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ADDIS ABABA UNIVERSITY
COLLEGE OF BUSINESS AND ECONOMICS
DEPARTMENT OF MANAGEMENT

**Firm-Level Determinants of Ethiopian Leather and Leather
Manufacturing Factories' Export Performance**

(A Survey of Selected Ethiopian Leather and Leather Product Exporters)

**A Thesis Submitted in Partial Fulfillment of the Masters of Arts in
Executive MBA Degree Requirement**

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Addis Ababa

DECLARATION

I, the undersigned, hereby declare that the thesis work entitled “**Firm-level determinants of the Ethiopian Leather and Leather Manufacturing Factories’ Export Performance: A survey of Selected Ethiopian Leather and Leather Product Exporters**” submitted by me to undertake a research in partial fulfillment for masters of arts in Executive Master of Business Administration (EMBA) degree requirement, is my original work and the matters embodied in this thesis work has not been submitted earlier for the award of any degree or diploma to any other university or institution and all the reference materials referred in the process have been duly acknowledged.

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STATEMENT OF DECLARATION

This thesis is written by **Zerabruk Gebremichael Gebremariam**, entitled — “**Firm-level determinants of the Ethiopian Leather and Leather Manufacturing Factories’ Export Performance: A survey of Selected Ethiopian Leather and Leather Product Exporters**” submitted in partial fulfillment for the masters of arts in **Executive Masters of Business Administration (EMBA)** degree requirement complies with the regulation of the University and meets the acceptable standards with respect to Originality and Quality.

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ACRONYMS

AAU	Addis Ababa University
ANOVA	Analysis of variance
CAGR	Compound Annual Growth Rate
CSA	Central Statistical Authority
E.C	Ethiopian Calendar
EFY	Ethiopian Fiscal Year
E.G.	Example
ELLP	Ethiopian Leather and Leather Product
ELLPE	Ethiopian Leather and Leather Product Exporters
EMSC	Export Market Strategic Capabilities
EP	Export Performance
EU	European Union
FC	Firm Characteristics
FDI	Foreign Direct Investment
FYC	Foreign Currency
FY	Fiscal Year
GDP	Gross Domestic Product
GTP	Growth and Transformation Plan
IMF	International Monetary Fund
IO	Industrial Organization
LIDI	Leather Industry Development Institute
LLP	Leather and Leather Products
MC	Management Characteristics
RBV	Resource Based View
SPSS	Statistical Package for Social Science
US	United States
USD	United States Dollar
WB	World Bank

ABSTRACT

Export business is one of the top prioritized sectors that the Ethiopian government has paid considerable attention in order to generate foreign money, stimulate investment, and provide jobs for productive labor force. In this context, the government has made significant efforts to establish different programs and macro policies to promote the growth of the leather industry. However, leather exports were unable to meet yearly export objectives. In this regard, the primary purpose of this study was to investigate the firm-level determinants of export performances on a sample of Ethiopian leather and leather product exporters. The study drew on primary data in the form of an online (Google forms) questionnaire distributed to 130 respondents from 15 factories. In a descriptive research method, the researcher utilized a deductive research methodology and a non-probability proportional stratified sampling methodology. The SPSS application is used to examine the primary data. Keeping external factors constant, the researcher's goal was to discover what and how firm-level internal and controllable factors influence a firm's export performance. Three-dimensional constructs were made: management characteristic, firm characteristics and export market strategy capabilities have been applied to examine their effects. Descriptive statistics and multiple linear regression analysis using SPSS indicated that company characteristics, management characteristics, and company export marketing strategic capability were statistically significant predictors of export performance. The correlation finding revealed that a significant level of connection between the independent and dependent variables. As a result, managers (stewards) and policymakers are advised to concentrate their efforts on improving internal firm-level factors that enhance or boost competitiveness, as well as capacity building programs, in order to ensure better performance of the leather export and enable it to meet its intended objectives. In nutshell, companies must focus on inward-looking scenarios to improve the picture of their export performances for the future rather than blaming each other or pointing fingers at all levels of government structures.

Key words: *Firm level determinants, firm characteristics, management characteristics, export marketing strategy capability, export performance.*

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CHAPTER ONE

INTRODUCTION

1.1. Background of the study

1.1.1. Global Perspective

In the globalization age, businesses are under pressure to compete and internationalize their activities on a global scale. In this sense, exporting plays a critical role in the economic development of a country in general, as well as in achieving the commercial and non-commercial goals of the exporting organization in particular. In this regard, while functioning in an international market place, there are advantages to be gained from exporting operations.

However, exporting businesses encounter very difficult conditions that include both interior and outdoor variables, and exporting businesses must be prepared to confront the problems front on.

Because of the rising globalization of markets, the quick speed of technical development, and the elimination of government-imposed restrictions, domestic marketers are finding it increasingly difficult to isolate themselves from export markets and international competitors. Fundamentally, all businesses, regardless of size, industry, or national origin, are now confronted with the repercussions of this new commercial reality, and have learned that opting out of global marketplaces may no longer be an option (Katsikeas, and Theodosiou, et. al., 2005)

The nature of the challenges confronting exporting companies varies from country to country throughout the world. The affluent countries are better prepared to respond to ease of doing, but the less developed nations lag in providing rapid responses to their lengthy and bureaucratic processes. As a result, export competitiveness differs greatly between countries in terms of productivity, cost, quality, delivery, and market growth.

Many academics and policymakers have been drawn to the export performance of nations in order to offer their part to the growth of export business in order to accomplish the economic improvement of nations under consideration. Most studies place a strong emphasis on dealing with internal and external influences. According to Twum (2015), macro and micro level variables influence business export performance.

Various studies and analyses have indicated that in today's global environment, export performance has become a strategic agenda.

To name a few, export performance is one of the most researched drivers of export success, as stated by Valos and Baker, 1996; Zou and Stan, 1998; and Lages, 2003.

1.1.2. The Ethiopian Context

Needless to mention, the Ethiopian economic structure is classified as an agrarian economy. However, the Ethiopian government has been developing suitable policies and initiatives to diversify into manufacturing, textiles, and power generation.

The agriculture sector is plagued by poor farming techniques and recurring droughts. Despite recent cooperative efforts by Ethiopian officials and donors to enhance Ethiopia's agricultural resilience, changes in rainfall due to global climate patterns continue to cause food insecurity for tens of millions of Ethiopians.

Ethiopia is Africa's second most populous country (115 million people, according to 2019 projections) and has the fastest growing economy in the region. However, it is also one of the poorest, within a step with capita earnings of \$783. Ethiopia aims to be a part of lower-middle-income nations by the year 2025 (World Bank, 2019).

According to World Bank Report (2018), the Ethiopia's economy has experienced solid, broad-based development averaging 10.3% per a year for the past ten years (2006/07 to 2016/17) in comparison with its regional normal of 5.4%.

On the other hand, World Bank Report (2017) has uncovered that the by and large Ethiopian Export commitment to GDP does not surpass 10 percent.

Hence, given expanded vulnerabilities due to trade shortcomings and faster-than expected distributions of non-concessional credits, Ethiopia's outside obligation circumstance will end up troublesome within the medium term.

Export business is one of the top prioritized sector which the Ethiopian government has given serious attention to realize foreign currency, promote investment and as a means for job creation for productive labour force. In this regard, the government has been doing tremendous efforts to

provide formulate various programs and macro policies to enhance the development of the leather sector.

The priority given for the leather sector is evidenced by the primary (2010/11-2014/15) and moment (2015/16-2019/20) Growth and Transformational Plan (GTP) affirmed the need status of the LLP segment.

According to the evaluation done on both plan years, the beneath execution relative to the governments' desires are examined and unmet targets have been reset.

In line with the GTP II, it was planned to open new employment opportunities for 336 thousand people inside the leather and leather products up to the phase out the Second Five Year Plan and thereby to record the export gains from USD 131.6 million in 2014/15 to USD 706.five million in 2019/20 (GTP II_ 201516-2019/20) which aspires to increase the export earnings by fivefold.

On top of this, in accordance with National Leather Roadmap (2019), the primary reason to offer pinnacle precedence for leather and leather product is predicted to make contributions notably the county's export earnings.

1.1.3. Export Performance of the Ethiopian Leather Sector using empirical data

According to GTP II, the Ethiopian leather sector is anticipated to achieve an export value of USD 800 million in 2019/2020, providing employment for around 59,800 people. Despite the Ethiopian government's enormous efforts and initiatives to increase the export performance of leather and leather goods, the industry as a whole is performing below 50%, as demonstrated by the secondary statistics discussed below.

The researcher has completed the specifics of the data analysis by going through each sub-sector for the planning periods 2008/09 through 2018/19, which are provided below.

Table 1-1 Share of Annual Leather and Leather Products Export (value in '000' USD)

Items	Product Type	2001 E.C (2008/09)	2002 E.C (2009/10)	2003 E.C (2010/11)	2004 E.C (2011/12)	2005 E.C (2012/13)	2006 E.C (2013/14)	2007 E.C (2014/15)	2008 E.C (2015/16)	2009 E.C (2016/17)	2010 E.C (2017/18)	2011 E.C (2018/19)
1	Leather	68,283.00	50,633.00	95,475.59	99,298.94	101,020.48	97,692.37	92,102.62	73,291.91	69,055.77	76,088.61	64,050.44
2	Shoe	7,240.00	5,737.00	8,642.09	10,054.48	19,193.92	30,543.73	34,577.57	34,917.51	38,566.53	49,039.05	44,131.44
3	Glove	-	-	-	1,313.62	3,077.20	4,315.62	5,343.33	6,462.78	5,284.45	5,353.26	6,369.41
4	Leather goods	146	138	213.72	178.11	150.52	396.23	837.97	1,680.79	2,519.24	3,290.21	5,786.41
Total Leather and Leather Products		75,669.00	56,508.00	104,331.41	110,845.15	123,442.12	132,947.96	132,861.49	116,352.98	115,425.99	133,771.12	120,337.70
Yearly growth rate (%)			-25.32%	84.63%	6.24%	11.36%	7.70%	-0.07%	-12.43%	-0.80%	16%	-10%
Average growth rate							7.72%					
Total Ethiopian Export		1,601,835.00	1,618,166.00	2,329,793.00	2,614,892.00	2,891,347.00	4,076,944.00	5,666,889.00	5,027,546.00	5,800,000.00	6,240,000.00	7,060,000.00
% share of leather and leather products from Industry		4.72%	3.49%	4.48%	4.24%	4.27%	3.26%	2.34%	2.31%	2%	2%	2%
Overall average share to country's export							3.18%					
Ethiopian Nominal GDP		27,066,910.00	32,437,390.00	29,933,790.00	31,952,760.00	43,310,720.00	47,648,210.00	55,612,230.00	64,589,330.00	74,296,620.00	81,760,440.00	84,355,600.00
% share contribution to Nominal GDP		0.28%	0.17%	0.35%	0.35%	0.29%	0.28%	0.24%	0.18%	0.16%	0.16%	0.14%
Overall average contribution of Leather and Leather Products to GDP							0.24%					

Source: Compiled and analyzed from LIDI Report and Trade Economics (World Bank).

The following table clearly shows the yearly performance of leather and leather goods from 2008/09 to 2018/19, with an overall contribution to Ethiopian total export was 3.18 percent and a contribution to the country's aggregate GDP was less than 1%, which was registered at 0.24 percent.

Table 1-2 Ethiopian Leather Export Performance Report Summary for the year 2008/09-2018/2019 (value in '000' USD)

Product Category	Planned Export	Actual Export	Performance against Plan	Contribution to the overall performance
Finished Leather	1,703,033.62	886,992.72	52%	73%
Shoe	1,030,049.86	282,643.33	27%	23%
Leather Glove	75,514.14	37,519.66	50%	3%
Leather Goods	37,111.58	15,337.20	41%	1%
Total	2,845,709.20	1,222,492.91	43%	100%

Source: Compiled and analyzed from LIDI Report

For the last 11 performance years (2008/09-2018/2019), it is projected to export leather and leather products worth USD 2.845 billion, while actual sales are worth USD 1.22 billion. In other words, just 43 percent of the plan has been completed, which is by far the lowest or below-average performance.

In terms of each product category's contribution during the last 11 years, leather (tannery) has contributed 73%, while shoe, glove, and leather products have provided 23%, 3%, and 1%, respectively.

1.2. Statement of the Problem

In general, the aggregate performance of the sector demonstrated in this study that the actual performance of the Ethiopian leather industry is well behind its objective, necessitating investigation of viable remedies at the macro and micro levels of the leather industry.

In terms of Ethiopian leather export performance, it requires long-term corrective effort to address the country's intertwined challenges. As mentioned plainly in the background section of this study, its performance is below average.

Indeed, FDI firms were expected to share innovation with local leather and leather manufacturing enterprises, but they failed to do so. Perhaps, they were experimenting with a substitute effect with no esteem incorporating workouts (National Leather Roadmap et.al, 2019). FDI firms took the lion's share (70-80 percent) of Ethiopian leather execution, while locally owned manufacturing plants trade value varies between 20-30 percent.

On top of that, locally claimed firms continue to protest to the government for additional motivating plans and guarantee, as the majority of them are not strong enough to compete with Chinese firms. They do not look inside; instead, they seek outward for problems that the government can address (environment issues, finance, policy, etc).

On the other hand, the Ethiopian government is working closely with the private sector to identify the causes that are causing the country's export performance to deteriorate from time to time. Needless to say, the government's efforts only will not address the current problems confronting the leather industry.

There have been more studies and publications on the Macro level difficulties or difficulties confronting the leather sector, but no micro level studies have been conducted so far. Fikreselassie Ambaw recently conducted textile and garment research (2018).

However, no research has been done for the leather sector that deals with the subcategories in an integrated manner in the form or model that is used in this study. That is why the researcher was so eager to delve into it.

In a nutshell, the government has made significant efforts to promote this sector and build it up to a higher value addition stream in order to attract prospective local and global investors. However, the industry is still trailing behind and need additional research to get back on track.

Keeping other factors constant, the researcher is interested in doing study on firm-level drivers of Ethiopian Leather and Leather Product Exporters' export performance.

1.3. Research Questions

The following questions were posed in order to meet the research study objectives.

- 1.3.1 Is there a link between firm-level determinants and leather and leather product export performance?
- 1.3.2 To what degree do internal factors such as firm characteristics, management characteristics, and export marketing strategic capabilities influence leather and leather export performance?

1.4. Research Objectives

1.4.1. General Objective

In general, the purpose of this intervention is to determine whether or not firm-level factors of export performance have a significant influence on Ethiopian leather and leather product exporters.

In this regard, the researcher aims to study the influence of determinant variables on the export performance of leather and leather goods in Ethiopia using applicable statistical techniques.

1.4.2. Specific Objectives

In order to answer the previously mentioned research questions, the precise objectives of this study must be addressed. As a result, the primary aim is to:

- 1. Determine if firm-level determinants have a direct impact on Ethiopian leather and leather product export performance.

- 1.1. Determine if firm-level factors have a direct influence on Ethiopian leather and leather product export performance.
- 1.2. Examine if management characteristics influence the export performance of Ethiopian leather and leather products.
- 1.3. Examine whether firm capabilities affect Ethiopian leather and leather product export performance.
- 1.4. Examine if export marketing strategic capabilities influence the export performance of Ethiopian leather and leather products.

1.5. Scope of the Study

Needless to say, while assessing the export performance of the leather sector, internal and external variables will have an impact.

Furthermore, internal and external factories may be controlled or uncontrolled, depending on the unique conditions encountered by businesses in the leather business.

As a result, the scope of the research is limited to the variables clustered under management characteristics, firm characteristics and competencies, and export marketing strategic capabilities as firm-level determinants of export performance, as conceptualized and operationalized in the following sections of the research.

Export performance will be assessed using financial indicators such as export sales and growth rates based on a survey of cross-sectional, longitudinal, and time series data, whichever is not relevant in this study.

As a result, other alternative financial and non-financial measures are not taken into account.

1.6. Limitation of the Study

This study will particularly aim to investigate the different company level drivers of export success on selected Ethiopian Leather and Leather Product Exporters. As a result, the analysis excludes firm-level uncontrolled internal variables and external influences in general.

Furthermore, no attempt was made to explore the mediating or moderating effects of factors in this study. This may need more investigation for academicians or interested persons or institutions in their attempts.

The major goal is to limit its extent due to resource constraints such as money, time, and energy.

1.7. Significance of the Study

What is known?

The existing writing on the determinants of export performance can be isolated into two categories, to be specific: macro-level and micro-level investigate (Singh, 2009). Lion's share of considers have centered on the inside determinants or drivers of export performance (Zou, 1998). The situation is however different in Ethiopia where most of the studies are focusing on the macro level. This calls an interest to study the first gap to be addressed.

Different studies have been conducted in line with determinants of export performance, challenges encountered and possible opportunities, which the leather industry has explored in advanced economies. On top of this, there are attempts to stipulate pertinent implications of the study made to notify respective bodies to devise applicable policies and procedures to enable the leather sector attain intended development objectives.

Nevertheless, most of the papers done in line with the export performance of firms had given emphasis to majority of the external factors and general business policy aspects. In this regard, little attention is given or failed to investigate the root causes of the problems facing at firm levels to attain intended objectives.

In the same token, most of the literatures done by authors in the area of the export performance at firm level did not come to a common agreement among them as far as the firm level determinants, challenges and problems faced by manufacturing factories in developing countries.

What is not known?

So far, previous studies have primarily focused on macro or general aspects on the leather sector. The researcher thinks that no similar study has been conducted in connection to company level drivers of the export performance of leather and leather goods.

The majority of reports provided by government departments, both directly and indirectly, mostly focus on increases or decreases in export numbers based on short-term fast victories or objectives. Not surprisingly, there is no universal agreement on the issues confronting the leather and leather goods industries. To adequately tackle the widespread problems, they must be prioritized and sub categorized into manageable variables.

The key internal drivers of export success identified by Aaby and Slater (1989) were three broad categories: export marketing strategy, company characteristics, and company competencies and skills.

As a result, the researcher argues that firm-level and controllable variables that mostly contribute to Ethiopian Leather and Leather Products Export's low export performance are yet unknown, unaddressed, and unsubstantiated in scientific analytical models.

1.8. Organization of the Study Paper

The paper is organized into five sections. These are the introduction, literature review, research design and methodology, result and discussion, and finally the conclusion and recommendation.

1.8.1 Chapter One (1): Introduction

This chapter talks about the presentation of the background of study and the current situation of the leather sector. In this chapter, it includes; background of the study, statement of the problem, research objectives, research questions, research objectives, scope of the study, limitation of the study, significance of the study, and organization of the Study.

1.8.2 Chapter Two (2): Literature Review

The chapter two examines existing writing on the speculations and ideas on determinants of trade execution. The audit involves point by point audit of the firm-level determinants of send out execution, trade execution factors. This chapter presents experimental discoveries of other considers, which serves as the premise for advancement of presumptions, speculation, and technique of the think about. The survey leads to an advancement of a conceptual frame work of the study.

1.8.3 Chapter Three (3): Research Design and Methodology

This chapter provides about research design, research setting and target population, sampling technique, data type and source, questionnaire, data collection procedure, data analysis procedure, ethical considerations, validity and reality.

1.8.4 Chapter Four (4): Results and Discussion

This section presents major discoveries from the investigation of both primary and secondary data sources are examined, discussed and interoperated.

1.8.5 Chapter Five (5): Summary, Conclusions and Recommendations

The last chapter presents major discoveries, suggestions for administrators of export business, proposals for future inquire about bearings, and giving commitments to existing writing.

CHAPTER TWO

REVIEW OF RELATED LITERATURE

2.1. The Concept of Exporting

Export refers to foreign, marketing-related choices and operations of globally operating businesses. It varies from other worldwide engagements in that export enterprises do not have control over their overseas activities and must instead export directly or through agents (Shoham, 1998).

Exporting is defined as a trade-related foreign market entrance option by Steers and Nordon (2006), with the other varieties being the employment of transfer-related modes (such as franchising and licensing) and foreign direct investment.

According to the World Bank (2014), exports of goods and services comprise the total value of all goods and other market services given to the rest of the world, including the value of products, freight, insurance, transportation, travel, royalties, and license fees. Communication, construction, financial, information, commercial, and government services are examples of export-related services (World Bank, 2014).

According to Maria and Monteiro (2013), exporting is a low-risk and low-cost method of entering overseas markets, allowing for simultaneous entry into a greater number of countries. Companies gain much from exporting.

For businesses, particularly those suffering economic challenges in their home markets, exporting is an enticing foreign market entry and expansion option (Hultman et al., 2009). Because of stagnating domestic market competition, exporting provides organizations with realistic chances for development, since increased exports can lead to a larger client base (Katsikeas et al., 2006).

Exporting may assist organizations in improving use of production capacity, developing superior management capabilities, and enhancing product and manufacturing process innovation, in addition to boosting financial performance (Piercy et al., 1998; Ural, 2009).

In addition, exporting may help a company's managerial skills and capacities, contribute to national economic growth, promote national industries, increase productivity, generate jobs, make better use of resources, and provide a larger degree of freedom for taking on diverse business risks (Pinho & Martins, 2010).

Exporting is often a less "resource-intensive" activity than other foreign market entrance and expansion strategies since it entails less business risk, requires little resource commitment, and offers a high degree of flexibility in movement (Neupert et al., 2006).

Exporting, according to Pawan, Chugan, and Singh (2015), has been one of the world's fastest increasing economic activity, particularly in the last two decades. It is imperative because it quickens the pace of development, makes unused employments and makes strides living guidelines of the individuals on the macro-level, as well as increments the benefit and competitiveness of the firms at the micro-level. Intrigued in trading is generally credited to changing financial conditions over the world viz. developing liberalization, integration and worldwide competition. (Pawan, Chugan, & Singh, 2015).

2.2. Empirical Review

2.2.1. Export Performance

Export performance is viewed as the result of a firm's efforts in export markets. Firm export performance is seen as one of the primary measures of a firm's export success, and as such, it has been widely examined (Beleska-spasova, 2014).

Despite the rising number of research on export performance, there is no universally recognized conceptualization and operationalization of the idea of export performance (Cavusgil and Zou 1994; Shoham 1998).

However, certain researchers have provided the most frequent and accepted definition of the idea of export performance. Export performance, for example, is described by Shoham (1998) as a composite result of a firm's overseas sales, which contains three sub - dimensions: export sales, export profitability, and export growth. Each of the three has an objective component as well as a subjective component for management satisfaction (Shoham, 1998).

Furthermore, Zou and Stan (1998) defined export performance as a country's success or failure in selling locally produced products and services in the marketplaces of other countries.

Diamantopoulos (1998) provides another definition of export performance as the reflex of the consequences of export behavior when subjected to various firm-specific and environment-specific situations. Additionally, Cavusgil and Zou (1994) defined export performance as management's strategy reaction to the interaction of internal and external pressures.

According to Beleska-spasova (2014), the success of a given company's export performance indicates the extent to which the firm's objectives, both economic and non-economic, are achieved in an international context at a given point in time, and it reflects the suitability of the chosen export strategy in successfully responding to the firm and environmental circumstances. This suggests that achieving effective export performance is at the center of both business and public policy decision-makers' strategic decision-making processes.

Several researches have shown that only managers are aware of the projected outcomes from exporting, making it useless to assess exports apart from management satisfaction with the outcome of exporting operations (Kabagambe, 2010). A firm's export performance shows its distinctive behavior in exploiting its resources and competencies in an international setting at a given point in time.

Several studies have employed a large variety of variables to construct and operationalize export performance measures. The researches have yielded conflicting results on the influence of several variables on export success, which is inconclusive (Beleska-spasova, 2014). According to Kabagambe (2010), export level (or volume) is a conventional measure of a firm's overall importance of exports, but export sales growth and profitability are dynamic and critical measures of export success, respectively.

According to Leonidou et al. (2002), the most often used measurements of export performance are export percent of sales or export intensity, export sales growth, export profit level, export sales volume, export, market share, and export profit contribution.

Sousa (2004), as referenced in Nazar, Mujtaba, and Saleem (2009), has identified around 50 aspects of export performance measurements that are categorised as subjective and objective measurements. This means that export success is diverse and cannot be represented by a single performance indicator, emphasizing the need of using a multidimensional approach when developing the measurement for measuring export success rather than utilizing single-item measurements (Diamantopoulos, 1998). Jorge et al. (1988) said that export performance is a complicated and diverse phenomenon to support this claim.

Although numerous broad techniques have been offered, there is still no agreement on how to quantify export performance (e.g. Cavusgil and Zou, 1994; Schlegelmilch and Ross, 1987; Walters and Samiee, 1990 as cited in Zou & Stan, 1998).

Despite all theoretical and empirical attempts, little agreement has been found on how to conceive, operationalize, and quantify export performance.

2.2.2. Measures of Export Performance

Katsikeas et al. (2000) and Sousa (2014) distinguished between objective (obtained from official sources) and subjective measurements of export performance indicators (when it is based on personal experience, rather than based on facts).

Objective measurements are indicators that are primarily based on absolute values, such as export intensity, export sales volume, and export market share, among others.

In contrast, variables that evaluate perceptual or attitudinal performance, such as perceived export success and happiness with export sales, are regarded as subjective measures of performance (Sousa, 2014). There were 11 objective metrics and 39 subjective measurements among the total of 50 distinct performance indicators (Sousa, 2014).

2.2.2.1. Objective Measures

Official sources, such as business financial statements and reports, are frequently used to derive objective measures. Five sales-related performance metrics were established in terms of objective measurement (Sousa, 2004). This comprises export intensity, export intensity growth, export sales growth, export sales volume, and export sales efficiency. Export intensity is the

most often used metric, with 16 distinct research utilizing it to analyze export performance (Sousa et.al, 2004).

The second most commonly used metric was export sales growth, which had 12 research. However, this metric has been critiqued for either overstating performance due to price increases and market expansion, or understating performance due to experience curve effects and diminishing demand (Balcome & Kirpalani 1987 as cited by Sousa, 2004).

Profit-related indicators such as export profitability (2 studies), export profit margin (3 studies), and export profit margin increase (1 research) were also employed, but not as frequently as sales-related metrics. Market-related measures were the least often employed objective metrics.

This measure identified three performance indicators: export market share (2 studies), export market share increase (2 studies), and market diversification (number of markets entered), which was utilized in only one research.

Despite the fact that they are rarely employed, market-related measurements have been pushed as a solid predictor of success, with the explanation being that a large market share leads to cost and experience benefits, as well as more leverage in approaching clients (Madsen 1998 as cited by Sousa, 2004).

In general, objective measures are used to provide reliable information, particularly when assessing short-term performance. However, objective data is not readily available, accessible, or easy to analyze, and they do not distinguish between local and foreign market information (Katsikeas et al., 2000; Sousa, 2014).

Furthermore, its evaluation is not consistent, as it is dependent on the consistency of accounting methods. Furthermore, they do not permit cross-industry or cross-country generalizations, and they are not always readily offered (Katsikeas et al., 2000; Sousa, 2004).

2.2.2.2. Subjective Measures

Subjective data, as opposed to objective measures, is based on the respondent's own experience and can be useful when objective information is not accessible, available, or generalized.

Subjective measures have been proposed in situations where managers may be unwilling or unable to provide objective financial data, or where reconciling cross-national or cross-industry differences in accounting practices, exchange rate fluctuations, and financial reporting between home and host countries is difficult (Beamish, Makino and Woodcock, 1994 cited in Sousa, 2004).

It is typically used to evaluate long-term performance. Subjective measurements of export success were typically graded on a five or seven-point scale in studies. As a consequence, export profitability is the most commonly used metric across all categories, with 18 studies employing this indicator to analyze export success. Because managers are not required to offer secret export profitability numbers, the authors appear to assume that using this subjective metric motivates more managers to reply (Sousa et.al, 2004).

Furthermore, broad metrics of export performance were utilized to measure export performance, according to Sousa (2004). Managers' satisfaction with overall export performance, overall export performance relative to competitors, export success, fulfilling expectations, how rivals assess firm's export performance, and strategic export performance are among these metrics (Sousa 2004).

The reason for utilizing these sorts of measures is that the common recognition of trade execution likely best captures the pith of the develop, in that it was not as it were deciphering the seen degree of financial victory but moreover incorporates the managers' conclusions of vital components of victory, such as market expansion, competitive response, market penetration, and so forth. (Solberg 2002 as cited in Sousa, 2004).

2.3. Determinants of Export Performance

Sousa et al. (2008) grouped export performance factors into two approaches: the resource-based paradigm, which focuses on the firm's internal determinants, and the contingency paradigm, which focuses on the firm's external determinants.

According to Beleska-spasova (2014), the internal/external division corresponds to the two theoretical frameworks that underpin the majority of empirical research on export performance: the resource-based view of the company (RBV) and the contingency theory.

The resource-based theory justifies internal determinants, while the industrial organization theory justifies external factors (Stan & Zou, 1998).

The resource-based paradigm focuses on the production of competitive advantage via the utilization of a collection of resources, i.e., all of a business's assets, capabilities, organizational processes, company qualities, information and knowledge, and so on.

Similarly, in several studies (Aaby and Slater, 1989; Chetty and Hamilton, 1993; Katsikeas et al, 2000; Madsen, 1987; Zou and Stan, 1998; Sousa et al., 2008 as cited in Beleska-spasova, 2014), the export performance determinants are viewed as internal, firm-specific influences and external, environmental influences.

2.3.1. Internal Determinants

Internal variables are studied under the assumption that the business's export performance is in the control of the business and its management. According to proponents of the resource-based view (RBV), a corporation's better performance is derived from the utilization of idiosyncratic, immovable strategic resources owned or controlled by the business (Beleska-spasova, 2014).

According to this paradigm, a firm has a unique bundle of tangible and intangible “resources” (assets, capabilities, processes, managerial attributes, information, and knowledge) that it controls and that enable it to devise and implement strategies aimed at improving its efficiency and effectiveness (Barney, 1991).

This suggests that the resource bundles have been classified as tangible and intangible assets. The concrete assets comprised the businesses' technological resources, whereas the intangible assets comprised the managers' knowledge and attitudes toward export activities (subsequently management resources), as well as the businesses' inventive and marketing skills (Haddoud, Nowinski, Jones, & Newbery, 2019).

Over the last 40 years, empirical research has identified and evaluated a number of internal drivers, which are sometimes referred to as managerially controlled variables. Firm characteristics, management characteristics, management attitudes and views, and export strategy are the four major categories. Marketing mix variables, managerial traits, company specific variables, and export strategy elements are the most commonly listed elements as firm-specific

drivers in the export performance literature (Beleska-spasova, 2014). Sousa et al. 2008 has provided a similar classification of internal factors of export performance. Size, age, international experience, export commitment, management viewpoint, export marketing mix approaches, and product attributes are among the internal elements influencing export performance, according to them. Internal and controllable variables, according to Stan and Zou (1998), are classified into two groups. The first category is linked to elements of a company's export marketing strategy which includes: Product adaptation, product strength, promotion adaptation, promotion intensity, price adaptation, and competitive pricing are some of the most often researched strategy elements. In addition, other elements such as channel linkages, channel type, export planning, and organizational variables have been incorporated in this collection of elements (Zou & Stan, 1998).

The second category is concerned with managerial attitudes and perceptions. Management's worldwide orientation, export commitment, anticipated export benefits, and perceived hurdles to exporting are examples of these (Zou & Stan, 1998).

Several studies, however, have explored managerial qualities as drivers of export success across several dimensions (Aaby & Slater, 1989; Ibeh, 2003; Suárez-Ortega et al., 2005, as referenced in Nazar et al., 2009). To incorporate these disparate factors, Nazar et al. (2009) divided management characteristics into three categories: “attitudinal characteristics,” “skill-based characteristics,” and “behavioral qualities.”

2.3.1.1. Firm Characteristics

Among the four groups of internal determinants, a firm characteristic is the one which often labeled as managerially controllable factors (Beleska-spasova, 2014). Firm characteristics are considered to be static and not possible to change due to the fact that capabilities take time to be altered and when they are the effects are not immediate (Daniela & Corgas, 2013). In addition, certain firm-specific assets as reputation and know-how are not tradable but those strategic assets that are, have sometimes too high costs associated that doesn't pay-off the returns from its utilization (Caloghirou *et al.*, 2004 as cited in Daniela & Corgas, 2013).

Previous researches (for example, White et al., 1998; Maurel, 2009 as cited in Twum (2015) support that, the variables under firm characteristics such as firm size have an impact on export

performance. Aaby and Slater (1989) divided firm characteristics into three categories. These categories include variables related to firm size, variables related to management export commitment and expectations, and management attitudes and perceptions on a number of export related dimensions.

2.3.1.2. Management's Attitudes and Perceptions

Management perception of export activities have been highly studied by several researchers (e.g Zou & Stan, 1998, Aaby & Slater, 1989; Katsikeas, et al., 1996) as important determinants that have effect on export performance. For instance, Zou and Stan (1998) have drawn three main conclusions regarding the effects of these factors. The first conclusion is that with almost no exception, management's export commitment has emerged as one of the key determinants of export performance, regardless of performance dimension. Second, international orientation is found to be a very consistent predictor of good export performance, measured in financial terms or as a composite. Zou and Stan (1998) assume that, an internationally oriented firm can better identify and benefit from emerging international opportunities and avoid threats.

The third conclusion is that management's perceived export advantages (for example, perceived importance or profit contribution which exporting brings to the firm), seem to predict well export sales, profits, and growth, whereas management's perceived export barriers (for instance, perceived risks, costs, or complexity of exporting) either result in low export sales, slow export growth, and low perceived export success, or fail to be significant predictors of export performance (Zou & Stan, 1998). Zou and Stan (1998) further concluded that factors related to management's attitudes and perceptions seem to be potent determinants of the financial measures of export performance such as export sales, profits, and growth.

Other related study by Katsikeas et al. (1995) found that management perception is one of the major determinants of export performance in Greek exporters. Similarly, Stoian et al. (2011) also found that in addition to managerial export knowledge and skills, managerial perceptions regarding export stimuli and barriers are considered to be good predictors of export success.

2.3.1.2. *Firm Capabilities and Competences*

2.3.1.2.1. *Firm Size*

The number of personnel employed by the export business is operationalized as business size (White et al., 1998; Thirkell & Dau, 1998; Maurel, 2009 as cited in Twum, 2015). It is the most studied factor of export performance, and its impacts on export performance are mixed.

Kayiya et al.(2014) discovered that firm size had a positive influence on export performance because larger firms may have better managerial talent, a dedicated exporting department with the necessary international marketing expertise, higher research and development investment, higher technological intensity, and differential advantages in product development and customization.

Furthermore, large exporting firms are commonly seen to have greater financial and human resources, benefit from larger levels of scale economies, and perceive lower levels of risk. According to Katsikeas et al. (1996), these size-related benefits are expected to assist comprehension of international market features and to improve a firm's capacity to respond effectively to the requirements of abroad consumers (Twum, 2015).

As well, studies show that larger firms have greater financial and manufacturing capacity, allowing them to achieve economies of scale and perceive lower levels of risk in foreign markets and operations. These characteristics associated with large company size are crucial in improving businesses' capacity to not only seek for, identify, and explore lucrative export prospects, but also to deal with possible issues faced in the big export market process (Katsikeas et al., 1997).

According to Zou and Stan (1998), the majority of positive impacts are observed when size is defined by total firm sales, but some negative impacts, particularly on export profit, are observed when size is assessed by number of workers.

Verwaal and Donkers (2002) discovered that when the export relationship size is big, firm size is positively associated to export success, and vice versa. General features of a business, such as life cycle stage, product type (consumer vs industrial), or company nature (manufacturer vs middleman), tend to have a major impact on export sales (Zou & Stan, 1998).

According to Katsikeas and Loannidis (1996), there are three essential variables that contribute to the creation of expectations that business size is positively connected to business behavior and performance in export markets. These three elements are connected to organizational resources, economies of scale, and risk perception in international engagement.

Brouthers and Nakos (2005), on the other hand, discovered a negative connection between company size and export success among Greek export businesses. Wolff and Pett (2000) discovered a negative connection between company size and export success as well. Similarly, Contractor et al. (2005) found no evidence of a positive link between company size and export performance, indicating that the link between firm size and export performance is still debatable. Even some other research (Contractor et al., 2005; Katsikeas et al., 1996; Pett and Wolff, 2000) discovered a non-significant link between company size and export success.

2.3.1.2.2. *Technology Level and Innovation*

According to Dhanaraj and Beamish (2003), technical intensity indicates the value contributed to a product at the first stages of the value chain. According to the research examined by Aaby and Slater (1989), technology intensiveness is consistently determined to be a significant feature associated to inclination to export. In six studies, the degree of technology was shown to have a favorable influence on export performance, while in five others, it was shown to have a non-significant or even negative effect (Zou & Stan, 1998).

In addition to the early research of Aaby and Slater (1989), technological skills are found to be successful when implemented as a standard in all markets as a favorable export performance factor (Christensen, da Rocha, & Gertner, 1987).

Similarly, several studies in an international context reported a positive contribution of innovation (measured through R&D expenditures) to improving export performance (Robson & Freel, 2008; Singh, 2009; DezVial & Fernández-Olmos, 2013; Zahra, Ireland, & Hitt, 2000 as cited in Haddoud, Nowinski, Jones, & Newbery, 2019).

Innovation influences a company's export operations in terms of processes, management, organization, and technology by boosting output, lowering costs, and producing new goods (or improvements in quality, design, and packaging) for foreign markets (Alvarez, 2004; Peyman et al., 2013 as cited in Daniela & Corgas, 2013). As a result, based on the relevance of the final

product on performance results (Aulakh et al., 2000), it might be claimed that higher technical intensity should lead to higher performance; nevertheless, the outcomes of specialized knowledge and technology rely on how the business uses it (Aaby and Slater, 1989). Many studies have been conducted in order to have a better grasp of the extent to which it affects export performance (Dhanaraj and Beamish, 2003).

2.3.1.2.3. Organizational Commitment to Exporting

This variable is also known as export commitment (Katsikeas et al., 1996). The organization's commitment to exporting has been referred to as export commitment, top management commitment, or managerial commitment (Lages and Montgomery, 2001; Navarro et al., 2010a; Stump et al., 1998 as cited in Ama & Sraha, 2016).

According to Navarro, Losada, Ruzo, and Diez (2010), commitment is a strategic element that impacts resource allocation inside the company. In the literature, commitment has been characterized by a favorable attitude, intentional interest, and a readiness to dedicate appropriate resources to export-related operations (Cavusgil, 1984; Leonidou *et al.*, 1998 as cited in Daniela & Corgas, 2013). This indicates how essential a business thinks exporting and how many resources are allocated to the export operation (Ama & Sraha, 2016).

According to Staoin et al. (2011), export commitment is the devotion of special efforts and the deployment of significant resources to export operations, resulting in greater export performance outcomes.

Navarro et al. (2010) divide commitment into behavioral and attitudinal components. Export commitment, according to the behavioral viewpoint, is characterized by the resources (financial, managerial, and human) that the business now devotes to its export efforts.

A firm that is committed to exporting must devote not only financial, technological, and human resources (Albaum & Tse, 2001), but also management care (Cavusgil, 1984) to activities such as export planning and control (O'cass & Julian, 33 2003), export department organization, export marketing research, regular export market visits (Katsikeas & Piercy, 1995), and efforts toward information accumulation and dissemination (Richey & Myers, 2001; Dhanaraj & Beamish, 2003 as cited in Daniela & Corgas, 2013).

As a result, one of the most researched categories of export performance factors is organizational or export commitment. Researchers that have looked into this topic have found a lot of evidence that managerial commitment has a favorable link with export performance (Aaby & Slater, 1989).

Several studies have been conducted on management and organizational commitment, with the results emphasizing its critical relevance to export success since it enables a business to investigate export market possibilities and implement effective export marketing strategies (Zou & Stan, 1998; Stoian et al., 2011).

Shamsuddoha and Ali (2006) emphasized that export commitment leads to the implementation of robust adaptation methods. According to Stoian et al. (2011), export commitment enables managers to increase the depth of planning procedures in terms of market study required to implement export marketing strategies that are specific to particular export markets.

In addition, as a result of job satisfaction, individuals become more dedicated and driven to fulfill organizational objectives rather than following their own self-interest (Deng et al., 2003; Theodosiou and Katsikea, 2007; Coudounaris, 2011). Furthermore, the company can benefit from expanded chances for inter-functional communication and cooperation (Cadogan et al., 2005 as cited in Ama & Sraha, 2016).

Poor commitment to exporting, on the other hand, manifests in negative stimuli, supporting the conclusion that low attitudinal commitment does not improve export success (Milanzi, 2012).

2.3.1.3. Export Marketing Strategy

A significant amount of study has been conducted on factors connected to a firm's export marketing strategy (Zou & Stan, 1998). Shamsuddoha and Ali (2006) defined export marketing strategy as a company's capacity to adapt to marketing pressures in order to accomplish its goals.

Cavusgil et al. (1994) described export marketing strategy as the way export businesses respond to external market pressures in fulfilling objectives, including product, pricing, promotion, and distribution.

According to Slater et al. (2010), export marketing strategy is concerned with the development of a marketing mix that allows a business to fulfill its objectives in a target market while also responding to competitive market dynamics in the environment.

Furthermore, Cavusgil and Zou (1994) stated that export marketing strategy is the means by which the firm responds to the interplay of internal and external forces in order to meet the objectives of the export venture, involving aspects of the traditional marketing plan, namely product, price, promotion, and distribution (4Ps).

According to Hill and Jones (2007), export marketing strategies have a significant influence on a firm's efficiency and cost structure, and are believed to be the road map for how businesses respond to internal and external influences by utilizing marketing mix aspects.

The effective execution of an adapted export marketing plan is dependent on the firm's features, such as export commitment and export length (Katsikeas et al., 2006). Typically, export marketing strategy is viewed as a result of a firm's characteristics (Aaby & Slater, 1989; Cavusgil & Zou, 1994), however in this case, strategic competence is viewed as an independent element.

According to Cavusgil and Zou (1994), the performance of an exporting business may be assessed by its marketing plans and capacity to implement them.

According to Zou and Stan (1998), export marketing strategy competencies include the ability to change marketing mix (e.g., product, price, promotion, and placement) and marketing channel strategies such as channel type and channel connection, among others.

Export planning, according to Zou et al. (1998) and Aaby and Slater (1989), is a consistent determinant of export sales and the composite measure of export success, as well as a predictor of export profits and export growth. According to Zou et al. (1998), a successful export organization appears to pay off for businesses in terms of sales, profitability, and customer satisfaction.

However, several research showed that the influence of this component was insignificant. According to Zou et al. (1998), the influence of a firm's general exporting strategy, such as being

a first mover or a follower, employing a concentration or diversification strategy, and so on, is mainly minor, which is comparable to Madsen's conclusion (1987).

Madsen (1987) warns that focusing just on marketing techniques may be insufficient, but argues for a multi-pronged strategy to exporting. This claim is supported by Zou et al. (1998), who emphasize that the method used must be appropriate for the specific circumstances of export operations (Twum, 2015).

The market research and expansion strategy class is one of the most frequently researched and considered to have a beneficial influence on export marketing strategy (Twum, 2015). It includes characteristics such as export motive, information utilization, and growth strategy, implying that proactive and aggressive tactics seek additional knowledge to back their judgments, which ultimately reflect on performance.

However, there have been some unfavorable remarks about the use of export information, which may be caused to an overflow of information that is regarded as a waste of resources (Twum, 2015).

2.4. External Determinants

External factors of export success suggest that a business must adjust to external environment challenges in order to survive and thrive.

The contingency theory, which is based on the structure-conduct-performance framework of industrial organization, lends credence to the external drivers of export performance (Cavusgil & Zou, 1994 cited in Beleska-Spasova, 2014).

According to the contingency paradigm, environmental factors impact the firm's strategy and export success. The contingency theory method is based on the idea that the firm's performance is affected by environmental/external variables.

It is supported by the structure-conduct-performance (SCP) theory of industrial organization (IO), which states that a firm's competitive intensity is determined by the structural characteristics of the market, and that positional advantage can only be achieved and sustained if the competitive strategy plan is carried out efficiently and effectively. (Morgan *et al.*, 2004; Sousa *et al.*, 2008 cited in Sousa, 2014).

The impacts of various company characteristics on export success vary according to the business's unique situation. Contingency theory, according to Cavusgil and Zou (1994), is founded on two premises: (1) that organizations are resource reliant on their surroundings (Pfeffer and Salancik 1978); and (2) that organizations may manage this dependency by creating and implementing suitable strategies (Hofer and Schendel 1978). Thus, under the contingency paradigm, exporting is viewed as a firm's strategic reaction to the interaction of internal and external forces (Robertson and Chetty 2000; Yeoh and Jeong 1995, as quoted in Sousa and Martinez-lópez, 2008).

External effects are characterized as environment-specific and hence uncontrolled from a managerial standpoint. External factors are broadly classified as industry-specific and market-specific. The industry-specific variables refer to the technical intensity and level of instability of the sector. Factors influencing export performance in local markets differ from those influencing export performance in foreign markets. Due to legal, economic, and cultural differences, the liability of foreignness raises the expense of conducting business overseas (Beleska-Spasova, 2014).

According to Sousa et al. (2008), the external drivers of export success are those that the business cannot control and that influence the macro-environment of both local and foreign markets.

Furthermore, according to Sousa et al. (2008), no firm functions in a vacuum and must engage with the external environment. Foreign markets present both dangers and possibilities for businesses, which are said to have a major impact on export success (Sousa et al., 2008).

According to Sousa et al. (2008), no manager can afford to ignore the policies and regulations of the country from which their firm conducts international business because they are more likely to be affected by government regulations and the socio-cultural, legal, and political situation in a country (Sousa et al., 2008).

External environmental factors influencing export management, behavior, and performance include macroeconomic, social, physical, cultural, and political factors.

According to Sousa et al. (2008), these determinants may be divided into: (1) Foreign market features, which include legal laws, cultural (dis)similarity, local business conventions, channel accessibility, and market competition (2) Foreign environmental features, such as cultural (dis)similarity, as well as political and legal issues, (3) Characteristics of the domestic market, such as export aid and environmental aspects.

2.5. The Conceptual Framework

2.5.1. The process of conceptualizing and operationalizing

This study, as stated in the methodology part of this work, is based on positive research rather than interpretative research and employs the descriptive research technique. As a result, without comprehensive definition of the terminology, the ideas are typically presumed to be known.

However, the method for measuring or operationalizing the concepts is described by linking the different thoughts presented in both this chapter and the preceding part. As a result, several of the most fundamental and commonly used phrases are redefined to improve comprehension and views on the words. Similarly, for certain words with many definitions, it is obvious conceived and operationalized which of the numerous definitions of the words has been selected for this research.

On the other hand, several ideas and definitions have been debated and critiqued in order to select the right meaning, redefine the word, or establish a new meaning in the context of this research. This procedure was followed throughout the study process till the analysis and conclusion phase.

A concept may have many definitions; in this situation, the contextual meaning of the idea based on the research's aim was used. Export performance frameworks, conceptualizations, and implementation, for example, are complicated and inconsistent, as Styles (1998) argues over the years, no single definition of export performance has been universally recognized and applied (Lages and Lages 2004).

To summarize the elements found as drivers of export success, the researcher narrows or groups the variables and various categorization into three primary categories based on their conceived and operationalized meanings.

As a result, when seen in this manner, the broad viewpoint may be summed into three key categories: management characteristics, firm characteristics, and export marketing strategy competencies.

Figure 2-1 depicts the suggested conceptual model, which is based on the resource-based perspective and the material studied in the preceding chapter.

Graphically, the following figure displays the relationships between the independent and dependent variables.

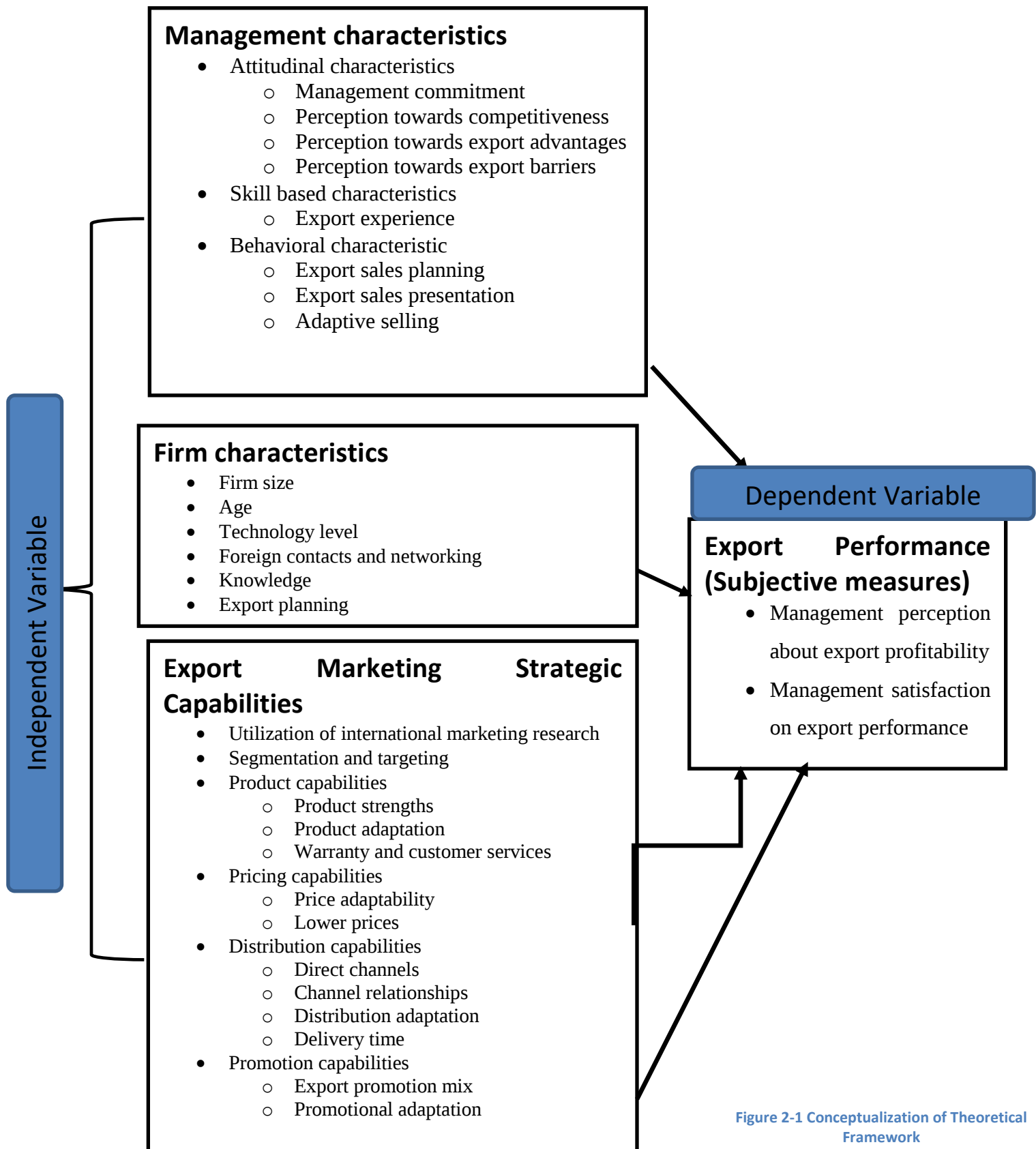


Figure 2-1 Conceptualization of Theoretical Framework

Source: Adopted from a strategic export model produced by Aaby and Slater (1989, p 9)

2.6. Proposed Hypotheses

The empirical studies conducted on firm-level determinants of export performance have established relationships that exist between these variables and export performance. The literature review identified a number of hypotheses, which are helpful in answering the research questions. The following hypotheses will be tested.

H₁: Firm characteristics have no positive and significant association with Ethiopian Leather and Leather Products Exporters' export success.

H₂: Firm competences and capacities have no positive and significant association with Ethiopian Leather and Leather Products Exporters' export performance.

H₃: The export marketing strategy of Ethiopian Leather and Leather Products Exporters has no positive and significant relationship.

CHAPTER THREE

RESEARCH DESIGN AND METHODS

3.1. Design

The objective of this study was to examine the firm-level drivers of export success for a sample of Ethiopian Leather and Leather Product Exporters. As a result, the quantitative research approach was best suited to this investigation.

A descriptive research design was used in this study.

3.2. Research Setting and Target Population

The research setting is Addis Ababa, Ethiopia. In accordance with the National Leather Roadmap: Summary Report, January 2019), there were 68 leather and leather products manufacturers and exporters in Ethiopia. From the total, 26 companies produce and export finished leather (16 locally owned and 10 FDI companies), 19 companies produce and export footwear (16 locally owned + 3 FDI), 19 companies produce and export goods and garment production (19 locally owned + 0 FDI) and 4 companies (1 local + 3 FDIs) produce and export glove.

3.3. Sampling Technique

As inclusion criteria factories that have been working for 5 years and more were included in the sample. Due to this criterion, 19 companies which produce and export goods and garment production were excluded from the sample.

From the total target population of 49 leather production and export companies, a total 15 companies were selected randomly as sample companies. The type of product that the companies produce and export were considered as a stratum. Thus, there were three strata, i.e. 26 companies which produce and export finished leather as the first stratum, 19 companies which produce and export footwear as second stratum and 4 companies which produce and export glove as the third stratum.

In order to determine total companies that included in the sample, proportional sampling technique is used, i.e. from each stratum proportional sample of companies were taken randomly.

Therefore, from the 26 companies which produce and export finished leather, 8 companies were taken randomly. From the 19 companies which produce and export footwear, 6 companies were taken randomly. From 4 companies which produce and export glove, 1 company were taken randomly.

From these selected companies, available sample of general managers, marketing managers, merchandisers, logistics and procurement managers, human resource managers, production and quality managers were taken as sample participants. In other words, a total of 130 participants composed of 67 participants taken from the 8 companies which produce and export finished leather, 51 participants taken from the 6 companies which produce and export footwear and 12 participants taken from the 1 companies which produce and export glove were included in the sample.

3.4. Data Type and Source

This study used a quantitative type of data specifically primary data collected using questionnaire (5-point Likert scale). The primary data were collected from 15 selected leather and leather product exporters companies in Ethiopia.

3.5. Questionnaire

A questionnaire composed of 72 items of Likert-type scale specifically designed to measure firm-level determinants of export performance on selected Ethiopian leather and leather product exporters. It is a standardized scale developed by different authors and used by previous researchers Fikreselassie Ambaw. This standardized scale is adopted and modified for the current study.

The questionnaire is a five-point Likert type scale. With this Likert scale, participants were asked to mark each statement by choosing one of the five alternatives: strongly agree (SA) having a value of 5, Agree (A) having a value of 4, neutral (N) having a value of 3, Disagree (DA) having a value of 2 and strongly disagree (SD) having a value of 1. Each statement is clearly favorable or unfavorable. Negatively worded items were reverse coded while scoring.

In order to establish the face and content validity of this measure, items were judged by the advisor and other academician from external universities.

In addition, in order to establish the reliability of the scale, a pilot study with 30 numbers of participants were done and the reliability of the measure were found to be acceptable for collecting data for the main study. The reliability of the pilot test and main study of the sub-scales are shown below.

Table 3-1 Reliability Coefficient of Sub-scales of the study

Variables	Cronbach alpha	Number of items
Firm size	0.890	4
Firm competences	0.885	4
Export commitment	0.887	5
Competitiveness	0.881	3
Export barriers	0.874	6
International experience	0.905	5
Adaptive Selling	0.905	4
International Market Research	0.870	4
Market segmenting and targeting	0.868	4
Marketing strategy	0.887	3
Product Development	0.871	5
Pricing capabilities	0.871	4
Distribution capabilities	0.866	6
Promotion capabilities	0.881	4
Technological capabilities	0.875	3
Management perception about profitability	0.895	4
Management satisfaction with export performance	0.895	3

3.6. Data Collection Procedure

Before the actual data collection, all the leather and leather product exporter companies were visited and rapport is established and email of participants were obtained from Ethiopian Leather Industry Association (ELIA).

Then, after getting permission from the concerned bodies, the questionnaires were administered through Google forms (online questionnaire) to participants found in each leather exporter company by the researcher. The participants were informed about how to fill the questionnaire before the distribution.

3.7. Data Analysis Procedure

In order to analyze the data, SPSS computer program is used to analyze the data. Using this statistical package, descriptive statistics such as means and standard deviations were employed. In addition, correlation is used to assess the relationship among variables.

Furthermore, in order to assess firm-level determinants of export performance or assess the influence of independent variables (firm-level determinants) on the dependent variable (export performance), multiple linear regression analysis was used.

3.8. Ethical Issue

Before collecting the questionnaire from each firm, the consent of the management is sought. Furthermore, the findings were presented solely in aggregate form using statistical methods, with no particular person or corporate outcome revealed.

3.9. Validity and Reliability

3.9.1. Validity

The correct depiction of population information is referred to as validity.

It is concerned with the process of verifying the measures that are to be taken in order to measure what is to be measured.

It is concerned with the process of verifying the measures that are to be taken in order to measure what is to be measured.

As a consequence, both the internal validity, which allows one to make a conclusion based on data, and the external validity, which signifies the amount to which the results may be extended to different populations, have shown to be valid in this study.

3.9.2. Reliability

Reliability, on the other hand, is concerned with the consistency of the results if the study is repeated using the same technique.

As a result, the internal consistency was tested and found to be very dependable. The Cronbach alpha test technique was used in SPSS to assess the data's dependability.

CHAPTER FOUR

RESULT AND DISCUSSION

4.1 Introduction

This chapter presents the findings and discussion of empirical data obtained for the investigation. The study sample comprises of Ethiopian leather and leather product exporters.

In all, 130 responses were examined for the research. The overall goal is to assess the impact of firm-level variables on export performance.

In order to address the specific research questions given in the introductory chapter, this chapter utilizes descriptive-mean analysis and a regression test of significance. The findings of the primary data analysis are presented below.

4.2 Demographic Characteristics of the company respondents

This part investigates fundamental company characteristics such as the number of employees of the companies, the number of years the business has been in export operation, and the level of education achieved by the respondents (managers).

The researcher thought it would be beneficial to gather this fundamental information to aid in developing a link between these qualities and company performance. The analyses of demographic characteristics are shown below.

4.2.1. Composition of Companies included in the Study (Sub-Sector)

The majority of responses (51.6 percent) were from completed leather manufacturing and export firms, 39.2 percent were from footwear, and the remaining 9.2 percent were from glove exporting firms. The table below will show the details.

Table 4-1 Composition of Companies in the Study

Export Categories (Companies)	Frequency	Percent
Finished leather	67	51.5
Footwear	51	39.2
Glove	12	9.2
Total	130	100

Source: Field Work, 2020.

4.2.2. Business Ownership Type

Ownership of the company is required in the research project. The bulk of the businesses, 66.2 percent, were held by Ethiopia, while the remainder, 0.8 percent, were held by foreigners through subsidiaries.

More specifically, it can be depicted below.

Table 4-2 Business Ownership Types

Export Categories (Companies)	Frequency	Percent
Ethiopian owned	86	66.2
Foreign owned	38	29.2
Foreign owned subsidiary	1	.8
If other, please specify	1	.8
Joint foreign and Ethiopian owned	4	3.1
Total	130	100

Source: Field Work, 2020.

4.2.3. Demographic descriptive of Respondents'

As shown in the table below, there were a total of 130 respondents in this survey, with the majority, 86.9 percent, being male and the remainder, 13.1 percent, being female.

Regarding respondents' educational levels, the majority, 55.4 percent, had a master's degree, 43.1 percent had a first degree, and the remaining minorities, 1.5 percent, had a college diploma.

In terms of age, half of the total respondents, 50 percent, were between the ages of 41 and 50, while the minorities, 1.5 percent, were beyond the age of 60.

With respect to age, almost half of the participants (50%) were between the ages of 41 and 50, 30% were between the ages of 31 and 40, 12.3% were between the ages of 51 and 90, and the remainder were between the ages of 20 and 30.

Regarding the educational level of participants, the majority, 55.4 percent had a Master's degree, 43.1 percent, had a First Degree, and the remaining minority, 1.5 percent, had an educational level below a diploma.

Companies' export experience is being sought. 33.1 percent of firms have fewer than 5 years of exporting experience. 28.5 percent of respondents said their company had 16-20 years of exporting experience, 23.8 percent said their company had more than 20 years of exporting experience, and the remaining 8.5 percent and 6.2 percent said their company had more 11-15 years and 5-10 years of exporting experience, respectively.

In terms of work experience, more than half of respondents 53.1 percent stated that they had fewer than 5 years of experience in their firm. 33.1 percent stated that they have 11 or more years of job experience. The remaining 13.8 percent stated that they have 6-10 years of work experience in their current position.

Data on the length of time the organizations have been in the export industry were gathered. The analysis indicated that the majority of the businesses tested for this study, 99 (76.2 percent), stated that their employee size ranges from 501 to 1000, while 20 (15.4 percent) stated that their employee size ranges from 1001 to 1500.

Minorities (1.5 percent) replied that the number of workers they have ranges between 1500 and 2500. More explanatory information is provided here below.

In terms of staff count, the majority, 76.2 percent, of respondents indicated their firm had 501-1000 people, while minority, 1.5 percent, claimed their firm had 1501-2000 people.

Table 4-3 Descriptive of respondents

Item	Description	Frequency	Percentage
Gender Category	Female	17	13.1
	Male	113	86.9
Age	20-30 years	8	6.2
	31-40 years	39	30
	41-50 years	65	50
	51-60 years	16	12.3
	above 61 years	2	1.5
Experience of Respondent in export business	less than 5 years	43	33.1
	5-10 years	8	6.2
	11-15 years	11	8.5
	16-20 years	37	28.5
	more than 21 years	31	23.8
Educational background of the respondents	College diploma	2	1.5
	First Degree	56	43.1
	Master's Degree	72	55.4
Number of Employees	Less than 500 employees	9	6.9
	501-1000 employees	99	76.2
	1001-1500 employees	20	15.4
	1501-2000 employees	2	1.5

Source: Field Work, 2020.

4.3 Firm-Level Determinants and Export Performance

SPSS software, as fully stated in the methods portion of this work, was used to analyze the primary data gathered using a five-point Likert scale.

The essential output to examine is R^2 , which is the proportion of variation in the dependent variable that can be explained by the independent variables as stated in each model description.

However, aside from providing a general measure of the degree of association, R^2 does not represent the amount to which any single independent variable is related with the dependent variable. The R^2 value should be more than 0.5.

The Bs in the coefficient tables are beta coefficients that reflect how much impact the associated independent variable has on changes in the predicted variable (the greater the value of B, the greater the influence of the independent variable) and the sign (positive or negative) shows the

nature of the connection (whether the independent and dependent (predicted) variables move in the same direction or in opposing directions).

The significant levels for a variable must be less than 0.05 in order for it to be declared significant.

This indicates that there is only a 5% chance that the independent variable does not impact the dependent variable in the indicated manner (negatively and with a certain beta coefficient value).

As a result, if a beta coefficient for a certain independent variable is statistically significant (Sig. < 0.05), the value of the dependent variable will be calculated.

The company level drivers of export success are divided in three dimensions, as mentioned in the literature review and conceptual framework sections of this study. Those are: Management characteristics, Firm characteristics & competence, and export marketing strategy capabilities.

4.4. Level and Relationship of Independent and Dependent Variables

4.4.1 Level of Dependent and Independent Variables

The computed mean, minimum, maximum, and standard deviation of variables are shown in Table 4-3.

MC's computed mean score is 58.71, with a standard deviation of 14.09, and its hypothetical mean score is 69.

That is to say the conceivable score range for 23 items on a 5-point Likert scale is 23 ($23 \times 1 = 23$) to 115 ($23 \times 5 = 115$), and the hypothetical mean score is 69 ($23 \times 3 = 69$). The computed mean score is lower than the simulated mean score.

This indicates that the MC level is below normal.

Table 4-4 Descriptive Statistics of Variables

Descriptive Statistics					
	N	Minimum	Maximum	Mean	Std. Deviation
Firm Characteristics (FC)	130	9.00	32.00	21.4308	8.54531
Management Characteristics (MC)	130	34.00	83.00	58.7154	14.09450
Export Marketing Strategic Capabilities (EMS)	130	47.00	158.00	92.9385	36.09715
Export Performance (EP)	130	8.00	19.00	13.1462	1.88881
Valid N (list wise)	130				

Source: Field Work, 2020.

Similarly, FC and EMS computed mean scores were lower than their equivalent hypothetical mean scores. These findings suggest that respondents' perceptions of FC and EMS are below average.

Table 4-5 Relationship between Dependent and Independent Variables

Correlations				
Variable	Firm Characteristics	Management Characteristics	Export Marketing Strategic Capabilities	Export Performance
Firm Characteristics (FC)	1.000	-.016	.221**	.234**
Management Characteristics (MC)	-.016	1.000	-.171*	.701**
Export Marketing Strategic Capabilities (EMS)	.221**	-.171*	1.000	.299**
Export Performance (EP)	.234**	.701**	.299**	1.000

**. Correlation is significant at 0.01 level

*. Correlation is significant at 0.05 level

Correlation analysis calculates the strength of any link between two variables. (Reimann, Filzmoser, Garrett, & Dutter, 2008). The correlation coefficient is a measure of this association, and it is affected by the variability of the two variables.

Due to covariance, the correlation coefficient might take the form of a number with the + or – sign (Reimann et.al, 2008). The Pearson product moment correlation is a popular method for calculating a correlation coefficient.

This technique yields a value between 1 and +1 that represents how closely the two variables are connected; 1 represents a perfect 1:1 relationship (positive or negative), while 0 indicates that there is no systematic link between the two variables (Reimann et.al, 2008).

Cohen (1988) defined a correlation coefficient as small or weak if it is between 0.10 and 0.29, medium if it is between 0.30 and 0.49, and big or strong if it is between 0.50 and 1.00.

The correlation between dimensions of dependent and independent variables is shown in Table 4-5. As shown in table 4-5, company characteristics, management characteristics, and export marketing strategy skills all exhibited a statistically significant positive association with export performance (EP). This means that as one variable rises, the other rises as well, and vice versa.

There was a weak association ($r = 0.234$) between firm characteristics (FC) and Export Marketing Strategic Capabilities (EMS), with $p = 0.01$.

Table 4-5, on the other hand, displays the correlation between independent variables. The results showed that the connection between FC and EMS was weakly positive statistically significant, but the correlation between MC and EMS was weakly negative statistically significant. EMS and EP had a statistically significant strong positive association, $r = 0.701$, $p = 0.01$.

Table 4-6 Correlation Statistics of different Independent variables with Dependent Variable

Variables	Export Performance	Significance	Rank by strength of correlation (+ve or -ve)
Firm Size	.291**	Statistically Significant	8
Firm Competence	-0.048	Non-Significant	
Export Commitment	.425**	Statistically Significant	3
Export Competitiveness	.395**	Statistically Significant	4
Export Barrier	.184*	Statistically Significant	12
International Experience	.350**	Statistically Significant	6
Adaptive Selling	.295**	Statistically Significant	7
International Market Research	-0.004	Non-Significant	
Market Segmenting and Targeting	.220*	Statistically Significant	11
Marketing Strategy	0.076	Non-Significant	
Product Development Capability	.478**	Statistically Significant	1
Pricing Adapt	.456**	Statistically Significant	2
Distribution Capability	.367**	Statistically Significant	5
Promotion Capability	.259**	Statistically Significant	10
Technological Capability	-.284**	Statistically Significant	9

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

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

Table 4-6 depicts the relationship between dependent and independent factors. As shown in the table, export performance had a statistically significant positive correlation with independent variables such as Firm size, Export Commitment, Competitiveness, Export Barrier, Adaptive Selling, Market Segment Target, Marketing Strategy, Product Development Capability, Pricing Adaptability, Distribution Capability and Promotion Capability.

This means that as one variable rises, the other rises as well, and vice versa. For example, when company size grows, so does export performance, and vice versa.

Export performance and Product Development Capability had the strongest association with $r = 0.478$, $p < 0.01$.

The second substantial connection, $r = 0.456$, $p < 0.01$ is discovered between export performance and Pricing Adapt. The third substantial association, $r = 0.425$, $p < 0.01$ is between export performance and export commitment.

However, there is a statistically significant negative relationship between export performance and Technological Capability

The correlation between export performance and independent variables such as Firm Competence, International Market Research, and Marketing Strategy, on the other hand, was not statistically significant ($p < 0.05$).

4.5. Multiple Linear Regressions

4.5.1. Multicollinearity, outliers, normality, linearity, homoscedasticity, independence of residuals

4.5.1.1. Multicollinearity

Except for a few of them, the variables (Firm Size, Firm Competence, Export Commitment, Competitiveness, Export Barrier, International Experience, Adaptive Selling, Marketing Strategy, Product Development Capability, Promotion Capability, and Technological Capability) have a moderately significant relationship with each other (see table 15 below).

As a result, factors having strong correlation with each other, such as distribution capability, pricing adaptability, international market research, and market segment goal, were eliminated from the model to avoid multi-collinearity.

Furthermore, as part of a multiple regression method, the assumption of multicollinearity may be evaluated using SPSS. Tolerance and VIF values are provided in the section on collinearity statistics.

Tolerance measures how much of the variability of the given independent variable is not explained by the other independent variables in the model and is computed using the formula $(1 - R^2)$ for each variable. If this number is low (less than 0.10), it suggests that the multiple correlation with other variables is strong, implying the potential of multicollinearity (Pallant, 2007).

In this investigation, it was discovered that the tolerance value for each independent variable is greater than 0.10, implying that the assumption of multicollinearity is not broken (see table 4-6 below).

The VIF (Variance inflation factor) number is also provided, which is just the inverse of the Tolerance number. VIF values greater than 10 imply multicollinearity (Pallant, 2007).

Once again, the VIF value in the current research is less than 10 for all independent variables (see table 5 below). This also implies that the assumption of multicollinearity is not broken.

Table 4-7 Collinearity Statistics Test of Independent Variables

Variables	Collinearity Statistics	
	Tolerance	VIF
Firm Size	0.298	3.352
Firm Competence	0.390	2.561
Export Commitment	0.183	5.457
Competitiveness	0.254	3.939
Export Barrier	0.233	4.295
International Research Experience	0.632	1.583
Adaptive Selling	0.138	7.225
Marketing Strategy	0.128	7.814
Product Development Capability	0.128	7.812
Promotion Capability	0.345	2.900
Technological Capability	0.131	7.645

4.5.1.2. Homoscedasticity

Homoscedasticity is the assumption of "homogeneity of variance" or homoscedasticity. It asserts that the variances of the same variable chosen from different samples will be identical.

This assumption in regression analysis asserts that the variances of the Ys for each X will be identical. Plotting the predicted Y values versus the residual values is the usual method for testing the assumption of homoscedasticity in regression analysis.

If the dots in the scatterplot are clustered around 0, this shows that the assumption of homoscedasticity is met (Pallant, 2007). The scatterplot demonstrates that the dots are clustered around 0, indicating that there is no violation of homoscedasticity (see figure 2 below).

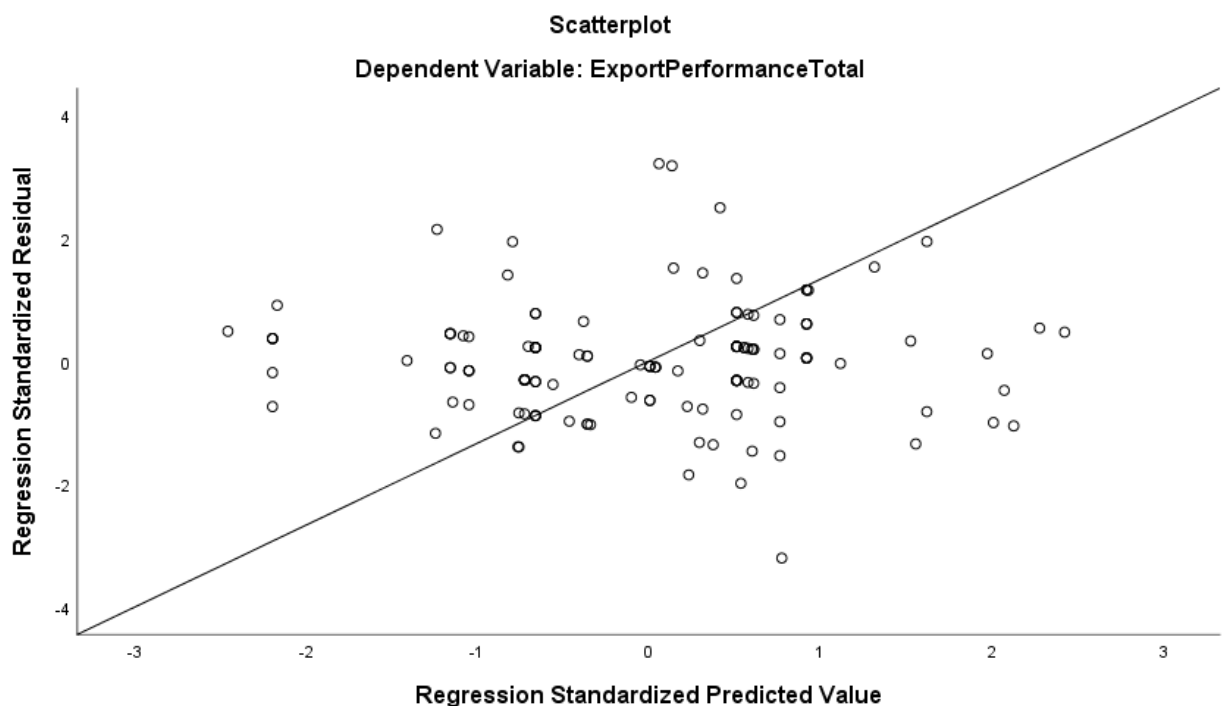


Figure 4-1 Scatter Plot of Export Performance

4.5.1.3. Independence of Residuals and Outliers

The residuals in the Scatterplot of the standardized residuals were fairly rectangular, with the majority of the scores centered in the middle, along the line 0.

This also implies that the premise of residual independence is not violated (Pallant, 2007). The Scatter plot may also be used to identify outliers. We can see from the Scatter plot that there were no significant outliers.

4.5.1.4. Normality

This assumption may be verified by looking at the Normal Probability Plot (P-P) of the Regression Standardized Residual and the Scatterplot included in the study.

If the points in the Normal P-P plot are in a relatively straight diagonal line from bottom left to top right, no significant departure from normality can be inferred (Pallant, 2007).

In the current research, one can clearly see from the Normal P-P plot that all dependent variables point in a relatively straight diagonal line from bottom left to top right (see figure 4-2 below). This implies that the presumption of normalcy has not been broken.

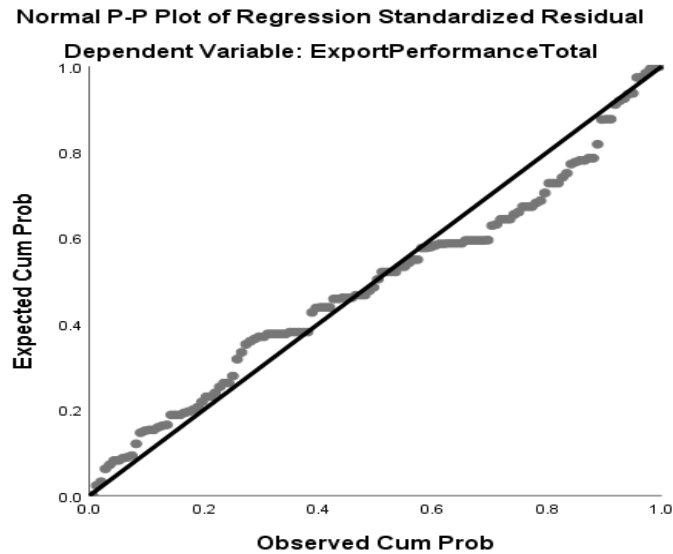


Figure 4-2 Normal P-P Plot of Export Performance

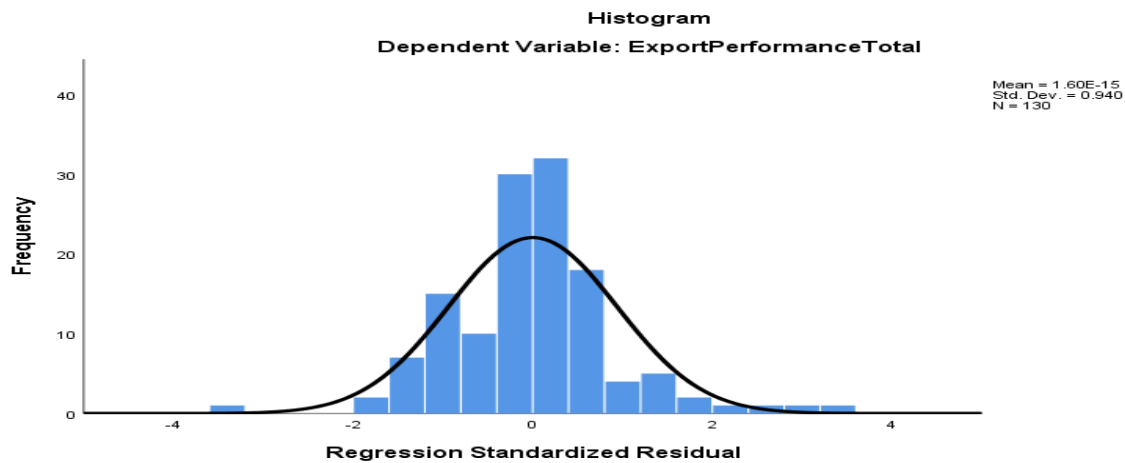


Figure 4-3 Histogram of Export Performance

In summary, as can be seen from the preceding paragraphs, all of the important assumptions for conducting regression analysis, such as multicollinearity, outliers, normality, homoscedasticity, and residual independence, were not broken while using linear regression.

Table 4-8 The Influence of Predictor Variables on Retention: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.875 ^a	.765	.741	2.12513

- a. Predictors: (Constant), TechnologicalCapabilityTotal, IntExperianceTotal, FirmSizeTotal, Number of employees, PromotionCapabilityTotal, CompetettivenessTotal, FirmCompetenceTotal, ExportBarrierTotal, AdaptiveSellingTotal, ExportCommitmentTotal, ProductDevTCapabilityTotal, MktgStrategyTotal
- b. Dependent Variable: Export Performance

The value of R square is 0.765, as stated in table 4-8 above. This number indicates how well the model explains the variation in the dependent variable Export Performance (predictors). In other words, when R Square value is multiplied by 100, the model explains 76.5 percent of the variance in the dependent variable (Export Performance).

Table 4-9 Goodness of Fit – ANOVA Result of Individual Variables

Model	Sum of Squares	Df	Mean Square	F	Sig.
Regression	1710.091	12	142.508	31.555	.000 ^b
Residual	523.878	116	4.516		
Total	2233.969	128			

- a. Dependent Variable: Export Performance
- b. Predictors: (Constant), TechnologicalCapabilityTotal, IntExperianceTotal, FirmSizeTotal, number of employees, PromotionCapabilityTotal, CompetettivenessTotal, FirmCompetenceTotal, ExportBarrierTotal, AdaptiveSellingTotal, ExportCommitmentTotal, ProductDevTCapabilityTotal, MktgStrategyTotal

Table 4-9 shows the goodness of fit findings of a linear multiple regression with Export Performance as the dependent variable and variables (12 firm-specific determinants) as predictors. $F(12,116) = 31.56$, $p < 0.001$.

The model indicates a statistically significant connection between Export Performance and predictor factors. To put it another way, the model is substantial or fits.

Table 4-10 Goodness of Fit – ANOVA Result of Individual Combined Variables

ANOVA ^a						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	1556.059	3	518.686	96.392	.000 ^b
	Residual	678.010	126	5.381		
	Total	2234.069	129			

a. Dependent Variable: Export Performance

b. Predictors: (Constant), Export_Marketing_Strategic_Capabilities, Management Characteristics, Firm Characteristics

Table 4-10 shows the goodness of fit findings of a linear multiple regression with Export Performance as the dependent variable and variables (3-dimensional firm-specific determinants) as predictors.

The model indicates a statistically significant connection between Export Performance and predictor factors. $F(3, 126) = 96.39, p < 0.001$. To put it another way, the model is substantial or fits.

Table 4-11 Regression Coefficients of Predictor Variables in Predicting the Dependent Variable

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	-18.811	3.727		-5.047	.000
Firm Capabilities and Competences					
Firm Size	.148	.071	.170	2.088	.039
Firm Competence	.098	.066	.119	1.500	.036
Management Characteristics					
Export Commitment	.574	.104	.607	5.522	.000
Competitiveness	-.008	.108	-.006	-.070	.944*
Export Barrier	.283	.055	.486	5.150	.000
International Experience	.227	.076	.160	2.971	.004
Adaptive Selling	.098	.122	.107	.802	.424*
International Market Research	-.122	.156	-.148	-.780	.437*
Export Marketing Strategic Capabilities					
Mkt Segmenting and Targeting	-.163	.141	-.221	-1.151	.252*
Marketing Strategy Roadmap	-.011	.165	-.011	-.069	.945*
Product Development Capability	.272	.120	.362	2.278	.025
Pricing Adaptation Capability	.316	.134	.392	2.360	.020
Distribution Capability	.260	.111	.427	2.340	.021
Promotion Capability	-.008	.063	-.010	-.126	.900*
Technological Capability	.579	.156	.513	3.708	.000

a. Dependent Variable: Export Performance

b. * Statistically insignificant

Multiple linear regression analysis is used to examine the impact of predictor variables (firm-specific factors) on export performance.

According to Table 4-11, nine predictor variables, namely Firm Size, Firm Competence, Export Commitment, Export Barrier, International Experience, Product Development Capability, Pricing Adaptation Capability, Distribution Capability, and Technological Capability, had a statistically significant positive influence/prediction in predicting the dependent variable (export performance).

The standardized Beta Coefficient represents each independent variable's contribution or effect on the dependent variable. The greater the value of the Beta coefficient, the greater the effect of the predictor variable on the criterion variable. As a result, we can use the Beta value to assess the effect or influence of each independent variable on the dependent variable.

When the variance explained by all other variables in the model is controlled for, the Beta value for predictor variable, Export Commitment, is 0.607, indicating that this predictor variable had the first strong positive and statistically significant influence in explaining or predicting the dependent variable export performance.

However, predictor variables management perceptions of competitiveness, adaptive selling, international market research, market segmentation and targeting, promotion capability, and marketing strategy roadmap that has no statistically significant influence/contribution in forecasting the dependent variable, export performance, $p < 0.05$.

According to the findings of this study, some determinant factors, including Product Development Capability, Export Commitment, Export Barrier, Adaptive Selling, Technological Capability, Firm Competence, and International Experience, had a positive influence/contribution in predicting the dependent variable, export performance.

As a result, the null hypothesis is rejected, and the alternative hypothesis is accepted for these determining factors.

Accordingly, the specified model which is:

$$EP_t = \beta_0 + \beta_1 (FS)_t + \beta_2 (FC)_t + \beta_3 (EC)_t + \beta_4 (C)_t + \beta_5 (EB)_t + \beta_6 (IE)_t + \beta_7 (AS)_t + \beta_8 (IMR)_t + \beta_9 (MST)_t + \beta_{10} (MS)_t + \beta_{11} (PDC)_t + \beta_{12} (NE)_t + \beta_{13} (PC)_t + \beta_{14} (TC)_t + \epsilon_t$$

Where;

β_0 = Constant

EP = Export Performance

FS = Firm size

FC = Firm Competence

EC = Export Commitment

C = Export Competitiveness

EB = Export Barrier

IE = International Research Experience

AS = Adaptive Selling

IMR = Inter Mkt Research

MST = Market Segmenting and Targeting

MS = Marketing Strategy

PDC = Product Development Capability

NE = Number of employees

PC = Promotion Capability

TC = Technological Capability

ϵ = Standardized error

This is also again modified as:

$$EP = \beta_0 + \beta_1 (PDC)_t + \beta_2 (EC)_t + \beta_3 (EB)_t + \beta_4 (AS)_t + \beta_5 (TC)_t + \beta_6 (FC)_t + \beta_7 (IE)_t + \epsilon_t$$

i.e.

$$EP = -17.05 + 0.674PDC + 0.497EC + 0.441EB + 0.312AS + 0.279 TC + 0.178FC + 0.145IE + 3.764$$

In general, it may be summarized into three dimensions, which may provide better illustration to link to past investigations done in accordance with the study under discussion.

Firm Capabilities and Competences

It has a substantial influence on predicting the dependent variables from factors classified under business characteristics. The independent factors (firm size and firm competency) had no impact on the dependent variable.

Management characteristics

At the 1% significance level, export commitment and export barriers; at the 5% significance level international experience were the only statistical predictors of export performance.

With a Beta value of 0.607, Export Commitment produced a statistically significant positive prediction to the dependent variable.

This means that Export Barriers were the second most powerful predictor of the criterion variable, export performance. Competitiveness, foreign market research experience, and adaptive selling, on the other hand, were not statistically significant.

Export Marketing Strategic Capability (EMS)

Product Development Capability, Pricing Adaptation Capability, Distribution Capability, and Technological Capability were statistically significant positive influences/predictions in predicting the dependent variable from variables grouped under export marketing strategic capabilities.

The Beta value expresses each independent variable's contribution or effect on the dependent variable.

The Beta value for predictor variable Export Commitment in table 19 above was 0.607, indicating that this predictor variable had the first strong positive and statistically significant influence in explaining or predicting the dependent variable (export performance) when the variance explained by all other variables in the model was controlled for.

Furthermore, with a Beta value of 0.531, Technological Capability produced a statistically significant positive prediction to the dependent variable. This means that it has exerted the second strongest impact on forecasting the criteria variable to export performance. With a Beta value of 0.486, export barriers were the third most powerful factor.

The fourth influencing element was distribution capability, the fifth was pricing adaptation capability, the sixth was product development capabilities, and the other factors had very little effect as predictors of the dependent variable, export performance.

Export competitiveness, Adaptive Selling, International Market Research, Market Segmenting, Targeting, promotion capability and Marketing Strategy Roadmap, on the other hand, had no statistically significant impact on predicting the criterion variable, export performance ($p < 0.05$).

4.6. Secondary (Empirical) Data Analysis

Comparison of Planned Export and Actual Performance

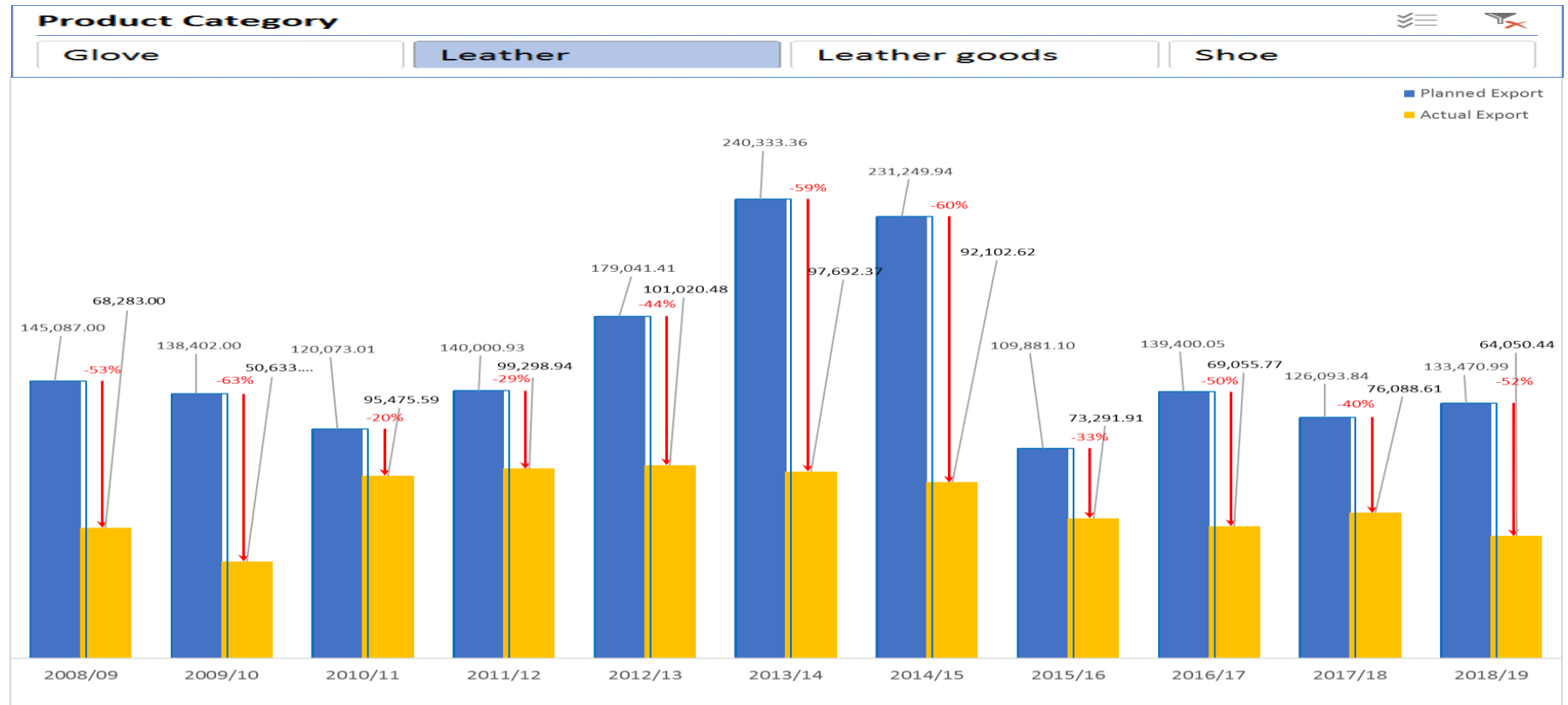


Figure 4-4 Export Performance of Leather (Tannery) Sub Sector against in Value in '000' USD

Source: Compiled and analyzed from LIDI Report

Figure 4-4 shows that the leather (tannery) will not be able to meet any of the anticipated years. The red arrows represent the percentage difference of actual performance against each anticipated export in a sequential way. As a result, the overall real performance is less than 50%, which is considered poor performance.

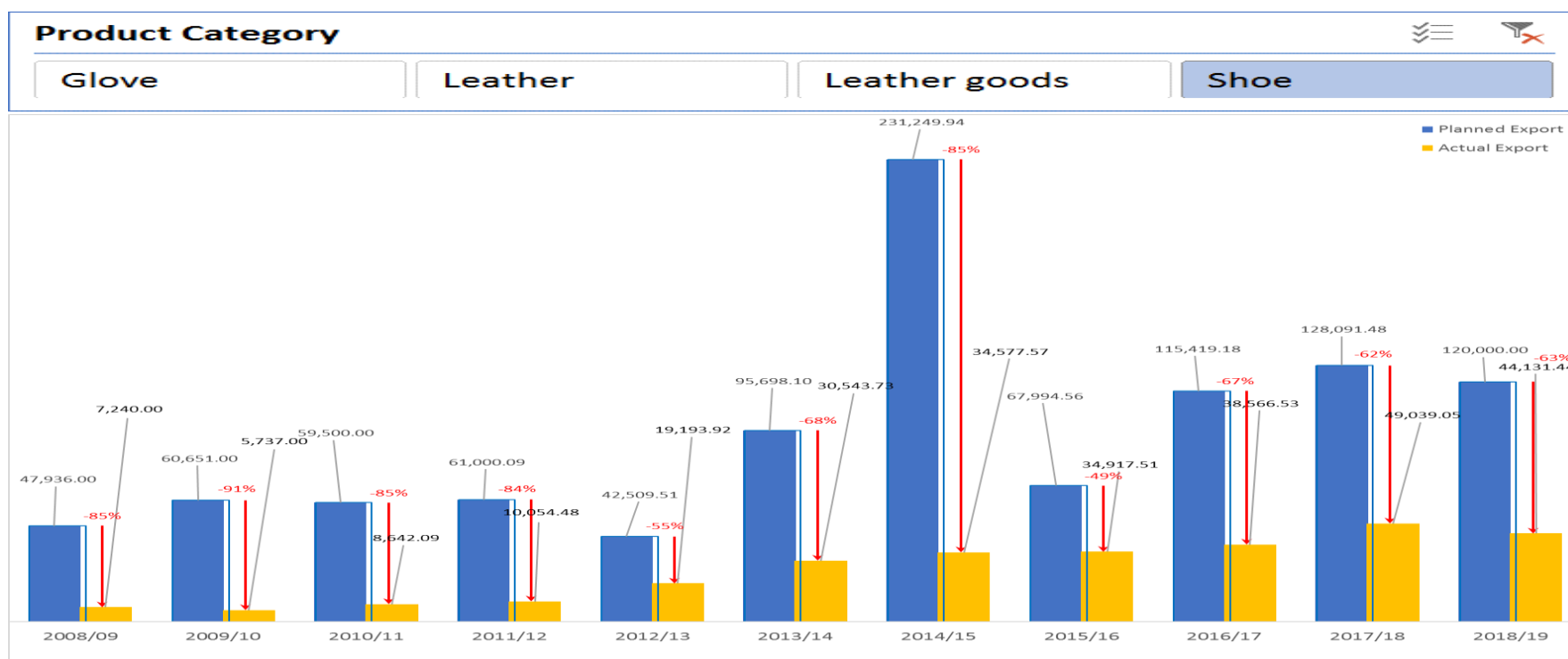


Figure 4-5 Export Performance of Shoe Sub Sector against Plan in Value in '000' USD

Source: Compiled and analyzed from LIDI Report

The graph above depicts the annual real performance of the shoe sub-sector. As seen in the graph, the performance of the shoe sub-sector has been progressively increasing at a moderate rate. This is a downstream or value-added product line for leather and leather goods.

One can understand that the gradual increases in from year to year for the shoe sub sector are quite important to encourage the players to boost the realization of the shoe sector development in which it helps to meet multifaceted benefits such as job creation, foreign

currency earning, import substitution of bulky products from abroad to the domestic market, and backward linkages with the leather industry.

When the plan and actual performance are compared, the total average performance is 27 percent. This necessitates action to determine why this gap is too great to satisfy the shoe subsector's projected export goal.

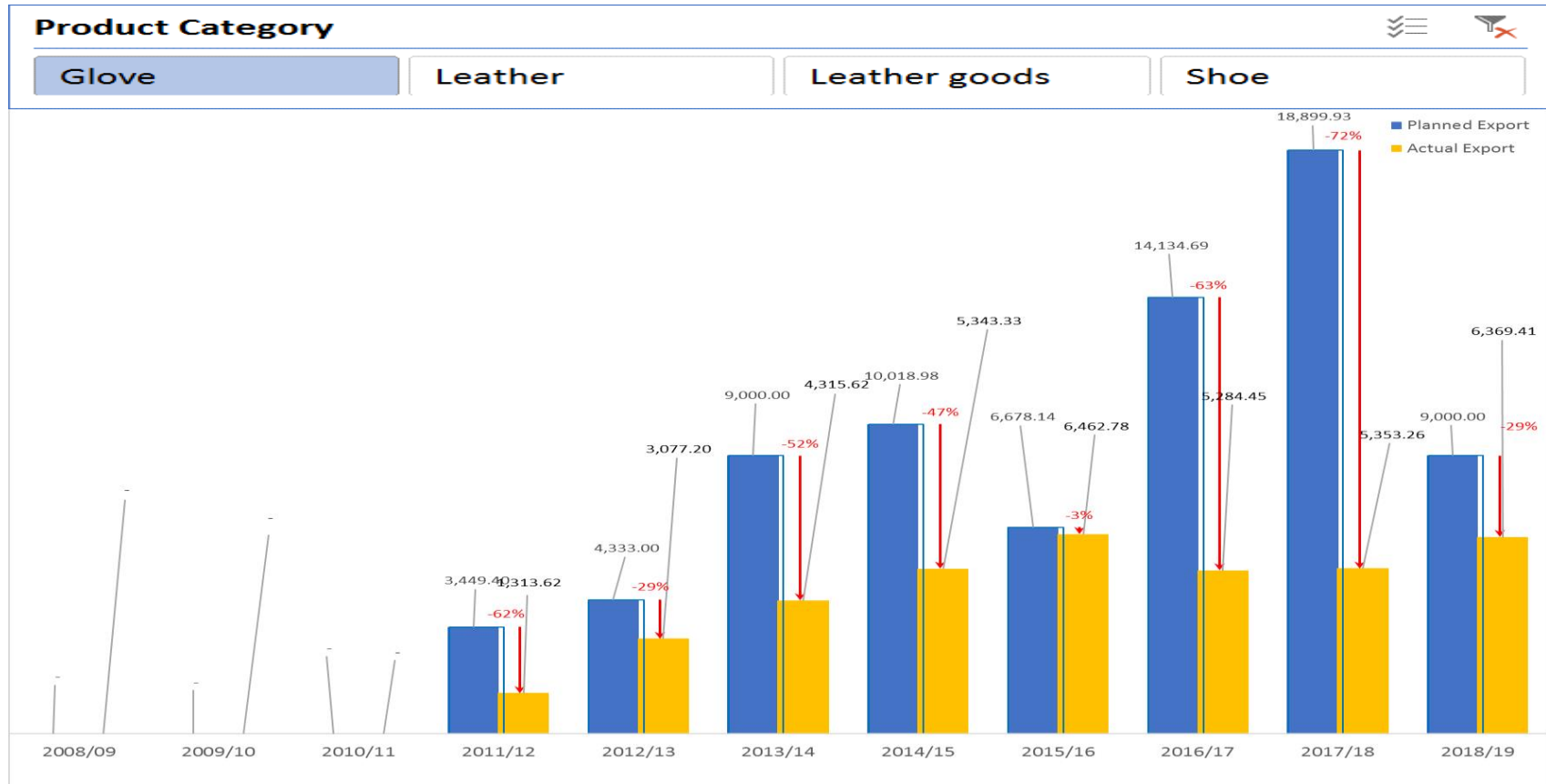


Figure 4-6 Export Performance of Glove Sub Sector against Plan (value in '000' USD)

Source: Compiled and analyzed from LIDI Report

Figure 4-6 shows that the real performance of the glove sub sector has been increasing from year to year. Glove is a downstream product in the leather industry that provides significant value to the product line. This subsector is heavily reliant on foreign direct investments.

The glove sub-sector's total performance is 50% of what it should be.

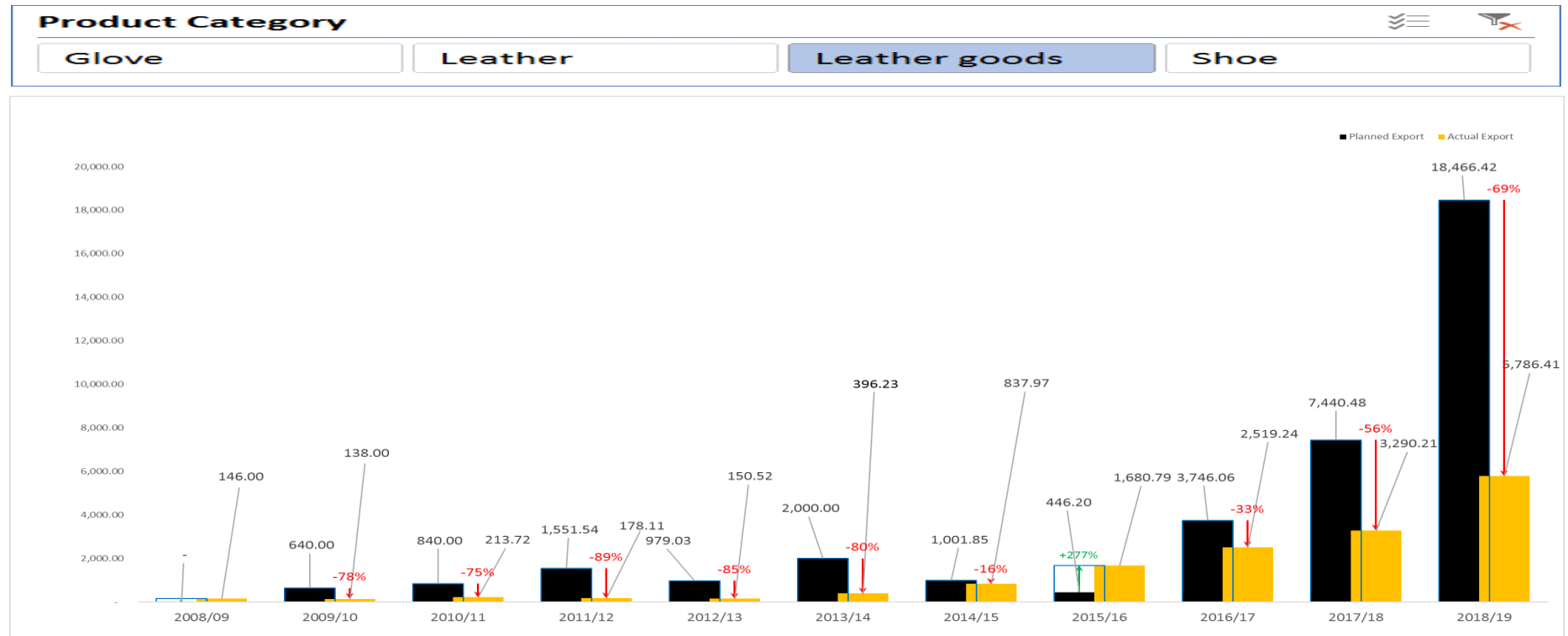


Figure 4-7 Export Performance of Leather Goods Sub Sector against Plan (value in '000' USD)

Source: Compiled and analyzed from LIDI Report

From year to year, the performance of leather goods has demonstrated consistent export development. Exceptionally, the recent year's aim was to generate USD 18.5 million, while the actual earnings are USD 5.8 million, a 31 percent decrease. It had a 49 percent total average performance against plan.

The Export Sales Growth Trend of Leather and Leather Products Export

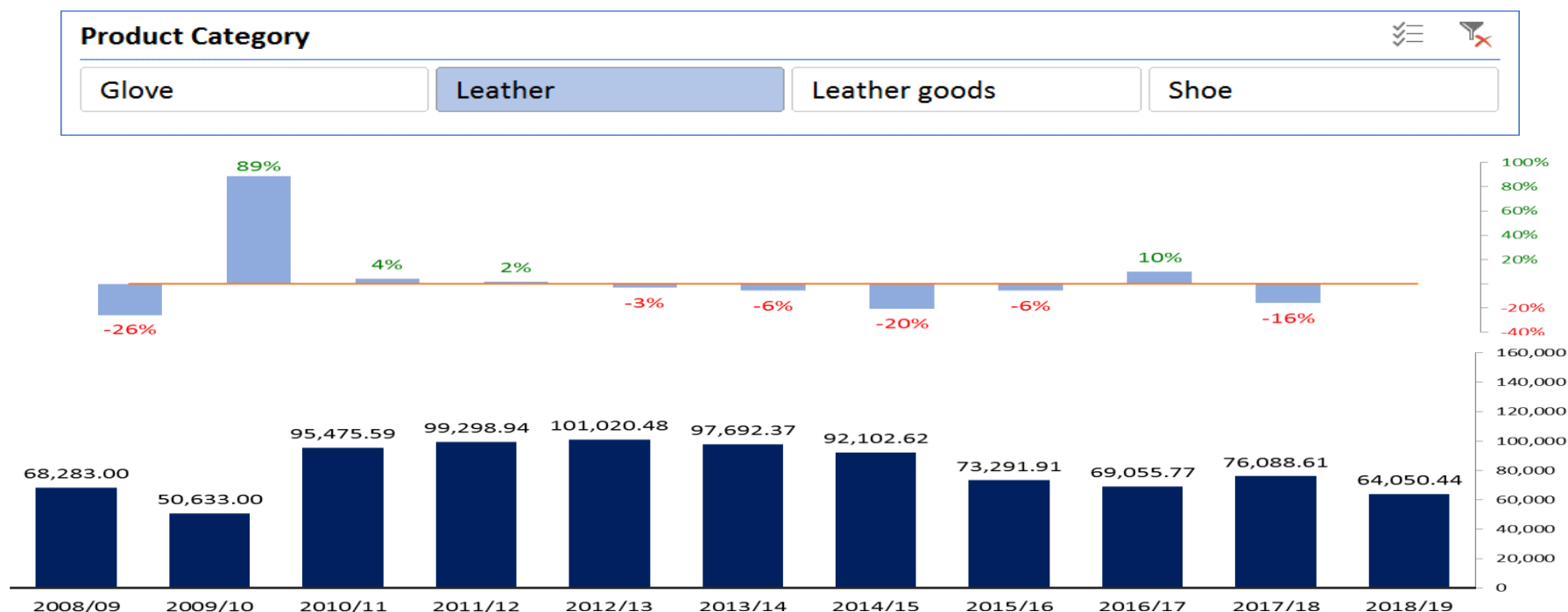


Figure 4-8 Export Performance Growth of Leather (Tannery) (value in '000' USD)

Source: Compiled and analyzed from LIDI Report

The performance of the leather export industry varies from year to year. The leather sub-sector had improved between the years 2010/11 and 2014/2015, with earnings exceeding USD 90 million. While its performance has decreased by USD 76 million during 2015/16.

The export performance growth displayed in the graph above indicates an 89 percent increase between 2009/10 and 2010/11. Similarly, positive growths are reflected between the years (2010/11, 2011/12), (2011/12, 2012/13) and 2016/2017, 2017/18), with annual growth rates of 4%, 2%, and 10%, respectively. Whereas for the remaining years, the export performance growth rate is negative, ranging from -3 to -26 percent.

The leather sector's compound annual growth rate (CAGR) is -0.71 percent, indicating that leather exports have declined during the last 11 years.

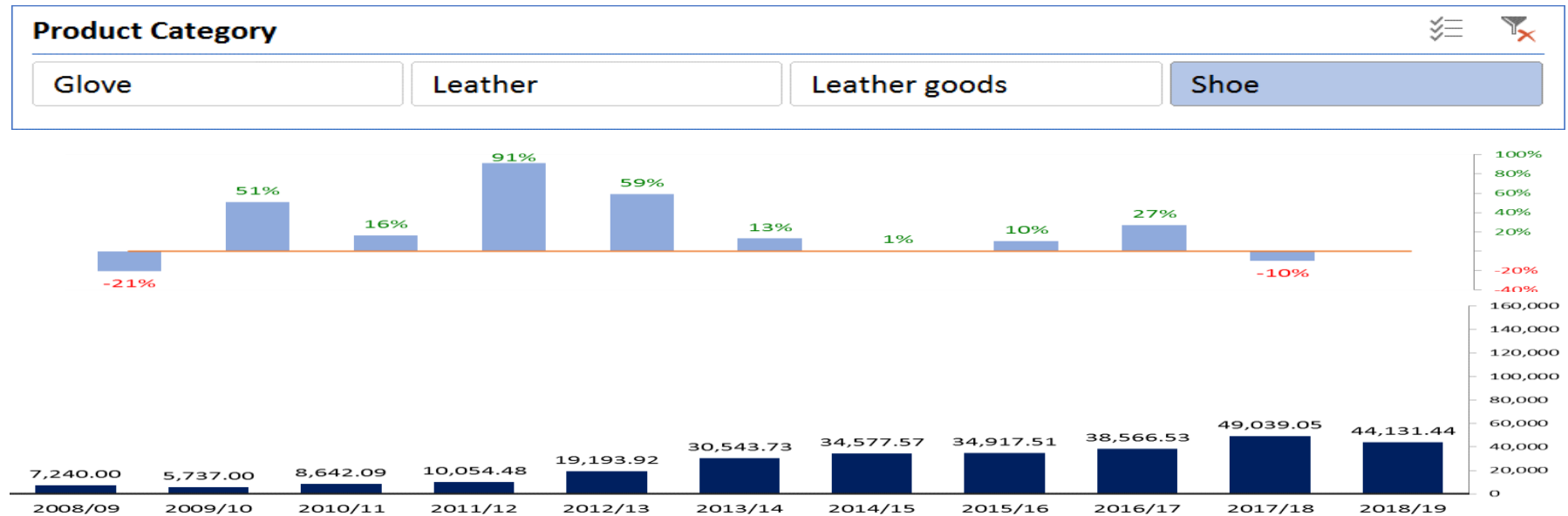


Figure 4-9 Export Performance Growth of Shoe (value in '000' USD)

Source: Compiled and analyzed from LIDI Report

Figure 4-9 depicts the year-to-year variation in export performance. The data clearly shows that the shoe sub-sector saw the greatest increase between 2011/12 and 2012/2013. Except for 2009/10 and 2018/19, the shoe sub-sector has been rising year after year.

The shoe subsector's compound annual growth rate (CAGR) is 22.24 percent.

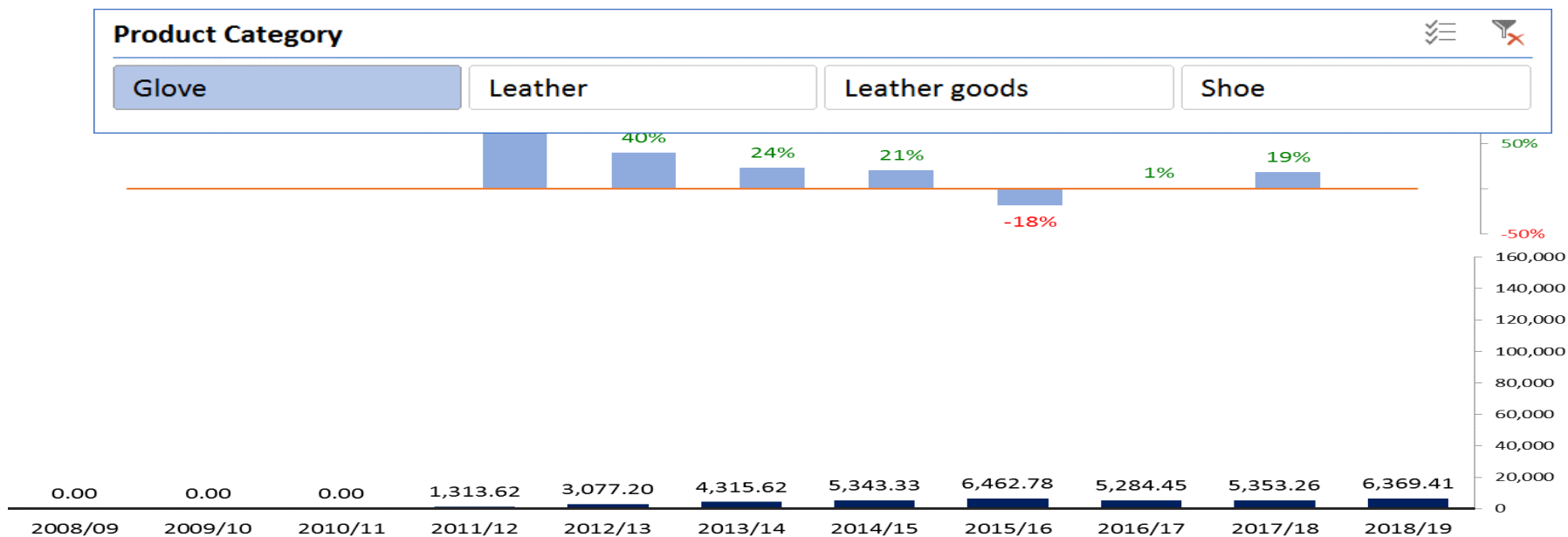


Figure 4-10 Export Performance Growth of Glove (value in '000' USD)

Source: Compiled and analyzed from LIDI Report

As seen in the graph above, the glove sub-sector was in organized manner in year 2011/12 by luring international investment. Except for the years 2015/16 and 2016/17, the glove subsector's export performance improves year after year.

Glove's compound annual growth rate (CAGR) is 30.10 percent.

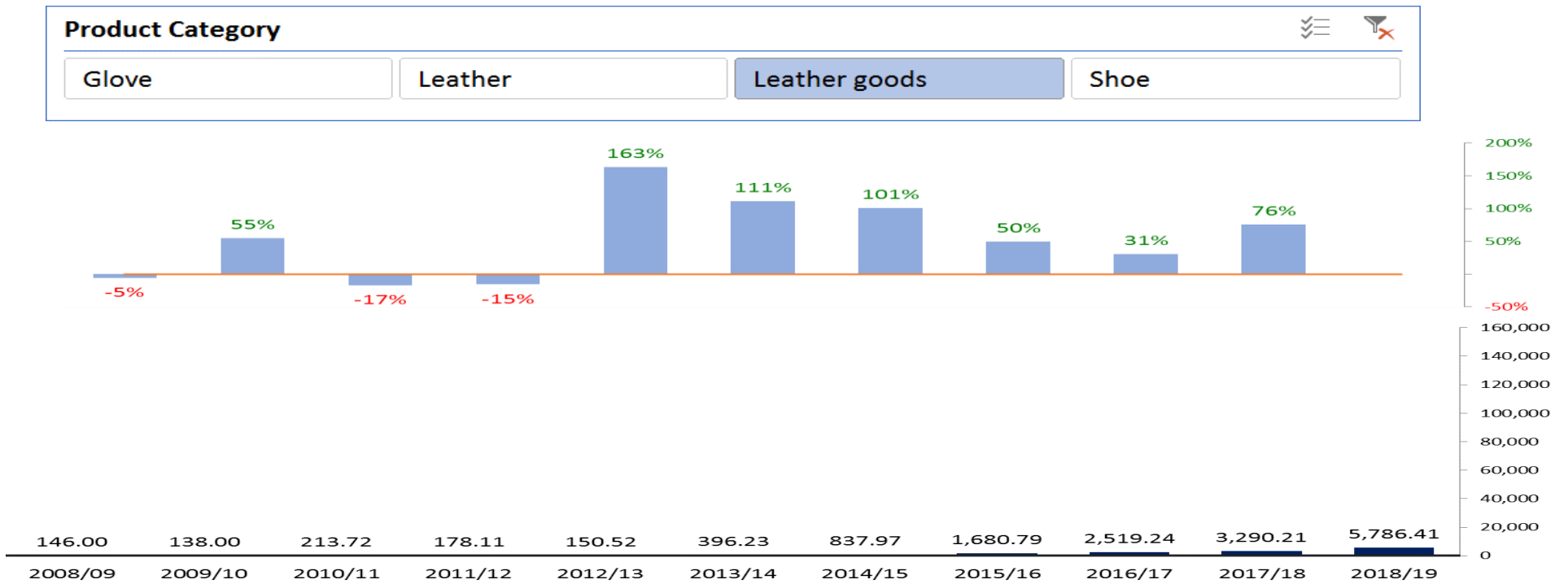


Figure 4-11 Export Performance Growth of Leather Goods (value in '000' USD)

Source: Compiled and analyzed from LIDI Report

The export performance of leather goods indicates that it has risen favorably since 2012/13, though with ups and downs.

The compound annual growth rate (CAGR) is 50.51 percent, making it very appealing to investors.

In a nutshell, the various performance reports clearly shown that the leather and leather goods export has been operating below average, with internal and external causes being the primary causes for its failure to reach the objective.

Various GTPI and GPTII literatures, seminars, and sessions for the bad performance of leather and leather goods have revealed that the key problems for falling export performance include, but are not limited to, those listed below.

- Inadequate collaboration among various organizations or commercial partners dealing with hides and skins,
- Deteriorating raw hide and skin quality
- Low rates of offtake and recovery
- Strict environmental regulations and actions against tanners
- High operating costs for local tanners and footwear makers, making them unable to compete with low-cost imports from overseas.
- A lack of expertise, technology, intermediate inputs, and processing equipment
- Limited product diversity, productivity, and appealing designs
- Tough competition for raw materials among established tanners.
- Plant capacity for tanners, shoes, and leather items is underutilized.
- A lack of incentive policies across the value-added chain, which may cause tanners, footwear, and leather manufacturers to demotivate to engaged in.
- Inadequate credit financing for local industries from governmental and private banks
- Unfair competition with FDI firms in the domestic market for the procurement of local raw materials

Needless to say, all of the aforementioned are firm-level factors that influence export performance.

4.7 Discussion of Results

The study's major objective was to investigate the link between firm-level determinants and export performance of Ethiopian Leather and Leather Product Exporters.

Management characteristics, firm competencies and capabilities, and export marketing strategies are among the factors considered in the company-level drivers of export performance. Firm-level export performance drivers were shown to have a strong connection with export performance.

4.7.1. Firm Competencies and Capabilities and Export Performance

Firm skills and capabilities were assessed utilizing the organization's competences as a whole, as well as the competences and capabilities of managers at the chosen Leather and Leather Products Exporters.

Firm capabilities and characteristics correlated positively and significantly with export performance. This means that the premise that company competences and capabilities have a strong association with export performance is supported.

This conclusion was validated by studies that examined reported satisfaction with export profitability and organizational competences and capabilities (White, 1998; Stoian, 2011).

Similarly, the conclusion that company competence has a substantial positive connection with export success is consistent with the findings of Ejaz Ghani, Musleh Ud Din and Tariq Mahmood (2009), who discovered a positive association between company competence and export performance.

Furthermore, based on the different correlations between firm characteristics and export performance, it is possible to conclude that company characteristics are a predictor of export profitability and export performance satisfaction, as stated by previous studies (Thirkell et al., 1998; Zou et al., 1998; White et al., 1998).

One possible explanation for this factor's positive significant effect is that management competency would play a critical role in achieving desired export success. A professional management team has a long-term perspective, is aware of new markets and problems, and is better equipped to deal with current and future difficulties.

The conclusion has the implication that while contemplating how to enhance their export performance, the chosen firms must implement measures linked to competency and capability development in order to take advantage of macro-level government initiatives.

4.7.2. Management characteristics

According to the SPSS results, management characteristics have a mixed influence on Ethiopian Leather and Leather Products Exporters' export success (management perception of export profitability and satisfaction with overall export performance).

In general, management qualities produced a statistically significant positive prediction to the dependent variable with a Beta value of 0.701. Managers' awareness of foreign market circumstances, as well as a high level of abroad expertise, aid in improving their export success.

4.7.3. Export marketing strategic capabilities

Market segmentation and targeting, marketing plan roadmap and promotion capability were not statistically significant in predicting the dependent variable in this category. This suggests that the firms in this study did not place a high value on such variables as a source of competitive advantage.

One probable cause is a lack of experience or a failure to complete paper work or create strategy papers. Because most local practitioners are family-owned businesses, they used to do business in the conventional manner.

Product capabilities, pricing capabilities, distribution capabilities, and technological capabilities, on the other hand, are discovered to be important determinants of export performance for Ethiopian Leather and Leather Product manufacturing facilities.

In accordance with the findings, Zou and Stan (1998) discovered that all of these, with the exception of segmentation and targeting, had a substantial beneficial influence.

On the contrary to finding of the study, promotional adaptation is highly associated with export performance (Leonidou et al., 2002; Zou and Stan, 1998). Similarly, Francis and Collins-Dodd

(2004) and Shamsuddoha and Ali (2006) discovered that using an export promotion assistance program had a favorable influence on export performance.

However, the use of foreign marketing research has no impact on export performance. In contrast to this conclusion, Shaomi zou and Simona Stan (1998) found a substantial impact in two of the papers they reviewed, but not in the third.

The pricing adaption capacity resulted in a statistically significant beneficial impact to export performance, which is consistent with the study conducted by Leonidou, 2002.

Distribution adaptation is also shown to be substantial, which supports the assertions of other studies such as (Cavusgil and Zou (1994); Zou and Stan (1998); Francis and Collins-Dodd, (2004), Eusebio et al. (2007), and Shamsuddoha and Ali (2005).

These findings were consistent with earlier research that have demonstrated a link between export marketing strategy and export performance (Zou, Fang, & Zhao, 2003; Zou, Taylor, & Osland, 1998,).

According to Maurel (2009), marketing efforts are arguably the most critical to the survival and success of export firms. In general, management satisfaction with export success was strongly related to export marketing strategy. The purpose of this research was to determine if the implementation of marketing tactics by ELLPE managers resulted in the attainment of export targets

Management satisfaction with export performance, which is an overall assessment of export success, is believed to be dependent on marketing strategies.

4.8. Summary of Hypotheses of the Study

The table below shows the hypotheses that have been developed in chapter two of this study. Using the statistical significance threshold of $p < 0,05$ established by Hair et al., these data either confirm (accept) or reject a stated hypothesis (2010).

Variables with p-values more than 0.05 are rejected, but variables with p-values less than 0.05 are accepted.

Table 4-12 Decisions on Hypothesis of the Study

Hypotheses	Significant	Decision
Firm Characteristics and Competences has a positive relationship with export performance • Management satisfaction with Export Profitability • Management perception of export performance	P<0.05 P<0.05	H ₀ is rejected and H ₁ is accepted H ₀ rejected and H ₁ is accepted
Management characteristics has a positive relationship with export performance • Management satisfaction with Export Profitability • Management perception of export performance	P<0.05 P<0.05	H ₀ is rejected and H ₁ is accepted H ₀ is rejected and H ₁ is accepted
Export Marketing Strategic capability has a positive relationship with Export Performance • Management satisfaction with Export Profitability • Management perception of export performance	P<0.05 P<0.05	H ₀ is rejected and H ₁ is accepted H ₀ is rejected and H ₁ is accepted

CHAPTER FIVE

CONCLUSION AND RECOMMENDATIONS

5.1. Introduction

This study used a quantitative research technique to investigate the firm-level determinants of Ethiopian Leather and Leather Products Exporters' export performance (ELLPE).

The study employed three key constructs known in the export performance literature as influencing ELLPE export performance. This chapter outlines the study's main results and consequences.

This chapter later provides conclusions based on the research's findings and the relevant literature used for the investigation. Finally, this chapter makes recommendations to management and policymakers to increase the competitiveness of Ethiopian leather and leather products exporters.

5.2. Summary of the Study

A number of conclusions emerged from the study's examination of the firm-level drivers of export performance. As previously stated, the three primary constructs in this study were firm characteristics, firm skills and capabilities, and export marketing strategies.

This study enlisted the help of one hundred thirty (130) respondents, all of whom were conveniently drawn from the ranks of exporters. A survey questionnaire is modified and utilized to collect data. SPSS is used to evaluate data obtained in the field. The data was analyzed using descriptive statistics and multiple linear regression.

The study established three primary objectives after investigating the link between company-level factors (firm characteristics, company skills and skills, and export marketing strategies).

According to the study of the 15 variables listed above, it was discovered that 9 of the 15 parameters were important in determining the export performance of the firms.

These are Firm Size, Firm Competence, Export Commitment, Export Barrier, International Experience, Product Development Capability, Pricing Adaptation Capability, Distribution

Capability, Promotion Capability, and Technological Capability, all of which had a statistically significant influence/prediction in predicting the dependent variable (export performance).

The remaining six elements, on the other hand, had no influence in predicting the export performance of the firms in the leather and leather products.

The three investigated hypotheses were found to be largely accepted and to be positively connected to export performance. The three goals of the study questions are adequately addressed and proven using these hypothesis testing using the statistical tool, SPSS.

5.3. Conclusion

The study investigated the impact of firm-level factors on export performance in selected Ethiopian Leather and Leather Products Exporters, which are subdivided into the categories of management characteristics, company characteristics and competences, and export marketing strategy capabilities.

The majority of the independent factors in the firm-level variables were acknowledged and implemented by the factories where the survey was performed.

The findings indicated that several management characteristics, such as export commitment, export barriers, and international experiences, are important determinants of export success and have a positive connection.

Similarly, almost all factors classified under export marketing strategic capabilities like Product Development Capability, Pricing Adaptation Capability, Distribution Capability, and Technological Capability which made a statistically significant positive influence/prediction in predicting the dependent variable (export performance) have very strong positive relationship and significantly contribute to predict the export performance.

Market segmentation and targeting, as well as a marketing plan roadmap, are exceptions to this rule, as they have no statistically significant influence on export performance.

It is possible to conclude that, despite the recognition of firm-level determinants of export performance addressed in the conceptual framework chapter, exporters did not capitalize on the power of management characteristics. It is also possible to conclude that firms' export performance benefited from having educated and internationally experienced managers.

Firm's characteristics and competencies, as well as and export marketing strategic capabilities, seems to improve the export performance of Ethiopian Leather and Leather Products.

As mentioned in the empirical research, this might be partially justified by the government's assistance for increasing business competitiveness through different incentive and capacity-building methods.

Furthermore, in addition to the firm's own skills, the export marketing strategy competency has been largely supported by the government's export promotion activities. This might be explained by the private players described in this study's lack of attention to firm-level determining variables.

Keeping other things constant, the low export performance of Ethiopian leather and leather goods may be ascribed to particular variables sub-categorized under the three constructs of management characteristics, firm characteristics and competence, and export market strategy capability.

5.4. Recommendations

Competitiveness, Adaptive Selling, International Market Research, Mkt Segmenting and Targeting, Marketing Strategy Roadmap and Promotion capability did not provide statistically significant predictions of the dependable variable, implying that these aspects are paid little consideration.

As a result, more efforts should be made to raise awareness in the private sector as well as at the government level in order to enhance the export performance of the sector under consideration.

Researchers and academics, on the other hand, can study why these variables have no substantial influence on Ethiopian leather and leather product export performance.

Furthermore, interested researchers can continue to work with mediating and mediator variables to investigate the relationship between export performance and independent variables through in-depth statistical analysis such as partial least square regression analysis and other advanced tools to produce more detailed outputs or theoretical advancement for academic purposes.

By doing a more comprehensive statistical analysis of the various constructs, the constructs utilized in this study can be utilized in other research, too.

According to the findings of the study, management characteristics, export marketing strategic capability, and firm competencies and capabilities variables have a more positive significant relationship with export performance. This study recommends that prior attention be paid to the focus of research in order to help the theoretical base of the construct.

As a result, managers (stewards) and policymakers are advised to concentrate their efforts on improving internal firm-level factors that enhance or boost competitiveness, as well as capacity building programs, in order to ensure better performance of the leather export and enable it to meet its intended objectives.

In general, companies must focus on inward-looking scenarios to improve the picture of their export performances for the future rather than blaming each other or pointing fingers at government at all levels.

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APPENDIX

A. Quick facts about leather and leather products sector

The Ethiopian leather segment is more than ninety-years long locked in within the production of leather and leather items. The most supply chain for this sector is Ethiopian animal bases (LIDI website).

Ethiopia is positioned seventh from worldwide animals' populace and first in Africa. The paradox here is that the country has not exploiting its potential resource to the fullest. According to Ethiopian Investment Commission (EIC) report, only 50% of the raw hides and skins is utilized.

Raw material base: Ethiopia has a population of 65.35 million cattle, 39.89 million sheep, and 50.50 million goats, according to the CSA (2019/2020) livestock survey report

“The Ethiopian highland sheep skins have worldwide reputation in terms of quality, thickness, flexibility, strength, compact structure and clean inner surface. It is also estimated to assume for about 70% of the national sheepskin production found to be very suitable for the production of high-quality leather garments, sport gloves and has great demand - on the international leather market (LIDI, et.al).” This is a big competitive edge for Ethiopian leather producers and exporters.”

The Ethiopian government has prioritized the expansion of the manufacturing sector and other industries in its GTP II.

The GTP II has listed out the following sectors:

- Textile and garment industry,
- Leather and leather products industry,
- Chemical industry, Metal industry,
- Agro-processing industry and Construction industry.

The Leather Industry Development Institute has given the following short statistics to entice fresh investments into the Ethiopian leather business.

- It is one of Ethiopia's main manufacturing industries.
- At the moment, Ethiopia's primary exports are finished leather and increasing shoe exports. Other leather products, such as gloves, purses, and tiny leather products, have a high potential for expansion.
- The recent increase in leather glove manufacturing demonstrates current capacity as well as the potential for export with consistent volume and value development.

I. Labour Force and Electricity:

- About 60% of the population is under the age of 25.
- A large, well-trained, and trainable work force
- Wages and salaries are ten times lower than in China.
- A well-disciplined workforce
- The cost of power is relatively low (0.05/kw).

II. Land and Capacity Building

- Land at a cheap lease rate is easily accessible to industrial industries/Easy access to land at a cheap lease rate for a term of 60-80 years.
- Shade availability in infrastructure and service-furnished (specialized) industrial zones.
- Availability of TVET centers (Training Facilities) (given in 43 Colleges).

III. Access to Markets

- *The COMESA market (19 member countries and over 400 million population)*
- *AGOA (African Growth Opportunity Act) - Tariff and quota-free market access to the United States*
- *EBA (everything but weapons) with European Union duty and quota-free advantage*
- *Additional bilateral and international trade treaties*
- *Other Bilateral and multilateral trade agreements*

IV. Investment and Export Incentives

- Duty-free importation of capital goods (machines, 15% of replacement parts, and all building supplies) (2 to 15 years)
- Exemption from export taxes
- Loan opportunities
- Duty-free importation for export-oriented companies;
- Sector-focused institutes to aid in the growth of the manufacturing sector

The latest statistics compiled by the Leather Industry Development Institute (2019) study reveals the following information regarding the Ethiopian leather industry.

Tanners:

- There are 26 tanneries in the country (finished leather producers and exporters). There are 16 locally held businesses and 10 FDIs.
- All tanneries are privately held, and they are both domestic and foreign-owned.
- Tanners account for the lion's share of export revenue.
- They created employment opportunities for almost 6000 people.
- Provide finished leather to leather product producers both locally and internationally.

Footwear factories:

- There are 16 domestic and 3 foreign-owned footwear factories.
- They are all privately owned.
- This is a developing sub-sector in terms of both production and export.
- Locally, around 24 million pairs are manufactured each year.
- Only 4 million pairs are exported, with FDI accounting for 90% of the total.
- Over 10,000 workers are involved, excluding micro and small businesses.

Leather Glove manufacturers:

- There are four glove factories: one local and three foreign direct investments.
- The export performance is improving.

- This sub-sector has provided employment for over 3,000 workers and has generated approximately \$9 million in revenue.
- Industry's most promising segment

Leather Goods manufacturers

- There are almost 30 factories. Only 19 of them are exporting businesses.
- This sub-industry is expanding.
- Although FDI is present in modest amounts, the bulk of participants are local businesses.
- This sector's contribution is minor, but it is rapidly expanding.

B. Questionnaire

Addis Ababa University

College of Business and Economics

Department of Management, Executive MBA Extension Program

Questionnaire on Firm level determinants of Export Performance

Dear Valued Respondent,

A Post Graduate Student from Addis Ababa University's Executive MBA Program created this questionnaire.

The purpose of this questionnaire is to gather primary data on "Firm-level Determinants of Export Performance of Ethiopian Leather and Leather Manufacturing Factories: A Survey of Selected Ethiopian Leather and Leather Product Exporters."

As a result, your honest reaction has a significant influence on data quality and the achievement of study objectives.

Please be assured that your comments will be kept private and used just for academic purpose only.

Thank you ahead of time for your important time and cooperation!!

If you have any questions or want further explanation, please contact me at 0911414142 or through email at zeregere@gamil.com.

Sincerely yours,

Zerabruk G.Michael,

General Instructions:

- *Please do not write your name anywhere on the questionnaire.*
- *Please answer by clicking the "Submit" button.*

Section 1: Background Information

1. Gender: ☐ Male ☐ Female
2. Age Group:
☐ 20-30 years ☐ 31-40 years ☐ 41-50 Years ☐ 51-60 years ☐ above 61 years
3. Your most advanced level of education
☐ Primary education ☐ Secondary education ☐ College Diploma
☐ First Degree ☐ Master's Degree ☐ PhD
4. Your Position
☐ Marketing Manager ☐ Supply (Procurement) Manager ☐ Planning Head ☐ Production Manager
☐ Quality Manager ☐ Finance Manager ☐ Deputy General Manager (owner) ☐ General Manager
5. Years of total work experience in this job): _____
6. How long has your company been involved in the export business? **(Please tick ONLY ONE box)**

☐ Less than 5 years ☐ 6-10 years ☐ 11-15 years ☐ 16-20 years ☐ more than 20 years

7. How many workers do you have in your company? **(Please tick ONLY ONE box)**

☐ Less than 500 employees ☐ 501-1000 employees ☐ 1001-1500 employees
☐ 1501-2000 employees ☐ More than 2000 employees

8. Could you please describe your company's ownership type? **(Please tick ONLY ONE box)**

☐ Ethiopian owned ☐ Foreign owned ☐ Joint foreign and Ethiopian owned
☐ Foreign owned subsidiary If other, please specify.....

Section 2 - Filling Likert Scale

I. Firm characteristics and competencies

Please rate your agreement with the following statement on a five-point scale.

Where:

1 = strongly disagree 2 = disagree, 3= moderately agree, 4 = agree, 5 = strongly agree

A. Firm Size	1	2	3	4	5
9. The financial capital of my company has led to a growth in my export sales.	☐	☐	☐	☐	☐
10. The scale of my company size aided in broadening my collaboration with other companies.	☐	☐	☐	☐	☐
11. Due to its scale advantages, my company is able to be highly competitive.	☐	☐	☐	☐	☐
12. Due to its small size, my company has significant challenges in competing in the export market.	☐	☐	☐	☐	☐

B. Firm Capabilities and Competencies	1	2	3	4	5
13. Export marketing knowledge is extremely crucial in the development of my company.	☐	☐	☐	☐	☐
14. My company regards product quality control as a critical component.	☐	☐	☐	☐	☐
15. My company views export planning experience to be quite significant.	☐	☐	☐	☐	☐
16. My company believes that people experience is quite vital in the export business.	☐	☐	☐	☐	☐

II. Management Characteristics (Management Attitude and Perception towards exporting)

How much do you agree or disagree with the following statements?

1 = strongly disagree 2 = disagree, 3= moderately agree, 4 = agree, 5 = strongly agree

a) Export commitment	1	2	3	4	5
17. My company has a proper organizational structure in place to handle all export activities.	☐	☐	☐	☐	☐
18. My company's leaders go to export markets on a regular basis.	☐	☐	☐	☐	☐
19. My company saves enough money to expand into foreign markets.	☐	☐	☐	☐	☐

20. My company places a high value on learning about export documentation	☐	☐	☐	☐	☐
21. Exporting is a high priority activity in my firm.	☐	☐	☐	☐	☐

b) Perceptions about Export Competitive Advantages	1	2	3	4	5
22. My company's production skills provide it a competitive advantage when it comes to exporting.	☐	☐	☐	☐	☐
23. Product excellence provides my company with a competitive edge when it engages in export operations.	☐	☐	☐	☐	☐
24. My firm's price competitiveness gives it a competitive edge when it engages in export activities.	☐	☐	☐	☐	☐

c) Export barriers (EB)	1	2	3	4	5
25. My company believes that high manufacturing costs have an influence on export competitiveness.	☐	☐	☐	☐	☐
26. Marketing organization adaption is a barrier to my company's product exporting.	☐	☐	☐	☐	☐
27. My company has little knowledge of the overseas market.	☐	☐	☐	☐	☐
28. My company's capacity to discover international commercial prospects is restricted.	☐	☐	☐	☐	☐
29. Export pricing has a significant influence on my company's export competitiveness.	☐	☐	☐	☐	☐
30. Government marketing programs, initiatives, and expenditures are limited, which has an influence on my company's export efforts.	☐	☐	☐	☐	☐

Based on the following assertions, how would you assess the management engaged in your company's export business?

1= None 2= only slightly substantial, 3= somewhat substantial, 4= definitely substantial,

5 = extremely substantial.

d) International Experience (IE)	1	2	3	4	5
31. Expertise in professional exporting	☐	☐	☐	☐	☐
32. Level of international experience–live/work abroad	☐	☐	☐	☐	☐
33. Level of foreign business training, e.g., formal courses and export seminars	☐	☐	☐	☐	☐
34. The ability to follow up on trade leads in the primary importing market	☐	☐	☐	☐	☐
35. The functioning of a large number of international marketplaces	☐	☐	☐	☐	☐

How much do you agree or disagree with the following statements?

1 = *strongly disagree* 2 = *disagree*, 3= *moderately agree*, 4 = *agree*, 5 = *strongly agree*

e) Adaptive selling (AS)	1	2	3	4	5
36. My company's management is doing a fantastic job of adopting export selling strategies.	☐	☐	☐	☐	☐
37. My company does not tailor its foreign selling strategies.	☐	☐	☐	☐	☐
38. My company is more adaptable in order to meet the needs of its consumers.	☐	☐	☐	☐	☐
39. My company receives consumer complaints as a result of its bad systematic selling techniques.	☐	☐	☐	☐	☐

III. Export Marketing Strategic Capabilities

Please rate your agreement with the following statement on a five-point scale.
where 1: strongly disagree 2: disagree 3: moderately agree 4: agree 5: strongly agree

a. Export Market Research (EMR)	1	2	3	4	5
40. My company does regular export market research.	☐	☐	☐	☐	☐
41. My company has no plans to do export market research.	☐	☐	☐	☐	☐
42. My company lacks experience in export market research.	☐	☐	☐	☐	☐
43. My company makes market decisions based on the "business as usual" mentality.	☐	☐	☐	☐	☐

b. Segmenting and targeting (SAC)	1	2	3	4	5
44. My company's ability to segment and target the export market is strong.	☐	☐	☐	☐	☐
45. My company has defined distinct export market categories.	☐	☐	☐	☐	☐
46. My company is quite undiversified and only services the same export customers.	☐	☐	☐	☐	☐
47. My company has not established a clear target market for each product line.	☐	☐	☐	☐	☐

c. Export Marketing Strategy Roadmap (EMSR)	1	2	3	4	5
48. My company has a well-thought-out export marketing plan roadmap.	☐	☐	☐	☐	☐
49. My company lacks an export marketing plan roadmap.	☐	☐	☐	☐	☐
50. My company achieves its export goals by windfalls rather than deliberate efforts.	☐	☐	☐	☐	☐

d. Product Development Capabilities (PDC)	1	2	3	4	5
51. My company creates new goods for export in order to capitalize on R&D expenditure.	☐	☐	☐	☐	☐
52. My company develops and releases new export items in a timely manner.	☐	☐	☐	☐	☐
53. My company effectively handles new product development processes for the export market.	☐	☐	☐	☐	☐
54. My company adapts products in terms of product quality, packaging, labeling, warranty, design, style, and brand, among other things.	☐	☐	☐	☐	☐
55. My company's products have a strong brand image in the international market.	☐	☐	☐	☐	☐

e. Pricing Adaptation Capabilities (PAC)	1	2	3	4	5
56. My company reacts swiftly to competitors' pricing strategies.	☐	☐	☐	☐	☐
57. My company utilizes price expertise to adapt swiftly to any consumer change.	☐	☐	☐	☐	☐
58. My company is capable of tailoring its prices to its clients.	☐	☐	☐	☐	☐
59. My firm's pricing is competitive when compared to the prices of competitors.	☐	☐	☐	☐	☐

f. Distribution Capabilities (DC)	1	2	3	4	5
60. My company recruits and keeps distributors.	☐	☐	☐	☐	☐
61. My company meets the demands of its distributors.	☐	☐	☐	☐	☐
62. My company offers value to the companies of distributors.	☐	☐	☐	☐	☐

63. My company offers a high degree of assistance to distributors.	☐	☐	☐	☐	☐
64. My company frequently misses delivery deadlines and occasionally asks a delivery date extension.	☐	☐	☐	☐	☐
65. My company has established its own/direct distribution channel.	☐	☐	☐	☐	☐
g. Promotion Capabilities (PC)	1	2	3	4	5
66. My company invests more substantially in advertising in export markets than in domestic markets.	☐	☐	☐	☐	☐
67. My company routinely attends international trade shows and exhibits.	☐	☐	☐	☐	☐
68. My company specializes in product-specific advertising.	☐	☐	☐	☐	☐
69. My company's advertising is successful in achieving its export strategic goals.	☐	☐	☐	☐	☐
h. Technological Capability (TC)	1	2	3	4	5
70. Our technological talents are first-rate.	☐	☐	☐	☐	☐
71. Our R&D efforts are successful because we have long-term know-how.	☐	☐	☐	☐	☐
72. We have made significant investments in some R&D projects.	☐	☐	☐	☐	☐
73. We are constrained in our ability to invest in technical facilities and infrastructure.	☐	☐	☐	☐	☐

IV. Export Performance

E1: Management perception of export profitability

For Please rate the following questions on a scale of 1-5.

Where:- **1: strongly disagree 2: disagree 3: neither agree nor disagree 4: agree 5: strongly agree**

Management Perception of Export Profitability	1	2	3	4	5
74. In general, my company's export performance has been strong in contrast to its competitors.	☐	☐	☐	☐	☐
75. The company's management is delighted with its export profitability.	☐	☐	☐	☐	☐

76. In my opinion, the export industry is not profitable.	☐	☐	☐	☐	☐
77. The company's management believes that expanding into a new business area would allow them to benefit more from products exports.	☐	☐	☐	☐	☐

E2: Management satisfaction with export performance

For Please rate the following questions on a scale of 1-5.

Where:- **1: strongly disagree 2: disagree 3: neither agree nor disagree 4: agree 5: strongly agree**

Management satisfaction with export performance	1	2	3	4	5
78. The company's management is pleased with its export financial performance	☐	☐	☐	☐	☐
79. The company's management is pleased with the strategic performance of the firm's export initiatives.	☐	☐	☐	☐	☐
80. The company's management is pleased with the company's overall export performance.	☐	☐	☐	☐	☐

Thank you so much for your kind cooperation and participation to the research!!

C. Classification of the questionnaire cases to data analysis

When inputting the data into the SPSS application, each question is labeled as follows to separate it from the others. As a result, below list provides further explanation.

Section 1: Background Information

1. Gender (Q1)
2. Age Group (Q2)
3. Educational Background (Q3)
4. Your Position (Q4)
5. Work experience (Q5)
6. Experience in export(Q6)
7. Number of employees (Q7)
8. Company ownership type (Q8)

Section 2: Filling Likert scale

I. Firm characteristics and competencies (FC)

1. Firm Size (Q9-Q12)
2. Firm capabilities and competencies (Q13-Q16)

II. Management characteristics (MC)

1. Export commitment (Q17-Q22)
2. Perceptions about export competitiveness (Q22-Q24)
3. Export barriers (Q25-Q30)
4. Export experience (Q31-Q35)
5. Adaptive selling (Q36-Q39)

III. Export marketing strategic capabilities (EMS)

1. Export market research (Q40-Q43)
2. Segmenting and targeting (Q44-Q47)
3. Export marketing strategy roadmap (Q48-Q50)
4. Product development capabilities (Q51-Q55)
5. Pricing adaptation capabilities (Q56-Q59)
6. Distribution capabilities (Q60-Q65)

7. Promotion capabilities (Q_{66} - Q_{70})

8. Technical capabilities (Q_{71} - Q_{73})

IV. Export Performance (EP)

1. Management perception of export profitability (Q_{74} - Q_{77})

2. Management satisfaction with export performance (Q_{78} - Q_{80})