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The Effect of Macro Business Environment on Export Performance and the Mediation Role of Strategic Market Orientation: The Case of Textile and Garment Exporter Multi-National Companies in Ethiopia

A thesis Submitted in Partial Fulfillment of Requirements of the degree of Masters of Science in International Business

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Declaration

I, Seada Mohammed declare that the thesis entitled The Effect of Macro Business Environment on Export Performance and the mediation Role of Strategic Market Orientation: The Case of Textile and Garment Exporter Multi-National Companies in Ethiopia is my original work, the outcome of my own effort which acknowledge all source of materials used for the study. This study has not been submitted for any degree in this university or any other university.

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Approval Sheet

This is to certify that the thesis paper, entitled “The Effect of Macro Business Environment on Export Performance and the mediation Role of Strategic Market Orientation: The Case of Textile and Garment Exporter Multi-National Companies in Ethiopia”, which is submitted for the partial fulfillment of the degree of Masters of Science in Management – International Business complies with the regulations and meets the standards of the university.

Approved by the Examiners

Name of the Advisor	Signature	Date
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Abstract

The purpose of this study is examining the effect of macro business environment on export performance and the mediation role of strategic market orientation of MNCs exporting textile and garment which are based in Addis Ababa. This study used quantitative research method and employed explanatory survey design to objectively answer the research questions. In order to achieve the study objectives, 165 sample respondents were selected through stratified random sampling technique. Accordingly, data were collected through self-administered questionnaire from sample respondents. Out of 165 respondents, 150 workable data were obtained. These data, analyzed through inferential statistics tools. An inferential statistics with the help of SPSS confirmed that macro business environment has positive and statistically significant relationship with export performance. Moreover, macro business environment has strong and significant effect on export performance. The technological factors were identified to have the bigger impact on export performance. Meanwhile, strategic market orientation partially mediates the relationship between macro business environment and export performance. Macro business environment in general have strong effect in shaping the company's strategic orientation. Critical lesson were observed in policy, industry, firms and educational implications.

Key words: ***Multinational-companies, political and legal environment, economic environment, socio-cultural environment, technological environment, environmental factors, strategic market orientation, export performance***

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List of Abbreviations

MNCs	Multi-National Companies
LDCs	Least Developed Countries
FDI	Foreign Direct Investment
GTP	Growth and Transformation Plan
PESTEL	Political, Economic, Social, Technological, Environmental, Legal
SWOT	Strength, Weakness, Opportunity and Threats

Chapter One

Introduction

1.1 Introduction

This chapter specifically presents the introduction of the area under study. Accordingly, this section briefly discusses background of the study followed by statement of the problem. Then, research questions are derived from the statement of the problem and elaborate objective of the study. This section also discusses significance and scope of the study.

1.2 Background of the Study

Ethiopia is one of the largest least developed countries (LDCs) in Sub-Saharan Africa, with a population of about 118 million people in 2020 (UN,2019). Being one of the developing countries which aspire to join a lower middle income economy by 2025, the government of Ethiopia has given huge emphasis on encouraging flow of investment in the manufacturing sector in general (Planning, 2019). It considers textile and garment industry as one of the key priorities sector aiming that it generates future employment opportunities in addition to enhancing foreign currency generation. Hence FDI in the textile and garment industries have grown significantly for the past four years and the sector now represents 6% of the country's total export value (Nash and Dhyana, n.d.).

Meskerem (2014) found out that the growth in textile and garment industry was due to government focus on Growth and Transformation Plan (GTP); investments include textile, horticulture and leather. Moreover, the FDRE government aims to propel from agriculture dominance to industrialization. This endeavor and success story called up on several international investments. The role of MNCs is critical with added manufacturing capacity and modernized operational process. The MNCs are very critical in enhancing productivity and generating export revenue. It is also true that export accelerates the pace of economic growth, creates new jobs and improves living standards of the people on the macro-level, as well as increases the profitability and competitiveness of the firms at the micro-level (Griffin and Ebert, 1995).

The notion of adding multinationals is also rooted in boosting export earnings through their high stake quality and efficiency.

Export performance refers to the mixed outcome of company's international sales, which includes: export intensity – the ratio of export sales to a country's total sales (Katsikeas, Leonidou and Morgan, 2000). Meanwhile, John (2004) expressed export performance as degree of economic achievement in its export market.

Businesses do not operate in a vacuum; they operate in an environment. Moreover, any business regardless of its type and size are affected by surrounding environment. Vedamani (2018) states that business environment as the combination of internal and external factors that influence a company's operating situation, including employees, customers, and management, supply and demand and business regulations. The business environment can include factors such as: clients and suppliers; its competition, and owners; improvements in technology; laws and government activities; and market, social and economic trends.

According to Kotler, Wong, Saunders and Armstrong (2005), business environment is a combination of a micro business environment and a macro business environment. The microenvironment includes the forces that are close to the company and affect its ability to serve its customers – the company, suppliers, marketing channel firms, customer markets, competitors and publics. The macro business environment consists of the larger societal forces that affect the whole microenvironment, which are demographic, economic, natural, technological, political and cultural forces. Despite individual efforts at micro level, business success is hugely impacted by macro level factors (Eyelachew, 2018).

The most popular and prominent macro business environment forces analysis framework is PESTEL model. This model is derived from PESTEL analysis which was introduced by Harvard Professor Francis Aguilar in 1967. PESTEL is a tool which helps managers to consider every aspect of the macro environment in a critical way. PESTEL is an acronym, and the letters represent categories to examine political, economic, socio-cultural, technological, environmental and legal factors.

Analyzing firm's situation using the PESTEL model may sometimes reflect overlap between different categories (Shah, Terjesen, Reece, White, Leduc and Parboteeah, 2019). In this regard, researchers likes Karan (2018), Teshome (2014) and Bewuket (2020) have conducted studies on the overall textile industry and prospects. This particular study focuses on MNCs which are currently operates in Ethiopian textile and garment industry.

The dynamic nature of the current Ethiopian economy, the timeliness of MNCs engagement, the changing socio-political and legal provisions and the fact that this is a purely quantitative inquiry makes this research different from previous studies.

Moreover, the objective of this study is to examine the effect of macro business environment on export performance of textile and garment exporter MNCs. Since the study is focused on an external macro business environment factor, it applies PESTEL analysis model in order to address the above mentioned objectives. It also regards a mediating variable of strategic marketing orientation.

1.3 Statement of the Problem

Export performance is one of the major indicators of success of firms operations and measuring growth (Abdolvand, Farzin, Asl and Sadeghian, 2016). Robertson and Chetty (2000, p.212) defined that "export performance is determined by the extent to which a firm's behaviour matches or fits its internal and/or external environmental context". Export performance can also be defined as the outcome of company's effort on global business activities (Abdolvand et al, 2016). Hence, export performance depends on the degree to which companies achieves their objectives in exporting a product to the global market (Cavusgil and Zou 1994; and Navarro, 2010). In view of that, Tomas, Stanley and Eric (2005) argued that export performance is the results from marketing activities which depends upon the nature of the task, the way in which the task is organized, and the nature of its environment.

International marketing environment is comprised of major factors which shape policies, programs and strategies of an international market. External business environment refers to the factors and issues outside the firm's control. These factors are uncontrollable and beyond the control of a company. It includes culture, political issues, technology, the natural environment, economic issues and demographic factors (Kashika, 2019).

Export performance can be affected by many different factors depending on the nature of the product, micro and macro environment of the exporting country. As it is deducted above, macro business environment affects the success of companies in context of social, political, economic, legal, environmental and technological factors. In business formation there are different ways and methods to do it, but most of the time creation of the business depends on personal characteristics and attitudes of the entrepreneur in addition to the environment he is operating

the business are very critical and core values to determine the future growth of the company (Estay, 2004).

Laouiti, Gharbi and Liouane (2014) on their study argue that the external business environment is the prerequisite for a successful business operation. To test the assertion empirically, this study looks into the nature of the correlation between business environment framework conditions and company export performance. The result shows that technological environment is the most related to business performance, followed by institutional environment. Regarding the socio-cultural environment, the result shows that these factors are less important in improving firm performance.

Eyelachew (2018) conducted an explanatory research on determinants of export performance of textile and garment companies in Ethiopia. The finding of the study showed that management competence, export market knowledge, technology, policy and regulation and product quality have positive and significant effect on export performance. Thus, export performance is mainly determined by the management competence, export market knowledge, technology, policy and regulation and product quality.

Birtukan (2018) conducted a research on the influence of macro environmental factors on export business, both local and foreign companies. The finding of this study shows that all macro environmental factors have strong relation with export performance. Moreover, Teshome (2014) examined the effect of business environment on textile industry. Bewuket (2020) assessed the overall textile industry.

Various studies have been conducted on the area of macro business environment and export performance in different years. These studies apply different research methodology and context. However, studies in area of macro business environment effect on export performance of MNCs in textile and garment area are very limited. Results of these studies are so different in export performance of textile and garment companies due to uncontrolled macro environmental factors of the home country. Moreover, these factors are changing and showing a slight shift as time goes on in global market.

In Ethiopia there are about 77 multinational companies who manufacture and export textile and garment to the global market as of June 2020. The number of these companies is declining from time to time, some of them closed down their investment. On the other hand statistical figures show that Ethiopia’s attractiveness to investment for MNC is declining through time.

Therefore, it is vital and compulsory to conduct researches in order to find out the critical problem so as to alleviate the bottleneck on performance of MNC in Ethiopia in exporting their product abroad.

To this end, taking the above mention information for the low growth rate of Ethiopia's textile and garment export performance of MNCs this study tried to address the effect of macro business environment factors through the mediation effect of strategic market orientation. Moreover, this study also provided means of survival for MNCs by controlling some of the threats such as new governing requirements, socio cultural behavior of the country, shifts in market demands, new technologies and competitors make the business environment very fatal. This is the major and core reason, why this study is undertaking to find out the effect of macro business environment on export performance and the mediation role of strategic market orientation.

1.4 Research Questions

In order to clearly understand and verify the hypothesis, here are the major research questions.

1. How macro business environment variables and export performance associated in the case of MNCs exporting textile and garment?
2. How do macro business environmental variables affect the export performance of MNCs?
3. Which factors of the macro business environment has the highest effect on export performance of MNCs exporting textile and garment?
4. How strategic market orientation does mediate between macro business environment and export performance?

1.5 Research Objectives

1.5.1 General Objective

The general objective of this study is to examine the effect of macro business environment and mediation role of strategic market orientation on export performance of textile and garment exporter MNCs in Addis Ababa, Ethiopia.

1.5.2 Specific Objectives

The study also has the following specific objectives.

i. To examine the association between macro business environment variables and export performance of textile and garment exporter MNCs in Ethiopia.
ii. To examine the effect of economic, political, socio-cultural, technological and environmental variables on export performance of textile and garment exporter MNCs in Ethiopia.
iii. To determine which factors of the macro business environment has the highest effect on the export performance of MNCs exporting textile and garment.
iv. To examine the mediation effect of strategic market orientation between macro business environment and export performance.

1.6 Significance of the Study

Any business regardless of its size and nature of product are always subject to unforeseen internal and external constraints. Meanwhile every business in this dynamic business environment has to devise an appropriate strategy so as to manage and control its investment and sustain its growth. MNC's in Ethiopia also facing significant amount of challenge from both internal and external environments.

This study has a benefit to overcome the effect of macro business environment on export performance of MNCs so that the country could improve its key macro business environment challenges of export income. Moreover, the research help us to understand which macro business environment factors positively or negatively affect the textile and garment export performance of MNC's. Once MNC's identify the intensity of the effects of macro business environment in which they are operating, it leads to improvement in their performance in the long run. Hence, this study deals on this relation on MNC's exporting textile and garment found in Addis Ababa, Ethiopia.

This study also provides an insight for export managers to devise control mechanisms for the aforementioned macro business environment that seriously affect the export performance of the company. In addition, the research outcome benefits for further studies and for policy makers which identify the association of business environment variables, strategic market orientation and export performance.

1.7 Scope of the Study

The main objective of this study is to investigate the effect of macro business environment on export performance with mediation effect of strategic market orientation of textile and garment exporter MNCs in Ethiopia. Even though there are several factors which affect export performance, only macro business environment effect is analyzed and investigated under this study.

There are about six macro business environment identified in literatures of international business and export management. Accordingly, the macro business environments include economic environment, socio-cultural environment, political and legal environment, technological environments and environmental factors.

This study investigated the effect of economic environment, socio cultural environment, political-legal environment, technological environment and Environmental factors on export performance of textile and garment exporting MNC's. This study also focused only on multinational companies who export textile and garment located in Addis Ababa, Ethiopia. In addition, strategic marketing orientation is included as a mediating variable.

1.8 Limitation of the Study

There are very many challenges and hindering factors in conducting a research and it is a predictable fact that it is not possible to conduct a study without any limitation and challenges. Conducting a study will demand money and time due to this constraint, short time pace and financial limitation this study is limits itself only to MNCs exporting textile and garment found in Addis Ababa. If it includes other exporters from different parts of the country, the result will be more accurate and representative.

Moreover, this study limited itself in area of macro business environment which includes Political, Economic, Socio-cultural, Technological and Environmental factors in order to investigate the effect of macro business environment on export performance of MNCs found in Addis Ababa due to the constraint of budget and time as it is explained above.

1.9 Definitions of Key Terms

Export: Exports are the goods and services produced in one country and purchased by residents of another country (Kimberly, 2020).

Macro Business environment: Macro environment are factors that determines the opportunities for a firm to exploit for promoting its business and also presents threats to it in the sense that it can put restrictions on the expansion of business activities. The macro-environment has thus both positive and negative aspects. It includes economic, social, techno-logical, political and legal, and demographic environment of the business (Mukherjee, 2015).

Export performance: refers to the composite outcome of a firm or a country's international sales (Shoham 1996).Cavusgil and Zou (1994, p. 3) define export performance "as a strategic response by management to the interplay of internal and external forces"

Multinational Companies (MNC): The multinational corporation is a business organization whose activities are located in more than two countries and is the organizational form that defines foreign direct investment. This form consists of a country location where the firm is incorporated and of the establishment of branches or subsidiaries in foreign countries (Lazarus, 2001).

Textile: Textiles refer to materials that are made from fibers, thin threads or filaments which are natural or manufactured or a combination. Textiles are created by interlocking these yarns in specific patterns resulting in a length of cloth (Olajide, Shukla, Rayan, Sujan, 2020).

Garment: A garment is a piece of clothing. It is derived from the French word for "equipment," garment is a somewhat generic term you can use when the specific kind of clothing you're describing (Naiyeam, 1970).

1.10 Organization of the Paper

This particular research is organized in five chapters. Chapter one deals with background of the study, statement of the problem, research question, objectives of the study, significant of the study, Scope of the study and Definitions of terms. In chapter two, literature review of the study which consists of theoretical discussion and empirical review of the study, which mainly focuses on macro business environment and export performance of textile and garment exporting will briefly discussed.

Moreover, chapter two also present conceptual framework of the study. Relevant variables are thoroughly discussed in order to guide a formidable analysis on chapter four of the study.

Chapter three depicts the methodology that was applied in this research. It comprises of Description of the study area, research methods, research approach, and research design, sampling technique, method of data analysis, validity and reliability techniques and ethical considerations. Data analysis and interpretation of the research result by using the appropriate

instrument for the methodology are handled in chapter four. The fifth chapter reiterates and gives appropriate feedback on potential areas of intervention. Research implication, policy takeaways, educational implications as well as industry recommendations are presented in the chapter.

Chapter Two

Literature Review

2.1 Chapter Introduction

This chapter entails a detailed description on the relevant variables of the above stated study. It explains the underlying variables in the quest to examine the relationship between macro environment and export performance of selected textile and garment industries of multinational companies. In doing so, the study explored the mediating effect of strategic market orientation and potential connection among PESTEL variables and export achievements. In this regard, both theoretical and empirical accounts on the effect of macro business environment on export performance of Multinational companies are presented. Focusing on textile and garment industry, the Chapter set out some guiding principles and frameworks of past analysis to better inform the upcoming research.

The focus of this study is on export performance and hypothesized correlation between macro business environments. As the scope is restricted to assess on those of MNCs, the underlying assumption on MNCs boosting exports is examined. Big multinational companies have the much needed influence in their operational existence accrued during the many years they stayed in business. Whether we like it or not their influence is observed in wherever they operate.

According to Worthington and Britton (2006), business organizations have a common feature of transformation of inputs into output. This transformation process takes place against a background of external influences which affect the firm and its activities. This external environment is complex, volatile and interactive, but it cannot be ignored in any meaningful analysis of business activities. A superior export performance is a result of a firm's successful strategic response to the external factors (Robertson and Chetty, 2000).

Understanding the theoretical foundations on business environment is extremely helpful in guiding this particular research. Several scholars have outlined business success and its surrounding factors.

2.2 Theoretical Review

2.2.1 Business Environment

The ability to understand the Environment in which your business is operating is essential for business success. According to Jim (2012), it's absolutely true that some things to do with running a business are outside our control – we have to respond to external events. But, some things we do have complete control over. And some things we have some influence over. He categorized business environment as: internal environment, near external and far external. If we dig deep in his analysis, the internal environment can easily be implicated in SWOT analysis (Tanya and David, 2015), the near external will be implicated by Porter's five models (Porter, 1998) and the far external environment is suggested to be scrutinized by PESTEL classifications.

Several types of business environment classifications are out there. Despite the depth and extent of cover, we can simply categorize them in two; internal and external environment. As detailed above, companies need to be watchful of both their environment for business success. The likes of Touati (2013) any business lives in a well-defined global environment and conducts its activities in accordance with national and international conditions. However, certain standards of a political, economic, socio-cultural, ecological, technological and legal influence the behavior of the company.

Prospects of doing business in the global market place depend not only on the company's resources but also on the external environment. According to Kotler, Wong, Saunders, & Armstrong (2005), business environment refers to the controllable and uncontrollable forces that influence upon the marketing decision making of a firm. Global business environment is comprised of those components, which shape policies, programs and strategies of an international marketer. An international firm must resort to systematic study of international business environment to collect the inputs of marketing decision-making. The Business environment is consists of actors and forces that are outside of the business but affect business management's ability to build and maintain successful relationships with its customers.

Successful companies have experience on the importance of constantly watching and adapting to the changing environment.

The Business environment deals both opportunities and threats. In contrary, there are many other companies, fail to think of change as opportunity. They ignore or resist critical changes until it is almost too late (Kotler et.al, 2005).

2.2.2 Macro Business Environment

Macro environment are factors that determines the opportunities for a firm to exploit for promoting its business and also presents threats to it in the sense that it can put restrictions on the expansion of business activities. The macro-environment has thus both positive and negative aspects. It includes economic, social, technological, political and legal, and demographic environment of the business (Mukherjee, 2015).

The macro business environment consists of the larger societal forces that affect the whole microenvironment, which are demographic, economic, natural, technological, political and cultural forces (Kotler et.al, 2005). Macro environment defined as conditions and forces in an economy where a firm is incapable to control it. The macro environment is divided in to six major groups of environmental factors, this are called the PESTEL. PESTEL is an abbreviation for political, economic, socio-cultural, technological, environmental, and legal environment in which a firm operates (Cheverton, 2004).

The objective of macro environment analysis is to help organizations recognize major developments and future implications (Tanya, 2015). As detailed above, the macro-environment consists of PESTEL factors. Accordingly, this particular study focused on the effect of political-legal, economic, technological, socio-cultural and environmental effect on export performance of Multinational companies focusing on textile industries.

2.2.3 Political and Legal Environment

Understanding political systems, institutions and processes provides as a greater insight into business decisions and into the complexities of the business environment. Given the increasing globalization of markets, political environment has an international as well as a domestic element and the two are closely interrelated (Worthington and Britton, 2006).

The political environment consists of laws, government agencies, and pressure groups that influence or limit various organizations and individuals in a given society (Kotler et.al, 2005).

Global marketing activities take place within the political environment of governmental institutions, political parties, and organizations through which a country's people and rulers exercise power.

Each nation also has a political culture, which reflects the relative importance of the government and legal system and provides a context within which individuals and corporations understand their relationship to the political system. Any company doing business outside its home country should carefully study the political culture in the target country and analyze salient issues arising from the political environment. These include the governing party's attitude toward sovereignty, political risk, taxes, the threat of equity dilution, and expropriation (Keegan and Green, 2013).

Wars and diplomatic relations, trade agreements, sanctions and embargoes, political trends and events, legislation protecting consumers and on safety, health and employment are examples of political forces in the business world (O'Connor, 2000). Kotabe (2010) argues that international marketing executives should be concerned about the host government's policies and their possible changes in the future, as well as their home government's political climate.

2.2.4 Economic Environment

The economic environment consists of factors that affect consumer purchasing power and spending patterns. Changes in major economic variables such as income, cost of living, interest rates, and saving and borrowing patterns have a large impact on the marketplace. Companies watch these variables by using economic forecasting. Businesses do not have to be wiped out by an economic downturn or caught short in a boom. With adequate warning, they can take advantage of changes in the economic environment (Kotler et.al, 2005).

As noted by Harvey (2012) exchange rate is the value to two currencies relative to one another. It is the denotation of value of one currency in terms of another currency. It is the value at which currency of one country might be replaced to the currency of a different country. It can be either fixed or floating. Fixed exchange rates are determined by central banks of a country.

However, the mechanism of market demand and supply are determined by floating exchange rates. There are number of factors that influence exchange rates such as interest rates, inflation rate, balance of trade, political constancy, domestic accords, and common condition of

economy and features of good governance. Kumcu and Kumcu (1991) suggest that inappropriate foreign exchange control may hinder export performance.

2.2.5 Socio-cultural Environment

Demand and Supply are influenced by social, cultural and demographic factors. Cultural factors, may affect the type of products being produced or sold, the markets they are sold in, the price at which they are sold and a range of other variables. People are a key organizational resource and a fundamental part of the market for goods and services. Accordingly, socio-cultural influences and developments have an important effect on business operations (Worthington and Britton, 2006).

Socio-cultural environment has a bigger impact on MNCs as the subsidiaries are subjected to new surroundings. Azemina (2018) reasserts that society and culture have an impact on every aspect of the overseas business of multinational companies. Although society and culture are not directly included in business operations, they indirectly appear as key elements in shaping how the business is managed, from what goods are produced, and how and through what means they will be sold, to the establishment of managerial and operational patterns and the determination of the success or failure of foreign subsidiaries.

From Socio cultural effect of macro business environment cultural distances between the home country and the export country such as culture, values, language and social structure may influence the company's way of entering the market (Cheverton, 2004).

Keegan and Green (2013) defined culture as a learned behavior passed on from generation to another generation but it can be difficult for the inexperienced or untrained outsider to fathom. As they endeavor to understand cultural factors, outsiders gradually become insiders and develop cultural empathy.

Culture also can be defined as "ways of living, built up by a group of human beings that are transmitted from one generation to another generation." A culture acts out its ways of living in the context of social institutions, including family, educational, religious, governmental, and business institutions. Those institutions, in turn, function to reinforce cultural norms (Hofstede and Bond, 1988).

The social and cultural effect on business environment differs from one country to another. Depending on the type of business, factors like local languages, education, ethnicity, the dominant religions, the cultural views toward leisure time, and the age and lifespan demographics may be critical. Local socio-cultural characteristics also include attitudes toward consumerism, environmentalism, and the roles of men and women in society.

There are various socio-cultural factors that significantly affect the economic activity as well as the performance of multinational companies. Trehan and Trehan (2009) found out the critical variables here include Culture, Language, Religion, Level of education, Customer preferences and the attitude of the society towards foreign goods and services.

2.2.6 Technological Environment

The impact of organizational environments on performance of the surrounding entity is well captured in the above variables. The same goes for technological environment. Bernard and Elizabeth (2018) reaffirm that business organizations the world over are sufficiently environmental dependent and environmental serving because they do not exist in a vacuum.

Advances in information technology and the ability to tap in such abundant resource has the power to fix the performance and growth of a company. In particular, export performances rely on the global integration capacity, market search and penetrations and offering a modernized simplistic alternatives for customers. In this regard, it can be understood that a driving force for competitive scuffle in the present chaotic environment is technological innovation (Abrahamson, 2000). Introducing new products and services are at the nucleus of economic growth and development.

Several scholars, including Ikemefuna and Abune, (2015); and Lovlyn (2016)) commend that the use of technology has a significant relationship with organizational performance ranging from productivity to customer satisfaction. For instance, a study by Ruey-Jer, Rudolf, and Daekwan, (2008) which reported that IT capabilities contribute directly to improved organizational process such as coordination, transaction specific investment, absorptive capacity and monitoring. These in turn contribute to strategic and operational performance outcomes.

2.2.7 Environmental Factors

The environmental factor reflects that the turbulence of international environments and institutional environments. The turbulence of international environments include market dynamics, competitive intensity, technological change, and cultural diversity (Murray et al., 2011; Javalgi and Todd, 2011; Cadogan et al., 2009).

Market turbulence is the unexpected rising and falling of the stock market. Market turbulence is often a time of wide swings, both up and down, in the stock market. Market turbulence can also lead some investors to make drastic and not-well-thought-out changes in their portfolios. Environmental factors can affect many different important aspects of business.

Adagba and Shakpande (2017) claim that the dynamic environment in which a business operates provides opportunities for it to grow develop and create value and wealth. It also poses some threats to the business. The primary concern is how the business affects people and natural environment as it produces and sells products necessary to satisfy customers, stakeholders and other constituents.

2.2.8 Strategic Market Orientation

The variables discussed above are all external and do have a significant correlation with organizational performance as evidenced on the studies referred. Meanwhile, the strategic market orientation needs to be extracted from the overall dynamics to clearly see their impact on export performance. Knowing the level of its effect on both dependent and independent variables helps the study to be more vivid and precise in its effort to predict the hypothesized relationship.

Strategic market orientation indicates companies desire to place itself in forefront of business performance. It indicates the company's business plan, growth direction, customer segregation and other relevant variables.

According to Charles, Rajiv and Ajith (2002), the empirical link between market orientation and performance has shown mixed results. The results show that firms possessing higher levels of competitor orientation, national brand focus, and selling orientation exhibit superior performance.

In contrary a study by Gladson (2008), found out a weak or little effect of strategic marketing orientation of a company on the overall performance of a company. Such effects were highly impacted by other factors. Accordingly, the reasons underlying the weak relationship between the market orientation and business performance of food and beverages organizations include government policies, new product development, diversification, innovation and devaluation of the Nigerian currency.

2.2.9 Effect of Macro Business Environment

A study by Kefalas (1981) suggested as business environments of an enterprise are events which directly or indirectly affect the operations of enterprises and they are uncontrollable. The study show that the business environment can be grouped into task environment which is well defined and example is customers, suppliers, bankers etc. and the general external business environment which is ill defined and can be conceptualized as PESTEL.

External forces like globalization, deregulation as well as environmental, technological or socio-economic changes have an influencing impact on companies, which, as a response, are forced to develop specific tactics to mitigate the risks entailed and ensure sustained value creation (Leona, Leif and Lucia, 2013). In addition a study by Peng and Song (2019) asserts that macro-level environment (such as economic, political, social and technological forces) that firms face incidentally affect export performance. Export performance is affected by internal and external barriers.

Kormishkin, Semenova and Koloskov (2015) state that the macro environment conditions include political, monetary, socio-social, mechanical natural and legitimate powers. All were found to have significant effect on export growth. Despite their depth, the correlation exists and should be clearly understood to effectively counter react a response and appropriate strategy dimension.

2.2.10 Garment and Textile Product Description

Garment is one of the oldest industries in the world. A garment is a piece of clothing. It is derived from the French word for "equipment," garment is a somewhat generic term you can

use when the specific kind of clothing you're describing (Naiyeam, 1970).

A Textile refers to materials that are made from fibers, thin threads or filaments which are natural or manufactured or a combination. Textiles are created by interlocking these yarns in specific patterns resulting in a length of cloth (Olajide, Shukla, Rayan and Sujan, 2020).

2.2.11 Export Performance

The field of export covers all those marketing activities involved when a firm markets its products outside its main (domestic) base of operation and when products are physically shipped from one market or country to another. Export performance is defined as: the success or failure of the efforts of a nation to sell domestically produced goods and services in other nations markets (Zou and Stan, 1998).

Studies on export performance have a long tradition in international business literature. It has often been implied that one of the major contributions of foreign firms to the local economies is their export promoting activities that allows a given country (particularly those of developing ones) to get integrated in and to compete within international arena (Aitken, Hanson & Harrison, 1997). Due to this reason different country promote foreign direct investment to promote the export of manufactured goods.

Export performance has been typically measured using a single indicator approach, such as export sales, export profits, and export intensity represent the most frequently used indicators (Zou and Stan, 1998; Cavusgil and Zou, 1994).

2.2.12 Multinational Corporations (MNCs)

Several literatures define MNCs in their own terms. Among them, Root (1994) defined, an MNC is a parent company that engages in foreign production through its affiliates located in several countries, exercises direct control over the policies of its affiliates, and implements business strategies in production, marketing, finance and staffing that transcend national boundaries.

Multinational corporations do not come into being from thin air; there must be a form, an organization and a goal for them to be brought into existence. Ondabu and George (2014)

described that the motivation behind the extension of MNCs anywhere as an ultimate thirst for profitability.

In their attempt to attract Foreign Direct Investment (FDI), most African countries have liberalized trade and attempted to create enabling environment in recent decades. Ethiopia, like many African countries, took some steps towards liberalizing trade and the macroeconomic regime as well as introducing some measures aimed at improving the FDI regulatory framework (Getinet and Hirut, 2005)

The most obvious benefits of MNCs are FDI, added tax revenue, technological transfer and knowledge transfer. According to (Fosfuri, Motta and Ronde, 2001), knowledge embodied in the labor force may move from multinational to local firms either to existing local firms or when workers start their own firms.

Several studies have found important positive FDI spillovers resulting from labor turnover, since MNCs invest in providing their workers with knowledge and skills, and when workers move from these companies to domestic companies, they carry this knowledge with them to local firms (Markusen and Trofimenko, 2007).

2.3 Empirical Review

In this section of the study the researcher analyzed the findings of different studies related to the effect of macro business environment on Multi-National Companies export performance. Even though there are many researches in the area, the researcher tried to summaries few of them which are very close to the subject under study placing priority on manufacturing and textile industries.

Recent study conducted by Shali (2020) examined that macro environmental factors and performance of multinational corporations in Kenya. This study is a descriptive type of study and focused variables are; socio cultural environment, economic factors, political stability, technological and environmental potentiality.

The finding of the study reveals that political stability, political system and ideologies, taxes, excise duty, exchange rates, customer's taste and preference and customer's purchasing power are the major factors that affect performance and achieving organizations goal.

Another study conducted by Jamshidi and Moazemi (2016) pointed out the impact of external environment on export performance. The objective of the study was to evaluate the effect of the external environment on the company's strategic behavior, taking into account the psychological distance and the role of market orientation of export activities. They found out that export market orientation positively affects the marketing mix adoption strategy and both positively associated with export performance. In addition, export marketing modifies the relationship between the export marketing mix adoption strategy and export performance.

A study conducted by Kitonyi, Kibera, Gathungu and Yabs (2020) entitled effect of the Macro-environment factors on the relationship between firm resources and export performance of small and medium scale manufacturing enterprises in Nairobi. This study categorizes its variables in to two broad distinct class macro environment and firm resources.

The macro environment includes; political, economic, socio cultural, technological, environmental, and legal factors. Whereas raw materials, financial capitals, human capital and firm process are variables included in firm resource variables. The study depicts a cross sectional data and found out that macro-environmental factors significantly moderated the relationship between firm resources and the export performance of small and medium-sized manufacturing enterprise.

Export marketing is process of exporting goods and or service to other countries of the world. It involves extended procedures and formalities of countries under transaction. In export marketing, goods are sent abroad as per the procedures framed by the exporting country as well as by the importing country (Beverley, 2017). In export marketing products are produced and distributed from home country to buyers in international locations. Global trade and international expansion can offer great returns to businesses and helps to benefit from economies of scale. However, it can also affect performance of the company and increase losses and costs if it is not properly planed and managed (Rosie, 2020).

A research conducted by Laouiti, Gharbi and Liouane (2014) was focused on the effect of business environment on firm performance. This study is an exploratory study and it has three main variables socio-cultural, institutional and technological environment to measure firm performance. Based on the objective an empirical study provides the institutional and the technological factors are the most positively and significantly related to performance.

Another study is from Yoganandan, Jaganathan, Saravanan and SenthilKumar (2013). This study was focused on factors affecting the export performance of textile industry in developing countries. The article aimed at reviewing researches conducted on the factors influencing the export performance of Textile industry. The article analyzed researches carried out in China, India, Sri Lank, Bangladesh and Pakistan. These economies are the dominant textile exporters in the international trade. The review highlights that most of the studies have been carried out on establishing the relationship between GDP, exchange rate, labor, capital (FDI) and technology with export performance of textile industry. Most of the researchers found a positive relationship between the above said variables and textile exports.

A research conducted by Roxo, Silva and Lisboa (2014) focus on the influence of internal and external variables in the export performance. The major findings of this paper are that both internal and external factors have impact in both export marketing strategy adaptation and export venture performance. The more developed the internal resources are, the better is the export venture performance and export marketing adaptation. A better knowledge of external factors has the previously mentioned impact. In addition, export marketing strategy adaptation has a positive influence on export venture performance.

Research conducted by Birtukan (2018), investigated the influence of macro environmental factors on export performance. The purpose of her study was to investigate the influence of macro environment on export performance of the garment sector. The study main variables are political, economic, technological, social and natural components of macro business environment. Accordingly, macro environmental factors are significant area of a firms operation in the international market and considerable attention should be provided in order to achieve targeted export objectives.

Another study was conducted by Eyelachew (2018) on determinants of export performance of the textile and garment companies in Ethiopia. The objective of this study was to examine the determinants of export performance of textile and garment companies in Ethiopia with regard to export market knowledge, management competence, technology, product quality, infrastructure and policy and regulation. The study applied explanatory research design with a primary date and found out that export performance mainly influenced by management competence followed by export market knowledge, technology, policy and regulation, and product quality.

Ta, Bhavani and Tendulkar (2000) examined determinants of firm-level export performance of Indian textile garments and apparel industry. The study concludes that the government should provide an enabling environment to induce these changes, which are possible in the short run while providing the firms with appropriate incentives to improve their long run competitive advantage in the world markets.

A study by Siddiqi, Ahmad, Khan and Yousef (2012) examined the determinants of export demand of textiles and the clothing sector. As discussed in their paper trade openness which is used as a proxy of trade restrictions is the second major determinant of export demand. Other variables such as the price of textiles in the export market and the exchange rate were also found to be significant determinants of export demand.

Chan and Sarkar (2008) studies the antecedents to India's textile exports from 1985–2005. The study confirms that high/low growth in textile export is affected by number of determinants. The determinants including Gross Domestic Product (GDP), real exchange rate, per capita GDP and population growth rate of the importers all have a significant impact. Positive GDP growth rate in India and higher national income of the importers tend to import more in textiles products. The devaluation of the Indian Rupee would boost textile exports due to the fact that the buyers would enjoy cheaper textile products

Masmoudi and Charfi (2013) conducted a research to explore the role of macro-economic determinants and to examine the effect of structural factors on the export competitiveness of Tunisian economy, in a context of liberalization and crisis. The finding of this study show that the effects of exchange rates and FDI on exports are significantly negative but the effect of gross fixed capital formation, which represents the effort of domestic investment, the liberalization policy and customs duty on imports are positive. Free trade agreement had significant and positive effect on exports.

Another Study by Akrofi (2017) examined the impact of external business environment factors on the performance of small & medium sized enterprises. Political factors, economic factors, technological factors and legal factors were used as independent variables while performance was used as dependent variable. The result shows a positive relationship between political factors and performance with a coefficient value but not statistically significant. Technological factors also have an inverse relationship on performance and also not statistically significant.

Legal factors have a positive effect on performance and statistically significant, therefore legal environment makes the strongest contribution to explaining performance.

The above literature review reiterates the critical variables in the proposed study. Despite the fact that there are several potential variables, macro business environments are commonly argued to be categorized in six major variables. These include, political, legal, economic, social, technological and environmental. In addition, in order to clearly see their direct impact on export performance, it's better to understand the role of the company's strategic orientations. Accordingly, the following conceptual framework is crafted to guide the research hypothesis.

2.4 Conceptual Framework

A conceptual framework relates concepts, empirical research, and relevant theories to advance and systematize knowledge about related concepts or issues. In the above theoretical and empirical review, from key effect of business environment in export performance of MNCs exporting textile and garment, different writers argue differently on each of the identified factors that determine performance of export. Hence, the researcher tried to show some of the independent variables that have an effect in export performance of MNCs in Ethiopia to link it with the conceptual framework of the study.

Therefore, a conceptual model on export performance of MNCs exporting textile and garment will draw to show the effect of different macro business environment on the export performances of MNCs exporting textile and garment in Ethiopia. PESTEL analysis on macro business environment effect on export performance of textile and garment industries is mediated by strategic marketing orientation of the company's under study.

The sub-variables are the most commonly included unit of analysis as per the above literature review.

The researcher observed that from empirical literature review are listed as follow:

- ✓ Different researcher consider different independent variables in their study
- ✓ Finding of different researchers are contradict each other's
- ✓ Different researchers have been applying different research methodology
- ✓ Frequent business environmental change in different period

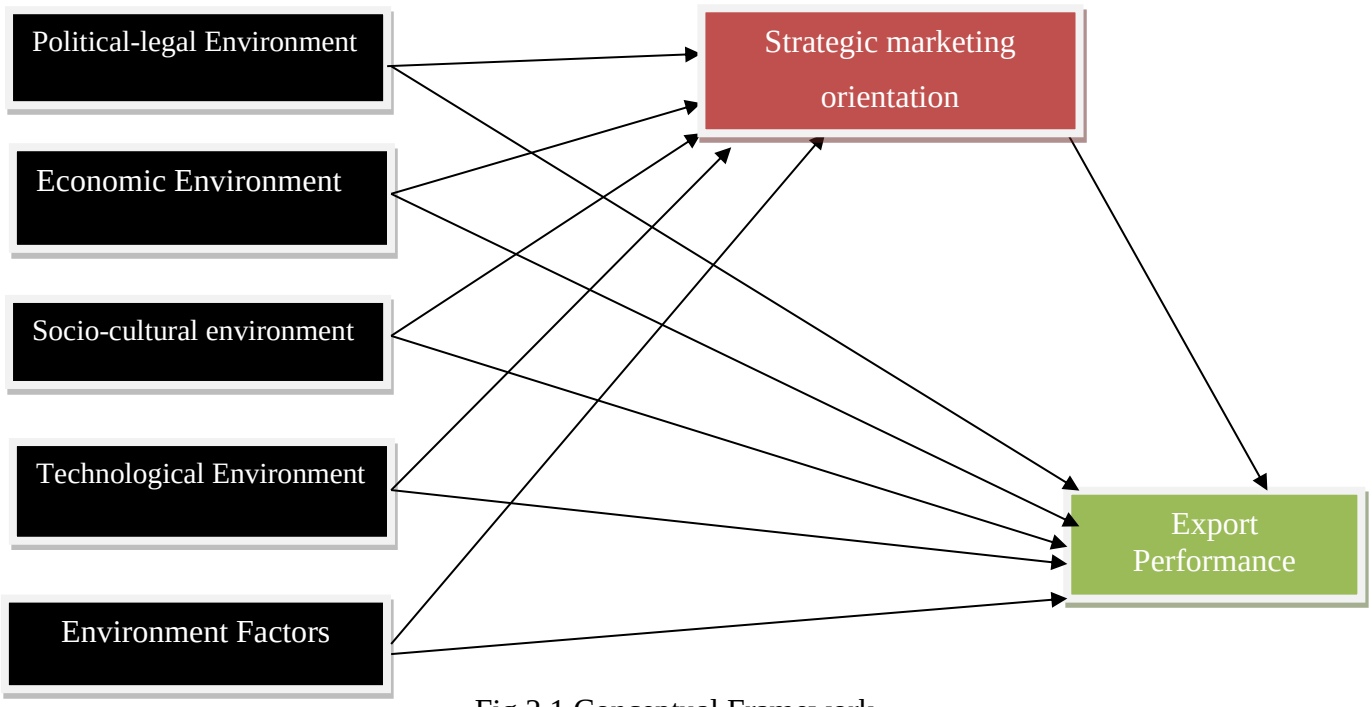

Fig 2.1 Conceptual Framework

2.5 Research Hypothesis

Based on the theoretical review, empirical studies and conceptual frame work developed above the researcher has outlined the following hypothesis. This study will empirically evaluate the effect of macro-business environment on the export performance of textile and garment exporting MNCs in Ethiopia as well as the mediating role of the strategic market orientations on overall export performance.

H_1: Political and legal environment has a positive and significant effect on export performance.

H_2: Economic environment has a positive and significant effect on export performance.

H_3: Socio-cultural environment have a positive and significant effect on export performance.

H4: Environmental factors have a positive and significant impact on export performance

H5: Technological factors has a positive and significant impact on export performance

H6; Political and legal environment has a positive and significant effect on strategic market orientations.

H7: Economic environment has a positive and significant effect on strategic market orientations.

H8: Socio-cultural environment have a positive and significant effect on strategic market orientations.

H9: Environmental factors have a positive and significant impact on strategic market orientations.

H10: Technological factors has a positive and significant impact on strategic market orientations.

H11: Strategic market orientation has a positive and significant impact on export performance.

H12: Strategic market orientation significantly mediates Macro business environment and export performance.

Chapter Three

Research Methodology

3.1 Chapter Introduction

This study examined the effect of macro business environment on export performance of MNCs. The main objective the study was to investigate the aforementioned macro business environment effect on export performance of textile and garment exporters MNCs found in Addis Ababa. This study also comes up with few research questions which are traced from statement of the problem. In order to find out answers to the research questions proposed above, the researcher applied quantitative analysis. To this end, this chapter describes and discusses the research process as well as sampling procedures and modes of data analysis used. It includes description of the study area, research approaches to be followed, research design to employed, population and sample size determination, sampling method and procedure, data type and source, data collection procedure and ethical consideration presented sequentially.

3.2 Description of the Study Area

Ethiopia exports various types of agricultural products, mining, textile and garment. Export earnings are a great challenge for this land locked country. Long argued economic development much as export performance are attributed to production efficiency. As per Admasu (2017), the process of building productive capacity in Ethiopia over the past two decades and the roles played by the state, government, the private sector, foreign firms and development partners is slow. The upturn in encouraging MNCs to bring about their resources and galvanize the export performance attracted increased FDI on textile and garment sectors among others.

On top of their massive export contribution, textile industries by nature are labor intensive and their employment contribution is remarkable. The focus on textile and garment as study area is intertwined on their paramount contribution for export and the need to fill the available research gap.

The main objective of this study is to investigate the effect of macro business environment on export performance. This study is conducted focusing on MNC which export textile and garment in Ethiopia.

Currently there are about 77 MNCs engaged in manufacturing and exporting textile and garment in Ethiopia. Hence, the study area for this research is MNC's exporting textile and

garment found in Addis Ababa region only. In doing so, the study tried to meet its main objective of investigating the effect of macro business environment on export performance and the mediating role of strategic marketing orientation.

3.3 Research Approach

According to Kothari (2004), there are two basic approaches to research, quantitative approach and the qualitative approach. The quantitative approach involves the generation of data in quantitative form which can be subjected to rigorous quantitative analysis in a formal and rigid fashion.

The main objective of this study is to investigate the effect of macro business environment on export performance. This will require a thorough analysis of variables in regression, and correlation between two or more variables. Moreover, a quantitative research approach is appropriate for a deductive research witch test hypothesis and measuring relationships among variables, being able to generalize and replicate the findings. Therefore, this study applied quantitative research approach to investigate the effect of macro business environment on export performance. In addition, in order to address the key research objectives, this research applied findings of other researchers in order to triangulate findings of this research.

3.4 Research Design

Kothari (2004) defined research design as a conceptual structure within which research is conducted; it constitutes the blueprint for the collection, measurement and analysis of data. The research design is intended to provide an appropriate framework for a study. According to Saunders, Lewis and Thorn hill (2009) research deign is concerned with the overall plan for the research. A research design is the arrangement of conditions for collection and analysis of data in a manner that aims to combine relevance to the research purpose with economy in procedure (Kothari, 2004 and Selltiz et. al, 1962). Therefore, a very significant decision in research design process is the choice to be made regarding research approach since it determines how relevant information for a study will be obtained.

A research design is a master plan that specifies the methods and procedures for collecting and analyzing the needed information. It is argued that there is no single best research design. As such, the researcher often has several alternatives that can accomplish the stated research objectives (Zikmund, Carr and Griffin, 2013). The main objective of this study is to investigate

the effect of macro business environment on export performance and the mediation role of strategic market orientation. Studies that establish causal relationships between variables may be termed explanatory research. The emphasis here was on studying a situation or a problem in order to explain the relationships between variables (Saunders, et. al, 2009). Explanatory research is useful for studying relations between causes and symptoms.

According to Sanders, et.al (2009) survey strategy also allow the collection of a large amount of data from a sizeable population in a highly economical way. Often obtained by using a questionnaire administered to a sample, these data are standardized, allowing easy comparison. The survey strategy allows the researcher to collect quantitative data which you can analyze quantitatively using descriptive and inferential statistics.

As to this study strategy, after considering the available time, cost and suitability, this study applied explanatory survey research design so as to find out the effect of macro business environment on export performance and the mediating role of strategic market orientation to reveal their causal relationships.

3.5 Data Source

According to Kothari (2004), primary data are those which are collected a fresh and for the first time, and thus happen to be original in character. The secondary data, on the other hand, are those which have already been collected by someone else and which have already been passed through the statistical process. Most research questions are answered using some combination of secondary and primary data (Sanders et. al, 2009).

Therefore, this research applied primary data source for investigation and answer the research questions raised above. In order to collect primary data the researcher prepared well-structured questionnaires and distributed for multinational companies which export textile and garment so as to get first hand primary data.

3.6 Population and Sampling

3.6.1 Population

The main objective of this study is to investigate the effect of macro business environment on export performance and the mediation role of strategic market orientation of MNCs exporting garment and textile. The target population of this study is comprised of management and non-management staffs of textile and garment exporting MNCs found in Addis Ababa. The unit of analysis are those people who can source the most detailed and realistic responses on behalf of the company under observation. In the process, export performance is our critical unit of observation.

In Ethiopia the total garment and textile exporting MNCs are more than 77 as per the data obtained from Ethiopian textile industry development institute. Accordingly, there are 25 MNCs found in Addis Ababa engaged in exporting textile and garment as of 2020. Therefore, the target populations of this study are top management and senior non-management staffs of the above mentioned MNCs found in Addis Ababa.

3.6.2 Sampling Technique

A sample is the number of items selected to represent the whole population (Kothari, 2004). This study employed probability sampling particularly stratified sampling technique. According to Kothari (2004), a stratified sample is a probability sampling technique in which the researcher divides the entire target population into different sub-groups, or strata, and then randomly selects the final subjects proportionally from the different strata.

In this study, the target population is classified in to different strata considering each MNCs as a different strata. In order to give equal weight of sample respondents, this study classifies MNCs in different strata groups and based number of staff under targeted departments.

Table 3.1 Population of the Study

Item	Name of Company	Department		Total
		Marketing	Export	
1	BIG M Apparel and Garment	6	8	14
2	ARVIND Life Style Apparel Manufacturing	8	7	15
3	BMG PLC	7	5	12
4	EMD Garment	7	8	15
5	ASHTON Apparel	5	3	8
6	TING TING Garment	5	10	15
7	Village PLC	6	7	13
8	NEW WIDE Garment	4	5	9
9	SHINTS ETP Garment PLC	3	6	9
10	VESTIS Garment PLC	4	7	11
11	Ever Top Sports Wear PLC	3	8	11
12	AL-ASR Industry Textile	5	7	12
13	AL-MEHDI Industries PLC	3	5	8
14	Dongfang Textile	4	8	12
15	Etur Textile	5	4	9
16	HUAXU Textile	3	7	10
17	JIA DONG WANG Textile	6	9	15
18	Kanoria Africa Textile	5	8	13
19	Mahavir Industries Textile	4	8	12
20	MNS Manufacturing	3	5	8
21	NUOYA Textile	4	9	13
22	YUE CHEN Textile	3	7	10
23	BM Ethiopia Garment and Textile	4	3	7
24	HAY Garment and Textile	5	6	11
25	DIMA Fangawawe Textile	5	9	14

Source: HR Database of Each Factory

3.6.3 Sample Size

According to Kothari (2004,), sampling may be defined as the selection of some part of an aggregate or totality on the basis of which a judgment or inference about the aggregate or totality is made. As a general rule, one can say that the sample must be of an optimum size. It should neither be excessively large nor too small. If the sample size of a research is too small, it may not serve to achieve the objectives and if it is too large, we may incur huge cost and waste resources.

This study applied stratified random sampling technique and implemented a formula to determine appropriate sample size for a finite population which was developed by Kothari in 2004. As it is shown in the formula calculated below, a sample size of 165 is appropriate for a given population size of 286 at the confidence level of 95% and a margin of error of 5%. Therefore, 165 questionnaires were distributed for MNCs exporting textile and garment in addition to the stake holders mentioned above.

$$n = \frac{Z^2.p.q.N}{e^2(N-1)+Z^2p.q} \ ,$$

Where:

n: sample size
N: number of total population
Z: value of confidence level from *Z*-table
E: precise (error) margin of error
P: proportion of sample in the universe

Thus

$$n = \frac{1.96^2 x 0.5 x 0.5 x 286}{(0.05)^2(286-1) + (1.96)^2 x 0.5 x 0.5}$$

n = 164.19 ≈ 165

Therefore, 165 number of sample representatives are selected for analysis. The following table summarizes number of questionnaires that was distributed for each stratum.

Table 3.2 Population and Sample Selected

Item	Name of Company	Total	Proportion	Sample Selected
1	BIG M Apparel and Garment	14	5%	8
2	ARVIND Life Style Apparel Manufacturing	15	5%	9
3	BMG PLC	12	4%	7
4	EMD Garment	15	5%	9
5	ASHTON Apparel	8	3%	5
6	TING TING Garment	15	5%	9
7	Village PLC	13	5%	7
8	NEW WIDE Garment	9	3%	5
9	SHINTS ETP Garment PLC	9	3%	5
10	VESTIS Garment PLC	11	4%	6
11	Ever Top Sports Wear PLC	11	4%	6
12	AL-ASR Industry Textile	12	4%	7
13	AL-MEHDI Industries PLC	8	3%	5
14	Dongfang Textile	12	4%	7
15	Etur Textile	9	3%	5
16	HUAXU Textile	10	3%	6
17	JIA DONG WANG Textile	15	5%	9
18	Kanoria Africa Textile	13	5%	7
19	Mahavir Industries Textile	12	4%	7
20	MNS Manufacturing	8	3%	5
21	NUOYA Textile	13	5%	7
22	YUE CHEN Textile	10	3%	6
23	BM Ethiopia Garment and Textile	7	2%	4
24	HAY Garment and Textile	11	4%	6
25	DIMA Fangawawe Textile	14	5%	8
Total		286	100%	165

Source: HR Database of Each Factory

3.7 Data Collection Procedure

The study used primary data source, for the purposes of gathering primary data questionnaires were prepared. Primary data were collected based on structured questionnaires as per the research objective. In preparing a questionnaire, the researcher carefully chooses the questions from different journal articles and arranges their form, wording, and sequence.

As per the sample size the researcher distributed 165 questionnaires to the respondents. The respondent category is senior manager of marketing, production and export department staffs of MNC which are exporting textile and garment. The researcher distributed and collected the questionnaires to and from the respondents through emails and in person visiting the respondents.

3.8 Data Collection Instrument

Primary data from selected respondents are collected using structured questionnaire. The questionnaire is divided in to four sections. The first section is regarding the demographic characteristics of respondents and firm's status. The second section is about the independent variable macro-business environment. The third section is concerning the mediating variable strategic market orientation. Finally, the export performance measuring instruments are presented. These questions are adopted from different journal articles and modified in order to meet the research objective. Accordingly, the following table summarizes the source of instrumentation and their corresponding measures.

Table 3.3 Research Instruments

Item	Variables	Source	Number of Items	Cronbach's Alpha
1	Political and Legal Environment	Sibindi & Samuel, 2019	5	0.74
2	Economical Environment	Sibindi & Samuel, 2019	3	0.74
3	Socio-Cultural Environment	Sibindi & Samuel, 2019	5	0.74
4	Technological Environment	Nguyen & Khoa, 2020	4	0.73-0.76
5	Environmental Factors	Birru, 2016	4	0.88
6	Strategic Market Orientation	Izadi & Ahmadian, 2018	13	0.89
7	Export Performance	Zou, Taylor & Osland, 1998	9	0.83-0.92
Total			43	

3.9 Method of Data Analysis and Presentation

Data was analyzed using both descriptive and inferential statistics technique. The descriptive statistics applied for the questions regarding demographic and other informative questions aimed to give readers on the details of the respondents and organizational overall descriptions. In order to evaluate the effects of macro business environment on export performance and the mediation effect of strategic market orientation an inferential statistics was applied. Hence, the Statistical Packages for Social Science (SPSS) of version 22 and Excel were used for the data analysis.

In general, the quantitative analysis will be based on statistical analysis using a correlation relation among the independent variable and dependent variable. As per the literature review above and most agreed up on variables in macro business environment, PESTEL variables will act as independent variable. In addition, the mediation role of strategic orientation will act as partial independent variable in order to give an inner role in factors contributing on export performance of textile MNCs. Export performance is the dependent variable. Sub-variables in each of the above factors will be considered to further deepen our understanding on the workings of critical macro business variables. Such variables are exhaustively crafted as per the recommendation of varies scholars assessed on the literature section above.

The researcher carefully codified and encoded the data in to SPSS for further analysis and interpretations. Descriptive analyses followed by identifying formidable associations among dependent and independent variables were extracted from the software. The resulting correlation and whether is significant enough to pursue further inferential statistics was computed up the reaffirmation in comparison as per Pearson Correlation Coefficient (p -value) of 0.05. The analysis was held under 95% degree of confidence thereby giving a 5% margin of error. The result of the correlation analysis confirmed the existence of a significant relationship between macro business variables and export performance as well as the mediating variable of strategic marketing orientation.

Following the results of the SPSS and confirmation of the association, the focus is now establishing the magnitude of the correlation and the range of predictability among dependent and independent variable. The 5 (five) major assumptions of linear regression were tested before conducting the much needed regression.

These assumptions include linearity, multivariate normality, no or little multi-collinearity, no auto-correlation and homoscedasticity. In each case, scatter plots, residual mappings, Q-Q plot, correlation matrix and VIF were computed to assert the choice of linear regression.

A rigorous regression was conducted to find out the effect of macro business environment on export performance. Numerical findings from the regression were thoroughly theoretical triangulated in modern and contemporary outlook on the export performance and macro business variables. On the other hand, theoretical triangulation based on the pre-studied literature indicated further direction towards interpretation of the research findings. More to the analysis, the researcher also employed her knowledge in the data interpretation.

The findings are presented in a thematic manner as per the pre-established research objectives. Accordingly, graphs and tables guide the readers to better comprehend the lessons learnt and rethink the engagement of macro business variables and export relationships. A diagram depicting the critical macro business factors and their potential effect on export performance and the mediation role of strategic marketing orientation are presented,

3.10 Ethical Consideration

Codes of ethics are intended to avoid poor practice, malpractice and harm as well as to promote ethical practice and private or public good. Ethical practices and codes the researcher followed in doing this research include offering a paramount significance to do the work fairly and honestly. In this study no information was modified or changed, all information is presented as collected. In addition, all the literatures compiled for the purpose of this study are acknowledged in the reference at the end of the paper.

As a rule of thumb, the researcher has revealed the objective and purpose of the study before hand and also requested their consent as per the template seen at the back of the research paper. In collecting the data, the researcher takes in to account ethical considerations of the respondents and any other parties that have negative effect on them. Information collected from the MNC and stack holders are kept confidential and won't be used for any other purpose than this study.

3.11 Reliability and Validity

Validity aims to target whether a questionnaire measures what it intends to measure. According to Fields (2005), a valid questionnaire covers the intended objective well. The main types of validity include face validity, content validity, construct validity and criterion validity. In this regard, renowned scholars have been referred as it's indicated in the literature body. The development of the conceptual framework is carefully advised by the relevant literature review seen in Chapter two.

The focus on validity test has been in content validity. As it is the most highly recommended form of instrument validity checking modality, the degree to which items in an instrument reflect the content universe to which the instrument will be generalized" (Straub, Boudreau et al. 2004). The best way to conduct a content validity is to pass through panel of experts in the area (Choudrie and Dwivedi, 2005). The Ethiopian textile institute experts have been consulted to restructure the questionnaire in order to make it inclusive of adequate sub variables. Accordingly, each question has been amended as per the recommendations and an as per the research objectives.

The other validity test is a construct and criterion validity. Straub et al (2004) cause and effect relationship is established in forming the questions. In so doing, all possible outcomes were lined up both with the help of industry document examination and with the help of the experts in the industry as described above. In this regard, questionnaire developed in previously conducted similar researches have been referred and acknowledged at the back of this proposal.

Reliability or repeatability of instruments is also checked through Cronbach Alpha coefficient. It is viewed as the most appropriate measure of reliability when making use of Likert scales (Whitley, 2002 and Robinson, 2009). Accordingly, as the questionnaire used in this study is largely adopted from previous published studies, it's fair to assume their stated Cronbach Alpha Coefficient. Which is of 0.86 was registered as estimate of consistency.

Chapter Four

Data Presentation, Analysis and Interpretation

4.1 Introduction

This chapter presents data presentation, analysis and interpretation. Here in this chapter data cleaning was the first task and reliability and validity of data was assured. Then the data was analyzed using a descriptive statistics tools. The main course of the study is on an inferential statistics hence, correlation and regression analysis was performed in order to reveal the research questions and meet the objective of the study.

4.2 Data Cleaning

As it is clearly mentioned above the main objective of this study was to examine the effect of macro business environment and mediation role of strategic market orientation on export performance of textile and garment exporter MNCs in Addis Ababa, Ethiopia. To this end in order to tap primary data Likert scale questionnaire was prepared and distributed to 165 sample respondents of textile and garment exporter MNCs found in Addis Ababa. From the total of 165 questionnaires 154 were returned and 4 questionnaire rejected due to incomplete and inconsistence. Hence, 150 questionnaires were used for quantitative analysis and discussion in order to meet the stated objectives. Hence, the response rate of this research was 90.91 % and it is summarized in the following table, Table 4.1 below.

Table 4.1 Data Cleaning

Questionnaires Distributed	Questionnaires Returned	Questionnaires Returned	Questionnaire Rejected	Workable Questionnaire	Response Rate
165	154	11	4	150	90.91%

4.3 Reliability of Instruments

In order to check the reliability of instrument Cronbach's coefficient alpha was calculated for each items and the entire questionnaire so as to check internal consistency of the instruments.

As it is shown in the following Table 4.2, the value of Cronbach's Alpha ranges between 0.603 and 0.836. Moreover, the overall reliability of the instrument was 0.923 and it is acceptable. Therefore, based on the test result the items are reliable and acceptable.

Table 4.2 Reliability Test of Instruments

No	Scale	Number of Items	Cronbach's Alpha
1	Political and Legal Environment	5	0.603
2	Economic Environment	3	0.660
3	Socio-Cultural Environment	5	0.657
4	Technological Environment	4	0.626
5	Environmental Factors	4	0.692
6	Strategic Market Orientation	13	0.836
7	Export Performance	9	0.818
	Total	43	0.923

4.4 Respondents Demographic Characteristics

4.4.1 Gender

Table 4.3 The Gender Matrix of Respondents

Gender		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Male	112	74.7	74.7	74.7
	Female	38	25.3	25.3	100.0
	Total	150	100.0	100.0	

As it is exhibited on table 4.3 above, the gender category among 150 total respondents 112 (74.7%) respondents were male and the remaining 38 (25.3%) of respondents were female. This shows that the majority of male respondents were sampled relatively higher than female respondents. However, there is a good representation of both male and female in order to generalize the result.

4.4.2 Age

Table 4.4 Ages of Respondents

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	18-29	10	6.7	6.7	6.7
	30-39	73	48.7	48.7	55.3
	40-49	55	36.7	36.7	92.0
	50 +	12	8.0	8.0	100.0
	Total	150	100.0	100.0	

Respondents were asked to indicate their age within the interval put in to be filled. Accordingly, table 4.4 above presents respondents age and 73 (48.7%) were found between 30 - 39 years of age, 55 (36.7%) of respondents were found between 40 – 49 years, 12 (8%) were found 50 and above, finally 10 (6.7%) of the respondents were found age interval between 18 -29. This clearly shows that the majority of respondents are between the age of 30 and 39. Regarding the second most frequent age interval is between 40 and 49 years. This shows that the majority of the respondents are between the age of 30 to 49, and it is believed that they have enough experience and exposure in the field.

4.4.3 Educational Background

Table 4.5 Educational Background of Respondents

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Degree	87	58.0	58.0	58.0
	Masters	55	36.7	36.7	94.7
	PhD	8	5.3	5.3	100.0
	Total	150	100.0	100.0	

Respondents were asked to indicate their educational qualification. Hence, table 4.5 above exhibited that 87 (58%) respondents were first degree holder, 55 (36.7%) were master's degree holders and the remaining 8 (5.3%) were PhD holders. This shows that the majority of respondents are first degree holders and the highest level of education is PhD. The educational background of the respondents is implied that the vast majority of respondents are well educated and have the ability to understand the questions well enough and able to relate their company export performance with the macro environment and strategic market orientation questions under investigation.

4.4.4 Nationality

Table 4.6 Nationality of Respondents

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Ethiopian	119	79.3	79.3	79.3
	Foreigner	31	20.7	20.7	100.0
	Total	150	100.0	100.0	

Similarly respondents were also asked to indicate their nationality and the above table 4.6 presents 119 (79.3%) of the respondents are Ethiopian and the remaining 31 (20.7%) are foreigners from different parts of the world. This implies that 20.7% of the respondents have other country experience. Moreover, this study is mainly focus on macro business environment and export performance, and hence including professional from different countries gives opportunities to evaluate the macro environment and its effect on export performance to the required level.

4.4.5 Ownership

Table 4.7 Ownership of MNC's

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Fully Ethiopian Owned	8	5.3	5.3	5.3
	Fully Foreign Owned	96	64.0	64.0	69.3
	Jointly Owned	46	30.7	30.7	100.0
	Total	150	100.0	100.0	

Regarding the ownership of NMCs respondents, presented on table 4.7 above indicated that 96 (64%) of the companies are fully foreign owned, 46 (30.7%) of them are jointly owned and the remaining 8 (5.3%) were fully Ethiopian owned. Since this study is mainly focus on MNCs, including companies from different countries gives opportunities to compare their operation experience with other subsidiaries.

4.4.6 Experience

Table 4.8 Frequency of years of experience

Experience		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1-3	11	7.3	7.3	7.3
	4-6	42	28.0	28.0	35.3
	7-10	58	38.7	38.7	74.0
	11-15	31	20.7	20.7	94.7
	Above 15	8	5.3	5.3	100.0
	Total	150	100.0	100.0	

In addition respondents were asked to indicate their level of experience and presented on table 4.8 above. Accordingly, 58 (38.7%) of the respondents have 7 to 10 years of experience, 42 (28%) of respondents have work experience of 4 to 6 years, 31 (20.7%) of respondents have 11 to 15 years of experience, 11 (7.3%) of the respondents have work experience between 1 to 3 years, finally 8 (5.3%) of the respondents have work experience of more than 15 years. This implies that the majority of respondents work experience is above average and they have sufficient experience so as to understand the environment and their performance.

4.4.7 Department of Respondents

Table 4.9 Department Matrix of Respondents

Department		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Marketing	59	39.3	39.3	39.3
	Export	91	60.7	60.7	100.0
	Total	150	100.0	100.0	

Respondents were also asked to describe their current department in the company and summarized in table 4.9 above. Hence table 4.9 exhibited that 91 (60.7%) of respondents were from export department and the remaining 59 (39.3%) of the respondents were from the marketing department. This shows that respondents are selected from the two appropriate departments so as to tap relevant and aureate information.

4.4.8 Operations in Ethiopia

Table 4.10 Years of Operations in Ethiopia

Operations		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1-3	2	1.3	1.3	1.3
	4-6	36	24.0	24.0	25.3
	7-10	70	46.7	46.7	72.0
	11-15	33	22.0	22.0	94.0
	Above 15	9	6.0	6.0	100.0
	Total	150	100.0	100.0	

Table 4.10 above presents years of operations in Ethiopia and 70 (46.7%) of the respondents are from a company which operates between 7 to 10 years in Ethiopia, 36 (24%) of them are from 4 to 6, 33 (22%) of the respondents are from 11 to 15 years, 9 (6%) of the respondents are from the company operates more than 15 years in Ethiopia and the remaining 2 (1.3%) are from the company which operates 1 to 3 years in Ethiopia. Therefore, nearly 75% of the respondents were from the company which operates more than 10 years in Ethiopia. This implies that they have sufficient information regarding the macro businesses environment and Ethiopian export business factors.

4.5 Descriptive Analysis of Variables

Table 4.11 Mean and standard Deviation of Variables

No	Variables	Minimum	Maximum	Mean	SD
1	Political and Legal Environment	1	5	3.1307	0.57322
2	Economic Environment	1	5	3.3126	0.65737
3	Socio-Cultural Environment	1	5	3.3520	0.60808
4	Technological Environment	1	5	3.4057	0.60939
5	Environmental Factors	1	5	3.5217	0.65214
6	Strategic Market Orientation	2	5	3.6118	0.49599
7	Export Performance	2	5	3.6630	0.55450

In this section of the report descriptive statistics of the data in terms of mean and standard deviation were presented and discussed to illustrate the level of agreement of the respondents.

The response rate of the respondents were measured on five point Likert scale which represents 1 = Strongly Disagree, 2 = Disagree, 3 = Neutral, 4 = Agree and 5 = Strongly Agree. The above table, Table 4.11 summarizes the mean and standard deviation of variables under study.

As it can be seen in the Table 4.11 above political and legal environment was scored a mean of 3.1307 and a standard deviation of 0.57322, this implies that the majority of the respondents are fairly neutral in response of the effect of political and legal environment. The second variable economic environment scores mean of 3.3126 and standard deviation of 0.65737 and remain neutral. The mean of the third variable, Socio-Cultural Environment is 3.3520 and standard deviation of 0.60808.

The above Table 4.11 also shows that mean of 3.4057, 3.5217, 3.6118 and 3.6630 for the variables technological environment, environmental factors, strategic market orientation and export performance respectively. The mean value of the variable provides idea regarding the central tendency of the value of the variable. Meanwhile the standard deviation is subjected to the idea of dispersion of the value of the variable from its mean value. However, the interpretation can be to the standard set by Akmaliah (2014), as cited by Muhamed and Sekajugo (2015) mean score result can be interpreted in a way that score less than 3.39 indicate low level, score of 3.40 to 3.79 indicate a medium level and scores greater than 3.80 indicates high level.

Hence, variables political and legal environment, economic environment, socio-cultural environment were scored low and variables technological environment, environmental factors, strategic market orientation and export performance have medium level mean score.

4.6 Correlation Analysis

The above descriptive statistics give readers on the nature of the respondents and how the researcher based the responsiveness of the required data values. As per the main objective of the study, the next step will focus on identifying the proposed relationship among the study variables. This in turn will help whether to pursue a regression analysis or not. Accordingly, the analysis will largely be based on Pearson correlation coefficient and significance test results. Each of the five independent variables in macro business environment and the mediating variable of strategic marketing orientation and export performance were scrutinized in order to determine the presence or absence of correlation among themselves.

4.6.1 Relationship between Macro-business Environment, Strategic Market Orientation and Export Performance

Table 4.12 Correlation between Study Variables

		POL	ECON	SOCIO	TECH	ENVI	STRA	EXPO
POL	Pearson Correlation	1						
	Sig. (2-tailed)							
	N	150						
ECON	Pearson Correlation	.271**	1					
	Sig. (2-tailed)	.001						
	N	150	150					
SOCIO	Pearson Correlation	.305**	.704**	1				
	Sig. (2-tailed)	.000	.000					
	N	150	150	150				
TECH	Pearson Correlation	.325**	.611**	.460**	1			
	Sig. (2-tailed)	.000	.000	.000				
	N	150	150	150	150			
ENVI	Pearson Correlation	.310**	.532**	.548**	.504**	1		
	Sig. (2-tailed)	.000	.000	.000	.000			
	N	150	150	150	150	150		
STRA	Pearson Correlation	.399**	.630**	.616**	.589**	.699**	1	
	Sig. (2-tailed)	.000	.000	.000	.000	.000		
	N	150	150	150	150	150	150	
EXPO	Pearson Correlation	.417**	.387**	.457**	.565**	.583**	.677**	1
	Sig. (2-tailed)	.000	.000	.000	.000	.000	.000	
	N	150	150	150	150	150	150	150

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

Pearson's coefficient of correlation "r" ranges from -1.0 to +1.0. The positive sign indicates variables are directly related, whereas the negative sign represents there is inverse relationship between variables. Consequently, the interpretations of strength of relationship between variables are based on the suggestion of Field (2005). According to Field (2005), correlation coefficient "r" between 0.1 to 0.29, is weak, 0.3 to 0.49 is moderate, 0.5 to 0.9 is strong and correlation coefficient between 0.9 to 1.0, is very strong.

As it is exhibited in Table 4.12 above the correlation result indicates that the relationships between study variables were found positive and significant. Correlation result between Socio-Cultural environment and economic environment represent strong positive and statistically

significant relationship ($r = .704$, $p < 0.001$). Similarly, socio-cultural environment and strategic market orientation ($r = .616$, $p < 0.001$), socio-cultural environment and environmental factors ($r = .548$, $p < 0.001$) also revealed strong positive and statistically significant relationship. On the other hand, socio-cultural environment and technological environment has showed moderate positive and statistically significant relationship ($r = .460$, $p < 0.001$).

Similarly, socio-cultural environment and political-legal environment ($r = .305$, $p < 0.001$); socio-cultural environment and export performance ($r = .457$, $p < 0.001$) exhibited moderate positive and statistically significant relationship between them.

It was revealed that there is strong positive and statistically significant relationship between strategic market orientation and environmental factors ($r = .699$, $p < 0.001$). Similarly, there is also strong positive and statistically significant relationship between strategic market orientation and export performance ($r = .677$, $p < 0.001$) and strategic market orientation and Economic environment ($r = .630$, $p < 0.001$). Moreover, there is strong positive and statistically significant relationship between strategic market orientation and technological environment ($r = .589$, $p < 0.001$) and moderate positive and statistically significant relationship between strategic market orientation and political-legal environment ($r = .399$, $p < 0.001$).

Moreover, technological environment and economic environment ($r = .611$, $p < 0.001$) revealed strong positive and statistically significant relationship between them. Correspondingly technological environment and environmental factors ($r = .504$, $p < 0.001$), technological environment and export performance ($r = .565$, $p < 0.001$) has strong positive and statistically significant relationship between them.

The relationship between political-legal environment and technological environment ($r = .325$, $p < 0.001$), political-legal environment and environmental factors ($r = .310$, $p < 0.001$), political-legal environment and export performance ($r = .417$, $p < 0.001$) which represents moderate positive and statistically significant relationship between these variables. On the other hand there is weak positive and statistically significant relationship between political-legal environment economic environment ($r = .271$, $p < 0.001$).

The correlation coefficient between economic environment and export performance ($r = .583$, $p < 0.001$), economic environment and environmental factors ($r = .532$, $p < 0.001$) revealed

that there is strong positive and statistically significant relationship. Moreover, economic environment and export performance ($r = .387$, $p < 0.001$) has moderate positive and statistically significant relationship.

Therefore, despite the above confirmation on the prevailing significant correlation among the hypothesized relationship, the magnitude and direction of their impact should be identified. The latter is identified by pursuing a linear regression.

4.6.2 Relationship between Political-Legal Environment and Export Performance

Pearson Correlation coefficient was conducted in order to determine the nature of strength and direction of the relationship between political-legal environment and export performance with the significant p-value are defined and presented in the Table 4.12 above.

The correlation analysis confirm the magnitude and direction of the relationship between variables confirm a significant and positive correlation with p-value of .000 which is significantly lesser than 0.05 (defined margin of error). Hence, result on the Table 4.12 above firmly confirms that there is medium positive and statistically significant relationship between political-legal environment and export performance ($r = .417$, $p < 0.001$).

The finding of this study is similar to the findings of Laouiti, Gharbi and Liouane (2014) who found out that there is positively and statistically significantly relationship between legal environment and performance. Moreover, the findings of Kitonyi, Kibera, Gathungu and Yabs (2020) assert that there is positive and statistically significant relationship between legal environment and export performance.

4.6.3 Relationship between Economic Environment and Export Performance

The correlation analysis in the above table, Table 4.12 above firmly confirms that there is medium positive and statistically significant relationship between economic environment and export performance ($r = .387$, $p < 0.001$).

The findings of this study in line with the findings of Kitonyi, Kibera, Gathungu and Yabs (2020) who found out there are positive and significant relationship between economic environment and export performance.

4.6.4 Relationship between Socio-Cultural Factors and Export Performance

The above table, Table 4.12 is also revealed the relationship between socio-cultural factors and export performance. The empirical result presented in Table 4.12 confirms that there is medium positive and statistically significant relationship between socio-cultural environment and export performance ($r = .457$, $p < 0.001$).

The findings of this study is also supported by the findings of Kitonyi, Kibera, Gathungu and Yabs (2020) who found out there are positive and significant relationship between socio-cultural environment and export performance.

4.6.5 Relationship between Technological Environment and Export Performance

The correlation analysis on Table 4.12 above firmly confirms that there is strong positive and statistically significant relationship between technological environment and export performance ($r = .565$, $p < 0.001$).

Studies by Ikemefuna and Abune, (2015); Lovlyn (2016) commend that technological factor has a significant relationship with organizational performance. Moreover, an empirical study by Laouiti, Gharbi and Liouane (2014) provides that technological factors are the most positively and significantly related to performance.

4.6.6 Relationship between Environmental Factors and Export Performance

Table 4.12 above also exhibited that there is a strong and positive and statistically significant relationship between environmental factors and export performance. The correlation coefficient value of .583 and its significant level is significantly lesser than the threshold of 0.05, where ($r = .583$, $p < 0.001$).

4.7 Regression Analysis

The above descriptive and correlation analysis stressed existence of positive and significant relationship among the study variables. The next step is identifying how significant is the relationship and quantifying the magnitude of the effect. Hence, this section of the report presents inferential analysis on linear regression. The regression analysis is used to determine the degree or intensity in which the dependent variable (export performance) can be explained by the independent variable (macro-business environment). The analysis is presented on thematic presentation following the previously set objectives.

4.7.1 Assumptions of Regression Analysis

Based on the response obtained from the questionnaire the researcher further analyzed the data using multiple regression models. This study is tested for classical linear regression model assumptions; linearity, normality, multicollinearity and homoscedasticity assumptions.

Linearity Assumption

The relationship between the independent and dependent variables has to be linear so as to estimate the relationship in multiple linear regressions. If their relations not linear, the result of the regression analysis will underestimate the true relationship and provides inaccurate statistical result (Jensen and Ramireze, 2013).

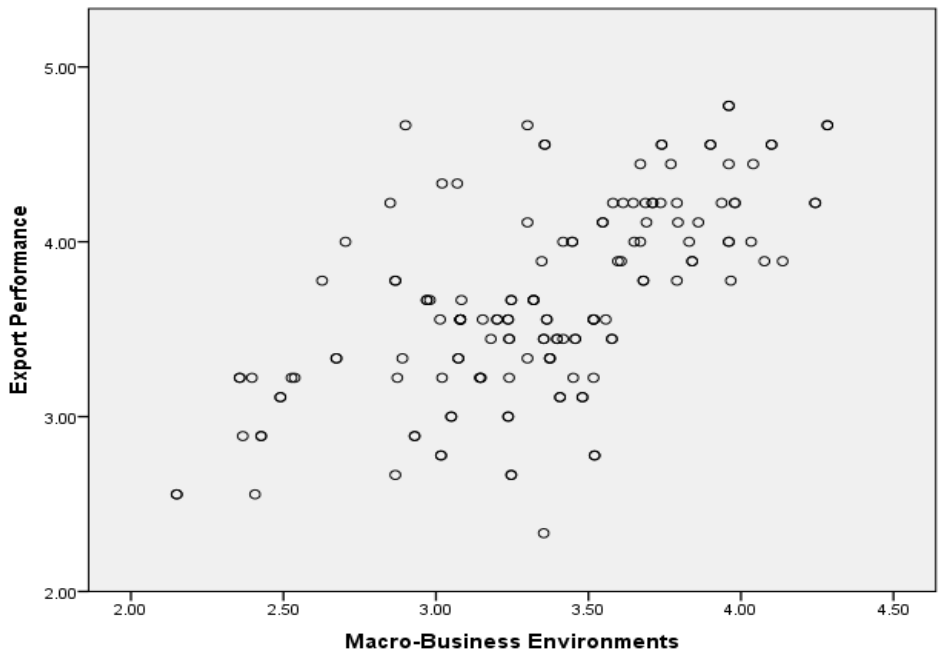

Figure 4.1 Linearity Relationship between Macro-business and Export Performance

As it is shown in the above figure 4.1 drawing one straight line to approximate the observations for all independent variable (macro-business environment) against the dependent variable (export performance) and the variance between the upper and lower cades of the observations were reasonably similar. Hence a linearity assumption was not a serious threat for this study.

Normality Assumptions

This assumption tests whether the data is well modeled by approximately normal distribution or note. This test of normality could be checked by using visual examination through graphical representation namely histogram and dot plot. The decision rule is that, if the fitted line in the P-P plot is approximately a straight line, one can conclude that the variables of interest are normally distributed (Gugarati, 2004). As it is shown in the figure 4.2 below the residuals of the model were approximately normally distributed, since the fitted line on the P-P plot approximately straight line.

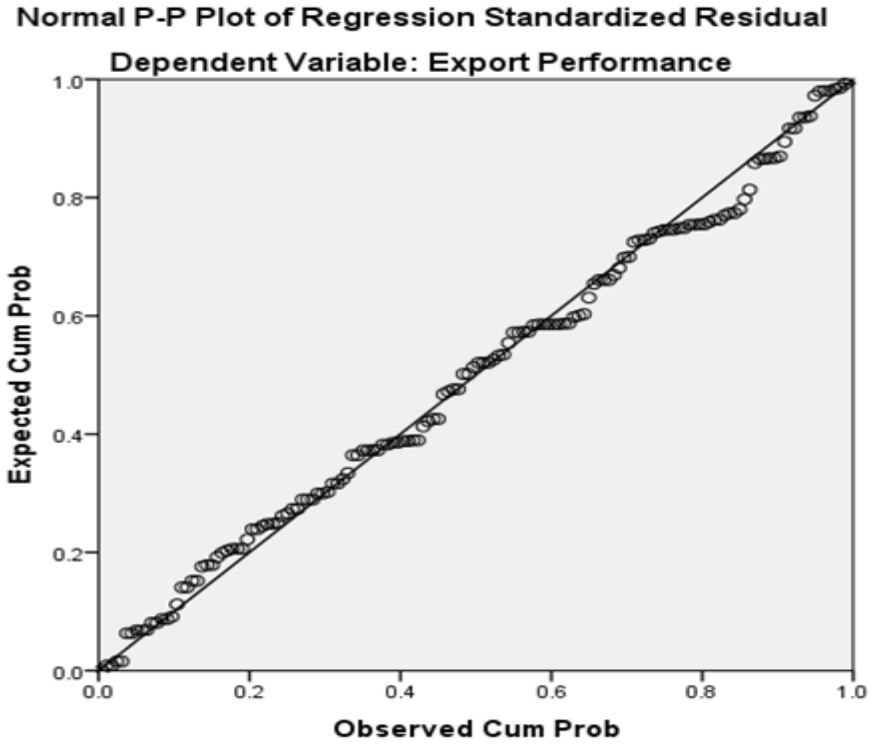

Figure 4.2 P-P Plot for Regression Standardized Residual

Moreover, According to Keith (2006) the assumption of normality shows that errors are normally distributed and that a plot of the values of the residuals will approximate a normal curve.

Accordingly, the following figure 4.3 shows that a histogram of the data with a normal curve plotted around and revealed that the data are approximately normally distributed. Therefore, normality assumption addressed at this stage and will not be a problem in this study.

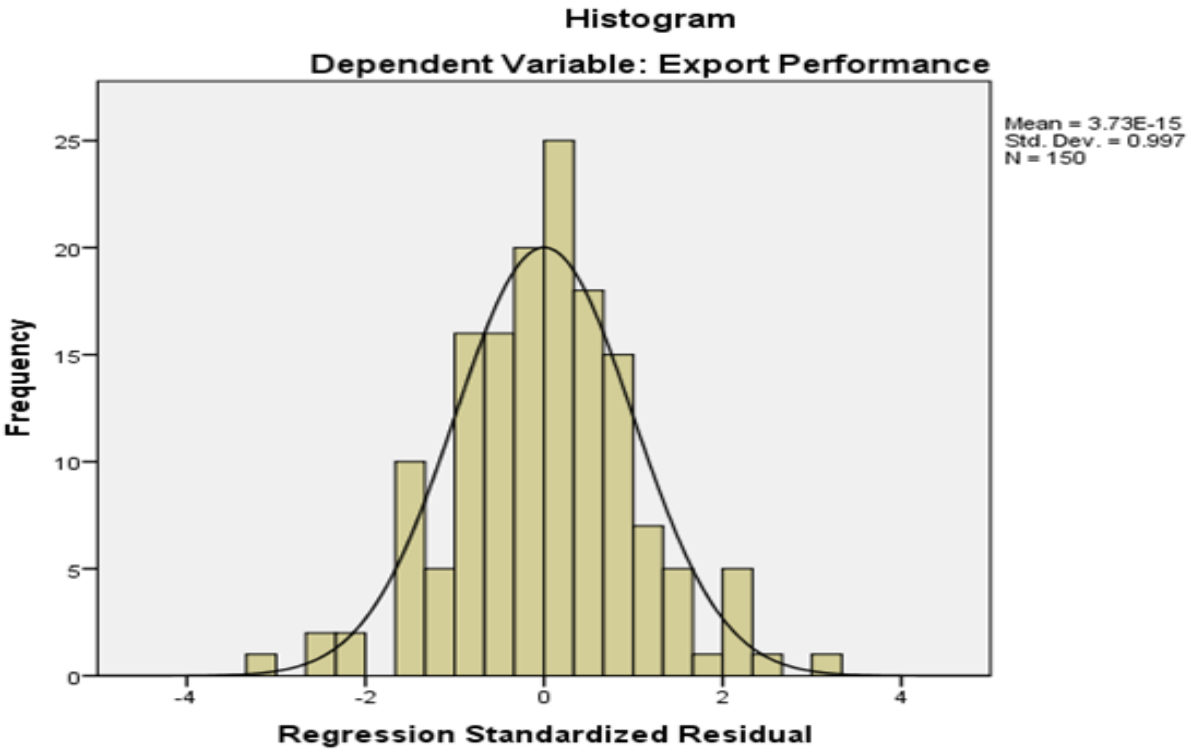

Figure 4.3 Histogram with Normal Curve Plotted

Multicollinearity

Linear regression assumes that there is little or no correlation between the independent variables. Multicollinearity is used to describe correlation among independent variables. If there is high correlation between two or more predictor variables, may cause problem when trying to draw inference about the relative contribution of each predictor variable to the success of the model (Field, 2009).

Multicollinearity in this study was tasted using Variance Inflation Factor (VIF) value and tolerance value. According to Field (2009), the tolerance value close to 1 and VIF value between close to 1 but not greater than 10 can be concluded that there is no multicollinearity between independent variable. Hence, Table 4.13 below revealed that multicollinearity is not a problem for data this study.

Table 4.13 Multicollinearity Test

Coefficients[a]

Model		Collinearity Statistics	
		Tolerance	VIF
1	POL	.852	1.174
	ECON	.394	2.538
	SOCIO	.455	2.198
	TECH	.565	1.768
	ENVI	.604	1.657

a. Dependent Variable: EXPO

Autocorrelation

Another important linear regression analysis assumption is autocorrelation; linear regression analysis requires little or no autocorrelation in the data. According to Stevens (2009), autocorrelation occurs when the residuals are not independent from each other. The assumption is that residuals (error terms) are probabilistically independent. However, when they are often correlated with nearby residuals it is called auto-correlated. The Durbin-Watson statistics is one measure of autocorrelation and thus it measures the extent to which the assumption is violated.

According to Albright, Winston and Zappe (2010), the Derbin-Watson statistics is scaled between 0 and 4, values close to 2 indicates very little autocorrelation, values below 2 indicates positive autocorrelation and values above 2 indicates negative autocorrelation. Hence the result as shown on the model summary table of Table 4.14 below the value of Durbin-Watson coefficient is 1.713 which is greater than 1 and close to 2. Therefore, according to Field (2009), it can be said that independent error assumption has been meet and autocorrelation assumption is not violated. This is to mean that autocorrelation will not be a problem for this study.

Table 4.14 Autocorrelation Model Summary

Model Summary[b]

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.639[a]	.408	.404	.42814	1.713

a. Predictors: (Constant), MACROBE

b. Dependent Variable: EXPO

Homoscedasticity

The assumption of homoscedasticity refers to equal variance of errors all levels of the independent variables. Homoscedasticity can be checked by visual examination of a plot of the standardized residuals by the regression standardized predicted value (Osborne and Waters, 2002). Figure 4.4 below, shows a random array of dots. Hence, the model is homoscedastic and hetroscedasticity is not a problem for this data.

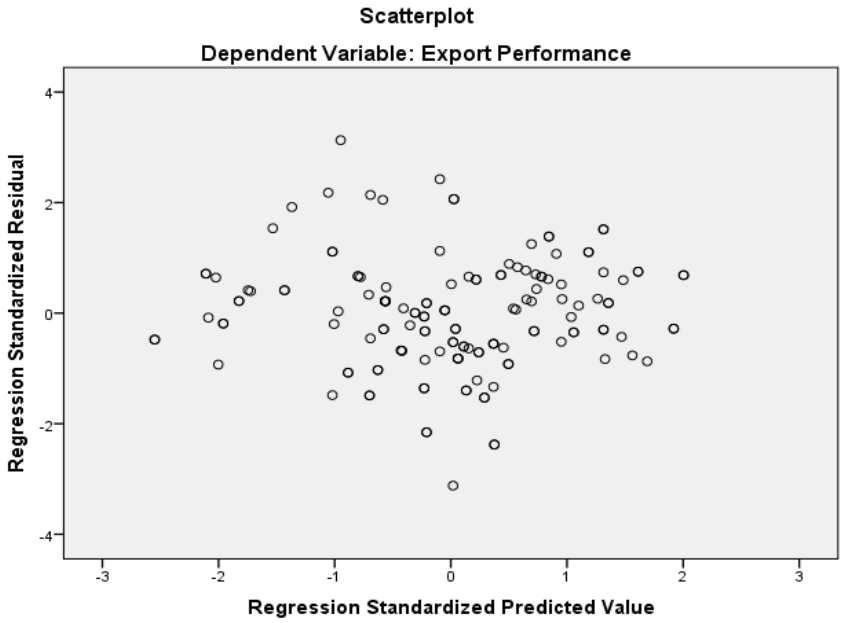

Figure 4.4 Test of Heteroscedasticity

4.7.2 The Effect of Macro-Business Environment on Export Performance

The model summary in the following Table 4.15 shows the statistical relationship of the dependent variable (export performance) and independent variable (macro-business environment)

Table 4.15 Model Summary Macro-Business Predicting Export Performance

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.639[a]	.408	.404	.42814

a. Predictors: (Constant), MACROBE

The value of R on the regression model represents the strength of the correlation between macro-business environment and export performance. Hence, the value R = 0.639 shows positive and strong correlation between macro-business environment and export performance. The values of R square and adjusted R square are 0.408 and 0.404 respectively. The value of R square represents how much of the dependent variable can explained by the independent variable. Therefore, 40.8% of the variation in the dependent variable (export performance) can be accounted in the independent variable (macro-business environment). The remaining 59.20% of the variations are due to some other factors which are not included in this study.

Table 4.16 ANOVA Macro-Business Environment Predicting Export Performance

ANOVA[a]

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	18.684	1	18.684	101.933	.000[b]
	Residual	27.128	148	.183		
	Total	45.813	149			

a. Dependent Variable: EXPO
b. Predictors: (Constant), MACROBE

The ANOVA table tests whether the overall regression model is good fit for the data tested. The independent variables (macro-business environment) statistically significant predictor of the dependent variable (export performance) at F (1,148) = 101.933, p < .001. Hence, the regression model is good fit of the data.

Table 4.17 Coefficients Macro-Business Predicting Export Performance

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.135	.253		4.489	.000
	MACROBE	.756	.075	.639	10.096	.000

a. Dependent Variable: EXPO

The above Table 4.17 revealed the value of unstandardized coefficient, B which indicates how much the dependent variable varies with the variation of independent variable when all other independent variables are kept constant.

Therefore, the value of B = 0.756 in the above Table 4.17 represents that a unit change that occurred on macro-business environment by making other dimensions constant can lead to an increase on export performance by 0.756. Therefore, the regression equation based on the coefficients is:

$$EP = 1.135 + 0.756MBE$$

A study by Kefalas (1981) suggested as business environments of an enterprise are events which directly or indirectly affect the operations of enterprises and they are uncontrollable. Another study conducted by Peng and Song (2019) asserts that macro-level environment that firms face incidentally affects export performance. Moreover, a study by Kormishkin, Semenova and Koloskov (2015) on macro environment was found to have significant effect on export growth.

4.7.3 The Effect of Strategic Market Orientations on Export Performance

The model summary in the following Table 4.18 shows the statistical relationship of the dependent variable (export performance) and strategic market orientation.

Table 4.18 Model Summary Strategic Market Orientation Predicting Export Performance

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.677[a]	.458	.454	.40960

a. Predictors: (Constant), STRA

The value of R on the regression model represents the strength of the correlation between strategic market orientation and export performance. Hence, the value R = 0.677 shows positive and strong correlation between strategic market orientation and export performance. The values of R square and adjusted R square are 0.458 and 0.454 respectively. The value of R square represents how much of the dependent variable can explained by the independent variable. Therefore, 45.80% of the variation in the dependent variable (export performance) can be accounted in the independent variable (strategic market orientation). The remaining 54.20% of the variations are due to some other factors which are not included in this study.

Table 4.19 ANOVA Strategic Market Orientation Predicting Export Performance

ANOVA[a]

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	20.983	1	20.983	125.069	.000[b]
	Residual	24.830	148	.168		
	Total	45.813	149			

a. Dependent Variable: EXPO

b. Predictors: (Constant), STRA

The ANOVA table tests whether the overall regression model is good fit for the data tested. The independent variables (strategic market orientation) statistically significant predictor of the dependent variable (export performance) at $F(1,148) = 125.069$, $p < .001$. Hence, the regression model is good fit of the data.

Table 4.20 Coefficients Strategic Market Orientation Predicting Export Performance

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.930	.247		3.772	.000
	STRA	.757	.068	.677	11.183	.000

a. Dependent Variable: EXPO

The above Table 4.20 revealed the value of unstandardized coefficient, B which indicates how much the dependent variable varies with the variation of independent variable when all other independent variables are kept constant.

Therefore, the value of B = 0.757 in the above Table 4.20 represents that a unit change that occurred on strategic market orientation by making other dimensions constant can lead to an increase on export performance by 0.757. Therefore, the regression equation based on the coefficients is:

$$EP = 0.930 + 0.757STRA$$

4.7.4 The Effect Macro-Business Variables on Export Performance

The model summary in Table 4.21 below revealed that statistical relationship of the dependent variable (export performance) and independent variables of macro-business environment; socio-cultural environment , economic environment, political and legal environment, technological environment and environmental factors.

Table 4.21 Model Summary Macro-Business Variables Predicting Export Performance

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.703[a]	.494	.476	.40124

a. Predictors: (Constant), ENVI, POL, TECH, SOCIO, ECON

In the model summary Table 4.21 above, the multiple correlation coefficients R = 0.703 indicates there is a positive and strong relationship between the independent variable (macro-business environment) and the dependent variable (export performance).

The above table, Table 4.21 displayed the value of R square was 0.494 which implies that the independent variables of macro-business environment; socio-cultural environment, economic environment, political and legal environment, technological environment and environmental factors had 49.40% determination of export performance in the textile and garment exporters MNCs found in Addis Ababa. The remaining 50.60% of the variation on export performance is determined by factors beyond the scope of this study.

Table 4.22 ANOVA Macro-Business Variables Predicting Export Performance

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	22.629	5	4.526	28.112	.000[b]
	Residual	23.183	144	.161		
	Total	45.813	149			

a. Dependent Variable: EXPO

b. Predictors: (Constant), ENVI, POL, TECH, SOCIO, ECON

The F ratio in the ANOVA table tests the overall regression model is good fit for the data tested. The independent variable macro-business environment statistically predictor of the dependent variable export performance at $F(5,144) = 28.112$, $p < .001$. Therefore, the regression model is good fit for the data tasted.

Moreover, macro-business environment variables; socio-cultural environment, economic environment, political and legal environment, technological environment and environmental factors has statistically significant impact on the export performance of textile and garment exporters MNCs found in Addis Ababa.

Table 4.23 Coefficients Macro-Business Variables Predicting Export Performance

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.917	.246		3.726	.000
	POL	.183	.062	.189	2.949	.004
	ECON	.171	.080	.202	2.142	.034
	SOCIO	.167	.080	.184	2.090	.038
	TECH	.335	.072	.368	4.669	.000
	ENVI	.294	.065	.346	4.531	.000

a. Dependent Variable: EXPO

The unstandardized coefficient (B) indicates how much the dependent variable varies with the variation in independent variable when all other independent variables are held constant. Table 4.23 above shows that the independent variables (socio-cultural environment, economic environment, political and legal environment, technological environment and environmental factors) have statistically significant relationship with the dependent variable (export performance) since all the p-values are less than the 0.05.

The unstandardized coefficient for political and legal environment was 0.183 which indicates that an increase in one unit of political and legal environment results to an increase 0.183 unit in export performance. The unstandardized coefficient of economic environment was 0.171 which indicates that an increase in one unit of economic environment results to increase 0.171 units in export performance. The table also shows that the unstandardized coefficient of socio-cultural environment which was 0.167 and it can be interpreted as an increase in one unit of socio-cultural environment results increase in 0.167 unit of export performance.

Similarly, the unstandardized coefficient for technological environment was 0.335 which indicates that an increase in one unit of technological environment results an increase 0.335 unit in export performance.

Likewise, the unstandardized coefficient for environmental factors was 0.294 which indicates that an increase in one unit of environmental factors results to an increase 0.294 unit in export performance.

Based on the coefficient table, Table 4.21 the regression equation is as follows.

EXPO = .917 + POL(.183) + ECON(.171) + SOCIO(.167) + TECH(.335) + ENVI(.294)

Moreover, the above statistical data revealed different effect of macro-business environment variables on export performance. From this effect technological environment and environmental factors have statistically unique contribution for the outcome with beta vale of 0.335 ($p < 0.001$) and 0.294 ($p < 001$) respectively. Therefore, it can be concluded that technological environment have the strongest contribution than environmental factors to explain the change in export performance, since the beta value 0.368 is greater than 0.346.

4.7.5 The Effect of Macro-Business Variables on Strategic Market Orientation

The model summary in Table 4.24 below revealed that statistical relationship of the dependent variable (strategic market orientation) and independent variables of macro-business environment; socio-cultural environment , economic environment, political and legal environment, technological environment and environmental factors.

Table 4.24 Model Summary Macro Business Variables Predicting SMO

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.796[a]	.634	.621	.30543

a. Predictors: (Constant), ENVI, POL, TECH, SOCIO, ECON

In the model summary Table 4.24 above, the multiple correlation coefficients R = 0.796 indicates there is a positive and strong relationship between the independent variable (macro-business environment) and the dependent variable (strategic market orientation).

The above table, Table 4.24 displayed the value of R square was 0.634 which implies that the independent variables of macro-business environment; socio-cultural environment, economical environment, political and legal environment, technological environment and environmental

factors had 63.40% determination of strategic market orientations in the textile and garment exporters MNCs found in Addis Ababa. The remaining 36.60% of the variation on strategic market orientation is determined by factors beyond the scope of this study.

Table 4.25 ANOVA Macro Business Variables Predicting SMO

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	23.221	5	4.644	49.784	.000[b]
	Residual	13.433	144	.093		
	Total	36.655	149			

a. Dependent Variable: STRA

b. Predictors: (Constant), ENVI, POL, TECH, SOCIO, ECON

The F ratio in the ANOVA table tests the overall regression model is good fit for the data tested. The independent variable macro-business environment statistically predictor of the dependent variable strategic market orientations at $F(5,144) = 49.784$, $p < .001$. Therefore, the regression model is good fit for the data tasted. Moreover, macro-business environment variables; socio-cultural environment, economic environment, political and legal environment, technological environment and environmental factors has statistically significant impact on the strategic market orientation of textile and garment exporters MNCs found in Addis Ababa.

Table 4.26 Coefficients Macro Business Variables Predicting SMO

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.871	.187		4.648	.000
	POL	.108	.047	.125	2.288	.024
	ECON	.122	.061	.161	2.007	.047
	SOCIO	.137	.061	.168	2.240	.027
	TECH	.141	.055	.174	2.590	.011
	ENVI	.301	.049	.395	6.089	.000

a. Dependent Variable: STRA

The unstandardized coefficient (B) indicates how much the dependent variable varies with the variation in independent variable when all other independent variables are held constant. Table

4.26 above shows that the independent variables (socio-cultural environment, economic environment, political and legal environment, technological environment and environmental factors) have statistically significant relationship with the dependent variable (strategic market orientations) since all the p-values are less than the 0.05.

The unstandardized coefficient for political and legal environment was 0.108 which indicates that an increase in one unit of political and legal environment results to an increase 0.108 unit in strategic market orientations. The unstandardized coefficient of economic environment was 0.122 which indicates that an increase in one unit of economic environment results to increase 0.122 units in strategic market orientations. The table also shows that the unstandardized coefficient of socio-cultural environment which was 0.137 and it can be interpreted as an increase in one unit of socio-cultural environment results increase in 0.137 units of strategic market orientations.

Similarly, the unstandardized coefficient for technological environment was 0.141 which indicates that an increase in one unit of technological environment results to an increase 0.141 unit in strategic market orientations. Likewise, the unstandardized coefficient for environmental factors was 0.301 which indicates that an increase in one unit of environmental factors results to an increase 0.301 unit in strategic market orientations.

Based on the coefficient table, Table 4.26 the regression equation is as follows.

STRA = .871 + POL (.108) + ECON (.122) + SOCIO (.137) + TECH (.141) + ENVI (.301)

4.8 Mediation Analysis

4.8.1 Baron and Kenny (1986) Mediation Analysis

There are different ways of investigating mediation analysis between variables, among this Baron and Kenny (1986) approach is the one and pioneer. According to Baron and Kenny (1986) evaluation of mediation has four distinct criteria. The first criterion is the independent variable must significantly influence the dependent variable. The second criteria the independent variable must significantly influence the mediating variable. The third criteria both independent variable and mediating variable in combination significantly influence the dependent variable.

If the independent variable predicts the dependent variable more than that of criteria 1 then the mediating variable fully mediates the relationship between independent and dependent variable, while if it is less than that of criteria 1 and remain significant in all cases there is a partial mediation between the variables.

The regression result of Model 1 (See Annex 2) revealed that the effect of independent variable (macro-business environment) on the dependent variable (export performance) is positive and significant ($a = 0.756$, $p < 0.001$). Thus, the first condition of mediation is met at this point.

The regression analysis result of Model 2 (See Annex 2) showed that the effect of the macro-business environment on strategic market orientation (mediating variable) is positive and significant ($b = 0.828$, $p < 0.001$). Therefore, this implies that the second condition is fulfilled.

The regression result of Model 3 (See Annex 2) revealed that the effect of independent variable (macro-business environment) and the mediating variable (strategic market orientation) on the dependent variable (export performance) is positive and significant ($c = 0.333$, $p = 0.003$; $d = 0.510$, $p < 0.001$). Thus, the third condition of mediation is met at this point, because p is less than 0.05.

The regression analysis result of Model 4 (See Annex 2) showed that the regression coefficient for the mediating variable (strategic market orientation) on the dependent variable (export performance) is positive and significant ($e = 0.757$, $p < 0.001$). Therefore the fourth condition is fulfilled.

The coefficient of independent variable (macro-business environment) is 0.756 with $p < 0.001$ whereas the coefficient of independent variable (macro-business environment) in Model 3 is $c = 0.333$, $p = 0.003$ which is less than the coefficient in Model 1. The finding imply that the independent variable predicts the dependent variable less strongly in Model 3 than in Model 1, but the coefficients are still significant in both models. Therefore it can be conclude that strategic market orientation **partially mediates** the relationship between macro-business environment and export performance.

In recent researches discourages using Baron and Kenny's approach due to its limitations. These limitations are 1) low statistical power, 2) it can't directly test the significance of a specific indirect effect, 3) neither quantifying the magnitude of the mediation effect, nor accommodating models with inconsistent mediation. Hence, with these limitations using Baron

and Kenny's approach might produce misleading results (Memon, Cheah, Ramayah, Ting and Chuah, 2018)

Therefore, to test to what extent strategic market orientation can mediate the relationship between export performances this study applied SPSS AMOS in addition to Baron and Kenny's approach.

4.8.2 SPSS AMOS for Mediation Analysis

The mediation analysis is a statistical methods used to respond questions on how an independent variable X affects a dependent variable Y. There are two distinct paths by which the variable X influences Y.

When empirical test of mediation model is carried out the direct and indirect effects should be taken in to consideration, as well as the total effect of the model. These effects can be estimating the components which constitute the indirect effects, the effect of X on M, and the effect of M on Y (Hayes, 2013).

Direct Effect

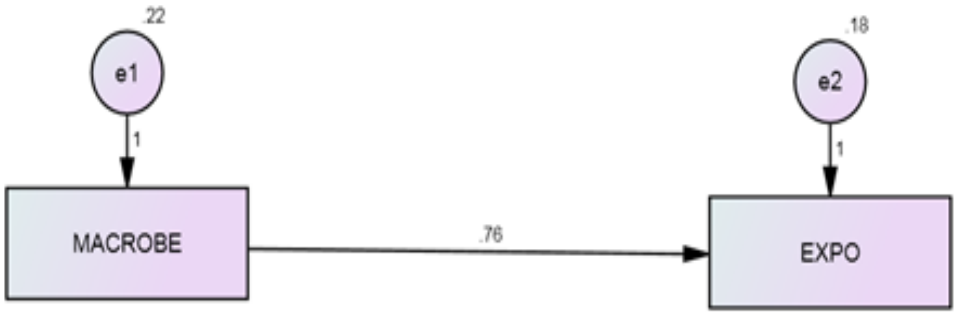

Figure 4.5 Direct Effect of Macro-business on Export Performance

The above path diagram quantifies total effect of macro-business environment on export performance. This is to mean the impact of macro-business environment on export performance without the effect of strategic market orientation.

Table 4.27 Direct Effect Regression Weights

	Estimate	S.E.	C.R.	P	Label
EXPO <--- MACROBE	.756	.075	10.130	***	

The above table, Table 4.27 exhibited that the estimate 0.756 of the direct effect of macro-business environment on export performance is significant at $p < 0.001$ which is less than the confidence interval 0.05.

Mediation Effect

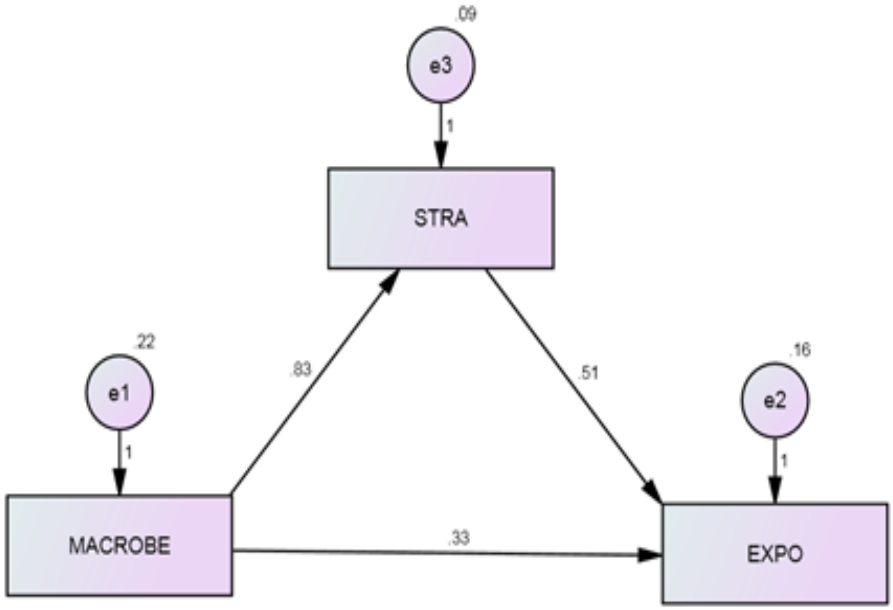

Figure 4.6 Mediation Effect Strategic Market Orientation

The above path diagram quantifies the direct and indirect effect of macro-business environment on export performance. This is to mean the impact of macro-business environment directly on export performance and the effect of macro business environment on export performance through strategic market orientation. Therefore, the impact of macro-business environment is 0.33, the impact of macro-business environment on strategic market orientation is 0.83 and the impact of strategic market orientation on export performance is 0.51.

Table 4.28 Total and Indirect Effect Regression Weights

			Estimate	S.E.	C.R.	P	Label
STRA	<---	MACROBE	.828	.054	15.323	***	
EXPO	<---	STRA	.510	.105	4.857	***	
EXPO	<---	MACROBE	.333	.111	2.995	.003	

Table 4.28 above revealed that the estimate 0.828 of macro-business environment on strategic market orientation is significant at $p < .001$. Similarly, the estimate 0.510 of strategic market orientation on export performance is significant at $p < .001$.

Finally, the estimate 0.333 due to the effect of macro-business environment on export performance is significant at $p = 0.003$ which is less than that of the confidence interval 0.05.

Table 4.29 Standardized Total Effects

	MACROBE	STRA
STRA	.782	.000
EXPO	.639	.457

Table 4.30 Two Tailed Significance

	MACROBE	STRA
STRA	.005	...
EXPO	.003	.007

The above table, Table 4.29 shows that the standardized total effect of macro-business environment on export performance is 0.639. Moreover, Table 4.30 revealed that this effect is significant.

Table 4.31 Standardized Direct Effects

	MACROBE	STRA
STRA	.782	.000
EXPO	.282	.457

Table 4.32 Two Tailed Significance

	MACROBE	STRA
STRA	.005	...
EXPO	.002	.007

According to Table 4.31 above the impact of macro-business environment on export performance is 0.282 with the presence of mediating variable strategic market orientation. This shows that the impact is reduced due to the presence of the mediating variable strategic market orientation. In addition, Table 4.32 shows that this effect is significant at $p < 0.05$.

Table 4.33 Standardized Indirect Effects

	MACROBE	STRA
STRA	.000	.000
EXPO	.357	.000

Table 4.34 Two Tailed Significance

	MACROBE	STRA
STRA	...	...
EXPO	.006	...

The above table, Table 4.33 shows that the indirect effect of macro-business environment on export performance is 0.357. Moreover, Table 4.34 revealed that it is significant at $p < 0.05$.

Path Analysis

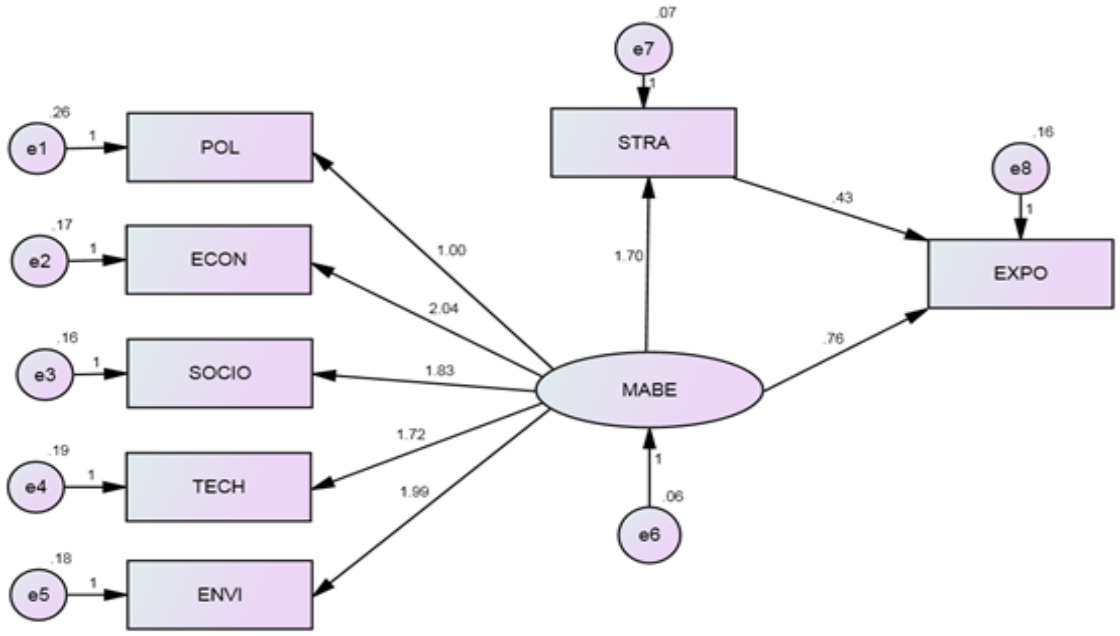

Figure 4.7: Path Analysis

Table 4.35 Regression Weights

			Estimate	S.E.	C.R.	P	Label
STRA	<---	MABE	1.698	.322	5.270	***	Significant
POL	<---	MABE	1.000				Unpredictable
ECON	<---	MABE	2.045	.399	5.131	***	Significant
SOCIO	<---	MABE	1.832	.361	5.077	***	Significant
TECH	<---	MABE	1.724	.347	4.964	***	Significant
ENVI	<---	MABE	1.991	.390	5.100	***	Significant
EXPO	<---	MABE	.760	.359	2.114	.035	Significant
EXPO	<---	STRA	.432	.157	2.744	.006	Significant

Based on the Barons and Kenny's (1986) mediation test model and the subsequent AMOS analysis and interpretation provides sufficient information that there is mediation relationship between macro-business environment, strategic market orientation and export performance. Therefore, it can be concluded that strategic market orientation **significantly mediates** the relationship between macro-business environment and export performance.

4.9 Hypothesis Testing

H_1: Political and legal environment has a positive and significant effect on export performance.

To test this hypothesis correlation analysis was run on SPSS on Section 4.6.1 and presented on Table 4.12 above and it was found that there is positive and statistically significant relationship was observed between political-legal environment and export performance, where $r = .417$, $p < .001$. Moreover, the multiple regression analysis on Section 4.7.4 table 4.21, 4.22, and 4.23 revealed that political-legal environment significantly affects export performance, where the value of B is 0.183 and $p < .004$. This can be interpreted as Political and legal environment has a positive and significant effect on export performance. Hence, hypothesis 1 is accepted.

H_2: Economic environment has a positive and significant effect on export performance.

To validate this hypothesis correlation analysis was run on SPSS on Section 4.6.1 and presented on Table 4.12 above and it was found that there is positive and statistically significant relationship was observed between economic environment and export performance, where $r = .387$, $p < .001$. Moreover, the multiple regression analysis on Section 4.7.4 table 4.21, 4.22, and 4.23 revealed that economic environment significantly affects export performance, where the value of B is 0.171 and $p < .034$. This can be interpreted as economic environment has positive and significant effect on export performance. Hence, hypothesis 2 is accepted.

H_3: Socio-cultural environment has a positive and significant effect on export performance.

To test this hypothesis correlation analysis was run on SPSS on Section 4.6.1 and presented on Table 4.12 above and it was found that there is positive and statistically significant relationship was observed between socio-cultural environment and export performance, where $r = .457$, $p < .001$.

Moreover, the multiple regression analysis on Section 4.7.4 table 4.21, 4.22, and 4.23 revealed that socio-cultural environment significantly affects export performance, where the value of B

is 0.167 and $p < .038$. This can be interpreted as socio-cultural environment has a positive and significant effect on export performance. Hence, hypothesis 3 is accepted.

H4: Environmental factors have a positive and significant impact on export performance.

To validate this hypothesis correlation analysis was run on SPSS on Section 4.6.1 and presented on Table 4.12 above and it was found that there is positive and statistically significant relationship was observed between environmental factors and export performance, where $r = .583$, $p < .001$. Moreover, the multiple regression analysis on Section 4.7.4 table 4.21, 4.22, and 4.23 revealed that environmental factors significantly affect export performance, where the value of B is 0.294 and $p < .001$. This can be interpreted as environmental factors have a positive and significant effect on export performance. Hence, hypothesis 4 is accepted.

H5: Technological factors have positive and significant impact on export performance.

To test this hypothesis correlation analysis was run on SPSS on Section 4.6.1 and presented on Table 4.12 above and it was found that there is positive and statistically significant relationship was observed between technological environment and export performance, where $r = .565$, $p < .001$. Moreover, the multiple regression analysis on Section 4.7.4 table 4.21, 4.22, and 4.23 revealed that technological environment significantly affects export performance, where the value of B is 0.335 and $p < .001$. This can be interpreted as technological environment has a positive and significant effect on export performance. Hence, hypothesis 5 is accepted.

H6; Political and legal environment has a positive and significant effect on strategic market orientations.

To test this hypothesis correlation analysis was run on SPSS on Section 4.6.1 and presented on Table 4.12 above and it was found that there is positive and statistically significant relationship was observed between political-legal environment and strategic market orientations, where $r = .399$, $p < .001$. Moreover, the multiple regression analysis on Section 4.7.5 table 4.24, 4.25 and 4.26 revealed that political-legal environment significantly affects strategic market orientation, where the value of B is 0.108 and $p < .024$.

This can be interpreted as political-legal environment has a positive and significant effect on strategic market orientation. Hence, hypothesis 6 is accepted.

H7: Economic environment has a positive and significant effect on strategic market orientations.

To check this hypothesis correlation analysis was run on SPSS on Section 4.6.1 and presented on Table 4.12 above and it was found that there is positive and statistically significant relationship was observed between economic environment and strategic market orientations, where $r = .630$, $p < .001$. Moreover, the multiple regression analysis on Section 4.7.5 table 4.24, 4.25 and 4.26 revealed that economic environment significantly affects strategic market orientation, where the value of B is 0.122 and $p < .047$. This can be interpreted as economic environment has a positive and significant effect on strategic market orientation. Hence, hypothesis 7 is accepted.

H8: Socio-cultural environment has a positive and significant effect on strategic market orientations.

To validate this hypothesis correlation analysis was run on SPSS on Section 4.6.1 and presented on Table 4.12 above and it was found that there is positive and statistically significant relationship was observed between socio-cultural environment and strategic market orientations, where $r = .616$, $p < .001$. Moreover, the multiple regression analysis on Section 4.7.5 table 4.24, 4.25 and 4.26 revealed that socio-cultural environment significantly affects strategic market orientation, where the value of B is 0.137 and $p < .027$. This can be interpreted as socio-cultural environment has a positive and significant effect on strategic market orientation. Hence, hypothesis 8 is accepted.

H9: Environmental factors have a positive and significant impact on strategic market orientations.

To test this hypothesis correlation analysis was run on SPSS on Section 4.6.1 and presented on Table 4.12 above and it was found that there is positive and statistically significant relationship was observed between environmental factors and strategic market orientations, where $r = .699$, $p < .001$. Moreover, the multiple regression analysis on Section 4.7.5 table 4.24, 4.25 and 4.26 revealed that environmental factor significantly affects strategic market orientation, where the value of B is 0.301 and $p < .001$.

This can be interpreted as environmental factors have a positive and significant effect on strategic market orientation. Hence, hypothesis 9 is accepted.

H10: Technological factors have a positive and significant impact on strategic market orientations.

To validate this hypothesis correlation analysis was run on SPSS on Section 4.6.1 and presented on Table 4.12 above and it was found that there is positive and statistically significant relationship was observed between technological environment and strategic market orientations, where $r = .589$, $p < .001$. Moreover, the multiple regression analysis on Section 4.7.5 table 4.24, 4.25 and 4.26 revealed that technological environment significantly affects strategic market orientation, where the value of B is 0.141 and $p < .011$. This can be interpreted as technological environment has a positive and significant effect on strategic market orientation. Hence, hypothesis 10 is accepted.

H11: Strategic market orientation has a positive and significant impact on export performance.

To check this hypothesis correlation analysis was run on SPSS on Section 4.6.1 and presented on Table 4.12 above and it was found that there is positive and statistically significant relationship was observed between strategic market orientations and export performance, where $r = .677$, $p < .001$. Moreover, the multiple regression analysis on Section 4.7.3 table 4.18, 4.19 and 4.20 revealed that strategic market orientation significantly affects export performance, where the value of B is 0.757 and $p < .001$. This can be interpreted as strategic market orientation has a positive and significant effect on export performance. Hence, hypothesis 11 is accepted.

H12: Strategic market orientation significantly mediates Macro business environment and export performance.

To validate this hypothesis Baron and Kenny (1986) was applied and found that there is a partial mediation between the relationship of macro-business and export performance. Moreover this study applied SPSS AMOS analysis in order to overcome the drawback of Baron and Kenny's process for the total, direct and indirect effect and found out strategic market orientation mediates the relationship between macro-business environment and export performance. Hence, hypothesis 12 is accepted.

Table 4.36 Summary of Proposed Hypothesis

S.No	Hypothesis	Test	Result
H_1	Political and legal environment has a positive and significant effect on export performance.	Pearson Correlation and regression analysis	Accepted
H_2	Economic environment has a positive and significant effect on export performance.	Pearson Correlation and regression analysis	Accepted
H_3	Socio-cultural environment has a positive and significant effect on export performance.	Pearson Correlation and regression analysis	Accepted
H_4	Environmental factors have a positive and significant impact on export performance.	Pearson Correlation and regression analysis	Accepted
H_5	Technological factors have positive and significant impact on export performance.	Pearson Correlation and regression analysis	Accepted
H_6	Political and legal environment has a positive and significant effect on strategic market orientations.	Pearson Correlation and regression analysis	Accepted
H_7	Economic environment has a positive and significant effect on strategic market orientations.	Pearson Correlation and regression analysis	Accepted
H_8	Socio-cultural environment has a positive and significant effect on strategic market orientations.	Pearson Correlation and regression analysis	Accepted
H_9	Environmental factors have a positive and significant impact on strategic market orientations.	Pearson Correlation and regression analysis	Accepted
H_{10}	Technological factors have a positive and significant impact on strategic market orientations.	Pearson Correlation and regression analysis	Accepted
H_{11}	Strategic market orientation has a positive and significant impact on export performance.	Pearson Correlation and regression analysis	Accepted
H_{12}	Strategic market orientation significantly mediates Macro business environment and export performance.	Baron and Kenny (1986) and SPSS AMOS analysis	Accepted

Chapter Five

Summary of Major Findings, Conclusion and Recommendation

This chapter summarizes the study findings based on the objectives set above. Hence, discussion of finding results, conclusion and recommendations are presented below. Finally, future research directions are presented.

5.1 Findings

The main objective of this study is to investigate the effect of macro business environment and mediation role of strategic market orientation on export performance of textile and garment exporter MNCs in Addis Ababa, Ethiopia. In order to meet this objective the study set four research questions which are answered in the analysis section of this study.

In investigating the relationship between macro-business environment variables and export performance Pearson correlation coefficient was applied and the correlation coefficient result ($r = .417$, $p < .001$) show that there is moderate, positive and statistically significant relationship was found between political-legal environment and export performance. Similarly, ($r = .387$, $p < .001$) indicates that there is moderate, positive and statistically significant relationship was found between economic environment and export performance. In the same way, ($r = .457$, $p < .001$) revealed that there is moderate, positive and statistically significant relationship between socio-economic environment and export performance. Likewise, ($r = .565$, $p < .001$) show that there is strong, positive and statistically significant relationship between technology environment and export performance. Moreover, ($r = .583$, $p < .001$) indicates that there is strong, positive and statistically significant relationship was found between environmental factors and export performance. Hence, the above correlation analysis results confirm that there are positive and statistically significant relationships between macro-business environment and export performance.

In examining the effect of macro-business environment on export performance, simple linear regression analysis evidenced that, 40.80% of the variation in export performance is explained by macro-business environment variables, Beta value of .639 and significant at $p < .001$. Therefore, macro-business environment variables significantly affect export performance.

Moreover, in investigating the effect of macro-business environment on export performance, linear multiple regression was employed and technological environment and environmental factors have found statistically unique contribution for the outcome with beta vale of 0.335 ($p < 0.001$) and 0.294 ($p < 001$) respectively. Therefore, it can be concluded that technological environment have the strongest contribution than environmental factors to explain the change in export performance, given that the beta value 0.368 is greater than 0.346.

In order to check strategic market orientation mediate the relationship between macro business environment and export performance Baron and Kenny's (1986) mediation testing model and SPSS AMOS was applied and found strategic market orientation partially mediate the relationship between macro business environment and export performance.

5.2 Conclusion

The major objective of the study was to examine the effect of macro business environments on export performance of MNCs engaged in textile and garment export based in Addis Ababa, Ethiopia. The critical variables employed in the famous model PESTEL. However, the mediation effect of company's strategic marketing orientation is duly considered.

Based on the study findings indicated on Pearson correlation coefficient the macro-business environment variables have positive and significant correlation with export performance. Hence the researcher concluded that macro-business environment has significant relationship with export performance.

The result of the regression analysis indicates that all macro-business variables have positive and significant effect on export performance. Furthermore, among the macro-business environment variables technological environment has a leading effect on export performance than the other macro-business variables. Therefore, the researcher concludes macro-business environment has significant effect on export performance.

Moreover, this study validates the mediation effect of strategic market orientation the relationship between macro-business environment and export performance using Baron and Kenny (1986) mediation testing model. In addition, SPSS AMOS also applied in order to quantify the effect of the mediation and evaluate the total effect, direct effect and indirect effect of the mediation process.

Accordingly, the researcher concluded that strategic market orientation partially mediates the relationship between macro-business environment and export performance.

Therefore, the researcher concluded from the objective and findings of the study, macro-business environment has significant effect on export performance and strategic market orientation partially mediates the relationship between macro-business environment and export performance. Hence, the research questions answered that the macro-business environment variables do have an effect on export performance.

5.3 Recommendations

It's strongly recommended to conduct macro business environment effect in coordination with SWOT analysis to better identify threats and opportunities. By virtue of their nature, MNCs are companies regarded as outsiders. Meanwhile, the ability to dictate local legislations, cultures, etc is minimum. It is most likely true that they are going to reactionary towards the changing dynamics in macro business environments.

Seeing the results above, major take away could be taken towards improving export performance of the companies. In addition, this particular study significantly contributes to the underlying relationship between external factors and export performance. It also depicts the mediation effect of strategic marketing orientation on MNCs.

Therefore, since technological environment and environmental factors have found statistically unique contribution on the effect of export performance. Accordingly company owners, managers and government body have to pay much attention on technological environment so as to improve productivity and export performance. Similarly, investors and all respective stakeholders must also facilitate the environmental factors in order to improve export performance. Moreover, political and legal environment also plays substantial role in improving the export performance. Hence, company owners and respective government stakeholders must provide adequate emphasis in this regard.

In addition, economic environment is also another decisive factor in improving export performance and investors have to keen on following the ever changing economic situation and the government has to provide enough support. Concerning to the socio-cultural environments companies MNCs advised to tailored their values and product quality to the social and cultural values of the country.

5.3.1 Policy Implications

The above analysis clearly indicated that much is expected from responsible stakeholders in particular from the government side. Here are some of the critical engagement areas

- Technological and environmental factors determine export performance of MNCs. Those agencies responsible for availing the necessary infrastructure in the two critical factors need to function seamlessly to enhance export performances of the firms.
- The ever changing dynamics in macro-business environment has proven to be a great challenge in achieving a higher export. More stability on macro business factors will serve a great deal.

5.3.2 Industry Implications

- Collective action is always better to enforce policy directions to maximize ones gains. MNCs in textile need to act in mitigating the above challenges together.
- As one of priority areas for the government, such companies should champion export generation to boost their influence.

5.3.3 Firm's Implications

- Companies need to conduct such macro business factors analysis in combination with SWOT analysis so that they have a clear way out.
- Marketing strategies should be developed in strong correlation with the socio-cultural aspect of the community.
- There is a need to strongly consider aligning the magnitude of macro-business environment on devising ones strategic marketing orientation.

5.3.4 Theoretical Contribution

This particular study has filled the much required gap in deterring the level of effect of macro-business environment on export performance in textile and garment industry. As the result, valuable lessons were learnt. Firms, industries and the government could have their slice of the findings in order to better craft their next direction as indicated above.

Although, it focused on MNCs, the lessons learnt could be replicated to similar industries and could be used as a bench mark for further studies. Further areas of inquiries include a qualitative or mixed approach to better understand the macro-environment and the underlying influence on export performance. A deeper look in to the mediating effect of individual factors and operational efficiency could also be another area of further inquiry.

5.4 Future Research Direction

Even though the aim of this study was met and some limitations are also identified on the course of the process. These limitations create an opportunity for future research directions and I propose the following two points as initial point for future research.

- This study focus on only textile and garment industry and this limits generalization of the findings to the whole industry. It would be more representative if the study includes other industries like mining and other agricultural products. Future research may replicate this study including more industries.
- Moreover, this study adopted a quantitative research method using a primary data source, while in order to give a full picture I advise future research to include some qualitative data like management view and analyzing their export performance though secondary data.
- On this particular study macro-business environments explained only 40.8% of the variation on export performance. This indicates that there are other factors influencing export performance in addition to macro-business environment. Therefore, future research should consider in finding out those potential variables that affect the export performance of textile and garment exporters in Ethiopia.

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Appendix I

Addis Ababa University

College of Business and Economics

Department of Management

Master's of Science in International Business

Dear Respondents,

My name is Seada Mohammed, a graduate student of Addis Ababa University. As part of my study I am conducting a research on **"The Effect of Macro Business Environment on Export Performance and the mediation role of Strategic Market Orientation of Multi National Companies in Ethiopia".** The purpose of this questionnaire is to collect data for the study under subject. Hence, you are cordially invited to participate in this survey. This study is purely academic purpose and all information in this material are remain confidential.

Thank you in advance for your cooperation and dedication to fill this questionnaire.

Sincerely yours,

Seada Mohammed

+251 923 858555

Note:-

1. No need to write your name.
2. Please put [✓] mark on the space provided.

Section One

General Background

1.1 Gender

Male ☐ Female ☐

1.2 Nationality

Ethiopian ☐ Foreigner ☐

1.3 Age

18 to 29 ☐ 30 to 39 ☐ 40 to 49 ☐ Above 50 ☐

1.4 Educational Level

Diploma ☐ Degree ☐ Masters ☐ PhD ☐

1.5 How many years the MNC operates in Ethiopia?

1 to 3 ☐ 4 to 6 ☐ 7 to 10 ☐ 11 to 15 ☐ Above 15 ☐

1.6 Ownership status of the MNCs

Fully Ethiopian Owned ☐ Fully Foreign Owned ☐ Jointly Owned ☐

1.7 Department in the Company

Logistics Department ☐ Production Department ☐ Marketing Department ☐ Export Department ☐

Other _____

1.8 Years of experience in the position.

1 to 3 ☐ 4 to 6 ☐ 7 to 10 ☐ 10 to 15 ☐ Above 15 ☐

Section Two

Macro Business Environment

This part of the questionnaire is meant to measure the macro business environment and export performance of your firm through a mediation of strategic market orientation. Please put a tick mark (✓) on the number that best represents your opinion.

Item	Macro Business Environment and Export Performance Constructs	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
		1	2	3	4	5
Political and Legal Environment						
1	There is government interference on the export business environment.					
2	There is high level corruption.					
3	Political instability lowers profitability of export business.					
4	There is government involvement in private corporate policy.					
5	There is stable export law					
Economical Environment						
6	There is supportive monetary policy.					
7	Exchange rate fluctuation affected the export business.					
8	Inflation affected export business stability for the past consecutive years.					
Socio-Cultural Environment						
9	Population growth creates favorable condition for the export business.					
10	Mobility/ migration have an effect on the export business performance.					
11	Generational shift determines product preference.					
12	Religious beliefs have an effect on the export business performance.					
13	Level of education of individuals determines performance of the firm.					

Technological Environment						
14	My company applies advanced technology in product and service development.					
15	My company continuously updates the application of technology and technical improvement.					
16	My company provides enough attention to equipment for research and development of products and services.					
17	Human resources for technology research and development are qualified.					
Environmental Factors						
18	Our customers' product preferences change quite rapidly					
19	New customers tend to have product-related needs that are different from those of our existing export customers					
20	Our customers tend to look for new products all the time					
21	We are witnessing changes in the type of products/services demanded by our export customers					
Strategic Market Orientation						
22	My company understands customer needs.					
23	My company has outstanding customer satisfaction objectives.					
24	My company constantly measures customer satisfactions.					
25	My company provides after sales service.					
26	Competitor's information is shared among sales people.					
27	My company responds rapidly to the competitor's action.					
28	In my company top managers discuss competitor's strategy.					
29	My company easily identifies target opportunities for competitive advantage.					
30	My company is good at in responding inter-functional customer calls.					
31	My company shares information among functions.					
32	My company strategy integrates all functional units.					
33	In my company all functions contribute to customer value.					
34	My company share resources with other business units.					

Export Performance						
35	My company has been profitable.					
36	My company has generated a high volume of sales.					
37	My company has achieved rapid growth.					
38	My company has improved our global competitiveness.					
39	My company has strengthened our strategic position.					
40	My company global market share has significantly increased over the year.					
41	The performance of my company has been very satisfactory.					
42	My company has been very successful in the past consecutive years					
43	My company has fully met owner's expectations.					

Thank you very much for participating in this survey.

Appendix II

Model 1: EXPO = K_1 + a (MACROBE)

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.639[a]	.408	.404	.42814

a. Predictors: (Constant), MACROBE

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	18.684	1	18.684	101.933	.000[b]
	Residual	27.128	148	.183		
	Total	45.813	149			

a. Dependent Variable: EXPO

b. Predictors: (Constant), MACROBE

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.135	.253		4.489	.000
	MACROBE	.756	.075	.639	10.096	.000

a. Dependent Variable: EXPO

Model 2: STRA = K_2 + b (MACROBE)

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.782[a]	.612	.609	.31009

a. Predictors: (Constant), MACROBE

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	22.424	1	22.424	233.207	.000[b]
	Residual	14.231	148	.096		
	Total	36.655	149			

a. Dependent Variable: STRA

b. Predictors: (Constant), MACROBE

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.842	.183		4.600	.000
	MACROBE	.828	.054	.782	15.271	.000

a. Dependent Variable: STRA

Model 3: EXPO = K_3 + c (MACROBE) + d (STRA)

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.699[a]	.489	.482	.39915

a. Predictors: (Constant), STRA, MACROBE

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	22.392	2	11.196	70.273	.000[b]
	Residual	23.420	147	.159		
	Total	45.813	149			

a. Dependent Variable: EXPO

b. Predictors: (Constant), STRA, MACROBE

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.705	.252		2.798	.006
	MACRO BE	.333	.112	.282	2.974	.003
	STRA	.510	.106	.457	4.824	.000

a. Dependent Variable: EXPO

Model 4: EXPO = K_4 + e (STRA)

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.677[a]	.458	.454	.40960

a. Predictors: (Constant), STRA

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	20.983	1	20.983	125.069	.000[b]
	Residual	24.830	148	.168		
	Total	45.813	149			

a. Dependent Variable: EXPO

b. Predictors: (Constant), STRA

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.930	.247		3.772	.000
	STRA	.757	.068	.677	11.183	.000

a. Dependent Variable: EXPO