly influenced by external barriers such as factors related to institutional support, political and regulatory environment, export industry barriers, export market barriers and infrastructural challenges. Finally, based on the results of the study, the researcher has made possible recommendations for coffee exporters, government institutions, and policy makers on how to mitigate the factors influencing coffee export performance in Ethiopia.

Key Words**; **Coffee, Export Performance, Ethiopia

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List of Acronyms

ADLI	Agricultural Development Led Industry
ANOVA	Analysis of Variance
AU	African Union
BoP	Balance of payment
COMESA	Common Market for Eastern and Southern Africa
CSA	Central Statistical Agency
ECX	Ethiopian Commodity Exchange
ERCA	Ethiopia Revenue and Customs Authority
FDI	Foreign Direct Investment
GDP	Growth Domestic Product
GTP	Growth and Transformation Period
ICA	International Coffee Agreement
ICO	International Coffee Organization
LDCs	Least Developing Countries
MoT	Ministry of Trade
NBE	National Bank of Ethiopia
SPSS	Statistical Package for Social Science
UNCTAD	United Nations Conference on Trade and Development
WTO	World Trade Organization

CHAPTER ONE

INTRODUCTION

1.1 Background of the Study

As an important factor in openness, international trade has made an increasingly important contribution to economic growth. More active participation in the international market by promoting export leads to more intense competition and improved productivity (Sun and Heshmati, 2010). Empirically, there seems to be good evidence that international trade has a positive impact on economic growth by facilitating capital accumulation, industrial modernization, technological progress, and institutional progress. In particular, it increases imports of capital and intermediates that are not available in the domestic market, which can lead to an increase in manufacturing productivity (Basu et al., 2000). More active participation in the international market by promoting exports leads to an intensification of competition and an improvement in productivity (Wagner, 2007).

The role of exports in economic development has been widely recognized by various scholars. While practical evidence of export-oriented growth (ELG) may not be universal, rapid export growth is a key feature of East Asia's remarkable record of high and sustained growth. In particular, the wave of growth of the four tigers (Hong Kong, South Korea, Singapore and Taiwan) and emerging economies (such as Malaysia, Indonesia and Thailand) has been used to support the argument that openness to trade through trade an ELG is a mechanism for achieving of rapid growth (Giles and Williams, 2000).

In today's world, the relationship between export performance and economic growth is becoming a major concern for the development of many countries. Because international trade can be an important stimulus for rapid economic growth by encouraging greater use of underutilized human and capital resources, increasing foreign exchange revenues, focusing on investing in sectors where it enjoys a comparative advantage, and access to technological Knowledge expanded (UNCTAD, 2015). For developing countries like Ethiopia, increasing export performance is very beneficial in order to achieve economic growth. In addition, in recent years, due to the increasing need for capital goods imports, Ethiopia has seen enormous foreign

exchange needs to accelerate and sustain economic growth and meet the ever-increasing consumer demand for imported consumer goods (Degife, 2014).

Coffee is one of the most important traded commodities over the world, after Oil (ICO, 2015). The trade structure and performance of the sector have a major impact on development and poverty, given the high concentration of smallholder production in developing countries. Due to shifts in demand and an increasing emphasis on product differentiation in the importing countries, the global coffee value chains are changing rapidly (Ponte, 2002). The willingness to pay a premium is growing; high quality coffee from wealthy consumers and the demand for specialty and certified coffees is increasing. In addition, the international coffee markets have experienced significant price fluctuations over the past decade. These changes have important implications for a number of coffee producing countries (Pendergrast, 2010).

Coffee is outstanding for being produced in nearly all non-arid countries in the tropics. In many of these countries who produce coffee, foreign exchange earnings from coffee exports are of vigorous significance to the balance of payments and to the economy of the countries as well. Coffee is an important cause of development, generating cash returns in subsistence economies. Moreover, the production and harvesting coffee are labor intensive; it provides an important source of rural employment, for both men and women. In terms of international trade, coffee is the most valuable tropical agricultural product. It's the "second most traded commodity after petroleum" and "determines the livelihoods of 25 million poor families" (Utting-Chamorro, 2005). Its status as a major export for many countries and therefore a determinant of the wellbeing of national economies, gives it significant importance in the global economy.

According to ICO (2015), of the numerous botanical varieties of coffee trees, only two are cultivated and utilized commercially to any large extent worldwide. One is Coffee Arabica, usually known as Arabica, accounting on average for 60% of world production. The other one is the Robusta coffee tree, which accounts on average for 40% of world production. The world coffee market has changed dramatically in the last two decades. Changes in the international policy environment, new arrangements in supply and demand, technological changes and/or the asymmetrical character of power in the 'coffee value chain, have increasingly narrowed the opportunities for vulnerable economies to secure the benefits from coffee trade needed for economic development and poverty reduction (Addis, 2018).

Ethiopia is the origin of Arabica coffee and is known for its production (Selamta, 2014). According to Nure (2018), coffee is the most important crop in the Ethiopian economy and the leading export good, accounting for more than 25% of the export share. Coffee production is of enormous importance for Ethiopia and plays a dominant role in economic, ecological, socio-cultural and spiritual terms. Besides, coffee production is the driving force in Ethiopia, as over a million coffee farmer households and around 25% of the total population of the country depend on the production, processing, distribution and export of coffee (World Bank, 2010).

For so many decades, constituting the lion share of export sector, coffee has been playing a central role as a source of foreign currency earnings of Ethiopia. In addition the performance in coffee export has been a major determinant of the overall performance of the total export earnings of the country (NBE, 2014). Although, coffee has been playing a main role as a source of foreign currency earnings by constituting the loin share of export sector in Ethiopia, the potential in the area is not completely utilized. As indicated in different literatures, the Ethiopian coffee export performance to the rest of the world is low in relative to the potentials the country has. Thus, enhancing export performance of coffee requires a constant follow up and conducting researches (Degife, 2014). Therefore, this study is attempted to examine the determinants that are likely to have an influence on the export performance of coffee in Ethiopia.

1.2 An Overview of Coffee in Ethiopia

More than 1,000 years ago, coffee was a goatherd in Ethiopia southwestern highlands plucked a few red berries from some young green trees growing there in the forest and tasted them to check it haves the flavor and make feel-good effect to the consumers at that time. In addition, as David Beatty discovers in words and pictures, the Ethiopian province where they first blossom Kaffa gave its name to coffee. The story of coffee was beginnings in Ethiopia, and the country is original home of the coffee plant, coffee Arabica, and it believed that its cultivation and use began as early as the 9th century in Ethiopia (Selamta, 2014).

Studies have shown that Ethiopia has a good production environment for growing coffee. Less of the inferior Robusta coffee is produced in Ethiopia and is better suited for production in equatorial climates at lower altitudes. Coffee production in Ethiopia takes place almost exclusively in the two regions of Oromia and the Southern Nations, Nationalities, and People Regions (SNNPR) in the south and west of the country (Tadesse, 2014).

According to USDA (2019), Ethiopia is the leading Arabica coffee producer in Africa. Yirgacheffe, Sidamo, Limu, Teppi, Bebeka, Jimma, Lekempti, Kaffa and Harrar are the most famous types of coffee that are produced and exported from Ethiopia. These grow in the southern, southwest and eastern parts of the country. The new types of coffee emerging from the northern growing region include Zege and Ayehu (Jima, 2020).

In Ethiopia, coffee is the largest export crop and the backbone of the export sector. It is the most important agricultural export crop and provides 25% of foreign exchange income (ECFF, 2015). It also contributes around 45% to the country's GDP. In addition to being a major export, it provides livelihoods for millions of people and plays a vital role in their socio-economic and cultural values (Edward et al., 2017).

The cultural heritage of coffee consumption in Ethiopia has contributed significantly to the sustainable production of the cultivated plant for centuries. According to the ICO (2014), the per capita consumption of coffee in Ethiopia is estimated at around 2.3 kg per year. In addition, countries such as Germany, France, Italy, Belgium, Sweden, Norway, Finland, Denmark, Great Britain, Switzerland, USA, Japan, Saudi Arabia, Canada, Taiwan, South Korea, Australia and South Africa are the largest market destination for Ethiopian coffee exports (Melkamu, 2015).

1.3 Statement of the Problem

The field of export performance is attracting both academic and managerial attention at an increasing pace. The fact that globalization has become an undisputed reality has led an increasing variety of firms to search for opportunities abroad in order to survive. Consequently, increasing globalization has made exporting an important activity for many firms (Romer, 2006). As an international trade is a key determinant for economic development and the platform is far from smooth playing field and there are different problems for smooth and fair international trade. Although, the benefits derived from exporting in an increasingly globalized marketplace are enormous, for numerous companies, exporting is limited by numerous challenges and barriers (Sisay, 2018).

According to Digafe (2014), although Ethiopia has a long history of international trade, the country has not benefited as much from this sector as expected and Ethiopia's trade balance has been in deficit for many decades. This is mainly due to the country's poor export performance and the dominance of exports of primary agricultural products. In addition, Ethiopia's export performance is also limited by high trade costs due to poor infrastructure and inconvenient regulatory requirements, an unsupportive macroeconomic policy mix and the underdevelopment of the private sector (Ciuriak and Preville, 2010). Other factors such as; poor institutional support, inadequate transport infrastructure, poor foreign market access and tariff and non-tariff trade barriers imposed by Ethiopia's trading partners and national income of the partners and distance are the barriers to the development of the export sector (Tekaligne, 2009).

According to the World Bank (2014), Ethiopia is one of the least developed countries and like most countries in sub-Saharan Africa; the country's export sector is based on the primary agricultural commodities with very small industrial products. For decades, only a few agricultural commodities, which are highly susceptible to price fluctuations, dominated the country's export sector. In addition, the export of Ethiopia is limited to a few primary products; the export is also geographically concentrated in a few destinations, mainly the European and Asian countries. Although Ethiopia has immense potential in the production and export of various raw materials such as flowers, fruits and vegetables, they still do not appear to be a strong alternative source of foreign exchange that the country relies on. Their contribution to total export revenues is still trivial (Digafe, 2014).

Despite the positive image of Ethiopia as the birthplace of coffee, a strong local coffee culture, genetic diversity and simple branding opportunities, diverse agro ecology and climatic conditions, unique characteristics of coffee quality, a favorable national agricultural ecosystem for coffee development, the country has not been able to achieve its full potential (Jima, 2020). Ethiopia exports coffee by and large in its raw form. Still, the export of soluble coffee is insignificant. In addition, slight quality problems arise due to improper harvest and post-harvest treatment by farmers, falsification of various coffee origins by exporters, corruption in some coffee cups when sorting the coffee arrival market, which lead to discrepancies between coffee quality and quality level (Diriba, 2021).

Coffee price volatility is another challenge for Ethiopia's export performance. Since Ethiopia cannot determine the world coffee price, the country is price taker. As a result, supply from other countries such as Brazil, causing price volatility as a result, will ultimately affect export performance in Ethiopia (Belay, 2000). In addition, in most cases Ethiopia produces similar primary raw materials as in the countries south of the Sahara. This similarity reduces the potential for trade with neighboring countries (Kebede2011).

The potential in the production and export of coffee in Ethiopia is still untapped. This, coupled with the need to maximize export revenue, will prompt us to see opportunities to improve revenue from traditional export items as well. However, improving exports requires constant follow-up and problem-solving research to be carried out. Therefore, it is important to update how current trends in the variables are affecting the export performance of coffee in Ethiopia (Degife, 2014). As stated in various references, the performance of Ethiopian coffee exports to the rest of the world is low in relation to the country's potential. It is for this reason that this study was conducted to identify and examine the determinants considered to be the bottlenecks for the lower and unsatisfactory performance of coffee exports in Ethiopia.

1.4 Research Questions

1.4.1 Main Research Question

What are the determinants of the coffee export performance in Ethiopia?

1.4.2 Specific Research Questions

The specific research questions of the study are;

- How does the company barrier affect the export performance of coffee in Ethiopia?
- How does the product barrier affect the export performance of coffee in Ethiopia?
- What are the institutional support-related factors that are affecting the export performance of coffee in Ethiopian?
- Do policy and regulatory framework conditions influence the export performance of coffee in Ethiopia?
- Does industry barriers that can affect the export performance of coffee in Ethiopia?
- What are the market barriers affecting coffee export performance in Ethiopia?
- How do the infrastructural challenges affect the export performance of coffee in Ethiopia?

1.5 Objective of the Study

1.5.1 General Objective

The general objective of this study is to assess and analyze the determinants ofcoffee export performance in Ethiopia.

1.5.2 Specific Objective

The specific objectives of the study are;

- To examine the company barriers that can affect the export performance of coffee in Ethiopia
- To assess the effect of product barriers on the export performance of coffee in Ethiopia
- To examine the effect of institutional support-related factors on the export performance of coffee in Ethiopia
- To analyze the effect of government policy and regulation environment on coffee export performance in Ethiopia
- To examine the effect of export industry barriers on the export performance of coffee in Ethiopia

- To assess the effect of export market barriers on the export performance of coffee in Ethiopia
- To examine the effect of infrastructural challenges on the export performance of coffee in Ethiopia

1.6 Significance of the Study

For the past three decades, studying the factors influencing the export performance of nations has been an important topic for many researchers. Likewise, many studies on the subject have been carried out in Ethiopia, but this is insufficient due to the dynamic nature of the international trading environment. Therefore, the result of this study is important to update how the current trends of the identified factors are affecting export performance in Ethiopia.

As this study attempts to examine factors that are likely to have an impact on the export performance of coffee in Ethiopia, the result may benefit the concerned policy makers in the coffee industry as a reference and input for decision making. Apart from that, the results of the study can help coffee exporters develop their export marketing strategy based on the identified obstacles and improve their competitive position in international markets.

In addition, the result of the study may contribute to the field of export marketing research and the result of this study can serve as a reference for other researchers who may be interested in further research in the field of study.

1.7 Scope of the Study

In theory, the scope of this study is delimited to analyze the determinants of coffee export performance in Ethiopia. Additionally, this study is geographically delineated to conduct a study of coffee exporters whose agents or offices are located in Addis Ababa, Ethiopia.

Furthermore, the scope of this study is conceptually delineated to examine the two main factors. The first are internal factors that include; Company and product barriers that may affect the export performance of coffee exporting companies. The second category deals with external factors, including the institutional support environment in Ethiopia, the state policy and regulatory environment, barriers in the export industry, export market barriers and infrastructural challenges.

1.8 Limitation of the Study

The results of the study could be limited by certain factors such as the quality of the data series available, in particular there is a large reporting gap between different institutions like the Ethiopian Coffee and Tea Authority, the National Bank of Ethiopia, the Ethiopian Commodity Exchange, the Ministry of Trade, World Bank and others related institutions. In addition, not all questions in the questionnaire were answered and all respondents did not respond in a timely manner, which may affect the outcome of this investigation. On the other hand the result of the study could be limited due to the research method the researcher used in conducting the study like convenience sampling method, which is improper to generalize from the results of a survey based upon such a sample for there is no known way of knowing what sorts of biases may have been operating. In addition, it was difficult to find export data from exporting companies to analyze the trend of their export performance.

1.9 Definition of Terms

- ✓ **Export performance**; is the relative success or failure of a company or nation's attempts to sell domestically produced goods and services in foreign countries, and can also be explained in objective terminology such as sales, profits, or marketing activities (Shoham 1991).
- ✓ **Export barriers**; are the hiring, structural, operational and other constraints that hamper the ability of companies to maintain international business activities (Leonidou, 2004).
- ✓ **Internal barriers**; are the intrinsic constraints associated with organizational resources or capabilities and company approach to export business (Sousa et al., 2008).
- ✓ **External barriers**; are those barriers which are rooted in the external environment and the firm itself has no control over the consequences of such problems (Fedrico, 2004).

1.10 Organization of the Study

The research work is separated into five successive chapters. The first section deals with the introductory section of the work, the background of the study, problem definition, objectives of the study, meaning and delimitation of the study. The second section focuses on literature research, which encompasses both theoretical and empirical literature. The third section deals with the research design and methodology adopted to conduct the research. Chapter four deals with the findings of the investigation with data analysis, presentation and interpretation and lastly the fifth section contains a summary of the research results, outcomes and recommendations.

CHAPTER TWO

REVIEW OF RELATED LITERATURE

2.1 Theoretical Literature

2.1.1 International Trade Theories

International trade plays a crucial role in economic development of a nation. It allows countries to expand their markets for both goods and services that otherwise may not have been available domestically. As a result of international trade, the world market contains greater competition, and therefore more competitive prices, which brings a less expensive product home to the consumer (Zelalem, 2019).

According to Porter (1998), if there were no international competition, the level of productivity attainable in a nation's economy would be largely independent of what was taking place in other nations. International trade and foreign investment, however, provide both the opportunity to boost the level of national productivity and a treat to increase or maintain it. International trade enables a country to raise its productivity by eliminating the need to produce all goods and services within the country itself. A country can in this manner specialize in those industries and segments in which its firms are relatively more productive and import those products and services where its firms are less productive than foreign rivals, in this way it raises the average productivity level in the economy.

The theory of international trade (which has an essentially microeconomic nature), deals with the causes, the structure and the volume of international trade (that is, which goods are exported, which are imported, and why, by each country, and what is their amount). It study about the gains from international trade and how these gains are distributed; with the determination of the relative prices of goods in the world economy; with international specialization; with the effects of tariffs, quotas and other impediments to trade; with the effects of international trade on the domestic structure of production and consumption; with the effects of domestic economic growth on international trade and vice versa; and so on (Federico, 2014).

According to (Bhagwati et al. 1998; Caves et al. 2006; Feenstra and Taylor 2008; Jones and Neary 1984; Krugman et al. 2011; Salvatore 2010) the foundations of international trade theory

are contained in three main models aimed at explaining the determinants of international trade and specialization:

1. The classical (Torrens-Ricardo) theory, according to which these determinants are to be found in technological differences between countries;
2. The Heckscher-Ohlin theory, which stresses the differences in factor endowments between different countries;
3. The neoclassical theory(which has had a longer gestation: traces can be found in J.S. Mill; A. Marshall takes it up again in depth, and numerous modern writers bring it to a high level of formal sophistication), according to which these determinants are to be found simultaneously in the differences between technologies, factor endowments, and tastes of different countries.

The most commonly known international trade theories are discussed below:

1. Mercantilism

Mercantilism (mid-16th century in Poland) suggests that it is in a country's best interest to maintain a trade surplus -to export more than it imports. Mercantilist's advocates government intervention to achieve a surplus in the balance of trade and they views trade as a zero-sum game. Accordingly, one in which a gain by one country results in a loss by another. The primary objective of Mercantilism was to increase the power of the nation state wealth which measured by its holdings of treasure (usually gold).

2. Theory of Comparative Advantage

The classical theory of international trade is usually attributed to David Ricardo. According to Ricardo (1817), a country can maximize its own economic wellbeing by specializing in the production of those goods and services it can produce relatively efficiently and enhance global efficiency via its participation in free trade. Ricardo also reasoned that: a country can simultaneously have an absolute and a comparative advantage in the production of a given product, by concentrating on the production of the product in which it has the greater advantage, a country can further enhance both global output and its own economic well-being. Ricardo also argues that, trade is a positive sum game.

3. Theory of Absolute Advantage

Adam Smith (1776) argued that a country has an absolute advantage in the production of a product when it is more efficient than any other country in producing it and enhance global efficiency through participation in free trade. Smith reasoned that: workers become more skilled by repeating the same tasks, workers do not lose time in switching from the production of one kind of product to another, and longer production runs provide greater incentives for the development of more effective working methods. The neo-mercantilists want higher production through full employment and that every industry produces an exportable surplus leading to favorable balance of trade.

4. Heckscher-Ohlin Theory

This model emphasizes the differences in factor endowment as a cause of international specialization and trade. More specifically, the key element of the theory is that countries are endowed with factors in different proportions. This leads to different relative marginal costs of production and leads to the fact that each country exports the commodity that uses the country's more abundant factor more intensively (Heckscher, 1919; Ohlin, 1933). In addition to the basic assumptions (no transport costs, free trade, perfect competition, international immobility of factors, existence of only two goods and two factors), the Heckscher-Ohlin Model is based on the following assumptions:

a. The production functions have positive but decreasing returns for each factor and constant returns to scale.

b. The structure of demand, i.e. the ratio in which the two goods are consumed at a given relative price, is identical in both countries and independent of the income level.

c. Factor intensity reversals are excluded; is necessary to determine univocally the relative factor intensities of the two goods.

5. New Trade Theory

New trade theory emerged in the 1980s by Paul Krugman who won the Nobel Prize for his work in 2008. The New trade theory suggests that the ability of firms to gain economies of scale (unit cost reductions associated with a large scale of output) can have important implications for international trade. Countries may specialize in the production and export of particular products

because in certain industries, the world market can only support a limited number of firms. According to new Trade Theory (1980), Nations may benefit from trade even when they do not differ in resource endowments or technology and Governments should consider strategic trade policies that nurture and protect firms and industries where first mover advantages and economies of scale are important.

6. Porter's Diamond Of Competitive Advantage

Michael Porter (1990) tried to explain why a nation achieves international success in a particular industry. Porter identified four attributes that promote or impede the creation of competitive advantage; Factor endowments, Demand conditions, Relating and supporting industries and Firm strategy, structure, and rivalry.

2.1.2 Export Performance

Diamantopoulos (1998) explained that export performance is the reflex of the results of export behavior under different company and environmental conditions. Cavusgil and Zou (1994, p.3) define export performance as the strategic response of management to the interaction of internal and external forces. In addition, these authors determine the extent to which the economic and strategic goals of a company in relation to the export of a product to a foreign market are achieved through the planning and implementation of a marketing strategy.

Shoham (1998, p. 62) defends that export performance is conceptualized as the composite result of a company's international sales. He thinks of the concept as a three-dimensional construct, the dimensions of which are export sales, export profitability and changes in performance.

According to reviews on export performance, the authors view export performance as a complex, multi-dimensional phenomenon that encompasses three main dimensions: effectiveness, efficiency, and potential for addiction. Effectiveness is a measure of the company's success compared to its competitors. Efficiency is the consequence of company policy versus the resources necessary to adopt it, and ultimately, adaptability is how the company successfully responds to environmental changes (Katsikeas et al., 2000).

2.1.3 Export Performance Measurement

According to Julian and Ahmed (2005), it is helpful to take a theoretical context that combines the three major methods of estimating export performance used in different studies. It is the financial indicators, strategic goal indicators, and the level of satisfaction with the company's export performance. Therefore, export marketing performance can be measured in three main parameters;

On the one hand via the financial performance indicators, i.e. profit, turnover or market share. Second, the export performance can be quantified using strategic goal indicators such as market share gains, strategic presence in the export market or the accomplishment of a competitive position in the export market. Third, attitudes measurement is also enclosed in other export performance metrics, as satisfaction with export activity is also observed as a strong indicator of export success (Julian and Ocass, 2004).

2.1.4 Theoretical Models for Determining Exports

As noted in various references, there are the five most popular models that most researchers use to assess countries 'export performance and to link countries' exports to the rest of the world. These are the export demand model, the export destination model, the two-regime model, the simultaneous equation models and the gravitational model.

King (1997) identified three models to explain the relationship between a given country's exports to the rest of the world, and most researchers apply it to determine the country's export performance. These are the export demand model, the export determination model and the two-regime model.

The other model is the simultaneous equation model; this model uses one of a number of simultaneous equation techniques instead of OLS for estimation purposes. Most studies have constructed structural models consisting of separate export demand and supply equations (Thursby and Thursbv. 1987) which when equated (assuming that demand equals supply) lead to a simple equilibrium version of this approach (Goldstein and Khan, 1978).

The gravity model has a long history in international and regional economies. In the past decade, numerous studies of gravitational models have been developed to examine the determinants of export performance and their application to trade flows (Mercelline, 2008).

Accordingly, in this study the gravity model is selected as the most appropriate for building the model for Ethiopia's export performance.

2.1.4.1 Gravity Model

The gravitational model derived its name from its temporary resemblance to Newtonian physics. The model is originally based on Newton's physical theory, which states that two bodies attract each other in proportion to their mass and inversely to the square of their distance. The inclusion of the distance in the model should take into account the transport costs, which intuitively increase with the distance (Mercelline, 2008). Anderson and Van Wincoop (2003); Krugman and Helpman (1985); Bergstrand (1989) and Deardorff (1995) made significant contributions to creating a theoretical basis for the gravitational model by showing that the gravitational equation can be derived from a number of different international trade models.

Gravity model has been commonly used in the applied literature to evaluate trade flows, the effect of regional agreements, the effect of a monetary union, the effect of Foreign Direct investments (FDI) on trade flows, to simulate the trade potential and assess the export potential, Kandogan (2007), Eita and Jordaan (2007) and Samad.et al. (2009).

This type of export model is based on the assumption that the volume of trade is generated by the mass or economic size in the importing country, which equals GDP (the force of gravity) and is inhibited by distance (friction). The model explains the flow of trade between two counties as proportional to their national economic income and inversely proportional to the distance between them. The gravitational model is one of the export determination models that have recognized the role of transport costs as a determinant in international trade. Geographical and other factors have an important influence on trade flows and with the increasing importance of geographical factors in international trade theory (Mercelline, 2008).

The model is hugely popular today for analyzing a wide variety of trade issues, including who is trading with whom, the spatial patterns of trade flows, and untapped trade potential, so gravitational models have become one of the most widely used empirical tools for modeling bilateral trade flows. Ram and Prasad (2006) concluded that of the many studies that use the gravitational framework, a high percentage undertakes the research task of predicting trade potentials.

2.1.5 An Overview of the World Coffee Market

Theoretically, trade would be based on differences between countries, i.e. with similar relative factor endowments and trading similar products (Krugman et al., 2012).However, trade in similar relative factor endowments is difficult or slightly insignificant, according to Zewdu and Minyahil (2017) the achievement of the comparative advantage. Therefore, in the global scenario, trade patterns for green coffee exports based on traditional trade theories of factor endowment theory can flow from developing countries to industrialized countries. Therefore, countries that exported coffee products had the highest relative advantages or were more efficient, while diversification in exporting other products did not confirm to be advantageous for these countries.

According to Diriba (2021), international trade theory believes in the benefits of liberal trade, where the main aim of any international trade theory is to explain the cause and pattern of trade. Thus, in the global coffee advancement structure more than 90% of green coffee production and exports take place in developing countries and to answer why nations are acting. As a result of factor abundance theory, coffee is mainly produced in Latin American countries like Brazil, Colombia, Peru, Honduras and Guatemala (52.13%), in addition to African countries like Ethiopia, Uganda (6.5%) and Asian countries like Vietnam, Indonesia and India (22.56%).

In addition, when it comes to global coffee exports, 81.12% of total coffee exports go to the 10 coffee exporting countries. In the 2018-19 crop year, total global coffee exports were 2.67 million bags (60 kg each), with Brazil taking the highest place with 27.81% of global coffee exports, followed by Vietnam (14.98%) and Colombia (11.52% %), Indonesia (6.41%), Guatemala (3.94%), India (3.72%), Honduras (3.57), Uganda (3.31%), Ethiopia (2.92%) and Peru (2.92%).

The domestic share of coffee exports varies from country to country, for example Brazil, Vietnam and Colombia, the three largest coffee producers, but have a relatively low dependency on coffee exports or had a diversified export portfolio of 3%, 2% or 6% respectively to their annual production. However a country with a least diversified1 export portfolio or product dependency on Honduras and Ethiopia exceeds 20% to ensure how dependent Ethiopia is on coffee exports for its foreign exchange income (Diriba, 2021).

2.1.6 An Overview of the Ethiopian Coffee Sector

Ethiopia is not only the home of Arabica coffee, but is also known for its very fine quality coffee, which is praised for its aroma and taste properties Habtamu (2019). Due attention needs to be paid to improving value creation activities to policy makers and actors in the production system, as the most recent remedy is to diversify trade from primary agricultural commodities to high quality commodities (Ahmed .et.al.2018).

According to Alemayehu (2014), in Ethiopia coffee contributes 25%-30% of the country's foreign exchange earning, 5% of Gross Domestic Product of the country, 90 percent of total exports, 85% of total employment in the country and part of the culture; more than 50 percent of the coffee produced is consumed in domestic market. International Coffee Organization (2017) examined the prospects for the African Arabica coffee sector, according to which Ethiopia has largely stagnated in recent years.

1. **Coffee Production in Ethiopia**

Ethiopia is the motherland of Arabica coffee and is endowed with a rich variety of coffees and its different origins. Ethiopian coffee is rich in original taste and aroma due to its geographical location (altitude, soil, temperature, rainfall, topography, ecology); genotypic and cultural diversity within the country. In addition to being the birthplace of coffee, Ethiopia is the largest coffee producer with high-quality in Africa. With around 95% of coffee production in Ethiopia, it is considered organic (Nure, 2008).

The main coffee-growing areas in Ethiopia are west and southwest, south, east and central regions (Melkamu, 2015). In Ethiopia, coffee is made using forest, semi-forest, garden and plantation production methods. It is estimated that these different production systems account for roughly forest (10%), semi-forest (35%), garden coffee (50%) and plantation coffee (5%) of the country's total coffee production. Plantation and cooperative coffee make up over 10% of the export volume and around 15% of the monetary share (EtBuna, 2016).

According to CSA report (2019), the total area of coffee in the period 2003/04 to 2017/18 is 1.2 million hectares, of which 900,000 hectares of land are estimated as productive, of which about 92-95 percent are from 4.7 million smallholders and the rest 5-8 percent large plantations.

In addition, around 25 million people work in the coffee business; Approximately 5.27 million households participated in the coffee production with an estimated annual production of 500,000 7,000 tons, of which 50% is consumed locally.

Coffee is grown by over 4 million smallholders and it is estimated that smallholder farmers produce over 90% of Ethiopian coffee from organic farming. Farmers who grow and produce stimulating crops such as coffee are outnumbered than those who grow fruit (CSA, 2018). It employs 15 million people, or around 15 percent of the country's population, at various points along the value chain. Over 95 percent are grown on small plots, usually less than half a hectare. Ethiopia is the sixth largest coffee producer in the world and accounts for 4 percent of production. It is also the largest producer in Africa and accounts for about 40 percent of continental production (Francom, 2018).

Fig 2.1 Coffee Growing Areas of Ethiopia



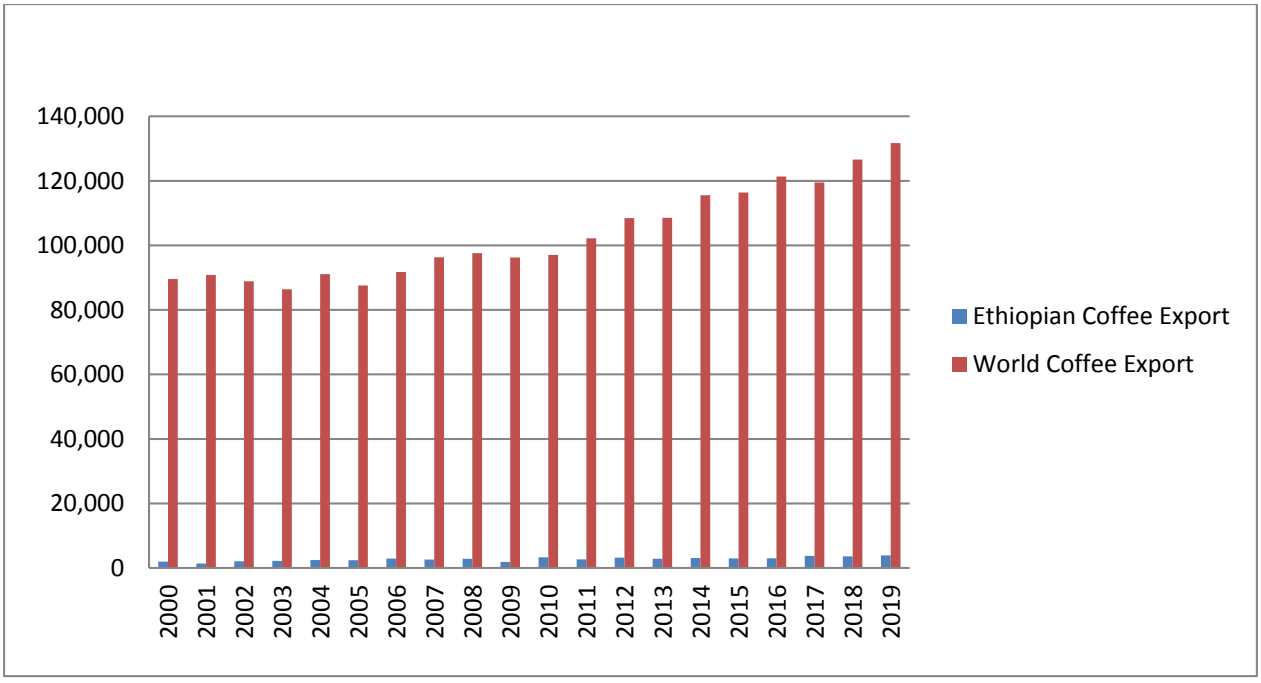
Source: CSA Report (2019)

2. Coffee Export Performance of Ethiopia

Ethiopia exports several coffee specialties such as Sidama, Guji, Djimmma, Lekemti, Harrar, Yirgacheffe, Limmu, Teppi, Ghimbi, KeffaForest, Gemadro, Bebeka, Godere, Bench Maji, Bale, Anderacha, Zege, Amaro, Arsi, Kochere, Ayu., GuraFerda, Shegitu, Wellega, Geisha, Gera, Yeki and many more.

Ethiopian coffee is exports to over 60 countries over the world. It has a choice for its organic character and large variety of flavors based on the geographic regions in which it grows. Ethiopian coffee is highly valued by consumers in a number of coffee importing countries. Ethiopia exports its Arabica coffee to Europe, Asia and America, Australia and the Middle East and other parts of the world.

Figure 2.2 Ethiopian Coffee Export Performance (In thousand 60kg bags)



Source: Source; Own Computation of Data from ICO (2021)

3. Coffee Export Destination of Ethiopia

According to ECTA (2021), Ethiopia exported 193,942.76 tons of coffee in the 2018/19 financial year and 146,746.06 tons in the 2019/20 FY to more than 60 countries worldwide, of which 86.10% and 81.33% of total exports were exported to the top ten are export destination countries.

As shown in Table 2.1 below, the main destinations for Ethiopian coffee exports between 2018/19 and 2019/10 are; Germany followed by Saudi Arabia, Japan, Belgium, the USA, the Democratic Republic of Korea, Sudan, France, Italy and Jordan.

Table 2.1 Top Ten Destination of Ethiopia's Coffee Export during 2018/19 - 2019/20

No	Country	2018/19	2019/20
		Sum of QTY (Ton)	**Sum of QTY (Ton)**
1	Germany	45,575.38	20,782.44
2	Saudi Arabia	34,127.77	33,375.83
3	Japan	18,898.93	11,867.17
4	Belgium	17,447.78	14,016.36
5	United States	13,288.89	10,741.31
6	DR of Korea	9,889.82	9,770.05
7	Sudan	9,507.88	8,011.01
8	France	7,899.48	4,189.97
9	Italy	6,573.48	3,322.08
10	Jordan	3,774.00	3,276.01
Total Export to Top 10 Countries(Ton)		**166,983.41**	**119,352.23**
Percentage		**86.10%**	**81.33 %**
Grand Total Volume (Ton)		**193,942.76**	**146,746.06**

Source; Own Computation of Data from ECTA (2021)

2.2 Empirical Literature Review

The empirical literature search portion of this study discusses the work of various scholars examining the concepts related to factors influencing export performance, as well as the results of studies conducted on the subject. Various scholars categorized the determinants of export performance into different categories.

The determinants of export performance can be categorized into external and internal factors. The external factors are the barriers related to market access conditions and other factors influencing import demand. In addition to trade barriers and competitive factors, foreign market access is also determined by transport costs, which include geographical and physical infrastructures. Internal factors relate to supply-side conditions. The supply capacity is also influenced by location-related elements that can affect access to raw materials and other resources including labor and capital. In addition to the availability of resources, factor costs are essentially the result of economic policy and the institutional environment. Access to technology, is also one of the determinants of export performance (UNCTAD, 2004).

According to Aaby and Slater (1989), Zou and Stan (1998), cited in Carneiro J, et.al, (2011), factors that impact export performance are divided into four groups: company characteristics (size, management engagement and standpoint of management), company skills (technology, market knowledge, market planning, export policy, govern systems, quality control, communication skills), export scheme (market selection utilization of intermediate products, product mix, product development, advertising, pricing) and external environment and takes them into consideration either internal (export strategy, manager perceptions and attitudes, managerial features as well as company characteristics and competencies) or external (industry characteristics, external and domestic market characteristics) factors of export performance.

Tesfom and Lutz (2006) grouped the export marketing problems into internal and external barriers. Internal, lack of knowledge to find foreign market opportunities, lack of specific information about agents and traders, lack of experience in planning and executing exports, lack of contacts of management with other cultures and business methods, lack of trained and qualified personnel in export marketing, Inability to self-finance exports, lack of export market research and information are categorized as business problems. Product barriers include product

quality and the technical adaptability of the exported product. In addition, they classified external barriers into industry barriers, market barriers, and macro-environmental barriers.

According to the World Bank (2004), the most important restrictions on the Ethiopian high-quality export products are such as; high freight costs and insufficient cargo space, lack of rail transport system, inadequate airport facilities, existence of illegal traders, poor packaging systems, lack of skilled labor, inadequate infrastructure facilities before and after the harvest, access to bank credit and lack of comprehensive market study.

Daniel (2016), examined factors influencing the performance of the clothing export industry in Ethiopia, particularly in the case of Addis Ababa. The empirical study extracted key factors that appear to affect the export performance of the apparel industry, including: unavailability of raw materials, lack of capital, availability of skilled labor, marketing problems, inadequate infrastructure, inability to manage, technological, poor institution and inter-industry relationship, and lack of it government regulation and incentives. The results also indicate that the availability of raw materials, skilled labor, scarcity of capital, lack of marketing personnel and lack of infrastructure are the most critical factors hindering the export of the clothing industry.

According to the Ministry of Agriculture (2013), the Ethiopian coffee sector is facing ongoing challenges. Some of the most important ones include very poor quality control, the lack of a strong coffee seed supply system, insufficient consideration of the provision of input credits to improve efficiency and quality, and the lack of a strong vision and path to support the coffee sector. Limited use of improved technology; Land degradation and population pressure; limited access to supplies such as manure, seeds, credit and irrigation; and the high cost of producing and processing quality coffee are also cited as the greatest challenges for the country's coffee sector.

Sette (2012) examined that Ethiopian coffee faced numerous challenges, such as structural challenges; scarcity of competitiveness, dearth of infrastructure, poor market access and long supply chain, inadequate access to services, low added value, inadequate technology transfer and research). The political environment is another problem that includes; little public investment in agriculture, government withdrawal from production and marketing activities; Liberalization or agricultural reforms historically poorly implemented, weak institutional framework in Ethiopia.

Jim and Ruth (2012) noted that the challenges facing the coffee sector in Ethiopia looked devastating. They pointed out the limitations: poor and uneven coffee quality due to poor processing; Regulation of export sales through a national auction that blended coffee from different locations into a single serving and prohibited cupping before sale Coffee cooperatives were technically and institutionally weak; There was a lack of outside capital for manufacturing, processing and marketing investments; and a lack of understanding of international market demand leads to a focus on quantity rather than quality.

2.2.1 Determinants of Export Performance

As the empirical literature shows, different researchers categorized export barriers into two categories; the internal barriers and external barriers.

According to Leonidou (2004), internal barriers are the limitations associated with the organization's resource capacities and the entrepreneurial approach to export business. These problems are categorized as those that are directly related to the controllable problems in the company itself.

External factors are those barriers that are rooted in the external environment and the company itself has no control over the consequences of such problems. These problems are also known as macro-environmental barriers. Many researchers have recognized that a significant number of export problems originate in the external environment (Tesfom and Lutz, 2006).

Therefore, this study focused on the two main internal barriers (company and product barriers) and five external barriers (institutional support related, government policy and regulatory environment, export industry barriers, export market barriers and infrastructural challenges).

2.2.1.1 Company Barriers

Company barriers are categorized into: marketing knowledge and information, financial resources and human resources. Marketing knowledge and information problems involve a lack of knowledge of overseas markets, business practices and competition; and lack of management to generate overseas sales. Lack of knowledge of locating foreign opportunities and promising markets is seen as a major obstacle to exporting from developing countries. Distribution is a major problem area when it comes to exporting. Inadequate advertising and sales promotion programs are also cited as other factors that inhibit export activities (Tesfom and Lutz 2006).

Kuppusamy and Anantharaman (2014) found that the personnel barrier is the main problem holding back the company's success. Export marketing activities depend on the settings and characteristics of the managers. Knowledge problems in export marketing are to a large extent due to the lack of trained and experienced staff. Financial problems are also one of the barriers to business. Many exporting companies in developing countries cannot operate due to insufficient working capital, which endangers the entire production process and causes additional costs.

2.2.1.2 Product Barriers

Product problems are related to the quality and technical requirements of the targeted export market segment, which include the export product design, style, quality, packaging, and labeling requirements and product adaptation or modification. Therefore, the product barriers that influence the company's export marketing strategy can be divided into quality and technical adaptability (Siringoringo, et.al. 2009).

Quality barriers are related with packaging, meeting importers' quality standards and creating the appropriate design and image for export markets. The barrier to technical adaptation is another important barrier. Successful companies adapt their products to foreign markets. Most of the problems related to technical adaptability are due to a lack of knowledge of market requirements or a lack of resources to meet the requirements: poor quality controls, poor quality of raw material, packaging and labeling requirements, product design and specification Cook (1983).

2.2.1.3 Institutional Support Related Environment

According to Julian and Ahmed (2005), governments are expected to provide policy guidance to institutions in the export value chain process, and the tonality at the highest level determines the service delivery of such institutions. Government policies were seen as one of the main barriers affecting the export performance of companies when labeled detrimental due to a lack of government support in overcoming barriers to export.

Export is a specialized economic activity in each country that necessitates continuous government corroborate at multiple stages; such as support in choice of export products, detection of overseas markets, identifying market segments, setting up distribution channels, providing economic support and organizing sales and support services. Therefore, the policies and institutions of government should offer a supportive and motivating environment for the

exporting community, both nationally and internationally. Various institutions are involved in the export process, in our case the specific assistance of the Ministry of Agriculture with NGO certification, the Chamber of Commerce in enabling the certification of origin and the supply of external market connections, banks offering customized loans, etc. (Addis, 2019) .

2.2.1.4 Government Policy and Regulation Environment

According to Julian and Ahmed(2005), the extent of government intervention in the market could also in itself be viewed as a separate barrier if government policy, regulation and lack of government support in overcoming export barriers are taken into account. Currently, the role of existing government policies and regulation, as well as assisting financial institutions in the performance of the coffee value chain in improving the quality and adequate supply of coffee, promoting the availability of means of production and promoting market connectivity is at a modest stage and access to market information, financial support for investments related to the coffee trade and access to actors in the value chain.

In Ethiopia there is no supportive policy that allows coffee value chain actors and traders to reach out market destinations and the ongoing market structure does not enhance coffee production in terms of giving the required attention to all coffee growing areas. The existing government policy and regulation in place moderately enhances and supports adequate supply of coffee production inputs, coffee outputs, and quality of coffee (Girma, 2017).

2.2.1.5 Export Industry Barriers

The intensity of export activities and the type of export marketing strategies vary considerably depending on the industry. Porter (1985) found that this is mainly due to the different industries. Kerin et al. (1990) viewed the industry structure as a key factor for Company strategy in the context of the internal market. In order to develop a suitable export marketing strategy, the differences between market systems, company sizes and the presence of foreign competitors in all markets should be taken into account. In addition, Jain (1989) emphasized that technology intensity and the intensity of price competition in the industry are important determinants of marketing strategy.

The industry barriers are classified as; Industry structure consisting of company size or economies of scale, lack of new technology and unreliability of the supply of raw materials.

The size of the company is also decisive for the propensity to export. The larger the companies, the greater the economies of scale compared to smaller companies; and this will usually have a positive effect on export activity. Supply of raw materials and operating resources another important factor for export companies in developing countries is the supply of raw materials and operating resources. The other barrier is the competitive barrier (Tesfom and Lutz 2006).

2.2.1.6 Export Market Barriers

The export market barriers are categorized into customer and procedural barriers. Customer barriers result from the customer's perception of the product properties. An important issue here is that exporters from developing countries are confronted not only with specific quality problems but also with a poor goodwill in their country. In addition, the products' poor image on the foreign market and insufficient foreign demand; Language and culture differences; and country of origin effect are the main problems with customer preferences (Ford et al. 1996).

Procedural obstacles during export require knowledge of export procedures. The time and paperwork required to comply with domestic and international regulations is usually tedious. A lack of information about export procedures, and especially for inexperienced managers, can make foreign documents and paperwork very difficult to deal with. In addition, late payment; Procedural complexity of paperwork; and customs refund delays are among the major procedural obstacles affecting the export process (Haidari, 1999).

2.2.1.7 Infrastructural Challenges

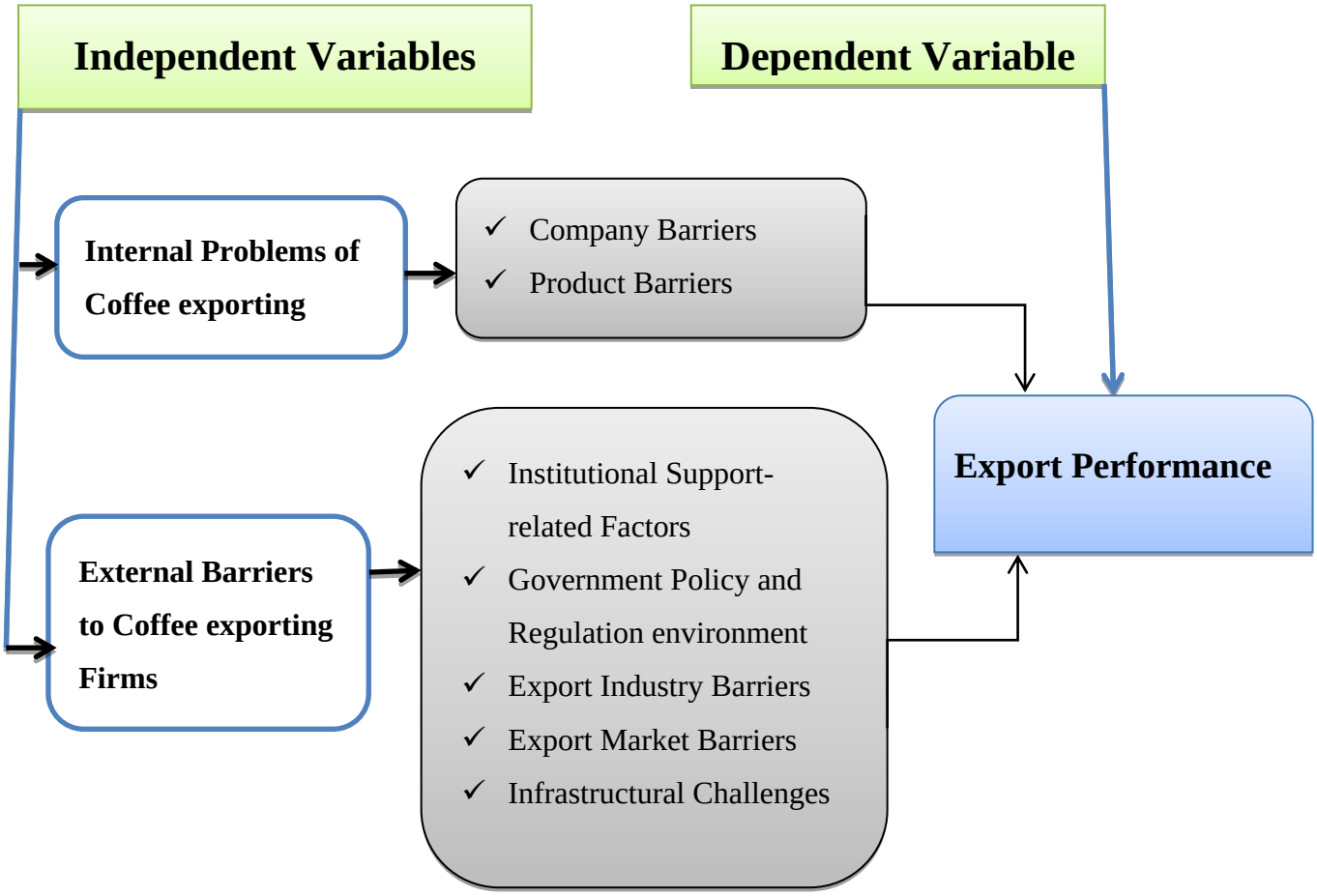
The domestic infrastructure is the decisive determinant for the supply capacity. Domestic transportation infrastructure is the size and growth of a country's supply capacity crucially relies on the accessibility of physical infrastructure, which spans from roads and ports to energy and telecommunications. The government plays a role in building the required infrastructure in the country to facilitate export. Infrastructure problems are still widespread even in relatively well-developed exporting countries. A well-designed and manufactured product will not conquer export markets if it cannot be safely, punctually and consistently transported and delivered to import markets (UNCATD, 2005).

2.3 Conceptual Framework and Hypothesis

2.3.1Conceptual Framework

From the theoretical and empirical studies discussed in the literature, the researcher has attempted to proposed the below model that explains the determinants that can vigorously influence Ethiopia's coffee export performance. Accordingly, the dependent variable of the investigation is export performance. The independent variables of the study are; company barriers, product barriers, institutional support environment, government policy and regulatory environment, export industry barriers, export market barriers and infrastructural challenges.

Fig 2.3 Conceptual Framework



Source: Adapted from Tesfom and Lutz (2006), UNCATD (2005)

2.3.2 Hypothesis

The researchers hypothesized that the following key factors should be tested during the course of the study for their effect and extent in influencing the export performance of coffee in Ethiopia.

H1: Company barriers have a significant impact on coffee export performance in Ethiopia

H2: Product barriers have a significant impact on coffee export performance in Ethiopia

H3: The institutional support related environment has a significant impact on coffee export performance in Ethiopia

H4: Government policy and regulation environment have a significant influence on the export performance of coffee in Ethiopia

H5: Barriers of the export industry have a significant influence on the export performance of coffee in Ethiopia

H6: Export market barriers have a significant influence on the export performance of coffee in Ethiopia

H7: Infrastructure challenges have a significant influence on the export performance of coffee in Ethiopia

CHAPTER THREE

RESEARCH DESIGN AND METHODOLOGY

3.1 Introduction

This chapter discusses the research design and methodology that the researcher used in conducting the study to answer the research questions posed in the first chapter. It contains; description of the study area, the research paradigm, the research approach, the research design, the target population and sample design, the data sources, the method of data collection, the methods of data analysis, the validity and reliability, and ethical aspects that should be taken into account when conducting the study.

3.2 Description of the Study Area

Ethiopia is the motherland of Arabica coffee. It is endowed with a rich variety of coffee and its different origins. Ethiopian coffee is rich in original taste and aroma due to the geographical (altitude, soil, temperature, rainfall, topography, ecology), genotypic and cultural diversity within the country (Selamta, 2014).

Accordingly, this study, which aims to examine the factors influencing coffee export performance, was conducted in Addis Ababa, the capital of the country where most coffee exporters have an office. Addis Ababa is an important administrative center not merely for Ethiopia, but also the hub of Africa. This study focuses on the internal and external barriers that coffee exporters face in making coffee available to the international market.

3.3. Research Approach

According to Creswell (2008) there are three main researches approaches; quantitative, qualitative and mixed. The qualitative research approach is used for exploring and understanding the importance of individuals or groups ascribed to social or human problems. The research process includes emerging questions and procedures, data typically gathered around the participants. The study is classified as quantitative when you want to quantify the variation of a phenomenon, situation, problem, or problem; when information is collected using mostly quantitative variables; and whether the analysis is aimed at determining the magnitude of the variation.

While mixed methods research is an investigative approach that collects both quantitative and qualitative data, integrates the two forms of data, and uses different designs that may incorporate philosophical assumptions and theoretical frameworks. The core assumption of this type of investigation is that the combination of qualitative and quantitative approaches enables a more comprehensive understanding of a research problem (Creswell, 2008).

To achieve the goal of this study, a mixed research approach was used that combined both qualitative and quantitative approaches to provide a more complete understanding of a research problem than either approach alone. Accordingly, a qualitative approach has been used to qualitatively collect data in order to understand the nature of the problem and interpret the meaning of the data. A quantitative approach was also used to collect the data with quantitative measurements and study the relationship between dependent and independent variables and analyze the data with statistical methods.

3.4 Research Design

Based on the research purpose, the most commonly known research designs are descriptive, exploratory, and explanatory. Descriptive research seeks to describe and interpret what is and aims to describe the current state. On the other hand, explanatory research aims to identify the cause-and-effect relationship between variables. The researcher uses the facts or information already available to analyze and critically evaluate the data / information. Exploratory research is less formal, sometimes even unstructured, and focuses on generating background information and helping to better understand and clarify a problem. It can be used to develop hypotheses and develop questions to be answered (Kothari, 1990).

Accordingly, both descriptive and explanatory research designs were used in this study. The descriptive research design has been used to describe the type of conditions that exist and to describe the factors influencing Ethiopia's coffee export performance. An explanatory research design was used to explain, analyze and measure the factors that affect coffee export performance in Ethiopia.

3.5 Target Population and Sampling

3.5.1 Target Population

Population (universe) is the collection of things considered (Ali, 2014). For the purposes of this study, the active exporters of Ethiopian coffee to the rest of the world in the 2019/20 financial year were used as target populations. In fact, the number of active exporters in the sector varies from year to year, and those who have a license do not mean that they are actively exporting. According to data from the Ethiopian Coffee and Tea Authority for the 2019/2020 fiscal year, Ethiopia has more than 416 coffee exporters who export coffee to more than 60 countries.

In addition, in this research the data series of coffee export performance of Ethiopia between FY of 2000-2020 G.C was used to evaluate the trends of coffee export performance and to identify the recurrent challenges in coffee sector of the country.

3.5.2 Sampling Technique

The researcher used non probability sampling techniques, especially convenience. This is because it is easy to use, saves time, and requires the selection of participants from the nearby part of the population. Therefore, a convenience sampling technique was used to collect primary data from coffee exporters.

3.5.3 Sample Size

According to Roscoe (1975), the rules of thumb for determining sample size are useful when sample sizes greater than 30 and less than 500 are appropriate for most research and the minimum sample should be 30% of the population. In this study the rule of thumb that 30 percent of the total population was used to determine the sample size of the study. Therefore, 30 percent of 416, that is 125 coffee exporters, were taken from a sample of the study, from which the answer from 112 was valid and was used for the analysis of the results.

3.6 Method of Data Collection

To conduct this study, various primary data collection tools such as questionnaire and interview were used by the researcher to obtain the intended information. The researcher used a survey questionnaire in collecting the primary data, which is developed using a five-point Likert scale for all variables of the study. The questionnaire was collected via a self-administered email

survey to minimize exposure to Covid-19. In addition, a field survey was carried out to overcome the low response to the email survey. In addition to questionnaires, the researcher conducted semi-structured interviews.

Key participants who gave basic data for the study are CEOs, Marketing Managers, Operations Managers, Export Managers, Experts, Export officers, owners and/or those key individuals who are directly responsible for the export operation in the selected coffee exporting firms. The data collection tool that has been used to collect the basic and detailed data using questionnaire (it involved both open and closed ended items).

3.7 Data Source

In this study both the primary and the secondary data sources were used to collect sufficient and reliable information. The primary data were collected using questionnaires and an interview.

In addition to the primary data source, the secondary data was collected from different sources like website of International Coffee Organization, World Bank, International Monetary Fund, National Bank of Ethiopia, Ethiopian Commodity Exchange, Ethiopia Coffee and Tea Authority, Ministry of Trade and also different articles and research covering the area of the study.

3.8 Method of Data Analysis

In order to arrive at meaningful facts and conclusions, the collected quantitative data of the respondents with the help of questionnaires were analyzed using descriptive and inferential statistics. Descriptive statistical analysis has been used to describe the factors influencing Ethiopia's coffee export performance. The inferential analyze; regression and correlation analysis was used to statistically analyze the relationship between the independent and dependent variables. In addition, the result of qualitative data from interviews and open questionnaires was explained.

3.9 Validity and Reliability

3.9.1 Validity

The validity determines whether the measuring device actually measures what it should measure or how truthful the research results are. To ensure the validity of the research results, questionnaires and interviews were designed based on the questionnaires from previous studies

and the review of the related literature. Accordingly, the researcher conducted a pilot study with five respondents to additionally help identify the correct group of respondents from the available sub-cases before the questionnaires were distributed.

3.9.2Reliability

Reliability is used to measure internal consistency, which relates to item responses that are consistent across constructs, and indicates that the scores are stable over time when the instrument is administered. In addition, it shows to what extent the items in a questionnaire are related to one another and whether a scale is one dimensional or multidimensional (Creswell, 2009).

One of the most commonly used is called Cronbach's alpha. The normal range of values for the Cronbach's alpha coefficient is between 0 and 1, with the higher values reflecting a higher degree of internal consistency. Different authors accept different values of this test to achieve internal reliability, but the most commonly accepted value is equal to or greater than 0.70 for internal reliability (Hair et al., 2003). Hinton et al., (2014) have also suggested four different reliability points: excellent reliability ranges (0.90 and higher), high reliability (0.70-0.90), average reliability (0.50.70), and low reliability (0.50 and below).

Table 4.1 Reliability test for Grouped Items

Case Processing Summary Reliability Statistics

	N	**%**	**Cronbach's Alpha**	**Items**
Valid	112	100	.852	61
Cases Excluded[a]	0	0		
Total	112	100		

a. Listwise deletion based on all variables in the procedure

As indicated in Table 4.1 above, the result of the reliability test shows that the Cronbach's alpha coefficient is 0.852, which is highly reliable. Therefore, the reliability test for the items or variables used for the final analysis gives a highly accepted reliability test ($\alpha = 0.852$).

Table: 4.2. Reliability test for the Grouped Variables

No	Items	Cronbach's Alpha	Items
1	Company Barriers	.565	6
2	Product Barriers	.520	5
3	Institutional Support Environment	.644	7
4	Government Policy and Regulation Environment	.525	6
5	Export Industry Barriers	.607	5
6	Export Market Barriers	.683	5
7	Infrastructural Challenges	.520	4
8	Export Performance	.692	7

As indicated in Table 4.2 above, the reliability test for the grouped variables used for both ANOVA and regression analysis also has Cronbach between (0.50.70) which is averagely reliable, so it can be concluded that the measurements used for further analysis with acceptable reliability testing can be result.

3.10 Ethical Considerations

In this research ethical issues have received special consideration. Accordingly, the necessary precautions were taken to make the study ethical. The respondents were informed in advance about the purpose of the data they provided. The purpose and importance of the study were explained and informed consent was obtained from employees of each company. For reasons of confidentiality, the participants were not required to write or name their company names. In addition, the participants were assured that their answers to the questionnaire and the interview will only be used for the purpose of the study. In using the secondary data, it has duly recognized the work of other scientists related to the field and used in the study.

CHAPTER FOUR

RESULTS AND DISCUSSION

4.1 Introduction

This chapter presents the findings of the investigation based on the empirical analysis of the data collected from the respondents and the discussion of the results. It has two main sections. The first section deals with the descriptive statics, which encompasses the description of the demographic profile of the respondents, the general information of the companies examined and the outcomes of the survey from the questionnaire and the interview. The other part is the inferential statistics of the samples and includes the correlation analysis, the assumptions of the regression analysis and the result of the multiple regression analysis and the result of the hypothesis test are explained. Finally, the discussion was presented on the primary data collected using an open questionnaire and interview results obtained from the coffee exporting companies.

4.2 Demographic Profile of Respondents

The respondents were asked to describe themselves in relation to the background information deemed relevant to the problem under study. This section outlines the results on the demographics of the respondents, which include gender, age, educational level and position of the respondents selected as the sample for the study.

As can be seen in Table 4.3 below, 67 of the respondents were male, representing 59.8% of total respondents, while the 45 are female, representing 40.2% of total respondents. As the result shows, the higher number of respondents was in the 29-39 year olds, which corresponds to 39.3%, followed by the 18-28 year olds, who make up 34.8%, and 40-50 years old, who make up 20.5%. Those surveyed between the ages of 51-61 and over 62 years are low, which is 2.7% in both cases.

As indicated in Table 4.3 below, the majority of respondents who are responsible for all export activities of the selected companies are first degree holders, which is around 49.1% of the selected participants. This is followed by the Masters holders and the above Master’s Degree holders are 33% and 8% respectively. In addition, the respondents were asked about their professional position in the respective companies and reported as follows.

Of 112 respondents who were included in the study, 14.3%, 8.9%, 33%, 15.2% and 28.6% stated that they were general director, marketing manager, export manager, expert in the export department or export representative respectively. The result shows that the majority of respondents are export managers and export officers, which is 61.6% of all respondents.

Table 4.3 Demographic Profile of Respondents

Variables	**Classification of variable**	**Frequency**	**Percent**
Sex of Respondents	Male	67	59.8
	Female	45	40.2
	Total	**112**	**100.0**
Age of Respondents	18-28	39	34.8
	29-39	44	39.3
	40-50	23	20.5
	51-61	3	2.7
	Above 62	3	2.7
	Total	**112**	**100**
Educational Level of Respondents	Certificate	1	0.9
	Diploma	10	8.9
	First Degree	55	49.1
	Master's Degree	37	33.0
	Above Masters	9	8.0
	Total	**112**	**100.0**
Position in the Company	Export Officer	32	28.6
	Expert in Export Dep't	17	15.2
	Export Manager	37	33.0
	Marketing Manager	10	8.9
	General Director	16	14.3
	Total	**112**	**100.0**

Source: Survey result, 2021

4.3 General Information of the Firm

In addition to the demographic profile of the respondents, the number of years of operation in the coffee export business, the legal form of the company and the export target of the company were queried and the result of the survey is discussed in Table 4.4 below.

Table 4.4 General Information of the Firm

Variable	Classification of variable	Frequency	Percent
Number of Years stayed in the Coffee Export Business	Under 5 Years	21	18.8
	Between 6-10 Years	18	16.1
	Between 11-15 Years	27	24.1
	Between 16-20 Years	25	22.3
	Above 21	21	18.8
	Total	**112**	**100.0**
Legal formation of the Firm	Partnership	18	16.1
	Sole Proprietorship	13	11.6
	Joint-Venture	8	7.1
	Cooperative Union	6	5.4
	Share Company	10	8.9
	Private Limited Company	57	50.9
	Total	**112**	**100**
Export Destination of the Firm	Between 1-5 Countries	36	32.1
	Between 6-10 Countries	39	34.8
	Between 11-15 Countries	20	17.9
	More than 16 Countries	17	15.2
	Total	**112**	**100.0**

Source: Survey result, 2021

As can be seen from the table 4.4 above, the result of the survey shows that 21 or 18.8% of the total companies selected for the survey were active in the coffee export business less than 5 years ago. In addition 18 or 16.1%, 27 or 24.1%, 25 or 22.3%, 21 or 18.8% of the total firms were

engaged in coffee export business for between 6-10 years, between 11-15 years, between 16-20 years and above 21 years respectively.

As indicated in the above table 4.4, majority of the firms included in the survey are Private Limited Company, which constitutes 57 firms or 50.9% of the total sample size. In addition, the result of the survey shows that out of the 112 firms 16.1%, 11.6%, 7.1%, 5.4%, 8.9% are formed as Partnership, Sole Proprietorship, Joint-Venture, Cooperative Union and Share Company respectively.

The export destinations of the companies were also assessed. Accordingly, the result of the survey shows that 36 or 32.1% of the companies export to 1-5 countries. Others, 39 or 34.8%, 20 or 17.9%, 17 or 15.2% of the companies surveyed have exported coffee to 6 to 10 countries, 11 to 15 countries or more than 16 countries.

4.4 Determinants of Coffee Export Performance in Ethiopia

During the survey to evaluate the factors influencing coffee export performance in Ethiopia, the researcher divided the factors into the internal and external barriers. Accordingly, the internal barriers categorized into: company barriers and product barriers and also the external barriers were analyzed under five factors; institutional support environment, state policy and regulatory environment, export industry barriers, export market barriers and infrastructural challenges.

4.4.1 Company Barriers

Company barriers categorized by: marketing knowledge and information, management commitment, financial resources, the company's marketing strategy, the company's commitment to identifying potential buyers and distributors overseas, and trained human capital. Table 4.5 below shows the items asked to explain the barriers to business that may affect companies' export performance in the study.

Table 4.5 Company Barriers

S.N	A. Company Barriers	SD	D	N	A	SA	Total
1	Lack of knowledge and information about export marketing affected our company's export	21	45	19	24	3	112
2	There is lack of management commitment to develop export activities	22	42	21	18	9	112
3	Our company operation is affected due to the lack of adequate working capital	25	28	25	24	10	112
4	There is lack of trained and experienced human resource in export marketing of our company	16	36	22	34	4	112
5	As a company we have no competitive export marketing strategy	19	43	24	21	5	112
6	Weakness to identify potential buyers and agents in foreign markets affected our export	15	43	18	27	9	112
	Response in Percentage	**17.56%**	**35.27%**	**19.20%**	**22.02%**	**5.95%**	**100%**

Source: Survey result, 2021

As can be seen from Table 4.5 above, the majority of respondents, representing 52.83% of all respondents, responded that business barriers do not have a major impact on their export performance. 19.2% of all respondents are neutral about the barriers mentioned. In other words, about 27.98% of respondents agree with the factors identified by the researcher.

More specifically, 59%, 57.2% and 55.3% of the total respondents said that their companies did not suffer from a lack of marketing knowledge and information, management's commitment to developing exports, or a lack of a competitive marketing strategy. In contrast, the result shows that 33.93% of the total participants agree with the lack of trained and experienced personnel in export marketing and 32.14% and 30.36% of the respondents answered that there is a weakness, potential buyers and agents on foreign Identify markets and their businesses are affected due to the lack of working capital.

4.4.2 Product Barriers

Table 4.6 below lists the questions asked to explain the product barriers that may affect the export performance of the companies surveyed.

Table 4.6 Product Barriers

B	Product Barriers	SD	D	N	A	SA	Total
1	Low value addition to exportable coffee have affected our export performance	7	13	21	42	29	112
2	Our products have been rejected, renegotiated, recalculated, or other things due to quality issues	36	43	12	17	4	112
3	We face a problem of meeting importers quality standards	16	22	41	28	5	112
4	Poor quality control techniques affected our company's export	14	22	25	38	13	112
5	Our Packaging and Labeling is inadequate compared to the requirement of the quality standards	13	41	36	20	2	112
	Response In Percentage	**15.36%**	**25.18 %**	**24.11%**	**25.89%**	**9.46%**	**100**

Source: Survey result, 2021

As shown in Table 4.6 above, 45.4% of the total respondents responded that the identified product barriers; Little added value, in rejecting exportable coffee, renegotiating and re-pricing, the problem of compliance with importers' quality standards, poor quality controls and inadequate packaging and labeling do not have a major impact on their export performance. 35.36% of the respondents said that their companies were affected by the product barriers. In addition, 24.11% are neutral about the product barriers.

More precisely, 63.39% and 45.54% of the total participants stated that the export performance of their companies is impaired by the low added value of the exportable coffee or by poor quality controls. Meanwhile, the survey result shows that most of the respondents, 81.25%, 70.54% and 80.36% of the total respondents, said that rejecting, renegotiating and re-pricing of exported coffee does not affect their companies' export performance.

4.4.3 Institutional Support Environment Barriers

From the external barriers, the respondents of the study were asked to rate to what extent they agree with the statements identified under institutional support environment barriers, the results obtained from the survey respondents were discussed below.

Table: 4.7 Institutional Support related Environments

S.N	A. Institutional Support Environment	SD	D	N	A	SA	Total
1	The formation of the ECX have not led to major changes in the structure of the coffee value chain	9	36	24	29	14	112
2	There is inefficiency in the institutions in improving coffee quality, delivery and pricing	-	3	32	41	36	112
3	There is a corruption and unnecessary legal bureaucracy in export supporting institutions of Ethiopia	-	3	10	46	53	112
4	Government institutions are inefficient in improving export procedures, export training and R and D	-	-	16	56	40	112
5	There is a poor and inefficiency in transparency of domestic and international coffee market information	2	21	21	49	19	112
6	There is weak agricultural product marketing structure that results in unfair distribution of coffee export	-	12	45	38	17	112
7	Inadequate technology transfer and research development in agriculture	-	5	11	66	30	112
	Response In Percentage	**1.40%**	**10.20%**	**20.28%**	**41.45%**	**26.66%**	**100**

Source: Survey result, 2021

As can be seen from Table 4.8 above, the result of the survey conducted shows that most companies are affected due to the inefficiency of the institutions promoting exports. The report shows that 68.11% of the total numbers of participants agree with the barrier of export promoting institutions in relation to the export performance of companies. In contrast, 11.61% of those surveyed do not agree that state institutions support barriers to the export performance of companies. In the meantime, 20.28% of those questioned are overall neutral with regard to the support barriers of state institutions.

More specifically, the majority of respondents, who make up 68.75%, 88.39%, 85.71% of all respondents, agree that companies' export performance is caused by inefficiency in coffee quality improvement, delivery and pricing, corruption and unnecessary legal Bureaucracy and inefficiency of the support institutions in improving export procedures, export training or carrying out market research. In addition, the result implies that 60.71% and 85.71% of the total respondents agree that the barriers resulting from ineffective transparency of information on the national and international coffee market and insufficient technology transfer and low research development in the Ethiopian Agricultural Institute affect or affect the export performance of companies.

In contrast, 61.61% and 50.89% of the total respondents disagree with the obstacles resulting from the inefficiency of the Ethiopian commodity exchange in improving the structure of the coffee value chain respectively.

4.4.4 Government Policy and Regulation Environment

The respondents to the study were asked to rate the extent to which they agree with the statements made under government policy and the regulatory environment. The result of the survey on the possible obstacles posed by government policy and the regulatory environment is shown in the table 4.8 below.

Table 4.8 Government Policy and Regulation Environment

S.N	Government Policy and Regulation Environment	SD	D	N	A	SA	Total
1	Poor legal enforcement to minimize the illegal coffee trade affects coffee export performance in Ethiopia	-	4	20	47	41	112
2	There is inconsistency of government policy (National Bank directives, Exchange Rate, Tax and Trade Policy)		12	26	47	27	112
3	The support from the government in providing export incentives and financing export activities is inadequate	-	14	18	50	30	112
4	There is inefficiency of government policy and regulation that promotes market linkage of coffee trade	-	15	24	56	17	112
5	There is little public and foreign direct investment in coffee production and marketing activities	-	14	28	53	17	112
6	There is a lack of export risk management tools that make exporters, coffee farmers and coffee suppliers vulnerable to risk	2	23	16	49	22	112
	Response in Percentage	**.30%**	**12.2%**	**19.64%**	**44.94%**	**22.92%**	**100%**

Source: Survey result, 2021

As shown in Table 4.8 above, the results of the survey conducted by respondents show that government policy and regulatory obstacles adversely affect companies' export performance. The result of the survey analysis shows that 67.86% of the total numbers of participants agree with the barrier of state politics and regulation of the export performance of companies. By contrast, 12.50% of those surveyed disagree that the obstacles result from government policy and the regulation of companies' export performance. 19.64% of all respondents have a neutral assessment of the effects of government policy and regulation on companies' export performance.

In specific cases, the results of the survey suggest that all of the government policy and regulatory barriers identified by the researcher have impacted companies' export performance.

4.4.5 Export Industry Barriers

The other category of external factors that can potentially affect the export performance of companies is related to the barriers of the export industry. The respondents to the study were asked to rate the extent to which they agree with the statements identified under infrastructure challenges. The result of the survey is described as follows.

Table 4.9 Export Industry Barriers

S.N	Export Industry Barriers	SD	D	N	A	SA	Total
1	Large domestic market for coffee is a threats to improvement of coffee export performance	6	26	24	44	12	112
2	There is aggressive competition with other coffee exporters	-	16	29	53	14	112
3	Being landlocked of Ethiopia is a major disadvantage for coffee exporters to be competitive in the international trade	-	7	28	50	27	112
4	Poor access to foreign market have adversely affected coffee export performance in Ethiopia	2	3	18	53	36	112
5	There is supply-side constraints like; lack of working capital to produce coffee and inadequate access to financial services	-	-	23	51	38	112
	Response in Percentage	**1.43%**	**9.29%**	**21.79%**	**44.82%**	**22.68%**	**100%**

Source: Survey result, 2021

As can be seen from Table 4.10 above, the result of the survey analysis shows that 67.50% of the total respondents agree with the barrier of the export industry in relation to the export performance of companies. While 10.71% of those questioned do not agree with the barriers that the export industry poses for companies' export performance. 21.79% of all respondents assess the effects of the export industry on the export performance of companies neutrally.

On the other hand, the poll results show that the majority of respondents agree with the barriers faced by the export industry, including the large domestic market for coffee, aggressive competition between coffee exporters, landlocked Ethiopia, poor access to foreign market and

the existence of supply-side restrictions how; Lack of working capital for coffee production and insufficient access to financial services.

4.4.6 Export Market Barriers

The respondents to the study were asked to rate the extent to which they agree with the statements identified under export market obstacles. The results of the survey are described in Table 4.10 below.

Table 4.10 Export Market Barriers

D	Export Market Barriers	SD	D	N	A	SA	
1	Ethiopia cannot determine the world coffee price, that the country is vulnerable to price volatility	3	3	14	59	33	112
2	The culture and language differences with the importing countries affected our export	6	34	21	43	8	112
3	There are export payment delays	4	21	24	51	12	112
4	The export documentation, paperwork and procedures are complex	5	35	19	39	14	112
5	Foreign market regulations are not favorable	2	19	26	51	14	112
	Response in Percentage	**3.57%**	**20%**	**18.57%**	**43.39%**	**14.46%**	**100%**

Source: Survey result, 2021

As can be seen from Table 4.10, the result of the survey analysis shows that the majority of respondents, who make up 57.86% of all respondents, agree with the export market barrier for companies' export performance. While 23.57% of the respondents overall do not agree with the obstacles that the export market poses for the export performance of companies. Meanwhile, 18.57% of the total participants are neutral towards the obstacles that result from the export market.

The result of the survey also implies that 65.18%, 57.14%, 66.96% of the respondents agree with the obstacles that result from the vulnerability of Ethiopian exporters to price fluctuations, the cultural and language barriers and the same 51.79% and 68.75% of the total participants

attributed the effects of the complexity in international trade and the obstacles arising from foreign market regulations.

4.4.7 Infrastructural Challenges

The respondents to the study were asked to rate the extent to which they agree with the statements identified under infrastructure challenges. The result of the survey is described as follows.

Table 4.11 Infrastructural Challenges

S.N	Infrastructural Challenges	SD	D	N	A	SA	Total
1	There is inadequate infrastructure in telecommunication	2	27	16	43	24	112
2	There is inadequate infrastructure in transportation	-	4	16	55	37	112
3	Low electric access has a significant effect on coffee export trade	-	3	17	65	27	112
4	Long supply chain and poor logistic performance of Ethiopia adversely affected the export performance	-	-	9	59	44	112
	Response in Percentage	**0.45%**	**7.59%**	**12.95%**	**49.55%**	**29.46%**	**100%**

Source: Survey result, 2021

Respondents were asked to assess the impact of infrastructural challenges on Ethiopia's export performance. As indicated in Table 4.11 above, the majority of respondents, who represent 79.02% of the total, agree with the impact of infrastructure challenges on company export performance. 8.04% of the total participants disagree with the impact of infrastructure challenges, and 12.95% of the total participants are neutral about the statements in the questionnaires.

Accordingly, the result of the survey from the specific questions implies that 59.82%, 82.14% and 82.14% of the total respondents agree with the impact of the challenges in telecommunications, transportation and electrical access on company exports. The result of the survey also shows that almost all respondents, who make up 91.96% of all respondents, agree

with the impact of Ethiopia's long supply chain and poor logistics performance on the export performance of companies.

4.4.4 Export Performance

The participants were asked to rate the extent to which they agree with the statements identified under export performance. The result of the survey is described as follows.

Table 4.12 Export Performance

S.N	Export Performance	SD(1)	D(2)	N(3)	A(4)	SA(5)	Total
1	The export performance of our company is affected by company barriers	-	-	33	54	25	**112**
2	The export performance of our company is affected by product barriers	-	-	26	55	31	**112**
3	The export performance of our company is affected by institutional support environment	-	-	27	51	34	**112**
4	The export performance of our company is affected by government policy and regulation environment	-	-	13	62	37	**112**
5	The export performance of our company is affected by export industry barriers	-	-	15	54	43	**112**
6	The export performance of our company is affected export market barriers	-	-	20	63	29	**112**
7	The export performance of our company is affected by infrastructural challenges	-	-	12	49	51	**112**
	Response in Percentage	**0%**	**0%**	**18.62%**	**49.49%**	**31.89%**	**100%**

Source: Survey result, 2021

As indicated in Table 4.12 above, the majority of respondents, who make up 81.38% of all respondents, agree with what has been said about the factors that influence the export performance of companies. While none of the total participants contradict the statements and 18.62% of the total participants are neutral towards the statements on the questionnaires.

Table 4.13 Summary of Descriptive Statistics of Variables

No	Items	N	Mean	Standard Deviation
Total Average of Barriers		**112**	**3.57**	**.336**
I	**Internal Barriers**	**112**	**2.765**	**.846**
1	Company Barriers	112	2.64	.845
2	Product Barriers	112	2.89	.847
II	**External Barriers**	**112**	**3.774**	**0.5272**
1	Institutional Support Environment	112	3.82	.496
2	Government Policy and Regulation Environment	112	3.78	.507
3	Export Industry Barriers	112	3.82	.418
4	Export Market Barriers	112	3.45	.682
5	Infrastructural Challenges	112	4.00	.533
III	Export Performance	112	4.13	.313

Source: Survey result, 2021

According to Table 4.13 above, the result of the descriptive analysis of the study shows that; the average value of the internal barriers is 2.746 (company barriers = 2.64 and product barriers = 2.89) with a standard deviation of 0.845, which shows that the respondent partially disagrees with the statements on the internal barriers that influence the coffee export performance of companies .

Furthermore, the result of the analysis shows that the average score of all external barriers is above 3, which ranges from 3.45 to 4. Therefore, we can conclude from the results of the study that the respondents agree with the identified statements about the external barriers impact on the coffee export performance of companies with an average mean of 3.744 and a standard deviation of 0.5272. On the other hand, these two dimensions (internal and external barriers) were below the overall rate of export performance of 4.13 and a standard deviation of 0.313.

4.5 Correlation

Correlation is intended to study the degree of relationship between two variables under consideration. As a guideline, correlations of 0.1 to 0.3 are considered small, correlations of 0.3 to 0.7 are moderate, correlations of 0.7 to 0.9 are large and correlations of 0.9 to 1.00 are very large. Correlations are perhaps the most basic and useful measure of associations between two and more variables (Denis, 2001). Accordingly, the correlation between dependent variables and independent variables was analyzed. SPSS) using a Pearson correlation coefficient.

Table 4.14.Correlation between the Independent Variable and the Dependent Variable

Correlations

		Company Barriers	Product Barriers	Institution Support	Policy and Regulation	Export Industry Barriers	Export Market Barriers	Infrastructure Challenges	Export Performance
Company Barriers	Pearson Correlation	1							
	Sig. (2-tailed)								
Product Barriers	Pearson Correlation	.683**	1						
	Sig. (2-tailed)	.000							
Institution Support	Pearson Correlation	-.185	.076	1					
	Sig. (2-tailed)	.050	.426						
Policy and Regulation	Pearson Correlation	.277**	.263**	.310**	1				
	Sig. (2-tailed)	.003	.005	.001					
Export Industry	Pearson Correlation	.132	.142	.423**	.595**	1			
	Sig. (2-tailed)	.166	.135	.000	.000				
Export Market	Pearson Correlation	.212*	.222*	.267**	.307**	.474**	1		
	Sig. (2-tailed)	.025	.019	.004	.001	.000			
Infrastructural Barriers	Pearson Correlation	-.146	-.028	.749**	.144	.307**	.178	1	
	Sig. (2-tailed)	.125	.770	.000	.129	.001	.060		
Export Performance	Pearson Correlation	.041	.217*	.625**	.319**	.665**	.483**	.736**	1
	Sig. (2-tailed)	.669	.022	.000	.001	.000	.000	.000	
	N	112	112	112	112	112	112	112	112

**. Correlation is significant at the 0.01 level (2-tailed).

*. Correlation is significant at the 0.05 level (2-tailed).

Source: Survey result, 2021

As shown in Table 4.14, the result of the correlation analysis shows that the company barrier with the correlation coefficient r = 0.041 has a weak correlation with export performance and the Sig (2-tailed) value is p <0.669, which is greater than 0.05. From this we can conclude that there is no statistically significant relationship between company barriers and export performance. The product barrier also correlates weakly with export performance with r = .217, p <.022.

In contrast to the company and product barriers, all other independent variables are significantly and positively correlated with the dependent variable. Institutional support environment (r = 0.625, p <.000), political and regulatory environment r = 0.319, p <.001), export industry barriers (r = 0.665, p <.000), export market barriers (r = 0.483, p <. 000) are moderately correlated and infrastructure challenges also correlate strongly with export performance (r = 0.736, p <.000).

4.6 Regression

Regression is a statistical technique used to model the relationship between variables. It is a technique used to predict the value of a dependent variable using one or more independent variables (Albaum, 1997). Regression analysis is a statistical tool used to study relationships between variables (Field, 2009).

4.6.1 Assumption Tests of Regression Analysis

According to Hair et al (2010), it is necessary to meet the assumptions of regression analysis confirm that the data obtained really represent the sample and that the researcher obtained the best results. Accordingly, normality test, linearity test, Multicollinearity test and autocorrelation assumptions were carried out in the following.

a. Normality Test

Haar et al. (2010) suggested that for the normality of the distribution, the kurtosis values should not exceed ±3 and the skewness values should be in the range of ±1. All variables from the following table 4.15 were retained for further analysis, since they do not violate the normality criteria as shown in the table below.

Table 4.15 Normality Test

Items	Skewness		Kurtosis	
	Statistic	Std. Error	Statistic	Std. Error
Company Barriers	-.165	.228	-.905	.453
Product Barriers	-.296	.228	-.316	.453
Institutional Support-Related Factors	-.310	.228	.958	.453
Policy and Regulation Environment	.205	.228	-.523	.453
Export Industry Barriers	.241	.228	.534	.453
Export Market Barriers	-.447	.228	-1.014	.453
Infrastructure Challenges	-.080	.228	.083	.453
Export Performance	-.212	.228	-.097	.453

Source: Survey Result, 2021

b. Linearity Test

According to Hair et.al (2010), linearity is the relationship between the dependent and the independent variable and represents the degree to which the change in the dependent variable is related to the independent variable. As can be seen from Table 4.14, the result of the correlation analysis shows that company and product barriers correlate weakly with export performance. While the institutional support environment, the state policy and regulatory environment, the export industry, the export market barriers and the infrastructural challenges are significantly and positively correlated with the dependent variable.

c. Multicollinearity Test

According to Gelman (2006), Multicollinearity is the undesirable situation when one independent variable is a linear function of other independent variables. Andy (2006) suggested that a tolerance value less than 0.1 almost certainly indicates a serious collinearity problem. Burns and Burns (2008) also state that a VIF value greater than 10 is also a problem.

Accordingly, a Multicollinearity test was performed in this study where all independent variables had a tolerance greater than 0.1 and a VIF value less than 10, suggesting that Multicollinearity was not an issue in this study as shown in Table 4.16 below.

Table 4.16 Multicollinearity Test

Model		Co-linearity Statistics	
		Tolerance	**VIF**
1	(Constant)		
	Company Barriers	.425	2.351
	Product Barriers	.473	2.113
	Institutional Support-Related Factors	.327	3.055
	Policy and Regulation Environment	.575	1.739
	Export Industry Barriers	.508	1.970
	Export Market Barriers	.735	1.360
	Infrastructure Challenges	.416	2.406
Dependent variable: Export Performance			

Source: Survey Result, 2021

d. Autocorrelation

This assumption can be verified with the Durbin-Watson test, which tests for serial correlations between errors. The result of the Durbin Watson estimate shows a value of 2.097, which means that the explanatory variables have a lower serial correlation between the explanatory variables and that independent variables are exogenous.

4.6.2 Multiple Regression Analysis

Multiple regressions are a correlation between the observed values of Y and the values of X predicted by multiple regression models (Albaum, 1997). Accordingly, multiple linear regressions was performed in order to determine the explanatory power of the independent variables (company barriers, product barriers, institutional support environment, government policy and regulation environment, export industry barriers, export market barriers and infrastructural challenges) to identify the correlation and to determine the highly influential variables that influenced dependent variable (export performance).

Accordingly, the model summary of the regression analysis is presented in table 4.17 below.

Table 4.17 Model summary

Model Summary[b]					
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.907[a]	.822	.810	.182	2.097
a. Predictors: (Constant), company barriers, product barriers, institutional support environment, government policy and regulation environment, export industry barriers, export market barriers and infrastructural challenges					
b. Dependent Variable: Export Performance					

Source: Survey Result, 2021

The model summary (R = 0.907) shows that the linear combination of the seven independent variables (company barriers, product barriers, institutional support environment, government policy and regulatory environment, export industry barriers, export market barriers and infrastructural challenges) strongly predicted the dependent variable (export performance).

The result of R Square = 0.822 implies that the linear combination of the predictor variables i.e. company barriers, product barriers, institutional support environment, government policy and regulatory environment, export industry barriers, export market barriers and infrastructural challenges become 82.2% of the variance of export performance and the remaining 17.8% explained by external variables that were not taken into account in this regression model.

The result also shows, the difference for the final model is; R2 and adjusted R2 (.822− 0.810 = 0.021) which is about 1.2%. This means that if the model were derived from the population rather than a sample, there would be about 1.2% less variance in the result.

The result of the Durbin Watson estimate shows a value of 2.097, which means that the explanatory variables have a lower serial correlation between the explanatory variables and that independent variables are exogenous. This helps the regression estimate not to make a biased estimate based on false regression.

4.7 ANOVA Analysis

The ANOVA table shows the overall significance or acceptability of the model from a statistical perspective (Pedhazur, 1982).

Table 4.18 ANOVA

ANOVA[a]						
Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	15.978	7	2.283	6.808	.000[b]
	Residual	3.450	104	.033		
	Total	19.428	111			
a. Dependent Variable: Export Performance						
b. Predictors: (Constant), company barriers, product barriers, institutional support environment, government policy and regulation environment, export industry barriers, export market barriers and infrastructural challenges						

Source: Survey Result, 2021

The result of this data shows that F is 6.808, which is significant if P <0.0001 (because the value in the column labeled Sig. is less than 0.001). This result tells us that the probability that such a high F-Ratio would occur is less than 0.1% if the proposed null hypothesis about the F-Ratio were true. Based on the ANOVA estimation result, we can conclude that all explanatory variables are collectively significant because the p-value is less than 0.005. As a result, all of the explanatory variables included in the model can collectively explain variations in export performance.

4.8 Coefficients for the Multiple Regressions

The regression coefficient explains the average change in the dependent variable caused by a change in the unit of the independent variable. The larger the value of the beta coefficient of an independent variable, the more support the independent variable receives as a more important determinant in predicting the dependent variable (Pedhazur, 1982).

The aim of this study was to identify the most contributing independent variable in predicting the dependent variable. Accordingly, the strength of each predictor (independent variable) that influences the criterion (dependent variable) was examined using the standardized beta coefficient. The table of coefficients below shows the contribution of each independent variable to the multiple linear regression models and their statistical significance.

Table 4.19 Coefficients of the Regressions

Model		Un-standardized Coefficients		Standardized Coefficients	T	Sig.	Co-linearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	.212	.210		1.011	.314		
	Company Barriers	.066	.031	-.133	2.098	0.84	.425	2.351
	Product Barriers	.126	.030	-.256	4.261	.058	.473	2.113
	Institutional Support Environment	.133	.076	.126	1.743	.038	.327	3.055
	Policy and Regulation Environment	.086	.045	.105	1.921	.000	.575	1.739
	Export Industry Barriers	.476	.058	.475	8.198	.000	.508	1.970
	Export Market Barriers	.109	.030	.178	3.689	.000	.735	1.360
	Infrastructure Challenges	.515	.050	.656	10.227	.000	.416	2.406

Source: Survey Result, 2021

From the coefficient table 4.19 above, the coefficients of the standardized estimation result show that of the five independent variables considered in the model, the infrastructural challenge barriers have the highest beta coefficient, which is (β=.656), this confirms that a higher degree of sensitivity for the export performance of the respective companies.

In addition, the coefficient table 4.19 also shows the contribution of each independent variable to the multiple linear regression models and its statistical significance. From these results it can be explained that most of the explanatory variables make a significant contribution to the model

prediction, with institutional support environment having a significant value of 0.38, and all the others; political and regulatory environment, export industry, export market barriers, infrastructure have a significant value of .000.

The significance value of the other predictors, company barrier; 0.084, product barrier; 0.058, which is greater than 0.05, shows that these predictors have a positive relationship to the dependent variable and therefore do not have a significant influence on the export performance of the examined companies.

If the value of the Variance Inflation Factor (VIF) is less than 5, the data among the explanatory variables is believed to have low association among each other. The existence of high relationship among explanatory variables makes the regression estimation to be biased and the outcome tends to be spurious, this ultimately leads to inaccurate conclusion (Wooldridge, 2012).

The coefficient table 4.19 above also gives the variance inflation factor (VIF) for all predictors smaller than 5. Therefore, we can conclude from this result that all explanatory variables in this study have a VIF value of less than 5; this confirms that the data set is not correlated.

4.9 Hypothesis Testing

Although there are a number of factors that determine export performance, when assessing the factors that influence coffee export performance in Ethiopia, seven hypotheses were developed to empirically test their statistical significance in the research context. The following table 4.20 shows the importance of the factors influencing export performance as shown by multiple regression analysis.

Table 4.20 Hypothesis Test Result

Hypothesis	Result	Reason
H1: Company barriers have an effect on coffee export performance in Ethiopia	Rejected	β= .133 p>.05
H2; Product barriers have an effect on coffee export performance in Ethiopia.	Rejected	β= .256 p>.05
H3; Institutional support environment challenges have an effect on the coffee export performance in Ethiopia.	Accepted	β= .126 p<.05
H4; Government policy and regulation environment have an effect on coffee export performance in Ethiopia.	Accepted	β= .105 p<.05
H5; Export industry barriers have an effect on coffee export performance in Ethiopia.	Accepted	β= .475 p<.05
H6; Market barriers have an effect on coffee export performance in Ethiopia.	Accepted	β= .178 p<.05
H7; Infrastructural challenges have an effect on the coffee export performance in Ethiopia.	Accepted	β= .656 p<.05

Source: Survey result, 2021

As indicated in Table 4.20 above, the company and product barriers, standardized coefficients β= .133 and β= .256 with significance level of p>.05 in both cases respectively. This shows, they have no a significant impact on the export performance of coffee exporters.

The other variables; institutional support environment, government policy and regulatory environment, export industry barriers, export market barriers and infrastructural challenges have a significant impact on the export performance of coffee exporters with a confidence interval of 95% with a sig. Value of <0.05.

4.10 The Result of Qualitative Data

In addition to the structured questionnaires analyzed above, the researcher provided the selected respondents with an open questionnaire and conducted an interview with the export managers of the selected companies. The result is summarized as follows.

1. Seasonality of Ethiopian coffee production

As for most agricultural crops, the production, processing, and marketing of coffee are characterized by important seasonal patterns, which adversely affect coffee export performance.

2. Sustainability Challenges

It encompasses adaptation and mitigation to climate change and other adverse weather events, preservation of biological diversity, social sustainability and competition for land.

3. Scarcity of Foreign Currency

With the economy struggling to earn sufficient foreign exchange to finance imports of goods and services from abroad, the scarcity has led importers to resort to unconventional means to facilitate their trade.

4. Low Agricultural Sector Development

The cause of the instability of the Ethiopian coffee export revenues lies in the poor quality of our coffee due to improper harvest and post-harvest handling by farmers, the corruption of various coffee origins by exporters, corruption Coffee market reviews on arrival for some coffee mugs creating inconsistencies between coffee quality and level, in part because the Ethiopian Ministry of Agriculture's coffee liqueur unit (CLU) was inefficient due to on-time delivery issues.

5. Political Instability in Ethiopia

The political crises in Ethiopia especially in coffee grower’s area; Western Part of Oromia, Wollega and on some parts of Southern Oromia, Guji and other regions have an impact on coffee production and supply.

6. Pricing Problems

There is lack of fair and free competition between exporters at the local market or at ECX market and unnecessary competition of price by being price competitive even below its break even.

CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATION

5.1. Summary

The main aim of the research was to study the factors that influence the export performance of coffee to Ethiopia. Under the theme of the main objective of the study, the study examined seven prominent factors among the external and internal factors. The internal factors were the company barriers and product barriers. The external factors were the institutional support environment, the government policy and regulatory environment, the export industry obstacles, the export market obstacles and the infrastructural challenges. To achieve the aim of the investigation, a mixed research approach was used that combines both qualitative and quantitative approaches.

In order to achieve the research goal by answering the research questions, both the primary and the secondary data sources were used to collect sufficient and reliable information. The primary data was collected from coffee exporting companies and interviews were also conducted to obtain the intended information. Finally, to arrive at meaningful facts and conclusions, the data collected from various sources were analyzed using descriptive and inferential statistics.

Accordingly, the result of the research is summarized as follows;

The result of the descriptive analysis shows that; the average value of the internal barriers is 2.746 (company barriers = 2.64 and product barriers = 2.89) with a standard deviation of 0.845, which shows that the respondent partially disagrees with the statements on the internal barriers that influence the coffee export performance of companies. In addition, the result of the analysis shows that the average score of all external barriers is above 3, which ranges from 3.45 to 4. Therefore, we can conclude from the results of the study that the respondents agree with the identified statements about the external barriers impact on the coffee export performance of companies with an average mean of 3.744 and a standard deviation of 0.5272.

The result of the correlation analysis shows that company barriers and product barriers with a Sig (2-Tailed) value greater than 0.05 correlate poorly with export performance, which shows that there is no statistically significant correlation between company barriers, product barriers and

export performance. Hence, all the other independent variables are significantly and positively correlated with the dependent variable with a Sig (2-Tailed) value of less than 0.05.

From the regression model summery (R = 0.907) demonstrates that the linear combination of the seven independent variables strongly predicted the dependent variable. The result of R Square=.822 implies that, the linear combination of the predictor variables of the investigation explain 82.2% of the variance in export performance and the remaining 17.8 % is described by extraneous variables, which have not been included in this regression model. The result also shows, the difference for the final model is; R2 and Adjusted R2 (.822− 0.810 = 0.021) which is about 1.2%. This means that if the model were obtained from the population rather than a sample it would account for approximately 1.2 % less variance in the outcome. The result from Durbin Watson estimation illustrates a value of 2.097, which means that the explanatory variables has less Serial Correlation among the explanatory variables and independent variables are exogenous.

The result of the ANOVA analysis shows that F is 6.808, which is significant if P <0.0001 (since the value in the column labeled Sig. Is less than 0.001). This result tells us that the probability that such a high F-Ratio would occur is less than 0.1% if the proposed null hypothesis about the F-Ratio were true. Based on the ANOVA estimation result, we can conclude that all explanatory variables are collectively significant since the p-value is less than 0.005. As a result, all of the explanatory variables included in the model can collectively explain variations in export performance.

From the coefficients of the regression analysis, the coefficients of the standardized estimation result show that the majority of the explanatory variables make a significant contribution to the model prediction, with the institutional support environment having a significant value of 0.38, policy and regulatory environment; .000, export industry; .000, export market barriers; .000, infrastructure; .000. The significance value of the residual predictors, enterprise barrier; 0.084, product barrier; .058, which is greater than 0.05, this shows that these predictors have a positive relationship to the dependent variable and therefore do not have a significant influence on the export performance of the examined companies.

Finally, the result of the hypothesis test shows that, with the exception of companies and product barriers, all other variables: institutional support environment, government policy and regulatory environment, export industry barriers, export market barriers and infrastructural challenges have a significant impact on the export performance of coffee exporters with a confidence interval of 95% with a sig. Value of <0.05.

5.2 Conclusion

Rising exports are commonly observed as key determinant for development and growth in developing countries. Exporters contribute to the country's exports, which in turn enhances the standard of living of the country's population. Although exporting companies play a critical role in the country's economic development, they are constrained by various factors.

Accordingly, this study was proposed to examine the Determinants of coffee export performance in Ethiopia. To do so, seven factors were identified under the external and internal factors. The internal factors were the company barriers and product barriers. The external barriers were institutional support environment, government policy and regulation environment, export industry barriers, export market barriers and infrastructural challenges.

The result of the descriptive analysis shows that; the average value of the internal barriers shows that the respondent partly disagrees with the statements on the internal barriers that influence the coffee export performance of companies. In addition, the result of the descriptive analysis shows that the average score of all external barriers shows that the respondents agree with the identified statements on the external barriers that influence the coffee export performance of companies.

In addition, the researcher has undertaken inferential statistics. The result of the correlation analysis illustrates that, company barrier and product barrier were weakly correlated with export performance. Hence, all of the external variables are significantly and positively correlated with export performance. The result from regression analysis implies that the linear combination of the independent variables strongly predicted the dependent variable and also that, the linear combination of the predictor variables of the investigation explain 82.2% of the variance in export performance and the remaining 17.8 % is described by extraneous variables, which have not been included in this regression model.

Based on the ANOVA estimation result, we can conclude that all explanatory variables are collectively significant because the p-value is less than 0.005. As a result, all of the explanatory variables included in the model can collectively explain variations in export performance. From the coefficients of the regression analysis, the coefficients of the standardized estimation result show that most of the explanatory variables make a significant contribution to the model prediction. Therefore, we can conclude from the result that the export performance of coffee exporting companies in Ethiopia is strongly influenced by external barriers.

5.3 Recommendations

Based on the results of the study, the following recommendations are made:

- In improving Ethiopia's coffee export performance, the role of government institutions plays the crucial role, therefore concentrate should be given to formulate enabling policy environment and enhance the service delivery reliability of export support institutions.
- Since the source of the country's main exportable raw materials is the agriculture sector, the government should facilitate a condition of access to agricultural inputs that helps produce exportable raw materials in that sector.
- The government should reinforce the competitiveness of the coffee exporting sectors by combining the imports of foreign high technology and domestic independent research.
- The empirical findings of this study suggest that it is necessary for policy makers to care about all dimensions of the process of development of the external sector in order to minimize the effect of export market barrier over coffee exporters.
- Finally, as of most of the export performance of firms are being is hampered by infrastructural challenges, government should improve infrastructures including; telecommunication transportation and electric power, as the lack or poor performance of infrastructure increases costs and hinders exporters.

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Apendix-1; Questionnaire

Addis Ababa University

School of Commerce

Graduate Program in Marketing Management

Survey on Determinants of Coffee Export Performance; In Ethiopia

Dear Respondents,

I am a graduate student in the department of Marketing Management at Addis Ababa University, School of Commerce. As part of the prerequisite for the master's degree, I am conducting a research project evaluating the factors influencing the performance of coffee exports in Ethiopia. Therefore, I ask for your kind assistance in filling out the attached questionnaire to the best of your knowledge and experience with obstacles in coffee export.

I sincerely assure you that the information you provide will be treated with strict confidentiality and will only be used for scientific purposes. Your commitment is seen as a great contribution to the quality of these research results.

Please indicate your opinion by ticking (√) for each closed question and describe the corresponding reason for the open question.

Yours Faithfully,

Motuma Sintayehu

Email address: mootiikoo143@gmail.com

Part I: Demographic Profile of Respondents

1. Gender: Male ☐ Female ☐

2. Age: 18-28 ☐ 29-39 ☐ 40-50 ☐ 51-61 ☐ Above 62 ☐

3. Educational Level: Certificate ☐ Diploma Holder ☐

First Degree Holder ☐ Master's Degree ☐

Above Masters ☐

4. Position in the Company;

Export Officer ☐ Marketing Manager ☐

Expert in Export Dep't ☐ General Director ☐

Export Manager ☐ Other, please specify_____

Part II. Information of the Firm

1. Number of Years stayed in the Coffee Export Business;

Under 5 Years ☐ Between 16-20 Years ☐

Between 6-10 Years ☐ Above 21 ☐

Between 11-15 Years ☐

2. Legal formation of the Firm;

Partnership ☐ Share Company ☐

Sole Proprietorship ☐ Public Enterprise ☐

Joint-Venture ☐ Private Limited Company ☐

Cooperative Union ☐

3. Export Destination of the in number of Countries

Between 1-5 ☐

Between 6-10 ☐

Between11-15 ☐

More than 16 countries ☐

Part III. Determinants of Coffee Export Performance in Ethiopia

Instruction: Please indicate your choices by ticking (√) with each of the statements from the options that range from 'strongly disagree' to 'strongly agree'.

Select 1 = If You Strongly Disagree (SD); 2 = If You Disagree (D); 3 = If You Neither Agree nor Disagree (N); 4 = If You Agree (A); and 5 = If You Strongly Agree (SA) with the Statement

S.N	I. Internal Problems Affecting Coffee Export Performance of Firms					
	A. Company Barriers	**SD(1)**	**D(2)**	**N(3)**	**A(4)**	**SA(5)**
1	Lack of knowledge and information about export marketing affected our company's export performance					
2	There is lack of management commitment to develop export activities					
3	Our company operation is affected due to the lack of adequate working capital					
4	There is lack of trained and experienced human resource in export marketing of our company					
5	As a company we have no competitive export marketing strategy					
6	Weakness to identify potential buyers and agents in foreign markets affected our export					
B	**Product Barriers**	**SD(1)**	**D(2)**	**N(3)**	**A(4)**	**SA(5)**
1	Low value addition to exportable coffee have affected our export performance					
2	Our products have been a subject to reject, renegotiation, re-pricing, or other things due to quality issues					
3	We face a problem of meeting importers quality standards					
4	Poor quality control techniques affected our company's export					
5	Our Packaging and Labeling is inadequate compared to the requirement of the quality standards					

	II. External Barriers Affecting Export Performance of Firms					
A	**Institutional Support Environment**	**SD(1)**	**D(2)**	**N(3)**	**A(4)**	**SA(5)**
1	The establishment of the ECX have not led to an important changes in the structure of the coffee value chain					
2	There is inefficiency in the institutions in the improvement of coffee quality, delivery and price discovery					
3	There is a corruption and unnecessary legal bureaucracy in export supporting institutions of Ethiopia					
4	There is inefficiency in gov't institutions in improving export procedures, export training and conducting market research					
5	There is a poor and inefficiency in transparency of domestic and international coffee market information					
6	There is weakly organized agricultural product marketing structure that leads to unfair distribution of coffee export					
7	Inadequate technology transfer and research development in agriculture have an impact on coffee export performance					
B	**Government Policy and Regulation Environment**	**SD(1)**	**D(2)**	**N(3)**	**A(4)**	**SA(5)**
1	Low level of legal enforcement to minimize illegal coffee trade affects the coffee export performance in Ethiopia					
2	There is inconsistency of government policy (National Bank directives, Exchange Rate, Tax and Trade Policy)					
3	The support from the government in providing export incentives and financing export activities is inadequate					
4	There is inefficiency of government policy and regulation that promotes market linkage of coffee trade					
5	There is low levels of public and foreign direct investment in coffee production and marketing activities					
6	There is lack of export risk management tools that exporters, coffee farmers, and coffee suppliers are vulnerable to risks					

C	**Export Industry Barriers**	**SD(1)**	**D(2)**	**N(3)**	**A(4)**	**SA(5)**
1	Large domestic market for coffee is a threats to improvement of coffee export performance					
2	There is aggressive competition with other coffee exporters					
3	Being landlocked of Ethiopia is a major disadvantage for coffee exporters to be competitive in the international trade					
4	Low level of technology adoption have adversely affected us in providing quality coffee for the international market					
5	Poor access to foreign market have adversely affected coffee export performance in Ethiopia					
6	There is supply-side constraints like; lack of working capital to produce coffee and inadequate access to financial services					
D	**Export Market Barriers**	**SD(1)**	**D(2)**	**N(3)**	**A(4)**	**SA(5)**
1	Ethiopia cannot determine the world coffee price, that the country is vulnerable to price volatility					
2	The culture and language differences with the importing countries affected our export					
3	There are export payment delays					
4	The export documentation, paperwork and procedures are complex					
5	Various trade barriers we face in foreign countries affected our export performance					
E	**Infrastructural Challenges**	**SD(1)**	**D(2)**	**N(3)**	**A(4)**	**SA(5)**
1	There is inadequate infrastructure in telecommunication					
2	There is inadequate infrastructure in transportation					
3	Low electric access has a significant effect on coffee export trade					
4	Long supply chain and poor logistic performance of Ethiopia adversely affected the coffee export performance					

F	Export Performance	SD(1)	D(2)	N(3)	A(4)	SA(5)
1	The export performance of our company is affected by company barriers					
2	The export performance of our company is affected by product barriers					
3	The export performance of our company is affected by institutional support environment					
4	The export performance of our company is affected by government policy and regulation environment					
5	The export performance of our company is affected by export industry barriers					
6	The export performance of our company is affected export market barriers					
7	The export performance of our company is affected by infrastructural challenges					

Part IV. Please, mention other factors that can affect the export performance coffee in Ethiopia?_____

_____

_____

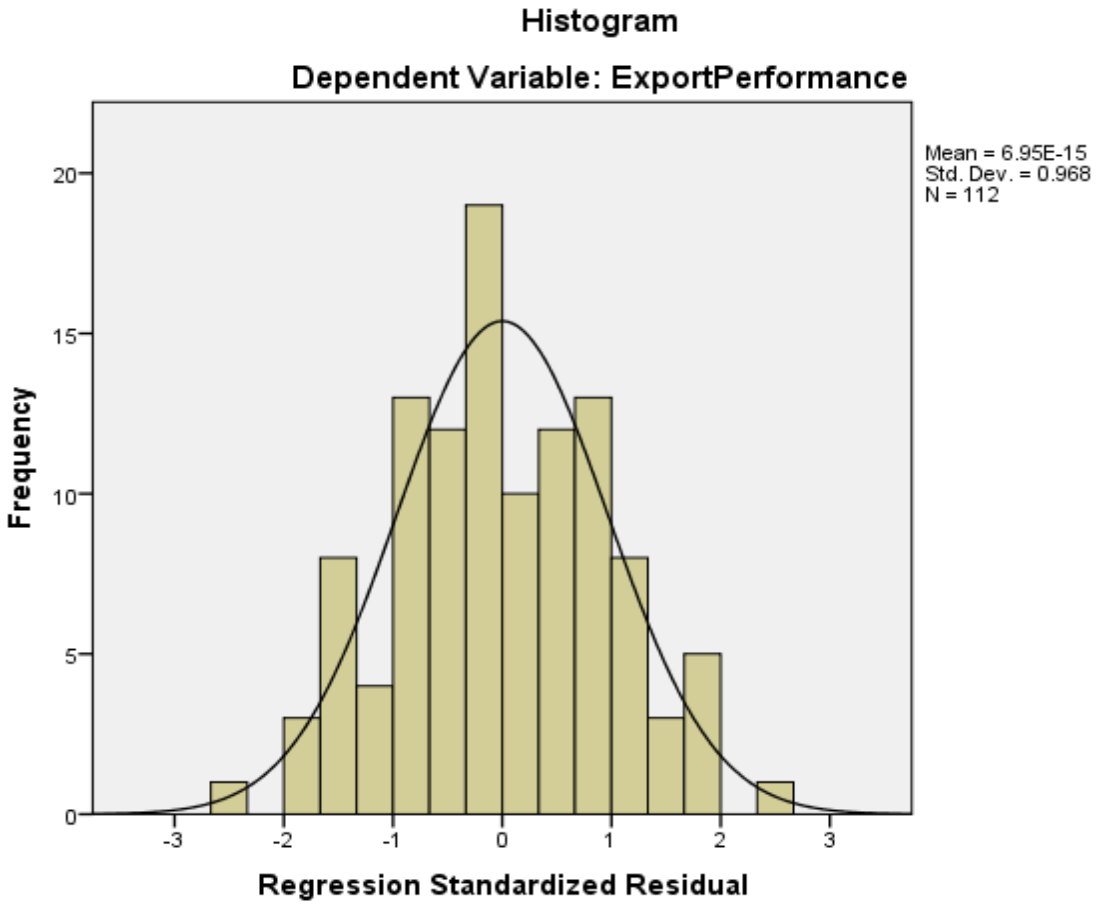
Thank you for your Cooperation!

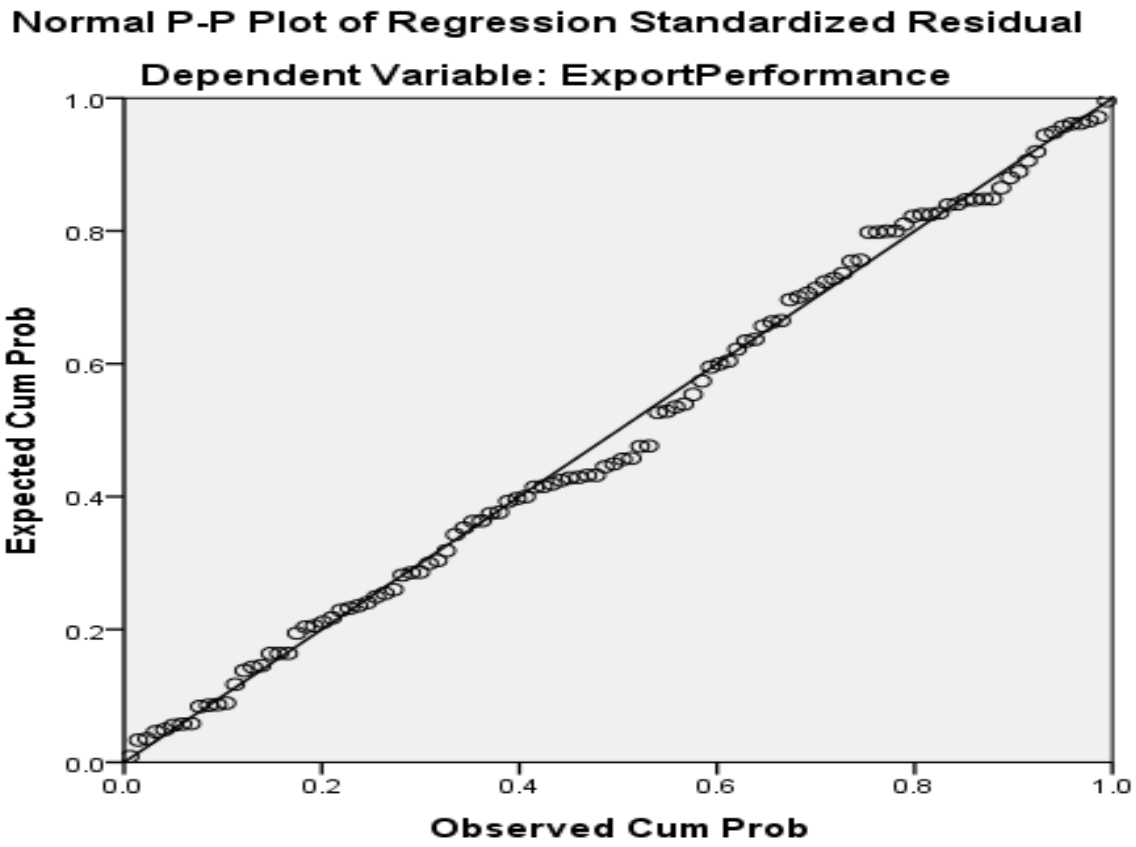
Appendix-2-Interview

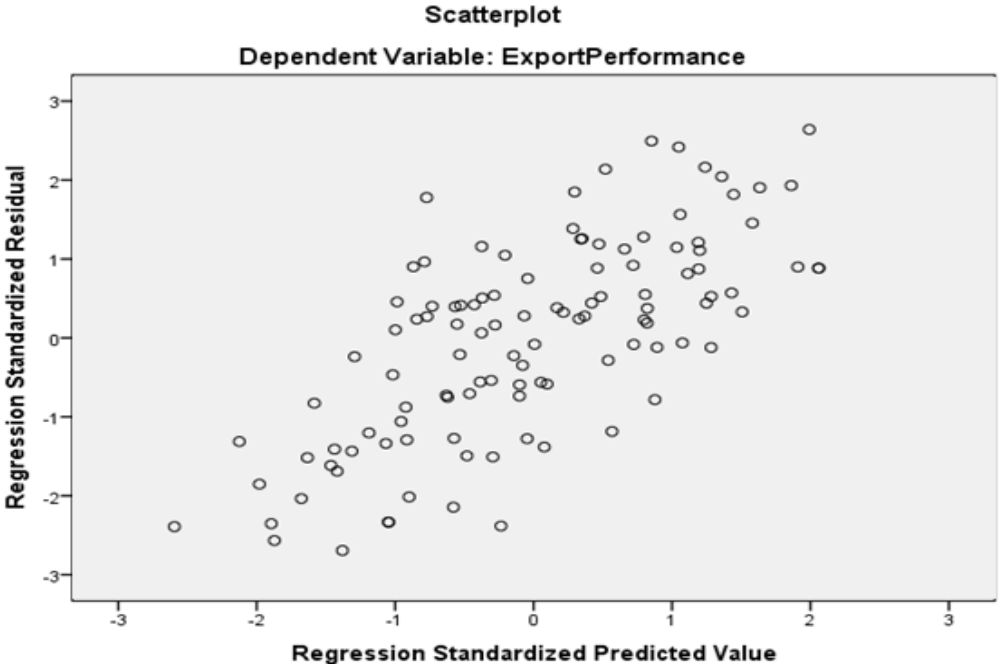
1. What are the factors that can affect the export performance of coffee in Ethiopia?

2. How do you see the efficiency of export supporting institutions in Ethiopia?

Appendix-3


Histogram
Dependent Variable: ExportPerformance
Mean = 6.95E-15
Std. Dev. = 0.968
N = 112
Frequency
20
15
10
5
0
-3
-2
-1
0
1
2
3
Regression Standardized Residual


Normal P-P Plot of Regression Standardized Residual
Dependent Variable: ExportPerformance
Expected Cum Prob
Observed Cum Prob
0.0
0.2
0.4
0.6
0.8
1.0


Scatterplot
Dependent Variable: ExportPerformance
Regression Standardized Residual
Regression Standardized Predicted Value
-3
-2
-1
0
1
2
3