

# **FIRM-LEVEL DETERMINANTS OF EXPORT PERFORMANCE OF ETHIOPIAN TANNERIES**

A thesis submitted to the Graduate program of the Department  
of Management and the College of Business and Economics of  
Addis Ababa University

in partial fulfillment of the requirements for the Degree  
Master of Business Administration  
in Management

By

Abiy Abaineh Abebe (I.D. No. GSR/7947/10)

Addis Ababa  
June, 2019

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Advisor: Tilahun Teklu (PhD)

## **Declaration**

I, Abiy Abaineh Abebe, hereby declare that this research paper entitled “Firm-Level Determinants of Export Performance of Ethiopian Tanneries” is my original work and I have produced it independently except for the guidance and suggestions of the research advisor. It has not been presented for any degree in any university and all sources used for the study have been duly acknowledged.

Name \_\_\_\_\_

Signature \_\_\_\_\_

Date \_\_\_\_\_

## Letter of Certification

This research has been submitted to Addis Ababa University, College of Business and Economics, Department of Management, MBA Program for examination with my approval as an advisor.

Tilahun Teklu (PhD)

Advisor

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Signature

Addis Ababa University

June, 2019 G.C.

**Addis Ababa University  
College of Business and Economics  
Department of Management  
MBA Program**

**STATEMENT OF DECLARATION**

This thesis is written by Abiy Abaineh Abebe, entitled “**Firm-Level Determinants of Export Performance of Ethiopian Tanneries**” and submitted in partial fulfillment of the requirements for the degree of Masters of Business Administration (MBA) complies with the regulation of the University and meets the acceptable standards with respect to originality and Quality.

**Approved by Board of Examiners:**

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<b>Advisor:</b>	_____	_____	_____
<b>Internal Examiner:</b>	_____	_____	_____
<b>External Examiner:</b>	_____	_____	_____

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## List of Acronyms and Abbreviations

AGOA	African Growth Opportunity Act
COMESA	Common Market for Eastern and Southern Africa
CSA	Central Statistical Agency
CT	Contingency Theory
EBA	Everything But Arms
EIC	Ethiopian Investment Commission
EMSCC	Export Marketing Strategic Capabilities Characteristics
ETB	Ethiopian Birr
ELIDI	Ethiopian Leather Industry Development Institute
EU	European Union
FC	Firm Characteristics
EFY	Ethiopian Fiscal Year
FYC	Foreign Currency
GC	Gregorian Calendar
GDP	Gross Domestic Product
GTP	Growth & Transformation Plan
IO	Industrial Organization
MC	Management Characteristics
RBV	Resource Based View
SPSS	Statistical Packages for Social Sciences
US	United States
USD	United States Dollar

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## ***Abstract***

*The objective of this study is to investigate the impact of firm-level determinants of export performance on Ethiopian Tanneries. Accordingly, explanatory research design was applied using census technique and all tanneries which engaged in export operation were selected. The census method was used by considering the target population and sampling frame is small and taking a sample from it would give insufficient response to generalize. Primary data were collected using self-administered structured questionnaire and semi-structured interview that was submitted to 6 respondents in the respective tanneries and the response rate was 70.11%. Secondary data about tanneries export sales values was collected from ELIDI. The result of secondary data analysis showed that tanneries export performance has been declining consistently. A correlation analysis between the three independent variables and the dependent variable was conducted. The results of the correlation analysis indicated that there was moderate correlation between Management Characteristic and Export Performance, between Export Marketing Strategic Capabilities Characteristics and Export Performance. However, the correlation between Firm Characteristic and Export Performance was insignificant. The study went on to regress the 18 factors which are under the three independent variables namely, Firm Characteristic, Management Characteristic and Export Marketing Strategic Capabilities Characteristics against the dependent variable (export performance) so as to estimate the relationship between the firm-level determinant factors and export performance of the tanneries. The findings of the regression analysis revealed that 12 out of the 18 factors have shown significant effect to determine the export performance of the tanneries whereas; the remaining 6 factors have shown insignificant effect. The study recommends that more internal & external factors should be explored in the literature so as to uncover more factors that are important in the determination of export performance of Ethiopian tanneries.*

***Key Words:*** *Export Performance, Firm-Level Determinants of Export Performance*

# **CHAPTER ONE**

## **INTRODUCTION**

### **1.1. Background of the Study**

The leather industry plays a prominent role in the world's economy and it is among the most widely traded commodities in the world. Leather and leather products' international trade is estimated at over \$50 billion a year. In the next decade, the demand for leather raw materials (hides) and leather products may exceed supply. Raising prices of finished leather and leather products, making the leather industry one of the most lucrative business sectors in the years to come (UNCTAD, UNCTAD/DITC/TED/2018/2).

Moreover, leather sector exports have grown on average of about 6.56 per cent (raw hides and skins grows by 2.20 per cent, leather articles grows by 8.18 per cent and footwear grows by 7.3 per cent on average) for the last ten years with minor annual variations.

Over the past decade, on average around \$30 billion and \$165 billion has been earned annually by the exporters of the raw hides and skins and leather and leather articles respectively. About 45 per cent of the global supply of raw hides and skins are supplied/exported by the world's top five major exporters (Italy, USA, Germany, Brazil, and Hong Kong, China). Italy, the leading exporter of raw hides and skins supplied about 16.22 per cent of world exports. The United States and Hong Kong, China being the second and third largest exporters of raw hides and skins exported around 10 per cent and 8 per cent respectively to the world market.

The world top three exporters of leather and leather products (China, Italy and Hong Kong) exported about 55 per cent of world exports. Only China, the leading exporter, exported 37.35 per cent to the world. China is the major importer of raw hides and skins and in turn exports leather and leather products after adding value to the raw hides. This makes China the main actor in the leather sector.

The world's leading importers of raw hides and skins are China, Italy and Hong Kong with an annual average 22.2 per cent, 13.22 per cent and 10.69 per cent respectively for the last ten years. As discussed in the above section, Italy and Hong Kong, China were also among the major exporters/suppliers of raw hides and skins. Whereas, the United States, Germany and Japan are the main importers of leather and leather products with an annual average world import share of 20.77 per cent, 7.22 per cent and 6.19 per cent respectively.

In regards to developing countries especially Africa, it is noted that Africa is becoming one of the future markets for sourcing quality leather and hides for the global leather industry. Abundant livestock of Africa is a great potential for the sector since leather is a by-product of the meat industry. Africa has about 15 per cent of the world's cattle population, a percentage that grew by about a quarter over the last decade. Similarly, Africa possesses about 25 per cent of the world's sheep and goat population. This puts African at the center of the leather industry as a key supplier of hides and raw materials to the growing industry of leather and leather goods. However, despite its significance as a livestock producer, Africa accounts for only eight per cent of world production of cattle hides and about 14 per cent of goat and sheep skins, and also leather and leather products generally account for less than 4 per cent of Africa's total exports.

Among the African Countries, Ethiopia possessed the world largest livestock populations with more than 60 million cattle population which makes the country to be ranked 1st in Africa and 6th in the world. A sheep population of more than 31 million which makes Ethiopia 3rd in Africa and 10th in the world and similarly, Goat population of more than 33 million makes the country 3rd in Africa and 8th in the world (CSA Ethiopia year 2017 report). These livestock population number indicates among other things, are that the nation has tremendous potential for the leather sector.

In addition to the top ranking in livestock population number in the globe, Ethiopia's sheep and goat skins quality are well known for their best quality. Both goat and sheep skins are preferred for the production of leather garments, shoe upper and gloves (Status of Leather Sector, Retrieved from <http://www.elidi.org>). The resource endowment of the country illustrates the considerable potential for the leather industry development.

The Ethiopian leather industry is one of the oldest industries in the nation with more than 90 years of operation in processing leather and leather products. The leather soaking and tanning industry commenced its operation with the establishment of the ASCO tannery (the current Addis Ababa Tannery) in 1918 and Darmar/Awash (currently ELICO) tannery by Armenian traders in 1927. In the subsequent years, several local tanneries, such as Dire, Modjo and were set up. In 1930s two shoe factories, Tikur Abay and Anbessa, by Armenian merchants were established and this is the beginning of the era of modern leather processing industry.

The Ethiopian leather sector is composed of tanneries, which source their main supply hides & skins from skin collectors and traders in the local market, and footwear producers, which use both local and international markets for raw material supply.

Ethiopia's leather sector produces a range of products from semi-processed leather in various forms to processed leathers including shoe uppers, leather garments, stitched upholstery, backpacks, purses, industrial gloves and finished leather.

Therefore, by bearing in mind the country's tremendous livestock populations, it is logical to presume that the leather sector could have played a pivotal role for the country's growth and development through the generation of the badly needed foreign currency by exporting its products to the international market. However, the leather sector couldn't have played a vital role for the nation's economic prosperity so far.

## **Status of the Leather Sector**

The leather sector has three major industrial components. These are tanning industry, footwear industry and leather goods & garment industries.

### **Tanning Industry**

The tanning industry produces different types of finished leather, both for domestic use and for export. There are 27 tanneries which convert hides and skins into different types of finished leathers (Table 1.1). However, only 18 tanneries are functional and actively engaged in exporting

activities. Among the 18 tanneries, 9 tanneries are locally owned and the remaining 9 tanneries are owned by foreigners.

Following the Ethiopian Government adaption of the industrial development strategy, which is agriculture-led and export-oriented, a law which promotes value addition and prohibits the export of semi-finished leather had been enforced in 2009. In line with the value addition strategy of the government, 150% tax had been levied on the export of pickle and wet blue products starting from January 2009. Similarly, 150% tax had been levied on export of crust starting from December 2011. Then after, the tanning industry was moved to the production & export of higher value-added (fully processed) finished leather only.

The tanneries have 122,535 skin soaking capacity and 7,433 hides soaking capacity per day. Ethiopia Tannery with 9,000 skins and 900 hide soaking capacity and ELICO Tannery with 9,750 skins and 788 hide soaking capacity are tanneries which has big capacities. However, all of the tanneries are working far below the production capacity even though the tanning industry has a possibility of producing up to 500 million square feet of finished leather per year.

### **Footwear Industry**

It is a stage of development in the country in which there were only two footwear factories before 1991 but currently there are 16 medium and large scale footwear manufacturers and the production capacity of these shoe factories rise up to 15 million pairs of shoe per year. The shoe industry is emerging and promising industries. (Status of Leather Sector, Retrieved from <http://www.elidi.org>).

### **Leather Goods and Garment Industries**

There are 42 goods and garments factories which produce different kinds of leather articles. This industry is also an emerging segment & appears to be more promising. (Status of Leather Sector, Retrieved from <http://www.elidi.org>).

### **Micro and Small Scale Enterprises**

There are 398 Micro and small scale enterprises producing leather products with small capital ranging from 2000 ETB to 220,000 ETB in different regions of the country (Status of Leather Sector, Retrieved from <http://www.elidi.org>).

## **Comparative Advantages of Ethiopia**

Ethiopia's leather sector in general enjoys significant international comparative advantages owing to its large resource base in hides and skins, availability of disciplined, skilled and easily trainable labor force, government incentives (General Customs, Tax System and Fiscal Incentives) and geographical location of the country (at a cross-road of Africa, Middle East and Asia).

## **Competitive Advantages of the Leather and Leather Products Sector:**

The country's leather sector has competitive advantages since Ethiopia has internationally known skins with the brand name of Red hair of Ethiopian sheep skins and genuine goat skins, low labor costs compared to neighboring countries and availability of long-term credit with low interest rate.

## **Export Performance of Leather and Leather Products Sector**

According to FAO, the global trade of light leather was 16.6 billion USD in 2010. Despite its impressive resource base, Ethiopia's share is only about 6%.

In spite of government incentives and the arrival of FDI, the export performance of the tanning industry in the past eight years (2003 EFY – 2010 EFY) was fluctuating and declining as depicted on table 1.1.

**Table 1.1: Tanning Industry Export Performance (Value in '000 USD)**

S. N.	Product Category	Export Sales 2003	Export Sales 2004	Export Sales 2005	Export Sales 2006	Export Sales 2007	Export Sales 2008	Export Sales 2009	Export Sales 2010
1	Finished Leather	22,245	52,106	100,399	97,692	92,103	73,175	69,056	76,089
2	Glove	140	1,140	3,077	4,316	5,343	6,441	5,023	6,081
3	Crust	72,256	47,626	77	-	-	-	-	-
<b>Tanneries' Total Export Sales</b>		<b>94,641</b>	<b>100,872</b>	<b>103,553</b>	<b>102,008</b>	<b>97,446</b>	<b>79,616</b>	<b>74,079</b>	<b>82,170</b>
<b>Annual Growth Rate %</b>			<b>7%</b>	<b>3%</b>	<b>-1%</b>	<b>-4%</b>	<b>-18%</b>	<b>-7%</b>	<b>11%</b>
<b>Average Growth Rate %</b>		<b>-1</b>							
<b>% Share of Tanneries' Export Sales from the Sector Total Export Sales</b>		<b>21%</b>	<b>46%</b>	<b>82%</b>	<b>73%</b>	<b>69%</b>	<b>63%</b>	<b>60%</b>	<b>57%</b>

## 1.2. Statement of the Problem

Owing to Ethiopia's generously endowed livestock resources, leather industry is one of the priority industries that are expected to contribute to the nation's growth and development mainly through export diversification and foreign exchange earnings.

Moreover, leather industry has multiple linkages to the wider rural economy. The industry possesses an enormous potential to create much needed non-agricultural employment since it is highly labor intensive in the raw material sourcing, transportation, processing and marketing phases. However, its potential has remained largely untapped.

In view of encouraging export, the government has put in place different incentives. The incentives are 8 years tax holiday for tanneries who invest in the country to export finished leather products or a duty-free import of machinery for these companies, importing equipment free of tax, improving service delivery (shortening period of license, renewal of permits etc.), exemption of imported inputs for export purposes from indirect taxes, credit guarantee scheme

to avoid problems of working capital for exporters, allotment of finance for loan for those engaged in export activities, provision of access to infrastructure for those engaged in export. In spite of these incentives, however, the tanning industry was lagging behind to play its vital role in hastening the country's economic development for years.

According to the Leather Industry Development Institute, the overall export performance of the sector during GTP I period (2003 EFY – 2007 EFY) was lower than its target. As per GTP I, leather and leather products industry was expected to generate 280 Million USD, however, the actual performance was only 133 Million USD which was 48% of the plan. Similarly, the export performance of the first three years of GTP II (2008 EFY, 2009 EFY & 2010 EFY) are well below the target set in GTP II plan.

In regards to production capacity utilization of the tanneries, as per the GTP I, the tanneries installed production capacity on average per annum was cow 58.68 million square feet, sheep 112.30 million square feet and goat 74.89 million square care feet (Appendix IV). However, tanneries' actual capacities at the end of the GTP I period (2007) for cow was 48.63 million square feet (83%), for sheep was 51.71 million square feet (46%) and for goat was 33.50 million square care feet (45%). From this finished leather quantity, it has been estimated on average that from cow 10 million square feet, from sheep 37 million square feet and from goat 17 million square feet have been exported annually (LIDI, 2003-2007 report).

Many internal and external factors could have played for the low performance of the export sales during the period 2003 – 2010. Internal factors (Firm-level determinants of export performance) are controllable factors at the firm level; and external factors which are uncontrollable at the firm level are government policy issues, industry characteristics & market characteristics which are mostly conducted at a national level. In the meantime, researches which have been conducted on export performance so far have focused on external factors which affect export performance and yet the problem still prevails. Therefore, the researcher main objective is whether firm-level determinants which have been operationalized as Management Characteristics, Firm Characteristics and Export Marketing Strategy Capabilities have significant role in determining the export performance of Ethiopian tanneries.

### **1.3. Research Questions**

In general, the study will focus on whether internal (controllable) factors have significant role on export performance of Ethiopian Tanneries; and in particular, the study shall seek answers for the following questions.

- i) What are the firm-level export performance determinants that affect Ethiopian Tanneries?
- ii) Which of these firm-level determinants significantly affect export performance of Ethiopian Tanneries?
- iii) What is the relationship of firm-level determinants to export performance of Ethiopian Tanneries?

### **1.4. Research Objectives**

#### **1.4.1. General Objective**

The general objective of the research is to examine the impact level of theoretically known firm-level determinants on export performance of Ethiopian Tanneries.

#### **1.4.2. Specific Objective**

The following objectives shall be addressed in order to answer the research questions:

- ✓ To identify firm-level determinants of export performance of Ethiopian Tanneries
- ✓ To examine the significance of firm-level determinants of export performance on Ethiopian Tanneries
- ✓ To determine the magnitude of influence of firm-level determinants on Ethiopian Tanneries.

## **1.5. Scope of the Study**

The study focuses on all tanneries in the nation which are engaged in export at least for the last five years. Tanneries whose years of engagement in exporting were less than five years were not included.

As discussed in the literature review section, export performance of firms could be affected by both internal and external factors. However, this study limits its scope to the internal variables are Management Characteristics, Firm Characteristics and Export Marketing Strategic Capabilities. These factors are conceptualized and operationalized in the chapter two.

In regards to export performance measurement, from theoretically known financial and non-financial measures of export performance, financial measures of export sales growth shall be used as a measure of export performance based on cross-sectional data.

Therefore, in this study, export performance which was operationalized as Export Sales Growth, was taken as the dependent variable and firm-level determinants factors which was operationalized as Management Characteristics, Firm Characteristics and Export Marketing Strategic Capabilities taken as independent variables.

Methodologically, explanatory research design was used as researcher is attempting to examine the relationship between the dependent (export performance) and independent variables. Data was collected using structured questionnaire and semi-structured interview.

## **1.6. Rationale**

The majority of export performance researches are conducted on external factors which affect export performance and these external factors are related with policies related issues, market characteristics and Industry characteristics. These researches usually produced by government offices or funded by government and they are focusing on grand policy issues. Hence, they failed to address firm-level issues where the fundamental causes of export underperformance lies. Thus, the researcher firmly believe that the findings of the research will be of vital importance for the tanneries' managers, public-policy makers & serves as a point of reference for future researches.

## **1.7. Limitation of the Study**

This study is the first of its kind on firm-level determinants of export performance of Ethiopian tanneries since researches have not been done specifically on firm-level determinants of export performance of Ethiopian tanneries. Hence, the researcher unable to review past researches on the topic which could be used as a point of reference.

The study didn't not cover external factors which might affect export performance of the tanneries since many researches were conducted on these factors.

## **1.8. Organization of the Study**

This study paper contains five chapters and the first Chapter deals with introduction part that discusses about background of the study which is mainly focused on current status of Ethiopian Tannery, Statement of the Problem, Research Objectives, Research Questions, Research Rationale, Scope of the Study, Limitations of the Study and Definitions of Key Terms are included in this chapter. The introduction section made situational analysis of the leather sector, the problem associated with the sector.

The second chapter will discuss literatures review of export performance, measures of export performance and determinants of firm-level export performance. This chapter is also organized to include the conceptual frame work of the theoretical reviews.

The third chapter covers the research methodology applied to the study. Accordingly, the unit of analysis, types and sources of data used the sampling techniques, target population as well as data collection instruments are described in addition to the data processing, analysis, relevant validity and reliability tests.

In the fourth chapter, major findings from the analysis of both secondary and primary data are interpreted and discussed in detail then summary, conclusions and recommendations are covered in chapter five and then followed by relevant annexes.

## 1.9. Definition of Key Terms

**Ethiopian Tanneries** are a manufacturing industry focused on the production and sales of finished leathers.

**Export Performance** is defined as the composite outcome of a firm's international sales (Shoham, 1996).

**Export Marketing Strategic Capabilities:** - refers to the means by which a firm responds to the interplay of internal and external forces to meet the objectives of the export venture involving aspects of the conventional marketing plan (i.e., product, price, promotion & place) (Cavusgil & Zou, 1994).

**Firm-level determinants of export performance** refer to those internal and controllable factors that affect firms' export performance and its constructs are Management Characteristics, Firm Characteristics and Export Marketing Strategies Capabilities (Zou & Stan, 1998).

**Firm's Characteristics** are firm's ability in planning their export, foreign contacts & networking, selecting technology and overall size of the firm (Zou and Stan, 1998).

**Management Characteristics** are the skills, attitude and behavior of top management in the field of international business (Zou and Stan, 1998).

# **CHAPTER TWO**

## **LITERATURE REVIEW**

This chapter comprises of an overview of exporting advantages, theoretical literature review, empirical literature review, determinants of export performance, operationalization of export performance, the relationship between firm-level determinants and export performance and finally concluding with the presentation of conceptual framework of the study.

### **2.1. Overview**

There is a consensus regarding success in domestic market not guaranteeing obtaining good results in foreign markets, as these require the development of specific strategies to be able successful (Zou and Stan, 1998). This is because export activities carried out under different environmental and organizational conditions.

Exporting represents a viable strategic option for firms to internationalize, and it has remained the most popular approach adopted by firms in their efforts to enter new markets, as it provides the firm with high levels of flexibility and a cost-effective way of penetrating new international markets quickly (Leonidou, 1995). Exporting doesn't need many resources and is associated with less risk in comparison to other entry modes to foreign markets.

Exporting has a significant role for firms by creating market access and hence, enhance productivity which in turn, helps firms to operate at full capacity and achieve economic of scale. Thus, firms' growth and sustainable business are linked to their export success (Katsikeas, 1994a).

Furthermore, exporting brings more employment opportunities and improves foreign exchange reserve of a country which in turn, helps to improve balance of payment of a country. Thus, it is a crucial business activity for nations' economic health since it significantly contributes to employment, trade balance, economic growth, and higher standard of living (Lee and Habte-Giorgis, 2004).

In global business, exporting firm passes through five stages which are passive exporting, active exporting using distributors, and opening sales offices in the international market, setting up factories in a foreign country and opening regional headquarters in a foreign country. Thus, exporting using distributors is the infant stage that firms take to go up the hierarchy of the international business.

Therefore, it is clear that enhancing export performance is crucial particularly for firms in order to climb up hierarchy of the international business and remain profitable. A continual improvement in export performance is crucial particularly for firms the based in developing countries that view the global marketplace as a means to ensure growth, survival or competitiveness (Matanda and Freeman, 2009). Because of these crucial roles exporting plays for a nation development and growth, researches on its performance has drawn attention.

## **2.2. Literature Review**

### **2.2.1 Export Performance**

#### **Definition**

Export performance is one of the most widely researched but least understood and most contentious areas of international marketing. To some extent, this problem can be ascribed to difficulties in conceptualizing, operationalizing and measuring the export performance construct and it often lead to inconsistent and conflicting results(Katsikeas, C.S, Leonidou, L. C. & Morgan N.L., 2000). Export Performance is widely studied, but there is no consensus concerning its conceptualizations and operationalization (Sousa, 2004).

- ❖ Export performance is a strategic response by management to the interplay of internal and external forces (Cavusgil and Zou, 1994). Cavusgil and Zou emphasized that export performance is the extent to which a firm's objectives, both economic and strategic, with respect to exporting a product into a foreign market, are achieved through planning and execution of marketing strategy.

- ❖ Export performance is the reflex of the results of export behavior when exposed to different firm-specific and environment-specific circumstances (Diamantopoulos, 1998).
- ❖ Export performance represents the outcome of a firm's activities in export markets (Papadopoulos and Martín, 2010).
- ❖ Export performance is regarded as one of the key indicators of the success of a firm's export operations. Export performance of a firm reflects a firm-specific behavior in leveraging its resources and capabilities in an international context at a given point of time. (Elena Beleska-Spasova, 2014).
- ❖ Export performance is defined conceptually as the composite outcome of a firm's international sales (Shoham, 1996).
- ❖ Export performance can also be defined as the outcomes from the firm's international activities. From this perspective, export performance is the extent to which the firm achieves its objectives when exporting a product to a foreign market (Navarro et al., 2010) as cited in (Jalali, 2012).

### **2.2.2. Determinants of Export Performance**

Export performance determinants are the factors that will determine firm's international engagement to be successful. There are two theoretical paradigms to determine the factors that are crucial for the success or failure of exporting activities, namely, Resource-Based View (RBV) and Contingency Theory (CO) (also called Industrial Organization (I/O)).

The Resource-Based View is focused on the creation of competitive advantage using a set of resources, i.e., all the "assets, capabilities, organizational processes, firm attributes, information, and knowledge, etc., controlled by a firm" (Barney, 1991, p. 101). Sources of competitive advantage are firm resources that are valuable, rare, perfectly imitable, and non-substitutable (Dhanaraj and Beamish 2003).

As per the RBV, these set of resources are controllable at the firm level and determine the success/failure of firm's activities in the global market. The resource-based theory conceives a firm as a unique bundle of tangible and intangible "resources" (assets, capabilities, processes, managerial attributes, information, and knowledge) that are controlled by a firm and that enable

it to conceive and implement strategies aimed at improving its efficiency and effectiveness (Barney, 1991; Daft, 1983; Wernerfelt, 1984). Thus, RBV suggests that superior performance results from acquiring and exploiting the unique resources of the firm (Dhanaraj and Beamish 2003).

These internal and controllable factors that affect the export performance of the firm are explained by factors as Management characteristics, Firms Characteristics and Export Marketing Strategies Capabilities (Zou & Stan, 1998).

In the contrary, Contingency Theory argues that firm's activities in a market place are determined by external factors & hence, export determinants cannot be controlled at the firm level. The effects of various Firm Characteristics on export performance are dependent on the specific context of a firm. This theory has its roots in the structure–conduct–performance framework of industrial organization which posits that the competitive intensity of a firm is determined by the structural characteristics of the market Cavusgil and Zou (1994), and positional advantage can only be achieved and sustained if the competitive strategy plan is efficiently and effectively carried out (Morgan et al., 2004; Sousa et al., 2008).

Thus, as per Contingency Theory, exporting is considered as a firm's strategic response to the interplay of internal as well as external factors (Robertson and Chetty 2000; Yeoh and Jeong 1995); (Sousa et al., 2008). This theory argues that a firm must adapt to the external environment pressures in order to survive and prosper. A superior export performance is a result of a firm's successful strategic response to the external factors (Robertson and Chetty, 2000).

The external determinants are defined as environment-specific and hence managerially uncontrollable and they are generally categorized as foreign market characteristics and domestic market characteristics. Factors affecting export performance in domestic markets differ from those in the foreign markets. The liability of foreignness increases the cost of doing business abroad due to legal, economic, and cultural differences. Legal and political factors and cultural similarity are factors that are most cited as external determinants of export performance. The domestic market characteristics are export assistance and domestic environmental hostility (Katsikeas, 2014).

Nevertheless, the focus of this study is firm-level export performance determinants of Ethiopian Tanneries and its base is Resource-Based View theoretical paradigm since firm-level determinants refers to those factors which are internal to a firm & controllable at a firm level and its three constructs are Management Characteristics, Firm Characteristics and Export Marketing Strategy and Capabilities.

### **2.2.3. Firm-Level Determinants of Export Performance**

The review of Export Performance literature shows us that internal factors which have influence on export performance are Firm Characteristics (Leontidades, 1984; Zou& Stan, 1998), Management Characteristics (DeLuz, 1993; Koh, 1991) and Export Marketing Strategy and Capabilities Characteristics.

#### **2.2.3.1. Firm's Characteristics**

##### **Firm Size**

Firm size is controllable factor and is an important determinant of export performance (Aaby and Slater, 1989). However, in regards to firm size impact on export performance, Zou and Stan (1998) found mixed result. That is to say firm size has positive effect on export performance if measured in terms of total sales and has negative effects if measured by number of employees a firm have. From the above argument the following hypothesis was drawn.

**Hypothesis 1: Firm Size has insignificant effect on tanneries' Export Performance.**

##### **Firm Age**

Generally speaking, the older a firm, the better it accumulates knowledge over time and hence owns better capabilities in all terms. This, of course, will leverage the firm in the international competition. It means that export performance of a firm would be better off as a firm gets older and experienced when one compares it with young and emerging firms.

On the flip side of it, as a firm gets older, it is highly likely that its core capabilities become more intact and chance of addressing customers' demand in flexible, aggressive and proactive manner will minimize(Lefebvre and Lefebvre 2001).

From the above argument, the following hypothesis is proposed.

**Hypothesis 2: Firm Age has insignificant effect on Export Performance.**

### **Technology level**

Technological orientation of a firm has a mixed outcome on export performance (Zou and Stan (1998)). However, Madsen (1987) and Aaby and Slater (1989) found technological orientation of a firm has ambiguous effect on the export performance. Similarly, it was also established that technology intensity has mixed outcome on export performance (Zou and Stan, 1998).

Considering the above literatures, the following hypothesis was drawn.

**Hypothesis 3: Technology Level has significant effect on Export Performance.**

### **Human Capital**

Human Capital refers to share of skilled employees of a firm or expenditures on training. Human capital and export performance relation has a mixed outcome. Human capital positively related to export performance (Wagner, (2001) and Wakelin, (1998)) and this is specially the case where skilled labor is not as such expensive in which case the existence of skilled labor can be positively related to export performance. On the other hand, human capital is negatively related to export performance (Willmore (1992) and Ramstetter (1999)) and this is the case for a country where skilled labor is expensive.

Hence, from the above argument the following hypothesis was drawn.

**Hypothesis 4: Human Capital has insignificant effect on Export Performance.**

## **Foreign Contacts and Networking**

In regards to Foreign Contacts and Networking, Louter et al., (1991) found frequent customer contact to be a determinant of export performance. Babakus and Yavas (2006) have identified that the foreign networking (i.e. having ties with foreign entities) has a significant positive effect on export performance. Based on such evidence, the following hypothesis is presented.

**Hypothesis 5: Foreign Contacts and Networking has positive and significant effect on Export Performance.**

## **Export Planning**

Export Planning is very important determinant for the success of export operations (Aaby and Slater, 1989). Zou and Stan (1998) identified export planning is a reliable determinant of export performance.

From the above argument the following hypothesis was drawn.

**Hypothesis 6: Export Planning has positive and significant effect on Export Performance.**

### **2.2.3.2. Management Characteristics**

Management plays significant role to develop and to make sustainably profitable the export performance of a firm. The role of management in affecting export performance of a firm is very high (Nazar & Saleem, 2009, Zou & Stan, 1998). Different studies are made with regard to the type of relationship between management characteristics and export performance and the majority of studies concluded that the former plays important role in the success or failure of export performance of firms (Sousa et al., 2008). Similarly, as the export performance is controlled by management, the role of management characteristics in influencing the effectiveness of the export sales department is high (Katsikea & Skarmeas, 2003).

(Nazar & Saleem, 2009) synthesized & classified the diverse characteristics of Management Characteristics which had been studied by researchers, as Attitudinal Characteristics, Skill-Based Characteristics and Behavioral Characteristics.

### **a) Attitudinal Characteristics**

Zou and Stan (1998) classified the determinants of Management Attitudinal Characteristics as Export Commitment and Support, Customer Orientation and Perceptions about Export Barriers.

#### **Export Commitment and Support**

Cavusgil and Zou (1994) found out that Management commitment & support is vital for the superior export performance. Management's commitment & support is one of the most important factors affecting export performance (Sousa et al., 2008). Management commitment & support is one of the crucial factors for the success of export performance because when the management is committed to export, it means that firm can get financial and managerial resources sufficiently in order to enter export market and pursue effective export marketing strategies (Nazar & Saleem, 2009).

Researchers have concluded that the level of management commitment and support is positively related to the export performance (Stottinger and Holzmullerm (2001), Cicic et al., (2002), O'Cass & Julian, 2003, Alvarez (2004), Castaldi et al., (2003) and Faver-Bonte and Giannelloni (2007).

Given that most studies reported a significant impact of management commitment and support on export performance, then the following hypothesis was drawn accordingly.

**Hypothesis 7: Export Commitment and Support has positive and significant effect on Export Performance.**

#### **Customer Orientation**

Customer orientation is defined as "the set of beliefs in sales that states customer's needs and satisfaction are the priorities of an organization" Drucker (2007). Thus, customer orientation refers active interaction between a firm and its customers.

In regards to the type of relationship between customer orientation and export performance, Katsikea and Skarmeas (2003) concluded that management of high level of customer orientation contributes to effective export performance and vice versa.

Customizing the needs of customer ensures success in export performance. This implies that managers of a company have to focus on customers (Katsikea and Skarmeas, 2003).

Moreover, Leonidou et al., (1998) illustrated that customer orientation is one of the attribute that export managers should possess at a higher extent. Customer orientation, being one of the important characteristic for export success, firms should examine their managers' attributes in terms of such orientations.

Considering the above arguments in the literatures, the following hypothesis was drawn.

**Hypothesis 8: Customer orientation has positive and significant effect on Export Performance.**

**Perceptions about Barriers**

Export barriers can be defined as the attitudinal, structural, operational and other constraints that hinder a firm's ability to initiate, develop or sustain international operations (Koksal and Kettaneh, 2011; Leonidou, 2004). Such obstacles are also defined as the problems that prevent non-internationalized companies to be involved in the process of the internationalization (Morgan and Katsikeas, 1998).

The phrase "perceived export barrier" refers to such issues as level of risk and cost involved or difficulties associated with exporting. Export barriers are assumed to be associated with lower export sales, sluggish growth rate of the export and minimal apparent success of the export operations.

Aaby & Slater (1989), and Zou & Stan (1998) found Management perception towards the supposed export barriers such as expected risk, costs involved and intricacy of export, are important indication of export performance.

An inverse relationship between export barriers and export performance has been established by various researchers (Ogunmokun and Ng (2004), (Suárez-Ortega & Alamo-Vera, 2005), (Wilkinson & Brouthers, 2006) and Castaldiet al., (2003).

From the above argument the following hypothesis was drawn.

**Hypothesis 9: Perceptions about Barriers has significant effect on Export Performance.**

## **b) Skill-Based Characteristics**

Skill Based Determinants of export performance are firms' management export experience and education level (Nazar & Saleem, 2009).

### **Export Experience**

Management international experience refers to the degree to which the firm's management has abroad experience, having lived or worked overseas, as well as the skills, abilities and information that provide firm's goals (Nazar and Saleem, 2009; Langes and Montgomery, 2005). Export experience is a critical factor in competing in foreign markets (Shamsuddoha, 2004). Managers' experiences affect the ability to perceive risks or threats and opportunities in international markets and to come up with effective solutions in the export market (Nassimbeni, 2001; Moini, 1992; Abay and Slater, 1989).

In addition, the review by Sousa (2008) showed that managers with international experience are more successful in exporting. These outcomes were confirmed by Julian and Nhat (2007) in their survey. They concluded that a significant factor in discriminating between high and low export marketing performance is the international experience of the export venture's management, and management's international experience contributes to positive export performance.

The management international experience i.e., the capabilities and relevant information accumulated while living or working abroad, has a lot to do with the level of management's involvement in international operations (Nazar and Saleem, 2009; Langes & Montgomery, 2005). This accumulated experience will play important role in proactively see potential risks or threats as well as opportunities in the global market so that potential risks can successfully be tackled and potential opportunities can be tapped (Nassimbeni, 2001); (Moini, 1992) and (Abay and Slater, 1989). That is to say, comparing to experienced managers to inexperienced managers, the former will be in a better position in tackling and understanding on successful factors in export market and therefore, can set better export marketing strategy than the inexperienced one in an attempt to avert risks or exploit opportunities.

However, sometimes there is a possibility that the direct relationship between manager's international experience and export performance could be indirect. This is the case when

experienced manager with better connections around and better experience of handling setbacks could also turn out to be resistant to new international developments that just involved out of his networks. Moreover, as compared to the experienced and networked managers, inexperienced managers who are usually younger and more flexible managers could dare to face new approaches to manage the operations. For the reasons mentioned above (Mavrogiannis, Bourlakis, Dawson & Ness, 2008) concluded in their research that “export experience does not have significant effect on export performance”. In similar manner, Contractor et al., (2005) established that managers with less international experience use internet and formal or informal networks to approach new overseas customers and hence they get better export performance than those experienced managers who tend to maintain the status quo relying on their old customers.

On the other side, DAS (1994) argued that manager’s experience has little impact on successful exporting companies in which case export experience has neutral impact on export performance. It was also noted that the target market to which the experienced and inexperienced managers exposed to is also worth considering.

Considering the above arguments in the literatures, the following hypothesis was drawn.

**Hypothesis 10: Export Experience has insignificant effect on Export Performance.**

### **Education Level**

Sousa (2008) reviewed that better educated managers are more successful in exporting and have better export performance. Export success in foreign markets is linked to the education of managers (Mavrogiannis et al., 2008) as cited in Moghaddam et al., 2012.

The possible effect posed by education was due to managers’ knowledge that can help firms to utilize and leverage on the international opportunities and preventing international threats (Zou and Stan, 1998; Julien and Ramangalary, 2003; Brodrechtova, 2008).

Firms’ management education level is better manifested by the capability of educated manager in planning export markets which will in turn increase the performance of the exporting.

Suárez-Ortega and Álamo-Vera, (2005) have identified a positive, however, weak correlation of education level with export performance. Accordingly, from the above argument the following hypothesis was presented.

**Hypothesis 11: Education Level has insignificant effect on Export Performance.**

**c) Behavioral Characteristic**

The extent of managers' involvement in export sales planning, export sales presentation, adaptive selling and sales support are basic to differentiate low and superior export sales effectiveness (Katsikea and Skarmeas, 2003) and hence, the following hypothesis is proposed.

**Hypothesis 12: Export Sales Presentation has significant effect on Export Performance.**

### **2.2.3.3. Export Marketing Strategies Capabilities**

Export Marketing Strategy Capabilities refers to the capabilities to adapt marketing mix elements i.e., product, price, promotion and distribution, of firms when entering in foreign markets. Export marketing strategy is usually considered as result of firms characteristics but in this characteristic, it is taken strategic capability as an independent factor (Aaby and Slater (1989) and Cavusgil and Zou (1994).

An appropriate “fit” between strategy and the context where firms operate can lead to superior export performance than the only adoption of marketing strategy standardization or adaptation (Sousa et al., 2008).

Thus, Export Marketing Strategy Capabilities is the ability of a firm to respond to marketing forces to achieve its objectives (Shamsuddoha and Ali (2006). Cavusgil and Zou (1994) pointed out that exporting firm's performance can be measured by its marketing strategies and their ability to apply them.

**a) Utilization of International Marketing Research**

Utilization of International Marketing Research includes the firms' capability to conduct and utilize international marketing research for development. Firms' ability to utilize international marketing research has positive effect on export performance (Madsen, 1987).

Thus, from this argument, the following hypothesis was presented.

**Hypothesis 13: Utilization of International Marketing Research has significant effect on Export Performance.**

**b) Segmentation and Targeting**

Segmentation and Targeting includes firm's capability to implement segmentation and concentration targeting strategy. Firms' strategies of segmenting market and concentration targeting have positive relation with export performance (Leonidou et. al., 2002).

Based on such evidence, the following hypothesis is drawn.

**Hypothesis 14: Segmentation and Targeting has significant effect on Export Performance.**

**c) Product Capabilities**

Product Capabilities is firms' ability to offer a complete product or brand mix in export markets. It is positively correlated with export performance (Leonidas et al., (2002)). Product capabilities are those characteristics of a firm product manifested by the strength of the product, level of variation and service qualities.

- ✓ **Product Strengths:** Product Strengths (e.g. product uniqueness, patents, exposure to market, etc.) have positive influence on export performance of the firm (Julian, 2003). Export product uniqueness its quality and design are positively correlated with firms' export performance (Zou and Stan, 1998) & (Leonidou et al., 2002).
- ✓ **Product Adaptation:** Product Adaptation includes adaptation in terms of quality, service, policy, brand name, packaging, trendiness, color and design. Product Adaptation is correlated with superior export performance (Leonidou et al., (2002) and Eusebio et al., (2007)).
- ✓ **Warranty and Customer Services:** Product capability has also to do with the ability of firms to offer pre and after-sale services to their customers. Firms' ability to offer augmented lever of product (i.e. warranty and provisions for pre- and after-sales services etc.) are positively linked with export performance as the customer is more concerned with exporters' ability to offer necessary services (Leonidou et al., 2002).

Given that most studies reported a significant impact of such attributes, the following hypothesis was drawn.

**Hypothesis 15: Product Capabilities has significant effect on Export Performance.**

**d) Pricing Capabilities**

Pricing Capabilities is firms' capability to adapt competitors' prices and usually to offer low prices as market penetration pricing strategy. It is positively correlated to the export performance (Leonidou et al., 2002).

From the above argument, the following hypothesis was drawn.

**Hypothesis 16: Pricing Capabilities has significant effect on Export Performance.**

**e) Distribution Capabilities**

Distribution Capabilities includes firms' capability of establishing their direct channels like firm's distributions channels, outlet offices; providing support to channel members i.e., the relationship between affiliated members of the distribution channels; adapting distribution channels which refers to ability to adjust the design of the firm's channel for export marketing; and providing in-time delivery.

According to the studies made by Eusebio et al., (2007), Cavusgil and Zou, (1994) and Zou & Stan, (1998), the above mentioned concepts have positive correlation with export performance.

Hence, from the above argument the following hypothesis was presented.

**Hypothesis 17: Distribution Capabilities has significant effect on Export Performance.**

**f) Promotion Capabilities**

Promotion Capabilities includes firms' capability to use advertising, sales promotion, personal selling, promotion adaptation and related export promotion programs in their destined export markets. Advertising, sales promotion and personal selling are positively related to the export performance (Zou and Stan, 1998), (Leonidou et al., 2002), (Francis and Collins-Dodd, 2004) and (Shamsuddoha and Ali, 2006).

Based on such empirical evidence, the following hypothesis is presented.

### **Hypothesis 18: Promotion Capabilities has significant effect on Export Performance.**

From literature review presented above, we can understand that literature has mixed results with regard to the relationship between export performance and the independent variables which are stated under Firm Characteristics, Management Characteristics and Export Marketing Strategy Capabilities characteristics.

### **2.3. Operationalization of Export Performance**

There is no a general consensus on how to measure export performance, though several broad approaches have been advocated (Cavusgil & Zou, 1994; Schlegelmilch & Ross, 1987; Walters & Samiee,1990).

There is consensus regarding the multidimensionality of export performance, but there is disagreement about which indicators should be used to measure the variable and hence, the multidimensionality nature of export performance makes it hard to compare and contrast the findings from different studies (Sousa, 2004).

The measures of export performance are grouped into three dimensions representing objective (financial/economic, non-perceptual), subjective (non-financial/non-economic, strategic, perceptual) and composite scales.

Objective measures are sales, profit and growth indicators and the most frequently used indicators among them are export sales growth, export intensity, export sales, and export profits (Naidu and Prasad, 1994; Diamantopoulos and Schlegelmilch, 1994; Louter et al., 1991; Deng et al., 2003; Dhanaraj and Beamish, 2003; Lee and Yang, 1990; Piercy, 1981). Objective data is usually obtained from official sources, like the statistical offices, financial statements and reports of firms objective assessment gives accurate information, especially when measuring short-term performance; however, they are not easily accessible and easy to interpret. Moreover, they do not allow making inference across industries and countries (Katsikeas et al., 2000; Lages, 2004; Sousa, 2004).

Subjective measures are related with the perceptions of respondents' regarding the achievement or failure of a firm's export objective (Lages, 2004). In other words, managerial perceptions of perceived success, satisfaction and goal achievement. Subjective measures can be important when objective information is not accessible or generalized.

Subjective measures usually used to assess long-term performance, and when employed, it must be used the principle of parsimony. The goals might be penetrating new markets, improving market share in current markets, increasing the number of export markets and export products, gaining advantages over competitors, responding to domestic competitive pressure and gaining the prestige and so on (Evangelista, 1994; Jaworski and Kohli, 1993; Raven et al., 1994; Katsikeas et al., 1996; Ling-yee and Ogunmokun, 2001).

Both objective and subjective approaches have some drawbacks (Dess and Robinson, 1984; Madsen, 1987; Shoham, 1998; Katsikeas et al., 2000). Objective measures, while providing numerical evidence of performance falls short of indicating numerical evidence which implies the attainment of firms' objectives. This is the case where a firm registers profits in its operations may be due to chance events such as changes in global prices, discount in firms' inputs prices but it could fall short of achieving strategic targets and may not be sustainable. Therefore, Objective measures do not provide a holistic picture to assess export performance.

Furthermore, obtaining numerical evidences like financial and sales-related data from firms can be difficult since most firms are unwilling to expose such data. As a result, researchers are forced to use single measures in their assessment which is inadequate. Because the export performance is multidimensional by its nature, employing only objective measures to explain performance will limit the applicability of the findings, and may not be useful for theory development.

On the other hand, subjective measures are varying depending on the respondents' perceptions of performance and perceptions of performance will vary from firm to firm and from industry to industry. Use of subjective measures is based on the contingency theory which argues that the context determines the outcome in which case research findings cannot be generalized since the underlying assumption is that performance is based on the special context where a firm operates in and the respondents' perceptions of success in export operations. Again, this raises a challenge

to researchers in that such findings cannot be generalized. Moreover, strategies vary from firm to firm, comparing the findings across firms and industries using subjective measures could be challenging.

Therefore, in view of overcoming the drawbacks of objective and subjective measures, there is a need to construct composite measures of the two measures. Composite scales are based on overall scores of variety of performance measures (Cavusgil and Zou, 1994; Matthyssens and Pauwels, 1996; Diamantopoulos, 1999). In their study, Cavusgil and Zou, 1994 captured four aspects of an export venture's performance: (1) the extent to which strategic goals were achieved, (2) the average annual growth rate of sales, (3) the overall profitability of exporting, and (4) management's perceived success of the venture. These four were then summed into a composite scale for performance including both objective and subjective measures.

- ✓ Accordingly, Zou and Stan (1998) in consistent with Madsen (1987); and Matthyssens & Pauwels (1996), further labeled the three dimensions of export performance which are objective (financial/economic, non-perceptual), subjective (non-financial/non-economic, strategic, perceptual) and composite scales into seven categories. The financial measures are "Sales", "Profit", "Growth"; non-financial measures are "Success", "Goal Achievement", "Satisfaction" and composite scales are "Composite Scales".

### **Financial Measures**

- The "Sales" category includes measures of the absolute volume of export sales or the export intensity.
- The "Profit" category consists of absolute measures of overall export profitability and relative measures such as export profit divided by total profit or by domestic market profit. While the "Sales" and "Profit" measures are static,
- The "Growth" measures refer to changes in export sales or profits over a period of time. Compared to financial measures, which are more objective, the non-financial measures of export performance are more subjective.

### **Non-Financial Measures**

- The “success” category comprises measures such as the managers’ belief that export contributes to a firm’s overall profitability and reputation (Raven et al., 1994);
- The “satisfaction” refers to the managers’ overall satisfaction with the company’s export performance (Evangelista, 1994);
- The “goal achievement” refers to the managers’ assessment of performance compared to objectives (Katsikeas et al., 1996).

### **Composite Scales**

- The “composite scales” refer to measures that are based on overall scores of a variety of performance measures.

In this study, as mentioned above, export performance measure has been operationalized as export sales growth rate of each of the twelve tanneries. That is, the difference of current year actual export sales value ( $x_t$ ) and previous year export sales value ( $x_{t-1}$ ) divided by previous year export sales value ( $x_{t-1}$ ), and then, the result multiplied by 100 so as to convert it to percentage. In this manner, seven year export sales growth rate of each of the twelve tanneries was calculated and then after, the seven year average export sales growth rate has been taken as a dependent variable.

As discussed in this chapter, the researcher focuses on controllable firm-level determinants of export performance for the reason that 18 factors under the three major constructs are commonly used by different researchers and they can be used to answer the research questions of this study.

## **2.4. Summary of Empirical Literature Review**

There have been several studies done about the effect of firm-level determinants on export performance and the summary of the findings presented in the table below.

**Table 2.1: The relationship between Firm-Level Determinants (Independent Variables) & Export Performance (Dependent Variable)**

S. N.	Determinants	Type of relation with Export Performance	
<b>Firm Characteristics</b>			
1	Firm Size	Mixed	<ul style="list-style-type: none"> <li>• <b>Positive</b> -Chetty and Hamilton (1993)</li> <li>• <b>Negative</b> - Kaynak and Kuan, 1993; Aaby and Slater, 1989; Zou and Stan, 1998.</li> </ul>
2	Firm Age	Negative and Insignificant	<ul style="list-style-type: none"> <li>• <b>Neutral</b>-Sousa et al., (2008)</li> <li>• <b>Negative</b> -Kaynak and Kuan (1993)and Louter et al.,(1991), Bodur, 1994; Das, 1994</li> </ul>
3	Technology level	Mixed	<ul style="list-style-type: none"> <li>• <b>Positive</b> - Piercy, Kaleka, &amp;Katsikeas(1998), Chetty and Hamilton (1993)</li> <li>• <b>Negative</b> -Zhao &amp;Zou(2002), Knight (2001)</li> </ul>
4	Human Capital	Mixed	<ul style="list-style-type: none"> <li>• <b>Positive</b> -Wagner (2001) and Wakelin (1998);</li> <li>• <b>Negative</b> -Willmore (1992) and Ramstetter (1999)</li> </ul>
5	Foreign Contacts and Networking	Positive and Significant	Louter et al., (1991); Babakus and Yavas (2006)
6	Export Planning	Positive and Significant	Aaby and Slater (1989); Zou and Stan (1998)
<b>Management Characteristics</b>			
7	Export Commitment & Support	Positive and Significant	Nazar and Saleem (2009); Cavusgil and Zou (1994); Julian, 2003,Sousa et al., (2008)
8	Customer Orientation	<ul style="list-style-type: none"> <li>• Positive - If they are customer oriented.</li> <li>• Negative -If they aren't customer oriented.</li> </ul>	Katsikea and Skarmas (2003); Leonidou (1998)
9	Perceptions about Export Barriers	Mixed	<ul style="list-style-type: none"> <li>• Ogunmokun and Ng (2004); Suarez-Ortega and Alamo-Vera (2005);</li> </ul>

			Alvares(2004), <ul style="list-style-type: none"> <li>• Zou and Stan (1998)</li> </ul>
10	Export Experience	Mixed	<ul style="list-style-type: none"> <li>• <b>Positive</b> –Ibeh (2003); Langes and Montgomery (2005); Contractor et al., (2005); Zou and Stan (1998)</li> <li>• <b>Negative</b> - Das (1994)</li> </ul>
11	Education	Positive but Insignificant	Sousa (2008); Zou and Stan (1998); Mavrogiannis et al., (2008)
12	Export Sales Presentation	Positive and Significant	Katsikea and Skarmeas (2003)
<b>Export Marketing Strategic Capabilities</b>			
13	Utilization of International Marketing Research	Mixed	<ul style="list-style-type: none"> <li>• <b>Positive</b> -Madsen (1987); Zou and Stan (1998),</li> <li>• <b>Negative</b> - Walters and Samiee (1990)</li> </ul>
14	Segmentation and Targeting	Positive and Significant	Leonidou et. al. 2002
15	Product Capabilities	Positive and Significant	Zou& Stan, 1998; Julian, 2003; Leonidou et al., 2002
16	Pricing Capabilities	Mixed	<ul style="list-style-type: none"> <li>• <b>Positive</b> - (Leonidou et al.,(2002);</li> <li>• <b>Negative</b> - (Bilkey, 1982, 1985);</li> <li>• <b>Neutral</b> -Moser &amp;Topritzhofer, 1979, as quoted in Madsen, 1987; Hirsch, 1971),Zou&amp; Stan,1998</li> </ul>
17	Distribution Capabilities	Positive and Significant	Cavusgil& Zou1994; Zou& Stan,1998 ; Eusebio et al., 2007
18	Promotion Capabilities	Positive and Significant	Francis and Collins-Dodd, 2004; Shamsuddoha and Ali 2006

## **2.5. Conceptual Framework**

As explained in the previous section, the firm-level export performance determinants falls in three categories, namely, Firm Characteristics, Management Characteristics and Export Marketing Strategic Capabilities.

Accordingly, Firm Characteristics is operationalized as Firm Size, Firm Age, Technology Level, Human Capital, Foreign Contacts & Networking and Export Planning.

Similarly, Management Characteristics is operationalized to factors stated under Attitudinal Characteristics, Skill Based Characteristics and Behavioral Characteristics.

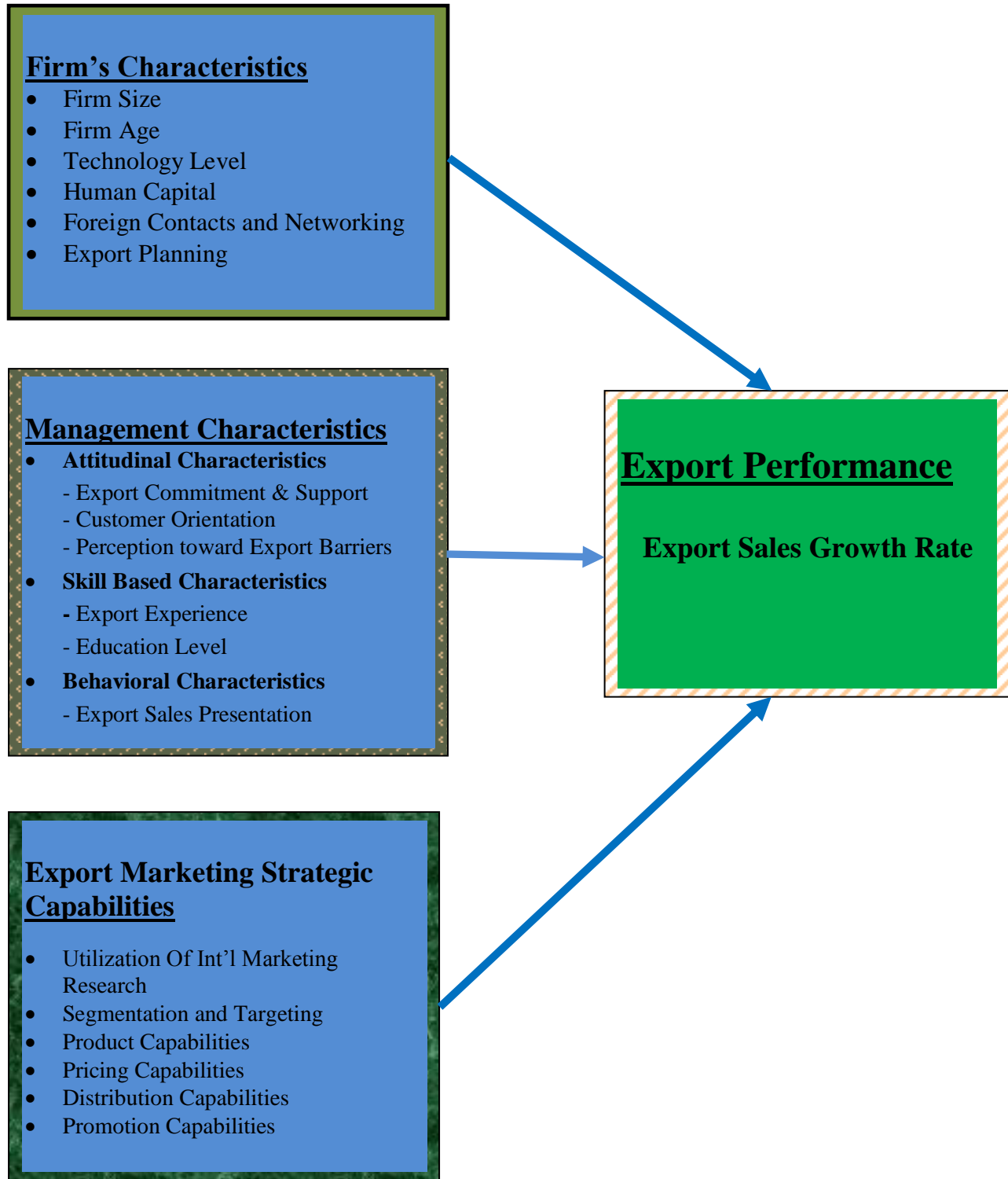
Likewise, the Export Marketing Strategy Capabilities is operationalized as Utilization of International Marketing Research, Segmentation and Targeting, Product Capabilities, Pricing Capabilities, Distribution Capabilities and Promotional Capabilities.

In regards to export performance measurement, export sales growth rate is taken as a measure of export performance. This is because if non-financial measures like success, goal achievement are used, it will be very problematic since most of tanneries don't actually document the specific causes of these subjective parameters. Moreover, if objective measures like profit, market share and their respective intensity are used, it will be again difficult to get such data since these data are not readily/willingly available by the tanneries.

As a result, the researcher used the export sales growth rate which is available at Ethiopian Leather Industry Development Institute (ELIDI), as export performance measure. Accordingly, the seven years (2004-2010) export sales growth rate was calculated and the seven years average export sales growth rate was taken as a measure of export performance.

Thus, the researcher has adopted & customized the below model so as to conceptualize the theory and fit the actual firm specific factors in the case of the Ethiopian tanneries.

**Figure 1: Conceptual Framework**



**Source:** Adopted from Firm-Level Determinants of Export Performance ((Nazar & Saleem, 2009), (Katsikea and Skarmeas, 2003) and (Zou and Stan, 1998))

## **CHAPTER THREE**

### **RESEARCH METHODOLOGY**

#### **3.1. Introduction**

Research methodology refers to the systematic, theoretical analysis of the methods applied to a field of study. It comprises the theoretical analysis of the body of methods and principles associated with a branch of knowledge. Typically, it encompasses concepts such as paradigm, theoretical model, phases and quantitative or qualitative techniques (Irny and Rose,2005).

Research methodology is procedures by which researchers go about their work of describing, explaining and predicting phenomena and it does not set out to provide solutions. It offers the theoretical underpinning for understanding which method, set of methods or best practices can be applied to a research work. In short, its aim is to give the work plan of research.

Therefore, this chapter discusses how the research objectives were achieved through a methodological framework adopted for the study. In the following sub-sections, study area description, research approach, research strategy, research design, unit of analysis, sample design, source of data, data collection instrument, data analysis, validity &reliability and ethical considerations have been presented.

#### **3.2. Study Area Description**

The tanneries under study are located 6 tanneries in Modjo Town which is located 70 kilo meters from Addis Ababa, i.e., in Oromia Region, 4 tanneries in Addis Ababa, 1 tannery in Bahir Dar, Amhara region and 1 tannery in Wukero town, Tigray region. All of these tanneries are engaged in exporting business.

#### **3.3. Research Approach**

Research approach refers to ways of data generation. There are three research approaches namely, Quantitative, Qualitative and Mixed research approaches.

Quantitative research approach is an inquiry into an identified problem, based on testing a theory, measured with numbers, and analyzed using statistical techniques to prove or disprove predetermined hypotheses regarding the relationships between specific variables.

Qualitative research approach is described as the non -numerical examination and interpretation of observations, for the purpose of discovering underlying meanings and patterns of relationships. It is carried out by using open-ended observations and interviews.

Mixed research approach involves combining or the integration of qualitative and quantitative researches.

In view of addressing the research objective i.e., investigate the impact of firm-level determinants of export performance on tanneries, the researcher employed mixed approach i.e., utilizing both quantitative research in the form of a questionnaire and qualitative research in the form of semi-structured interview.

### **3.4. Research Strategy**

The research strategy should be chosen according to the research questions in a particular situation. A number of research strategies are available for conducting a research such as literature survey, experiments, questionnaire surveys, histories, case studies, and analysis of archival information.

The general research objective of this study is to find out whether or not the firm-level determinants of export performance have significant effect on Ethiopian Tanneries. Accordingly, the preferable research strategy is Cross-sectional survey research strategy.

According to de Vaus (2013), Cross-sectional survey is widely regarded as inherently quantitative and is contrasted to qualitative methods such as participant observation, unstructured interviewing, case studies and focus groups. Saunders et al., (2007) states the advantages of using the survey strategy, among other things, is that its ability to collect large amount of data from sizeable population, collecting standardizes data, establishing particular relationships

between variables and to produce models of these relationships, and allowing for easy comparison. In a similar manner, surveys are used when the researcher seeks to gain more room for interpretations (Amaratunga et al., 2002). Thus, this study adopts the cross-sectional survey and used questionnaires, interviews and archival records and documentations as data collection instrument.

### **3.5. Research Design**

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 objectives with economy in procedure (Claire Selltiz et al., 1962). The research design is the conceptual structure within which research is conducted and it constitutes the blueprint for the collection, measurement and analysis of data (Kothari, 2004).

Therefore, a research design describes the plan a study will adopt in answering research questions. It can be exploratory, descriptive and explanatory depending on the nature of the study (Saunders et al., 2007). A research design depends on the type of data to be collected (Amaratunga et al., 2002), the research objectives and questions as well as being consistent with the research philosophy (Saunders et al., 2007).

This study's research design was explanatory research as the researcher wants to identify and explore the correlation among the identified firm-level export performance determinants (independent variables) with export performance (dependent variable). That is, the researcher has no control over the variables rather than reporting what has been replied. Moreover, the study used explanatory research design in order to understand and explain the cause and effect relationships between variables, and also to know the impact of presumed cause on confounding variables. Moreover, with cross-sectional survey method, data has been collected using verbally or written questionnaire since it is the best method in terms of cost, time and speed.

### **3.6. Unit of Analysis**

In this study, each tannery is a unit analysis since firm-level export performance determinants are related with the respective tanneries' export performance.

### **3.7. Sample Design**

The sampling procedures conducted mainly based on probability standards (random or probability samples) and non-probability standards (no probability samples). Non-probability sampling method is employed where samples are chosen on the basis of their availability or accessibility (Diamantopoulos & Schlegelmilch, 2000). Non-probability sampling technique was employed in most research works of exporting all over the world (Leonidou, Katsikeas, & Coudounaris, 2010). Furthermore, among non-probability sampling methods, Convenience sampling is commonly employed by international marketing researchers (Reynold et al.,2003). Convenience sampling refers to sample selection based on their accessibility (Cooper and Schindler, 2006). Moreover, convenience sampling commonly adopted by researchers to get many completed questionnaires economically and quickly (Zikmund, 2003).

This study employed non-probability sampling design with convenience sampling method to select sample tanneries whose years of exporting activities is a minimum of five years. This is because tanneries are varying with respect to size, years of engagement in export operations, ownership, production capacity and etc. That is to say, if samples were selected on the basis of equal chance of selection, these heterogeneous factors would not be captured.

#### **3.7.1 Target Population**

The study's target population is all of the tanneries which are engaged in exporting activity. According to the data obtained from ELIDI, there are 18 are functional tanneries which are engaged in exporting activities at least for the last five years. Among the 18 tanneries, 9 tanneries are locally owned and the remaining 9 tanneries are owned by foreigners. Thus, all of the 18 tanneries were selected for the study. From the 19 tanneries, two tanneries owned one person whose exporting activities jointly run by one management and hence, this reduce the number of tanneries to 18 for data collection and analysis purpose.

As stated in the above paragraph, it was planned to incorporate all of the 18 tanneries for this study and accordingly, the questionnaires were distributed to the 18 tanneries. However, three tanneries namely, DX Tannery, Zingzian Tannery and United Vasen Tannery didn't reply and three tanneries namely, Debre Birhan Tannery, Hudaochen tannery and New Wing Tannery filled the questionnaire but their exporting activities engagement is less than five years and hence, they haven't been included in this study. Thus, the number of eligible tanneries for the study was 12 tanneries.

Similarly, using convenient sampling method, the sample respondents were selected on the basis of a criteria that the data to be gathered should be from respondents who are experienced in export business and also from managerially positioned respondents. Thus, the data was planned to be collected from 6 respondents from each of the eligible 12 tanneries i.e., a total of 72 respondents.

Moreover, data was collected from Owners/General Managers, Deputy General Managers, Commercial Managers, Marketing Managers/Export Managers, Logistics and Procurement Managers, Production and Quality Control Managers in view of their access to information, in which case it is Judgment sampling of non-probability sampling design was employed.

### **3.8. Sources of Data**

Data sources for research can be classified as primary or secondary data (Malhotra et al., 2007; Saunders et al., 2007). The major source of data for this study was primary data. Saunders et al., (2007) posit that, primary data is collected through observations, interviews or questionnaires. Survey questionnaires have the greatest use of questionnaire in business and management research. DeVaus (2002) refers to questionnaires as a general term to include all techniques of data collection in which each person is asked to respond to the same set of questions in predetermined order. For this study, primary data was collected from the selected tanneries through written questionnaire and structured interviews.

Apart from primary data, the study also used secondary data. Secondary data are already existing data that had been collected for some other purpose and includes both raw data and published

summaries (Saunders et al., 2007). Secondary data was collected from annual reports, journals, brochures, books and other documents mainly from Ethiopian Leather Development Institute (ELIDI).

**Table 3.1: Measurement of Variables**

S. N.	Construct	Variables	Measurement	Related Measurement used in Literature
1	Firm Characteristics	Firm Size	Number of Employees	Majocchi et al., (2005), McNaughton (2003), White et al., (1998), M.C. Stoian et al., 2011
		Firm Age	Number of Years	Dean et al., (2000), Majocchi et al., (2005), White et al., (1998), M.C. Stoian et al., 2011
		Technology Level	R & D	
		Human Capital	5 points scale	
		Foreign Contacts & Networking	5 points scale	Monteiro et al., Gray (1997)
		Export Planning	5 points scale	Katsikeas et al., (1996), Lado et al., (2004), M.C. Stoian et al., 2011
2	Management Characteristics	Export Commitment & Support	5 points scale	Gray (1997), Monteiro et al., Katsikea and Skarmeas (2003), M.C. Stoian et al., 2011
		Customer Orientation	5 points scale	Gray (1997), Monteiro et al., Katsikea and Skarmeas (2003), M.C. Stoian et al., 2011
		Perceptions about Export Barriers	5 points scale	Gray (1997), Monteiro et al., Katsikea and Skarmeas (2003), M.C. Stoian et al., 2011
		Export Experience	5 points scale	Gray (1997), Monteiro et al., Katsikea and Skarmeas (2003), M.C. Stoian et al., 2011
		Education Level	5 points scale	

		Export Sales Presentation	5 points scale	Gray (1997), Monteiro et al.,; Katsikea and Skarmeas (2003), M.C. Stoian et al., 2011
3	Export Marketing Strategic Capabilities	Utilization Of Int'l Marketing Research	5 points scale	Katsikeas et al., (1996),M.C. Stoian et al., 2011
		Segmentation and Targeting	5 points scale	Katsikeas et al., (1996), Lado et al., (2004), M.C. Stoian et al., 2011
		Product Capabilities	5 points scale	Monteiro et al.,
		Pricing Capabilities	5 points scale	Monteiro et al.,
		Distribution Capabilities	5 points scale	Monteiro et al.,
		Promotion Capabilities	5 points scale	Monteiro et al.,
4	Export Performance	Export Performance	Export Growth Rate	Edmunds & Khoury, 1986; Kirpalani & MacIntosh, 1980,

### 3.9. Data Collection Instrument

Primary data was collected by written questionnaires and for this purpose, the researcher enforced to adopt and modify questionnaire that was developed by Fikerselassie Ambaw, (2018) for other industrial sector. The researcher made amendment and incorporating additional items for each of the three variables as per the conceptual framework of this study and then after, distributed to sampled respondents. Accordingly, 90 questionnaires were distributed to 15 tanneries and 79 questionnaires were collected. However, three tanneries exporting engagement is less than five years and hence, they have been excluded from the data analysis. Thus, 61 questionnaires included for the data analysis which is 84.72% of questionnaires which were distributed to 12 eligible tanneries. In addition to the questionnaires, primary data was collected by semi-structured interview.

Finally, Secondary data of tanneries which engaged in exporting activities, was collected from ELIDI.

### **3.10. Data Analysis**

The data was screened for any missing values that could cause a problem in data analysis. Statistical tests like reliability, normality, linearity, homoscedasticity, multicollinearity, autocorrelation, outlier tests were conducted before the actual data analysis.

Then after, the data has been analyzed using both descriptive statistics (tables, mean and standard deviation) and inferential statistics with a computer program called Statistical Package for Social Science (SPSS). Descriptive statistical analysis was presented in a form of frequency, percentage, mean and standard deviation..

Correlation analysis was used to analyze the relationships between the dependent and independent variables and also multiple linear regression analysis was employed to estimate the effects of each independent variable (factors under the three constructs) on the dependent variable (export performance) so as to answer the research questions of the study.

Finally, the results were compared with the concepts depicted in the literature review and the conceptual model so as to draw conclusion and recommendations.

### **3.11. Validity and Reliability**

#### **3.11.1. Reliability**

According to Bryman & Bell (2007),reliability analysis is concerned with the internal consistency of the research instrument if the investigation is carried out again using the same method. As multiple items in all constructs were used, the internal consistency/reliabilities of firm-level determinants of export performance of the tanneries were assessed with Cronbach's Alpha test.

#### **3.11.2. Validity**

Though the questionnaire is adopted from Fikersleassie Ambaw, 2018, amendment has been done on the questionnaire in the sense that additional variables and questions have been added on the adopted questionnaire. Above of all, it is assured that the questions were based on the

information to be gathered as per the literature review to ensure that they are representative of what tanneries know about firm-level determinants of export performance.

### **3.12. Ethical Considerations**

Ethical considerations are an important part of research Methodology (Saunders et al., 2007). According to Leedy & Ormrod (2010), there are four main ethical issues that need to be addressed in the process of undertaking a research. These are protection from harm, informed consent, right to privacy, and honesty with professional colleagues.

Thus, the researcher took steps to minimize the effect of unethical issues relating to the study. Accordingly, formal letters which state the intention to use the tannery as a unit of the study and which assured them the data provided to the researcher will only be used for academic purpose were written to the selected tanneries. This was important in assuring respondents who might perceive they are given out sensitive financial and other relevant information relating to their business.

## **CHAPTER FOUR**

### **DATA PRESENTATION, ANALYSIS & INTERPRETATION**

As stated in chapter one, the study attempted to examine whether or not the firm-level determinants of export performance have significant effect on Ethiopian Tanneries and investigate the extent of the impact level.

Accordingly, primary data gathered with Five Step Likert-Scale questionnaires & through Semi Structured interview; and secondary data were also collected. From the distributed 72 questionnaires a total of 61 valid questionnaires were gathered giving a response rate of 84.72%. Data collected with the questionnaires & secondary data were analyzed using SPSS Version 24 and generalization was made. The interview data were analyzed with a descriptive approach. Thus, both descriptive and inferential statistics have been employed in the study. The analyzed data were interpreted and discussed in this chapter.

#### **4.1. Demographic Composition of Respondents**

The heterogeneity of the respondents was assessed and the frequencies of respondents' demographic data are presented in table 4.1. A total of 61 respondents were participated in the study and 27.9 % (17) are female and 72.1% (44) are male. This shows the majority of respondents were males and the participation of females was seen very low.

Age distribution of the respondents under item 2 shows that 54.1% were above 40 years old, 34.4% are in age group of 36-40 and 6.6% are with the age range of 31-35. In general, more than 88.5% of the respondents were found in the age group of above 36 years & above.

In regards to the educational qualification of the respondents, the majority of the respondents 50.8% were having Masters Degree, followed by 37.7% First Degree, 6.6% PhD holders, 3.3% Diploma and the remaining 1.6 % are below Diploma qualifications. These figures indicate that the majority of the respondents were Masters Degree holders.

With respect to Tanneries export experience, the majority of the tanneries (41%) have exporting experience of more than 15 years, followed by 27.9% which have 6-10 years exporting experience, 26.2% 11-15 years and the remaining 4.9% have 1-5 years exporting experience.

**Table 4.1: Demographic Profile of the Respondents**

Items		Frequency	Percentage (%)
Gender	Male	44	72.1
	Female	17	27.9
	<b>Total</b>	<b>61</b>	<b>100.0</b>
Age	26-30	3	4.9
	31-35	4	6.6
	36-40	21	34.4
	Above 40	33	54.1
	<b>Total</b>	<b>61</b>	<b>100.0</b>
Educational Level	Below Diploma	1	1.6
	Diploma	2	3.3
	First Degree	23	37.7
	Master	31	50.8
	PhD	4	6.6
	<b>Total</b>	<b>61</b>	<b>100.0</b>
Exporting Firm Experience	1-5	3	4.9
	6-10	17	27.9
	11-15	16	26.2
	Above 15	25	41
	<b>Total</b>	<b>61</b>	<b>100.0</b>
Management Experience in Export activities	Less than 5 yrs	8	13.1
	5-10 yrs	13	21.3
	11-15 yrs	22	36.1
	More than 15 yrs	18	29.5
	<b>Total</b>	<b>61</b>	<b>100.0</b>

Source: Own Survey, 2019 – SPSS 24

Concerning tanneries management experience in export activities, 36.1% have 11-15 years, 21.3% have 5-10 years, 29.5% have more than 15 years and 13.1% have less than 5 years exporting experience. Thus, the majority of management team is highly experienced in the field, which is above ten years.

Finally, 7 tanneries from the total sampled 12 tanneries are ISO certified and the remaining 5 tanneries were not ISO certified.

## 4.2. Data Reliability Test

Reliability analysis is concerned with the internal consistency of the research instrument if the investigation is carried out again using the same method. Cronbach's Alpha was used to assess the internal consistency of the research instrument. If  $\alpha$  is greater than 0.7, it means that it has high reliability and if  $\alpha$  is smaller than 0.3, then it implies that there is low reliability (Hair et al., 2006). The closer the Cronbach's alpha coefficient is to 1, the greater the internal consistency of the items in the scale and Cronbach's alpha value greater than 0.7 is acceptable (George & Mallery, 2003). Scales that produced Cronbach alpha coefficients greater than 0.7 were considered to be measuring the same underlying attribute (Nunnally, 1978) and thus, reliable.

In the study, multiple items were used to measure the firm-level determinants of export performance of Tanneries, hence, the items in the scales were subjected to reliability testing using Cronbach's coefficient alpha to determine the internal consistencies. Accordingly, the reliability test was conducted for each of the three constructs and the summary of the test is presented in the following table.

**Table 4.2: Reliability Statistics**

<b>Constructs</b>	<b>Cronbach's Alpha</b>	<b>Number of Items</b>
<b>Firm Characteristics</b>	<b>.709</b>	<b>15</b>
<b>Management Characteristics</b>	<b>.911</b>	<b>20</b>
<b>Export Marketing Strategy Capability Characteristics</b>	<b>.881</b>	<b>31</b>

Source: Own Survey, 2019 - SPSS Version 24

As indicated in table above, Cronbach's alpha test results showed that the instrument was found to be reliable as the values for each constructs are in the acceptable range which, in turn, confirms internal consistency of the research instrument and hence, no item deletion was necessary.

## **Validity Test**

Validity, also known as the assessment of the correspondence of the variables to be included into a summated scale and its conceptual definition (Hair et al., 1998). All variables (items) were inspected by the researcher.

Comprehensive review of literature was also conducted. The researcher used measures drawn from previous research, which have been proven to be valid, to measure variables. Some items were added, based on review of literature. Some others were reformulated to become more accurate and clear, and this was required for the purpose of enhancing the research instrument.

## **4.3. Descriptive Statistics Analysis**

In descriptive analysis, the perceptions of the respondents with regards to the dependent variable (export performance) and independent variables (Firm Characteristics, Management Characteristics and Export Marketing Strategy Characteristics) were discussed.

In this analysis, the researcher wants to investigate how far the tanneries perceived those factors in the variables using statistical tools like mean and standard deviation. Hence, the mean and standard deviation of the variables were computed. The mean value represents the average of all tanneries response on certain dimensions while standard deviation shows how many deviations the values have from the mean. That is to say, if the standard deviation shows smaller number, it indicates the responses have close opinions; and when the standard deviation is high, it indicates the responses have high variation ( Zaidatol & Bagheri, 2009).

To analyze the overall export performance of tanneries, questions were developed for the three independent variables and were grouped into each independent variables namely, Firm Characteristics (15 questions), Management Characteristics (20 questions)and Export Marketing Strategy Characteristics (31 questions).

A mean score of 3.80 and higher are considered to show high level of agreement, those between 3.40 and 3.79 moderate agreement and a mean of 3.39 and below to show low level of agreement (Akmaliah, 2014; as cited by Muhumed and Ssekajugo, 2015).

### **4.3.1. Descriptive Statistics of Firm-Level Determinants of Export Performance**

The overall mean for firm-level determinants of export performance was 3.36 giving a moderate level of agreement of the respondents. From firm-level determinants of export performance, the effect of Management Characteristics has the highest mean value followed by Firm Characteristics and the effect of Export Marketing Strategy has the least mean value.

**Table 4.3: Overall Mean of Firm-Level Determinants of Export Performance**

<b>Variable</b>	<b>N</b>	<b>Overall Mean</b>
<b>Firm Characteristics</b>	<b>61</b>	<b>3.51</b>
<b>Management Characteristics</b>	<b>61</b>	<b>3.56</b>
<b>Export Marketing Strategy</b>	<b>61</b>	<b>3.15</b>

Source: Own Survey, 2019 – SPSS 24

**Table 4.4: Descriptive Statistics**

Variable	Items	Strongly Disagree	Disagree	Mode rate	Agree	Strongly Agree	Mean	Standard Deviation
		Frequency (%)	Frequency (%)	Frequency (%)	Frequency (%)	Frequency (%)		
Firm Size	1. Firm's financial capital has contributed to increase your export sales.	-	-	5 (8.2)	29 (47.5)	27 (44.3)	4.36	0.6333
	2. Firm's size helped to broaden your cooperation with other firms.	-	1(1.6)	11(18)	29 (47.5)	20 (32.8)	4.11	0.7550
Firm Age	3. Your firm export marketing capability is not adaptable because of its age.	21 (34.4)	19 (31.1)	11 (18)	9 (14.8)	1 (1.6)	2.18	1.1182
Technology Level	4. Your firm continuously builds reputation for new methods and technologies in the industry.	-	3 (4.9)	22 (36.1)	21 (34.4)	15 (24.6)	3.79	0.8778
	5. Your firm easily leverage resources (e.g. R&D, IT, etc.) to effectively enter new export markets.	-	3(4.9)	24 (39.3)	26 (42.6)	8 (13.1)	3.64	0.7753
	5. Level of Technology your firm is using, affect your export performance.	1(1.6)	2 (3.3)	7 (11.5)	40 (65.6)	11 (18)	3.95	0.7622
	6. Your firm adopts lots of new production processes in its operation.	-	5 (8.2)	19 (31.1)	27 (44.3)	10 (16.4)	3.69	0.8474
Human Capital	7. The workers have accumulated skills that give your firm a competitive advantage.	-	4 (6.6)	35 (57.4)	14(23)	8 (13.1)	3.43	0.8054
	8. Your firm has training policy that is implemented regularly.	9 (14.8)	26 (42.6)	15 (24.6)	6 (9.8)	5 (8.2)	2.54	1.1191
	9. The firm has good knowledge of the export market.	-	2 (3.3)	16 (26.2)	25(41)	18 (29.5)	3.97	0.8360
	10. Your firm achieves Benchmark (best practice) values as	2 (3.3)	14 (23)	19 (31.1)	14 (23)	12(19.7)	3.33	1.1361

	identified by international consulting firms.							
<b>Foreign Contacts and Networking</b>	11. Your firm can easily seize foreign market opportunities and to gain market orders from new customers through its foreign networking & frequent customer contacts.	<b>1</b> <b>(1.6)</b>	<b>3 (4.9)</b>	<b>11(18)</b>	<b>24</b> <b>(39.3)</b>	<b>22</b> <b>(36.1)</b>	<b>4.03</b>	<b>.9481</b>
	12. Your firm has alliance (partnership) arrangement with a foreign entity from abroad to promote your firm's export business.	<b>8</b> <b>(13.1)</b>	<b>13</b> <b>(21.3)</b>	<b>8</b> <b>(13.1)</b>	<b>15</b> <b>(24.6)</b>	<b>17</b> <b>(27.9)</b>	<b>3.33</b>	<b>1.4227</b>
	13. Your firm used "suppliers' credit" scheme to solve its shortage of foreign currency.	<b>16</b> <b>(26.2)</b>	<b>17</b> <b>(27.9)</b>	<b>10</b> <b>(16.4)</b>	<b>13</b> <b>(21.3)</b>	<b>5(8.2)</b>	<b>2.57</b>	<b>1.3097</b>
<b>Export Planning</b>	14. Your firm has flexible export planning & control to adapt market changes.	<b>2</b> <b>(3.3)</b>	<b>5 (8.2)</b>	<b>14(23)</b>	<b>31</b> <b>(50.8)</b>	<b>9(14.8)</b>	<b>3.66</b>	<b>0.9467</b>
<b>Overall Mean Firm Characteristics</b>							<b>3.51</b>	
<b>Export Commitment and Support</b>	15. Your firm allocates sufficient resources to pursue export operations.	<b>3 (4.9)</b>	<b>5(8.2)</b>	<b>28</b> <b>(45.9)</b>	<b>13</b> <b>(21.3)</b>	<b>12</b> <b>(19.7)</b>	<b>3.43</b>	<b>1.0561</b>
	16. You can easily redeploy current resources (e.g. R&D, HR, IT, accounting) to exploit new export opportunities.	<b>2 (3.3)</b>	<b>10</b> <b>(16.4)</b>	<b>21</b> <b>(34.4)</b>	<b>18</b> <b>(29.5)</b>	<b>10</b> <b>(16.4)</b>	<b>3.39</b>	<b>1.0532</b>
	17. The firm's management is actively involved in export sales organization.	<b>1 (1.6)</b>	<b>5 (8.2)</b>	<b>24</b> <b>(39.3)</b>	<b>12</b> <b>(19.7)</b>	<b>19</b> <b>(31.1)</b>	<b>3.70</b>	<b>1.0543</b>
	18. Firm's management has positive attitude towards export business.	<b>1 (1.6)</b>	<b>1 (1.6)</b>	<b>9</b> <b>(14.8)</b>	<b>20</b> <b>(32.8)</b>	<b>30</b> <b>(49.2)</b>	<b>4.26</b>	<b>0.8926</b>
	19. Your firm has strategic plan for export operation.	<b>3 (4.9)</b>	<b>4 (6.6)</b>	<b>20</b> <b>(32.8)</b>	<b>14 (23)</b>	<b>20</b> <b>(32.8)</b>	<b>3.72</b>	<b>1.1421</b>

<b>Customer Orientation</b>	20. Your firm always wants to comply with Social, technical, code of conduct requirements of its customers.	5 (8.2)	2 (3.3)	16 (26.2)	19 (31.1)	19 (31.1)	3.74	1.1818
	21. International certifications significantly affect access to export market & your competitiveness.	12 (19.7)	10 (16.4)	21 (34.4)	7 (11.5)	11 (18)	2.92	1.3453
	22. Your firm constantly identifies future needs of its customers.	5 (8.2)	3 (4.9)	14 (23)	21 (34.4)	18 (29.5)	3.72	1.1851
	23. Your firm mostly meets customers' requirements and specifications.	-	1 (1.6)	20 (32.8)	23 (37.7)	17 (27.9)	3.92	0.8225
<b>Perceptions about Export Barriers</b>	25. Marketing organization adaptation hinders to your firm's exportation.	2 (3.3)	24 (39.3)	32 (52.5)	3 (4.9)	-	2.59	0.6423
	26. Domestic market is advantageous than export market for your firm.	25 (41.0)	24 (39.3)	7 (11.5)	1 (1.6)	4 (6.6)	1.93	1.0935
	27. Export pricing has many constraints on your firm's exports.	10 (16.4)	11 (18)	23 (37.7)	8 (13.1)	9 (14.8)	2.92	1.2556
<b>Export Experience</b>	28. Firm's management has good risk forecasting skill.	2 (3.3)	4 (6.6)	23(37.7)	20 (32.8)	12 (19.7)	3.59	0.9896
	29. Firm's management experiences affect the ability to perceive risks or threats and opportunities in international markets and to come up with effective solutions.	3 (4.9)	8 (13.1)	18 (29.5)	17 (27.9)	15 (24.6)	3.54	1.1485

<b>Educational Level</b>	Firm's management selling & bargaining skill is good.		3(4.9)	7 (11.5)	32 (52.5)	19 (31.1)	4.10	0.7896
	Firm's management is open-minded and interested in foreign affairs, thus being more willing to objectively evaluate the benefits and disadvantages of exporting.			17 (27.9)	23 (37.7)	21 (34.4)	4.07	0.7931
<b>Export Sales Presentation</b>	35. Firm's management listening attentively to identify and understand the real concerns of overseas customers is good.	1 (1.6)	3 (4.9)	16 (26.2)	22 (36.1)	19 (31.1)	3.90	0.9610
	36. Firm's management convincing overseas customers that you understand their unique problems and concerns is good.	-	2 (3.3)	14(23)	27 (44.3)	18 (29.5)	4.00	0.8165
	37. Firm's management working out solutions to a foreign customer's questions and objections is good.	-	2 (3.3)	23 (37.7)	19 (31.1)	17 (27.9)	3.84	0.8790
	38. Firm's management communicating your export sales presentation clearly and concisely is good.	-	3(4.9)	19 (31.1)	22 (36.1)	17 (27.9)	3.87	0.8846
<b>Overall Mean Management Characteristics</b>							<b>3.56</b>	

<b>Utilization of International Marketing Research</b>	41. The firm undertakes regular export market research.	<b>10</b> <b>(16.4)</b>	<b>13</b> <b>(21.3)</b>	<b>12</b> <b>(19.7)</b>	<b>16</b> <b>(26.2)</b>	<b>10 (16.4)</b>	<b>3.05</b>	<b>1.3469</b>
	42. Key performance indicators & critical success factors are clearly identified in your export market strategy.	<b>2</b> <b>(3.3)</b>	<b>16</b> <b>(26.2)</b>	<b>15</b> <b>(24.6)</b>	<b>14 (23)</b>	<b>14 (23)</b>	<b>3.36</b>	<b>1.1977</b>
	43. Benchmark parameters set for Tanneries are key for your firm's export success & competitiveness.	<b>6(9.8)</b>	<b>16</b> <b>(26.2)</b>	<b>8</b> <b>(13.1)</b>	<b>20</b> <b>(32.8)</b>	<b>11 (18)</b>	<b>3.23</b>	<b>1.2961</b>
<b>Segmentation and Targeting</b>	44. We generally view a new market entry decisions as high-risk.	<b>3</b> <b>(4.9)</b>	<b>12</b> <b>(19.7)</b>	<b>33</b> <b>(54.1)</b>	<b>9</b> <b>(14.8)</b>	<b>4(6.6)</b>	<b>2.98</b>	<b>0.9035</b>
	45. Your firm's skill to segment and target export market is good.	-	<b>8</b> <b>(13.1)</b>	<b>22</b> <b>(36.1)</b>	<b>22</b> <b>(36.1)</b>	<b>9 (14.8)</b>	<b>3.52</b>	<b>0.9057</b>
	46. Your firm implements clear export market segments.	-	<b>6</b> <b>(9.8)</b>	<b>24</b> <b>(39.3)</b>	<b>21</b> <b>(34.4)</b>	<b>10 (16.4)</b>	<b>3.57</b>	<b>0.8843</b>
	47. We are much undiversified company and serve the same export customers.	<b>8(13.1)</b>	<b>13</b> <b>(21.3)</b>	<b>16</b> <b>(26.2)</b>	<b>15</b> <b>(24.6)</b>	<b>9 (14.8)</b>	<b>3.07</b>	<b>1.2632</b>
	48. Your firm's ability to exploit market opportunities like, AGOA, EBA & other bilateral agreements are good.	<b>5</b> <b>(8.2)</b>	<b>21</b> <b>(34.4)</b>	<b>18</b> <b>(29.5)</b>	<b>10</b> <b>(16.4)</b>	<b>7 (11.5)</b>	<b>2.89</b>	<b>1.1416</b>
<b>Product Capabilities</b>	51. The firm conducts product adaptation in terms of product quality, packaging, policy, warranty, designed	<b>1</b> <b>(1.6)</b>	<b>4(6.6)</b>	<b>29</b> <b>(47.5)</b>	<b>9(14.8)</b>	<b>18 (29.5)</b>	<b>3.64</b>	<b>1.0333</b>

52. The firm's products have a strong brand image in foreign market.	<b>2</b> <b>(3.3)</b>	<b>8</b> <b>(13.1)</b>	<b>19</b> <b>(31.1)</b>	<b>23</b> <b>(37.7)</b>	<b>9 (14.8)</b>	<b>3.48</b>	<b>1.0101</b>
53. Your firm practically makes use of research and development as strategy for export marketing.	<b>8</b> <b>(13.1)</b>	<b>11</b> <b>(18)</b>	<b>23</b> <b>(37.7)</b>	<b>8(13.1)</b>	<b>11 (18)</b>	<b>3.05</b>	<b>1.2573</b>
54. Your firm produces common and basic items with no uniqueness.	<b>8</b> <b>(13.1)</b>	<b>10</b> <b>(16.4)</b>	<b>20</b> <b>(32.8)</b>	<b>19</b> <b>(31.1)</b>	<b>4 (6.6)</b>	<b>3.02</b>	<b>1.1327</b>
55. Your firm does regular customer satisfaction & feedback survey.	<b>4</b> <b>(6.6)</b>	<b>12</b> <b>(19.7)</b>	<b>16</b> <b>(26.2)</b>	<b>18</b> <b>(29.5)</b>	<b>11(18)</b>	<b>3.33</b>	<b>1.1793</b>
56. Your firm adapts its products to its international market.	-	-	<b>14(23)</b>	<b>35</b> <b>(57.4)</b>	<b>12 (19.7)</b>	<b>3.97</b>	<b>0.6575</b>
57. In the past 5 years, your products used to be rejected during final inspection by third party external quality auditors.	<b>21</b> <b>(34.4)</b>	<b>26</b> <b>(42.6)</b>	<b>14</b> <b>(23)</b>	-	-	<b>1.89</b>	<b>0.7550</b>
58. Other than those provided by your buyers, your firm designs & develop its own styles, specification & features of a product for export market.	<b>7</b> <b>(11.5)</b>	<b>14</b> <b>(23)</b>	<b>19</b> <b>(31.1)</b>	<b>13</b> <b>(21.3)</b>	<b>8 (13.1)</b>	<b>3.02</b>	<b>1.2041</b>

<b>Pricing Capabilities</b>	59. Labor cost of the firm is competitive to export market.	<b>1</b> <b>(1.6)</b>	<b>13</b> <b>(21.3)</b>	<b>20</b> <b>(32.8)</b>	<b>16</b> <b>(26.2)</b>	<b>11 (18)</b>	<b>3.38</b>	<b>1.0671</b>
	60. Productivity & efficiency of the firm's labor is lower than foreign competitors.	<b>4</b> <b>(6.6)</b>	<b>20</b> <b>(32.8)</b>	<b>13</b> <b>(21.3)</b>	<b>19</b> <b>(31.1)</b>	<b>5(8.2)</b>	<b>3.02</b>	<b>1.1179</b>
	61. The firm exports due to attractive profit and growth potentials in the international markets.	<b>5</b> <b>(8.2)</b>	<b>6(9.8)</b>	<b>30</b> <b>(49.2)</b>	<b>12</b> <b>(19.7)</b>	<b>8 (13.1)</b>	<b>3.20</b>	<b>1.0618</b>
	62. Your firm is capable of adapting the prices to its customers.	<b>-</b>	<b>1</b> <b>(1.6)</b>	<b>27</b> <b>(44.3)</b>	<b>27</b> <b>(44.3)</b>	<b>6 (9.8)</b>	<b>3.62</b>	<b>0.6871</b>
	63. Pricing is done based on actual costs regardless of the market condition (cost plus).	<b>9</b> <b>(14.8)</b>	<b>10</b> <b>(16.4)</b>	<b>18</b> <b>(29.5)</b>	<b>14 (23)</b>	<b>10 (16.4)</b>	<b>3.10</b>	<b>1.2872</b>
	64. The firm manipulates cost to meet customer's target price irrespective of actual costs(Target costing).	<b>1</b> <b>(1.6)</b>	<b>21</b> <b>(34.4)</b>	<b>15</b> <b>(24.6)</b>	<b>15</b> <b>(24.6)</b>	<b>9 (14.8)</b>	<b>3.16</b>	<b>1.1133</b>
	65. Pricing of the firm is competitive compared to competitor's price.	<b>7</b> <b>(11.5)</b>	<b>4</b> <b>(6.6)</b>	<b>19</b> <b>(31.1)</b>	<b>19</b> <b>(31.1)</b>	<b>12 (19.7)</b>	<b>3.41</b>	<b>1.2162</b>
<b>Distribution Capabilities</b>	66. Your firm adjusts its channel design to export market efficiently.	<b>1</b> <b>(1.6)</b>	<b>12</b> <b>(19.7)</b>	<b>25</b> <b>(41)</b>	<b>13</b> <b>(21.3)</b>	<b>10 (16.4)</b>	<b>3.31</b>	<b>1.0254</b>
	67. Your firm missed product delivery time & sometimes asked delivery date extension.	<b>8</b> <b>(13.1)</b>	<b>10</b> <b>(16.4)</b>	<b>26</b> <b>(42.6)</b>	<b>15</b> <b>(24.6)</b>	<b>2 (3.3)</b>	<b>2.89</b>	<b>1.0344</b>

	68. Your firm has set up its own/directs overseas distribution and sales channels.	<b>10</b> (16.4)	<b>14</b> (23)	<b>8</b> (13.1)	<b>21</b> (34.4)	<b>8 (13.1)</b>	<b>3.05</b>	<b>1.3345</b>
<b>Promotion Capabilities</b>	69. The firm invests heavily into advertisement in export markets than domestic market.	<b>19</b> (31.1)	<b>16</b> (26.2)	<b>13</b> (21.3)	<b>6 (9.8)</b>	<b>7 (11.5)</b>	<b>2.44</b>	<b>1.3357</b>
	70. Your firm participates in International trade fair and exhibitions.	-	-	<b>2 (3.3)</b>	<b>24</b> (39.3)	<b>35 (57.4)</b>	<b>4.54</b>	<b>0.5649</b>
	71. Your firm conducts product tailored advertisement.	<b>19</b> (31.1)	<b>10</b> (16.4)	<b>26</b> (42.6)	<b>1(1.6)</b>	<b>5(8.2)</b>	<b>2.39</b>	<b>1.1871</b>
	72. Your firm promotes its products through social media.	<b>27</b> (44.3)	<b>14</b> (23)	<b>9</b> (14.8)	<b>10</b> (16.4)	<b>1(1.6)</b>	<b>2.08</b>	<b>1.1874</b>
	73. Your firm's promotion is effective in enhancing export sales	<b>11</b> (18)	<b>10</b> (16.4)	<b>23</b> (37.7)	<b>11(18)</b>	<b>6 (9.8)</b>	<b>2.85</b>	<b>1.2088</b>
<b>Overall Mean Export Marketing Characteristics</b>							<b>3.15</b>	

Source: Own Survey, 2019 – SPSS 24

#### 4.3.1.1. The Impact of Firm Characteristics

The objective of this section is to examine the impact of firm characteristics on export performance. In firm characteristics, there are 15 questions each of which are related to the positive effect on export performance. As indicated in the table below, there are six components under Firm Characteristics: Firm Size, Firm Age, Technology Level, Human Capital, Foreign Contact & Networking, and Export Planning. Each of these components' overall mean is computed and presented in the table below.

**Table 4.5: Descriptive Statistics of Firm Characteristics**

<b>Variable</b>	<b>Overall Mean</b>
<b>Firm Size</b>	<b>4.24</b>
<b>Firm Age</b>	<b>2.18</b>
<b>Technology Level</b>	<b>3.77</b>
<b>Human Capital</b>	<b>3.32</b>
<b>Foreign Contact and Networking</b>	<b>3.31</b>
<b>Export Planning</b>	<b>3.66</b>

Source: Own Survey, 2019 – SPSS 24

### **Firm Size**

The overall mean of firm size was found to be 4.24 and it shows there is high agreement in the respondents on the impact of firm size on export performance.

### **Firm Age**

The overall mean of firm size was found to be 2.18. This shows that respondents were disagreed on the impact of firm size on export performance.

### **Technology Level**

The overall mean of technology was found to be 3.77 and it shows there is moderate agreement in the respondents on the impact of technology on export performance.

### **Human Capital**

The overall mean of human capital was found to be 3.32 and it shows there is moderate agreement in the respondents on the impact of human capital on export performance.

### **Foreign Contact and Networking**

The overall mean of Foreign Contact and Networking was found to be 3.31 indicating moderate agreement in the respondents on the impact of Foreign Contact and Networking on export performance.

## **Export Planning**

The overall mean of Export Planning was found to be 3.66 indicating moderate agreement in the respondents on the impact of Export Planning on export performance.

### **4.3.1.2. The Impact of Management Characteristics**

The objective of this facet is to examine the influence of Management Characteristics on export performance. In this construct, there are 26 questions each of which are related to positive effect of Management Characteristics on export performance. As indicated in the table below, under Management Characteristics, there are six components: Export Commitment and Support, Customer Orientation, Perceptions about Export Barriers, Export Experience, Education Level and Export Sales Presentation. Each of the above components overall mean is presented in the table below.

**Table 4.6: Descriptive Statistics of Management Characteristics**

<b>Variable</b>	<b>Overall Mean</b>
<b>Export Commitment and Support</b>	<b>3.70</b>
<b>Customer Orientation</b>	<b>3.58</b>
<b>Perceptions about Export Barriers</b>	<b>2.48</b>
<b>Export Experience</b>	<b>3.57</b>
<b>Education Level</b>	<b>2.09</b>
<b>Export Sales Presentation</b>	<b>3.90</b>

**Source: Own Survey, 2019 – SPSS 24**

### **Export Commitment and Support**

In Export Commitment and Support, there were 5 questions each of which are related to positive effect of tanneries' management Export Commitment and Support on export performance. As indicated in the above table, the overall mean score is 3.70 which imply that the majority of respondent perceived Export Commitment and Support have moderate impact on export performance of the tanneries.

## **Customer Orientation**

In this sub section, there were 4 questions each of which are related to positive effect of tanneries' management Customer Orientation on export performance. As indicated in the above table, the overall mean score is 3.58 which imply that the majority of respondent perceived Customer Orientation has moderate level impact on export performance of the tanneries.

## **Perceptions about Export Barriers**

In Perceptions about Export Barriers, there were 3 questions each of which are related to positive effect of tanneries' management Perceptions about Export Barriers on export performance. As indicated in the above table, the overall mean score is 2.48 which imply that the majority of respondent perceived Perceptions about Export Barriers have low level impact on export performance of the tanneries.

## **Export Experience**

In Export Experience, there were 2 questions each of which are related to positive effect of tanneries' management Export Experience on export performance. As indicated in the above table, the overall mean score is 3.57 which imply that the majority of respondent perceived Export Experience has moderate level impact on export performance of the tanneries.

## **Export Sales Presentation**

In this sub category, there were 4 questions each of which are related to positive effect of tanneries' management Export Sales Presentation on export performance. As indicated in the above table, the overall mean score is 3.90 which imply that the majority of respondent perceived Export Sales Presentation has high level impact on export performance of the tanneries.

### **4.3.1.3. The Impact of Export Marketing Strategic Capability**

#### **Characteristics**

The objective of this section is to examine the influence of Export Marketing Strategic Capability Characteristics on export performance. In Export Marketing Strategic Capability

Characteristics, there are 33 questions each of which are related to positive effect of Export Marketing Strategic Capability Characteristics on export performance. As indicated in the table below, under Export Marketing Strategic Capability Characteristics, there are six components: Utilization Of International Marketing Research, Segmentation and Targeting, Export Marketing Strategy, Product Capabilities, Pricing Capabilities, Distribution Capabilities and Promotion Capabilities. Each of the above components overall mean is presented in the table below.

**Table4.7: Descriptive Statistics of Export Marketing Strategic Capability Characteristics**

<b>Variable</b>	<b>Overall Mean</b>
<b>Utilization Of International Marketing Research</b>	<b>3.21</b>
<b>Segmentation and Targeting</b>	<b>3.21</b>
<b>Product Capabilities</b>	<b>3.18</b>
<b>Pricing Capabilities</b>	<b>3.27</b>
<b>Distribution Capabilities</b>	<b>3.08</b>
<b>Promotion Capabilities</b>	<b>2.86</b>

Source: Own Survey, 2019 – SPSS 24

### **Utilization of International Marketing Research**

In this sub category of Export Marketing Strategic Capability Characteristics, there were 3 questions each of which are related to positive effect of tanneries’ management Utilization of International Marketing Research on export performance. As indicated in the above table, the overall mean score is 3.21 which imply that the majority of respondent perceived Utilization of International Marketing Research has low level impact on export performance of the tanneries.

### **Segmentation and Targeting**

In Segmentation and Targeting, there were 5 questions each of which are related to positive effect of tanneries’ management Segmentation and Targeting on export performance. As indicated in the above table, the overall mean score is 3.21 which implies that the majority of

respondent perceived Segmentation and Targeting has low level impact on export performance of the tanneries.

### **Product Capabilities**

In this sub section, there were 8 questions each of which are related to positive effect of tanneries' management Product Capabilities on export performance. As indicated in the above table, the overall mean score is 3.18 which imply that the majority of respondents perceived Product Capabilities has low level impact on export performance of the tanneries.

### **Pricing Capabilities**

In Pricing Capabilities, there were 7 questions each of which are related to positive effect of tanneries' management Pricing Capabilities on export performance. As indicated in the above table, the overall mean score is 3.27 which imply that the majority of respondents perceived Pricing Capabilities has low level impact on export performance of the tanneries.

### **Distribution Capabilities**

In Distribution Capabilities, there were 3 questions each of which are related to positive effect of tanneries' management Distribution Capabilities on export performance. As indicated in the above table, the overall mean score is 3.08 which imply that the majority of the respondents perceived Distribution Capabilities has low level impact on export performance of the tanneries.

### **Promotion Capabilities**

In this sub section, there were 3 questions each of which are related to positive effect of tanneries' management Promotion Capabilities on export performance. As indicated in the above table, the overall mean score is 2.86 which imply that the majority of the respondents perceived Promotion Capabilities has low level impact on export performance of the tanneries.

## 4.4. Correlation Analysis

Correlation refers to the association or the relationship between variables. Correlation analysis measures the degree of linear relationship between any pair of variables (Reimann, Filzmoser, Garrett & Dutter, 2008).

The widely employed methods to calculate a correlation coefficient is the Pearson product moment correlation. According to the method, correlation coefficient has a value of 'r' lies between  $\pm 1$ . Positive values of 'r' show positive correlation between two variables and vice versa. A zero value of 'r' indicates that there is no systematic relationship between two variables.

In relation to the magnitude of correlation coefficient, correlation coefficients that lie on 0.70 and higher are said to have strong association whereas those between 0.50-0.69 have substantial association, those between 0.30-0.49 have moderate association, 0.10-0.29 have low association and those having 0.09 and below are considered to have negligible association (Akmaliah, 2014; as cited by Muhumed and Ssekajugo, 2015).

As indicated in table 4.8, export sales growth rate(Independent Variable) has positive relationship with management characteristics (MC) and export marketing strategic capability (EMSC). This implies that as one variable increase, the other variable also increases and vice-versa. There was moderate correlation between export sales growth and EMSC,  $r = 0.445$ ,  $p < 0.01$  and statistically significant at 95% confidence interval. Similarly, There was moderate correlation between export sales growth and MC,  $r = 0.424$ ,  $p < 0.01$  and statistically significant at 95% confidence interval. However, the correlation between export sales growth rate and firm characteristics is negative and statistically insignificant.

In regards to the correlation among independent variables, the result indicated that the correlation between management characteristics and export marketing strategic capability, management characteristics and firm characteristics, firm characteristics and export marketing strategic capability was positive and statistically significant.

**Table 4.8: Correlations Analysis**

		ExportSalesGrowth	FirmCharacteristics	ManagementCharacteristics	ExportMarketingStrategicCapabilities
ExportSalesGrowth	Pearson Correlation	1			
	Sig. (2-tailed)				
	N	61			
FirmCharacteristics	Pearson Correlation	-.050	1		
	Sig. (2-tailed)	.699			
	N	61	61		
ManagementCharacteristics	Pearson Correlation	.424**	.513**	1	
	Sig. (2-tailed)	.001	.000		
	N	61	61	61	
ExportMarketingStrategicCapabilities	Pearson Correlation	.445**	.396**	.857**	1
	Sig. (2-tailed)	.000	.002	.000	
	N	61	61	61	61

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

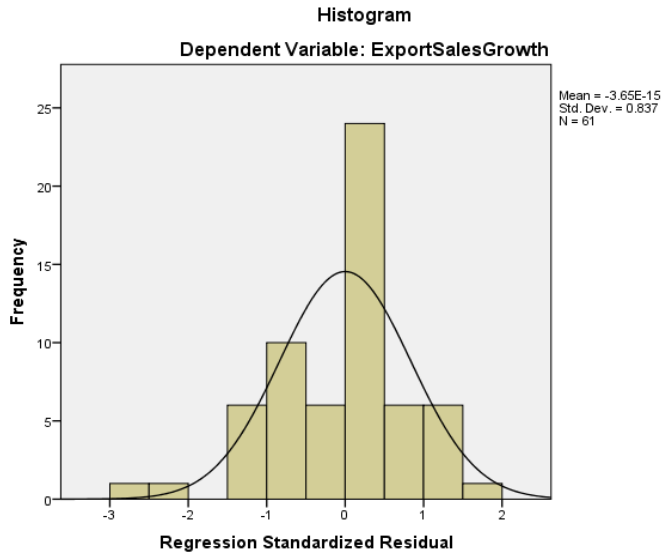
**Source:** Own Survey, 2019 – SPSS 24

## 4.5. Diagnostics of Regression Assumptions

Before conducting regression analysis, it is necessary to perform regression assumptions diagnostics test for the reason that violation of these assumptions may lead to inaccurate results. Hence, five major assumptions have to be checked and proved to be met reasonably well. Accordingly, these important least square assumptions were checked and explained below.

### ✓ Normality

Normality assumption states that for any fixed value of X, Y is normally distributed. The test for normality of the residual was performed with histogram and the result tests indicated that the residual is close to normally distribution as shown in the following histogram. In the P-P plots also the dots are reasonably closer to the normal line. The combination of both inspections support that the residuals are normally distributed.



Skewness refers to measure of the symmetry of a distribution; and Kurtosis refers measure of the peakedness or flatness of a distribution (Hair et. al, 2014). Accordingly, Skewness (+2 and -2)& Kurtosis (+3 and -3) were used to check normal distribution and as shown in the table below, Skewness and Kurtosis of the variables are within the range and confirms the residuals are normally distributed.

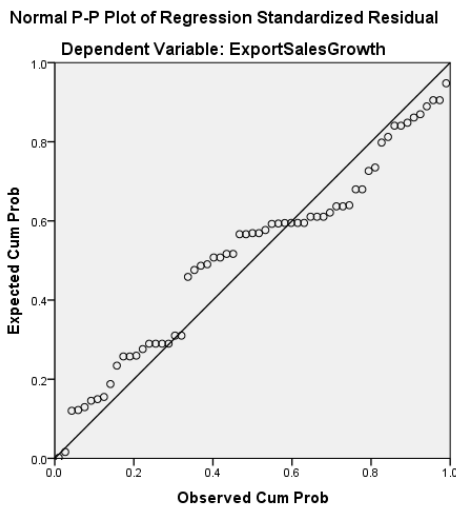
**Table 4.9: Skewness and Kurtosis Statistics**

	N	Skewness		Kurtosis	
	Statistic	Statistic	Std. Error	Statistic	Std. Error
FC	61	-.663	.306	1.341	.604
MC	61	-.103	.306	-.776	.604
EMSC	61	.604	.306	-.202	.604
ExportSalesGrowth	61	1.844	.306	2.190	.604
Valid N (list wise)	61				

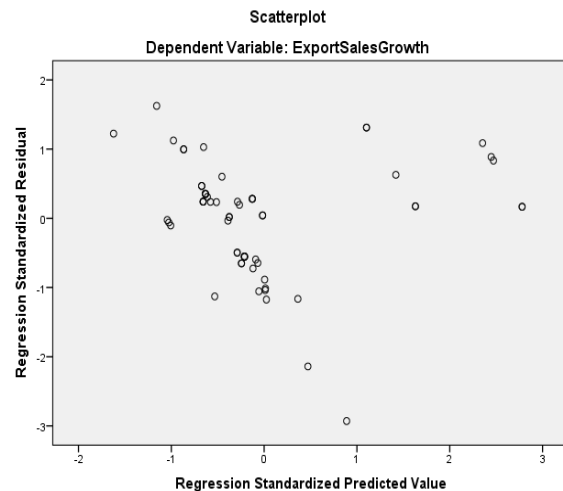
## ✓ **Linearity**

Linearity assumption states that the relationship between X and the mean of Y are linear. In this study, all the variables are selected from previous researches which applied linear relationship between the variables. Moreover, there was linearity as assessed by partial regression plot (Plot A) and plot of studentized residuals against the predicted values (Scatter plot A). Therefore, all the relationships between dependent (Export Performance) and independent variables (Firm Characteristics, Management Characteristics & Export Marketing Strategic Capability) fit reasonably with linear pattern and it holds that linearity assumption.

### Plot A



### Scatter plot A



## ✓ **Multicollinearity**

Multicollinearity occurs when any single independent variable is highly correlated with a set of other independent variables. Two independent variables are said to exhibit complete collinearity if their correlation coefficient is 1, and complete lack of collinearity if their correlation coefficient is 0 (Hair et al., 2014).

Tolerance value is commonly used measure of multicollinearity. The tolerance value is the amount of a variable unexplained by the other independent variables; small tolerance values denote high collinearity. As the tolerance value grows smaller, the variable is more highly

predicted by the other independent variables (collinearity) (Hair et al., 2014). Tolerance value runs from 0 to 1 and values closer to 1 indicate no multicollinearity problem (Keith, 2006).

Similarly, Variance inflation factor (VIF) is an indicator of the effect that the other independent variables have on the standard error of a regression coefficient. The variance inflation factor is directly related to the tolerance value ( $VIF_i = 1/TOL_i$ ). The larger the value of VIF, the more collinear the variables and as a rule of thumb a VIF greater than 10 is unacceptable (Gujarati, 2009).

Accordingly, the study went on to undertake a test for multicollinearity in SPSS and found a multicollinearity problem and adjusted by dropping the three variables (Export Sales Planning, Export Marketing Strategy and Adaptive Selling) as per the advice of Hair et al., (2014) who advised that one such variable should be dropped. The test was run again and none of the tolerance values are less than 0.1 and none of the Variance-Inflation Factor (VIF) values are greater than 10 as shown in the table below and hence, there was no multicollinearity problem in this study.

**Table 4.10: Collinearity Statistics**

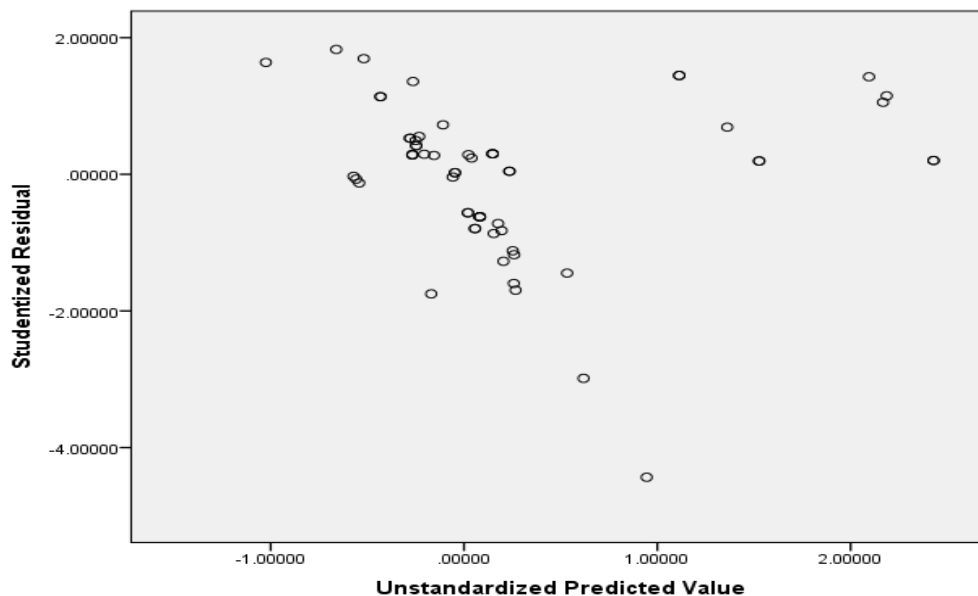
Model	Collinearity Statistics	
	Tolerance	VIF
(Constant)		
TotalFirmSize	.186	5.380
TotalFirmAge	.259	3.857
TotalTechnologyLevel	.335	2.982
TotalHumanCapital	.140	7.162
TotalForeignContactandNetworking	.205	4.877
TotalExportPlanning	.117	8.518
TotalExportCommittment	.173	5.788
TotalCustomerOrientation	.158	6.319
TotalPerceptionaboutExBarriers	.353	2.836
TotalExportExperience	.237	4.215
TotalExportSalesPresentation	.107	9.315
TotalUtilizationIntMktingResearch	.158	6.332
TotalSegementationandTargeting	.216	4.626

TotalProductCapabilities	.208	4.815
TotalPricingCapabilities	.193	5.172
TotalDistributionCapabilities	.170	5.873
TotalPromotionCapabilities	.164	6.093
TotalEducation	.183	5.455

### ✓ **Homoscedasticity**

Homoscedasticity (equality of Variance) refers to the description of data for which the variance of the error terms ( $e$ ) appears constant over the range of values of independent variables. The assumption of equal variance of the population error  $\varepsilon$  (where  $\varepsilon$  is estimated from the sample value  $e$ ) is critical to the proper application of linear regression. However, when the error terms have increasing or modulating variance, the data are said to be heteroscedastic (Hair et. al, 2014).

Homoscedasticity assumption states that the variance of residual is the same for any value of  $X$ . It can be checked by visual examination of a plot of the Studentized residuals by the regression Unstandardized predicted value (Osborn & Waters, 2002). If the error terms are distributed randomly with no certain Pattern then the problem is not detrimental for analyses. The figure below shows that there was Homoscedasticity as assessed by visual inspection of a plot of Studentized residuals versus Unstandardized predicted values.



## ✓ Outliers

Outliers refer to an observation that has a substantial difference between the actual value for the dependent variable and the predicted value. The objective is to identify observations that are inappropriate representations of the population from which the sample is drawn, so that they may be discounted or even eliminated from the analysis as unrepresentative (Hair et. al, 2014).

If the standardized residual is less than plus or minus 3, then the case wise diagnostics table will not be visible in SPSS 24 Version. Thus, we can say that the regression model is good with outliers.

## 4.6. Regression Analyses and Hypotheses Validation

### 4.6.1. Regression Analyses

Multiple regression analysis is a general statistical technique used to analyze the relationship between a single dependent variable and several independent variables. Multiple regressions are the appropriate method of analysis when the research problem involves a single metric dependent variable presumed to be related to two or more metric independent variables. The objective of multiple regression analysis is to predict the changes in the dependent variable in response to changes in the independent variables (Hair et. al, 2014).

### Model Summary

Model Summary table shows information regarding the strength of the relationship between the model and the dependent variable. In other words, the model summary table contains information about the regression line's ability to account for the total variation in the dependent variable. The model summary of the study is depicted in table 4.12.

**Table 4.12:Model Summary<sup>b</sup>**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics					Durbin-Watson
					R Square Change	F Change	df1	df2	Sig. F Change	
1	.932 <sup>a</sup>	0.869	0.813	0.36358	0.869	15.526	18	42	0.000	1.855

- 
- a. Predictors: (Constant), TotalEducation, TotalFirmSize, TotalForeignContactandNetworking, TotalPerceptionaboutExBarriers, TotalSegementationandTargeting, TotalPromotionCapabilities, TotalPricingCapabilities, TotalTechnologyLevel, TotalHumanCapital, TotalExportExperience, TotalFirmAge, TotalProductCapabilities, TotalDistributionCapabilities, TotalExportCommitment, TotalCustomerOrientation, TotalUtilizationIntMktingResearch, TotalExportPlanning, TotalExportSalesPresentation

**b. Dependent Variable: ExportSalesGrowth**

R is the linear correlation between the actual values of the dependent variable and values of the dependent variable which is predicted by the model. As indicated in model summary table above, the R value (0.932) shows that the overall impact of the independent variables (Firm Characteristics, Management Characteristics and Export Marketing Strategic Capability) on the dependent variable (Export Sales Growth) is significant.

R Square value (coefficient of determination) shows goodness-of-fit of the independent variables in explaining the variation in the dependent variable. In other words, R-squared value shows how close the data are to the fitted regression line. R Square value is always between 0% and 100% and the higher the R Square value, the better the model fits our data. In the study, R Square value is 0.869 which indicates 86.9% of the variability in Export performance is explained by the influence of the independent variables. The remaining 13.1% variability of Export Sales Growth is influenced by other factors which are not included in the Model.

Adjusted  $R^2$  shows the percentage of variation explained by only the independent variables that actually affect the dependent variable. The adjusted R-Square (R square = 0.813) shows the explanatory power of all independent variables involved in the study. Hence, in this study, the adjusted R Square value is 0.813 which signifies that 81.3% of the variations in export performance are being accounted in the regression model.

### **Analysis of Variance (ANOVA)**

The ANOVA (Analysis of Variance) table examines our model's ability to explain any variation in the dependent variable without directly addressing the strength of the relationship. ANOVA evaluates whether or not the entire model (i.e., all independent variables as a whole) has

significantly better power in predicting the dependent variable. It is a method where results of an experiment are tested for significance. The ANOVA results of multiple linear regressions with export performance as dependent variable and Firm Characteristics, Management Characteristics and Export Marketing Strategic Capability as independent variables of the study are reported in the ANOVA table 4.13.

In table 4.13, the regression row shows the variation accounted for by the model and the Residual row shows the variation that is not accounted for by the model. Accordingly, the regression sum of squares (36.943) is considerably larger than the residual sum of squares (5.552), which signifies that most of the variation in export performance is explained by the model.

The F value shows the ratio of the model predictive power in comparison with the inaccuracy of the model which was represented by the Residual value. As indicated in table 4.13, the value of F (18, 42) = 15.526,  $p < 0.000$  which means that the variation explained by the model is not due to chance.

Thus, we can conclude that the model reveals statistically significant relationship between dependent and independent variables. In other words, the model significantly improves our ability to predict the dependent variable (export performance).

**Table 4.13: ANOVA<sup>a</sup>**

	Model	Sum of Squares	df	Mean Square	F	Sig.
1	Regression	36.943	18	2.052	15.526	.000 <sup>b</sup>
	Residual	5.552	42	.132		
	Total	42.495	60			

a. Dependent Variable: ExportSalesGrowth

b. Predictors: (Constant), TotalEducation, TotalFirmSize, TotalForeignContactandNetworking, TotalPerceptionaboutExBarriers, TotalSegementationandTargeting, TotalPromotionCapabilities, TotalPricingCapabilities, TotalTechnologyLevel, TotalHumanCapital, TotalExportExperience, TotalFirmAge, TotalProductCapabilities, TotalDistributionCapabilities, TotalExportCommitment, TotalCustomerOrientation, TotalUtilizationIntMktingResearch, TotalExportPlanning, TotalExportSalesPresentation

## 4.6.2. Validation of Hypotheses

Regressions fit a predictive model to data and use that model to predict the values of dependent variable from one or more independent variables (Andy, 2005). Linear regression estimates the coefficients of the linear equation, involving one or more independent variables that best predict the value of the dependent variable. As mentioned earlier, multiple regression analyses were conducted with export performance as the dependent variable and the three firm-level determinants (Firm Characteristics, Management Characteristics and Export Marketing Strategic Capability) as the independent variables to identify the impact of firm-level determinants of export performance of tanneries.

Based on Standardized Coefficients Beta and P-value indicated on the coefficient's table below, hypothesis testing has been performed and the result has been presented for each variable as follows.

**Table 4.14: Regression Coefficients<sup>a</sup> of Predictor Variables to the Dependent Variable**

Model		Coefficients <sup>a</sup>				
		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	2.805	1.196		2.344	.024
	TotalFirmSize	-.081	.089	-.117	-.908	.369
	TotalFirmAge	-.223	.082	-.298	-2.724	.009
	TotalTechnologyLevel	.087	.043	.194	2.016	.050
	TotalHumanCapital	-.304	.044	-1.027	-6.882	.000
	TotalForeignContactandNetworking	-.248	.046	-.668	-5.426	.000
	TotalExportPlanning	.686	.145	.771	4.737	.000
	TotalExportCommitment	.105	.026	.547	4.077	.000
	TotalCustomerOrientation	-.006	.035	-.022	-.159	.875
	TotalPerceptionaboutExBarriers	.105	.038	.260	2.765	.008
	TotalExportExperience	-.083	.051	-.187	-1.629	.111
	TotalExportSalesPresentation	.100	.045	.376	2.208	.033

TotalUtilizationIntMktingResearch	.139	.035	.559	3.982	.000
TotalSegementationandTargeting	-.115	.031	-.449	-3.746	.001
TotalProductCapabilities	.026	.022	.143	1.172	.248
TotalPricingCapabilities	-.097	.026	-.473	-3.726	.001
TotalDistributionCapabilities	.063	.045	.187	1.385	.173
TotalPromotionCapabilities	-.069	.031	-.313	-2.271	.028
TotalEducation	.018	.074	.032	.247	.806

a. Dependent Variable: ExportSalesGrowth

## 1) Firm Characteristics

From firm characteristics, five sub-categories namely, Export Planning, Foreign Contact & Networking, Technology Level, Human Capital and Firm Age have significant effect in predicting the dependent variables. From these five sub-categories, Export Planning and Technology Level positively affect Export Performance whereas; Foreign Contact & Networking, Human Capital and Firm Age negatively affect Export Performance. However, Firm Size made statistically insignificant prediction of export performance at 5% significance level.

### Firm Size

#### **Hypothesis 1: Firm Size has insignificant effect on tanneries' Export Performance.**

The beta coefficient of firm size is -0.117 and p-value 0.369. This indicates that firm size negatively and insignificantly affects Export Performance. Therefore, the null hypothesis is rejected which says Firm Size has significant impact on tanneries' export performance. Similar result was observed by Kaynak and Kuan,1993, Aaby and Slater,1989andZou and Stan, 1998 as it was reported that firm size has inverse relationship with export performance. Thus, the proposed hypothesis is accepted.

### Firm Age

#### **Hypothesis 2: Firm Age has insignificant effect on Export Performance.**

The beta coefficient of firm age is -0.298 and p-value 0.009. This indicates that firm age negatively and significantly affects Export Performance. It can be interpreted as holding other

factors constant, a 1% increase in firm age will lead to a decrease in Export Performance by 29.8%. In other words, tanneries which established recently can have better export performance. Similar result was observed by Kaynak and Kuan (1993), Bodur (1994), Das (1994) and Louter et al.,(1991) as it was reported that firm age has inverse relationship with export performance. Thus, the proposed hypothesis is accepted.

## **Technology Level**

### **Hypothesis 3: Technology Level has significant effect on Export Performance.**

Based on the above table, Technology level has a beta coefficient of 0.194 and p-value 0.050. This implies that Technology level positively and significantly affects Export Performance. It can be interpreted as holding other factors constant, a 1% increase in Technology level will lead to 19.4% increase in Export Performance. The result observed by Piercy, Kaleka & Katsikeas (1998) and Chetty and Hamilton (1993) is also similar with the result obtained by this study. Thus, the proposed hypothesis is accepted.

## **Human Capital**

### **Hypothesis 4: Human Capital has insignificant effect on Export Performance.**

Based on the above table, Human Capital has a beta coefficient of -1.027. However,  $P=0.000$  which is less than 0.05 and it implies that it affects export performance (dependent variable) Negatively & significantly. Similar result is obtained by Willmore (1992) and Ramstetter (1999). Thus, the proposed hypothesis is accepted.

## **Foreign Contact and Networking**

### **Hypothesis 5: Foreign Contacts and Networking has positive and significant effect on Export Performance.**

The beta coefficient of Foreign Contact and Networking is -0.668 and p-value 0.000. This indicates that Foreign Contact and Networking negatively and significantly affects Export Performance. Thus, the null hypothesis was not rejected.

## **Export Planning**

### **Hypothesis 6: Export Planning has positive and significant effect on Export Performance.**

The beta coefficient of export planning is 0.771 and p-value 0.000. This result indicates as export planning positively and significantly affects Export Performance. The regression coefficient of export planning implies that holding other factors constant, a 1% increases in export planning will lead to 77.1% increase in export performance. This helps to conclude as Tanneries which have export planning can perform well in exporting operations. Similar result is obtained by Aaby and Slater, 1989 and Zou and Stan, 1998 which reported that the importance of systematic planning in export operations and also a good export organization seems to pay off to firms in terms of sales, profits, and satisfaction. Thus, the research hypothesis is accepted.

## **2) Management Characteristics**

From variables grouped under Management Characteristics, three predictor variables, Export Commitment & Support, Perception about Export Barriers and Export Sales Presentation have positively and significantly affect Export Performance (dependent variable) whereas, the remaining three variables, Customer Orientation, Education Level and Export Experience, have no significant effect in predicting the export performance which is expressed as export sales growth.

### **Export Commitment and Support**

#### **Hypothesis 7: Export Commitment and Support has positive and significant effect on Export Performance.**

Based on the above table, Export Commitment and Support has a positive beta coefficient of 0.547 and  $P=0.000$  ( $p<0.01$ ). This result indicates that Export Commitment and Support positively and significantly affects Export Performance. The regression coefficient of Export Commitment and Support implies that holding other factors constant, a 1% increases in Export Commitment and Support will lead to 54.7% increase in Export Performance. Similar result is obtained by Nazar and Saleem (2009); Cavusgil and Zou (1994); Julian, 2003 and Sousa et al., (2008). Thus, the proposed hypothesis is accepted.

## **Customer Orientation**

### **Hypothesis 8: Customer orientation has positive and significant effect on Export Performance.**

Based on the above table, Customer Orientation has a beta coefficient of -0.022 and  $P=0.875$  ( $p>0.05$ ). However,  $P=0.875$  implies that Customer Orientation is insignificant predictor at 5% significance level. Similar result is obtained by Katsikea and Skarmeas (2003); Leonidou (1998). Thus, the null hypothesis was not rejected.

## **Perceptions about Export Barriers**

### **Hypothesis 9: Perceptions about Barriers has significant effect on Export Performance.**

The above analysis result also shows beta coefficient of Perceptions about Export Barriers is 0.260 and p-value 0.008 ( $p<0.05$ ). This result indicates Perceptions about Export Barriers positively and significantly affects Export Performance. The regression coefficient of Perceptions about Export Barriers implies that holding other factors constant, a 1% increase in Perceptions about Export Barriers will lead to 26% increase in Export Performance. Similar result was observed by Zou & Stan, 1998 which reported that management's perceived export barriers either result in low export sales, slow export growth, and low perceived export success, or fail to be significant predictors of export performance. Thus, the research hypothesis is accepted.

## **Export Experience**

### **Hypothesis 10: Export Experience has insignificant effect on Export Performance.**

Based on the above table, Export Experience has a negative beta coefficient of -0.187 and  $P=0.111$  ( $p>0.05$ ) implies it is insignificant predictor. Similar result is obtained by Das (1994). Thus, the proposed hypothesis is accepted.

## **Education Level**

**Hypothesis 11: Education Level has insignificant effect on Export Performance.**

Based on the above table, Education Level has a beta coefficient of 0.032 and  $P=0.806$  ( $p>0.05$ ) implies that it is insignificant predictor. Similar result is obtained by Sousa (2008); Zou and Stan (1998) and Mavrogiannis et al., (2008). Thus, the proposed hypothesis is accepted.

## **Export Sales Presentation**

**Hypothesis 12: Export Sales Presentation has significant effect on Export Performance.**

As indicated on the above table, Export Sales Presentation has a positive beta coefficient of 0.376 and  $p$ -value 0.033 ( $p<0.05$ ). This result indicates Export Sales Presentation positively and significantly affects Export Performance. The regression coefficient of Export Sales Presentation implies that holding other factors constant, a 1% increase in Export Sales Presentation will lead to 3.3% increase in Export Performance. Similar result is obtained by Katsikea and Skarmeas (2003). Thus, the research hypothesis is accepted.

### **3) Export Marketing Strategic Capabilities Characteristics**

From Export Marketing Strategic Capability variable, Utilization of Marketing Research, Segmentation & Targeting, Pricing Capabilities and Promotion Capabilities significantly affect the dependent variable, whereas, Product Capabilities and Distribution Capabilities made statistically insignificant prediction of the dependent variable.

## **Utilization of International Marketing Research**

**Hypothesis 13: Utilization of International Marketing Research has significant effect on Export Performance.**

Based on the above table, Utilization of International Marketing Research has a beta coefficient of 0.559 and  $P=0.000$  ( $p<0.01$ ). This result indicates Utilization of International Marketing Research positively and significantly affects Export Performance. The regression coefficient of

Utilization of International Marketing Research implies that holding other factors constant, a 1% increase in Utilization of International Marketing Research will lead to 55.9% increase in Export Performance. Similar result is obtained by Madsen (1987); Zou and Stan (1998). Thus, the proposed hypothesis is accepted.

## **Segmentation and Targeting**

### **Hypothesis 14: Segmentation and Targeting has significant effect on Export Performance.**

Segmentation and Targeting has a beta coefficient of -0.449 and  $P=0.001$ . This result indicates Segmentation and Targeting negatively and significantly affects Export Performance. Thus, the null hypothesis was not rejected.

## **Product Capabilities**

### **Hypothesis 15: Product Capabilities has significant effect on Export Performance.**

Product Capabilities has a positive beta coefficient of 0.143 and  $P=0.248$ . However,  $P=0.248$  ( $p>0.05$ ) implies Product Capabilities is insignificant predictor at 5% significance level. Similar result is obtained Zou & Stan, 1998; Julian, 2003; Leonidou et al., 2002. The majority of studies reported product capabilities is significant predictors of export performance but few studies reported insignificant impact (Zou & Stan, 1998). The result of this study is similar with few studies which reported insignificant impact of product capabilities. Thus, the null hypothesis was not rejected.

## **Pricing Capabilities**

### **Hypothesis 16: Pricing Capabilities has significant effect on Export Performance.**

Based on the above table, Pricing Capabilities has a beta coefficient of -0.473 and  $P=0.001$ . The result implies that Pricing Capabilities is negatively and significantly affects Export Performance. Similar result is obtained by Bilkey, (1982). Thus, the proposed hypothesis is accepted.

## **Distribution Capabilities**

### **Hypothesis 17: Distribution Capabilities has significant effect on Export Performance.**

Distribution Capabilities has a beta coefficient of 0.187 and  $P=0.173$ . The result implies that Distribution Capabilities insignificant predictor at 5% significance level. Similar result is obtained Cavusgil&Zou,1994; Zou& Stan, 1998 and Eusebio et. al.2007.Thus, the null hypothesis was not rejected.

## **Promotion Capabilities**

### **Hypothesis 18: Promotion Capabilities has significant effect on Export Performance.**

The above analysis result also shows beta coefficient of Promotion Capabilities is -0.313 and p-value 0.028. This indicates that Promotion Capabilities is negatively and significantly affects Export Performance. The result seems that there is no experience of conducting promotion which addresses international customers in Ethiopian Tanneries. Thus, the null hypothesis was not rejected.

**Table 4.15 - Summary of the outcome of the Research Hypotheses**

Hypothesis	Beta Value and P-Value	Relationship	Result
H1: Firm Size has insignificant effect on tanneries' Export Performance.	$\beta = -0.117, p > 0.05$	Negative & Insignificant	Accepted
H2: Firm Age has insignificant effect on Export Performance.	$\beta = -0.298, p < 0.05$	Negative & Significant	Accepted
H3: Technology Level has significant effect on Export Performance.	$\beta = 0.194, p < 0.05$	Positive & Significant	Accepted
H4: Human Capital has insignificant effect on Export Performance.	$\beta = -1.027, p < 0.05$	Negative & Significant	Accepted
H5: Foreign Contacts and Networking has positive & significant effect on Export Performance.	$\beta = -0.668, p < 0.05$	Negative & Significant	Don't reject the null hypothesis
H6: Export Planning has positive and significant effect on Export Performance.	$\beta = 0.771, p < 0.05$	Positive & Significant	Accepted
H7: Export Commitment and Support has positive and significant effect on Export Performance.	$\beta = 0.547, p < 0.05$	Positive & Significant	Accepted
H8: Customer Orientation has positive and significant effect on Export Performance.	$\beta = -0.022, p > 0.05$	Negative & Insignificant	Don't reject the null hypothesis
H9: Perceptions about Barriers has significant effect on Export Performance.	$\beta = 0.260, p < 0.05$	Positive & Significant	Accepted
H10: Export Experience has insignificant effect on Export Performance.	$\beta = -0.187, p > 0.05$	Negative & Insignificant	Accepted
H11: Education Level has insignificant effect on Export Performance.	$\beta = 0.032, p > 0.05$	Positive & Insignificant	Accepted
H12: Export Sales Presentation has significant effect on Export Performance.	$\beta = 0.376, p < 0.05$	Positive & Significant	Accepted
H13: Utilization of International Marketing Research has significant effect on Export Performance.	$\beta = 0.559, p < 0.05$	Positive & Significant	Accepted
H14: Segmentation and Targeting has significant effect on Export Performance.	$\beta = -0.449, p < 0.05$	Negative & Significant	Don't reject the null hypothesis
H15: Product Capabilities has significant effect on Export Performance.	$\beta = 0.143, p > 0.05$	Positive & Insignificant	Don't reject the null hypothesis
H16: Pricing Capabilities has significant effect on Export Performance.	$\beta = -0.473, p < 0.05$	Negative & Significant	Accepted
H17: Distribution Capabilities has significant effect on Export Performance.	$\beta = 0.187, p > 0.05$	Positive & Insignificant	Don't reject the null hypothesis
H18: Promotion Capabilities has significant effect on Export Performance.	$\beta = -0.313, p > 0.05$	Negative & Significant	Don't reject the null hypothesis

## **4.7. Results of Interview**

As mentioned in chapter two, the researcher has conducted an interview General Manager, Deputy General Manager and Marketing Managers of the tanneries in view of triangulating the findings on firm-level determinants of export performance of Ethiopian Tanneries.

The interview was conducted using audio recorder and written down in a way to compare with the findings of the study. The result of the interview is summarized and presented as follows.

The interviewees notified that tanneries are capital intensive industry i.e., the amount of working capital requirement for sustainable chemicals supply, for raw materials supply and technology transfer is huge; and on the other hand, the majority of Ethiopian Tanneries are characterized by traditional management style who couldn't lead their respective tanneries professionally and their decision making is not knowledge based. As a result, the majority of tanneries management is not capable of leading the tanneries' operation efficiently in international stage mainly because of its traditional nature of decision making and managerial inefficiencies.

They identified the main reasons for the underperformance of export sales of Tanneries are problems in management capacity, raw material quality problem, production chemicals supply shortage, working capital shortage and technology shortage.

### **❖ Raw Material Quality Problem**

According to the interviewees, tanneries purchase raw materials (hides and skins) from the domestic market. However, the domestic hides and skins market is characterized by quality problem and unfair competition. The quality of hide and skins are deteriorating from time to time due to animal skin diseases which reduced the quality both hides and skins; the majority of the skins are recovered by hand which causes damage to the skin; and because of poor handling during skins collection and processing. As a result, the majority of hides and skins are not fit for production and used to be rejected.

They notified that there is unfair competition between/among the tanneries in setting purchase price for hides and skin in the domestic market which, in turn, increased the domestic hides and

skin selling price. Furthermore, some of the Tanneries established by foreigners (FDI Tanneries) whose parent companies are in their respective countries, are suspected of exporting semi-processed hides and skin by violating government policy which prohibits exporting semi-processed leather . Hence, these FDI tanneries used to purchase huge quantity of hide and skin from local suppliers since they export semi-processed leather (pickle, wet blue and crust) which in turn, made price hides and skin to inflate.

They summarized that the quality problem disrupts the production process, and unfair competition among the tanneries increased the price of hides and skin which, in turn, increased the amount working capital requirement of tanneries and influence their competitiveness in the global market.

### ❖ **Production Chemicals Shortage**

In regards to production chemicals shortages, interviewees elaborated that tanneries produce as per their global customers' orders which is varies from customer to customer. Different chemicals are needed in different quantity to produce & deliver product mix of customers' orders. However, almost all of the chemicals required for production are imported from abroad. The lead time to import chemicals takes 4 to 6 months under normal Ethiopian Logistics circumstances after obtaining bank import permit.

Furthermore, they noted that the type and quantity of chemicals needed to produce product as per customers' orders are so different in their type and quantity; and on the other side, customer's time of order is not known in ahead of time. Hence, tanneries obliged to hold stock of production chemicals which make them operate for minimum of three months. However, this demands considerable amount of working capital.

They said in a situation when foreign currency shortage prevails even if tanneries allocates working capital for the purchase of chemicals, getting bank foreign exchange approval is very difficult and this worsen the chemical shortage problem even further.

As a mitigation mechanism to this problem, Tanneries presented their proposal to the government through their association to establish bonded ware house. As per the proposal, government allowed for the tanneries to establish bonded warehouse whereby tanneries

association purchases basic chemicals with the finance obtained from banks on collateral basis, and keep it in the bonded warehouse and sell the chemicals to the tanneries at low price. However, the type and quantity of chemicals so small as compared to the tanneries demand. Hence, it doesn't yield the result as expected. Moreover, banks forbidden individual tanneries request for collateral since their association already borrowed the money in their name.

In the nut shell, they said the combination of the above mentioned factors contributed for production chemicals shortage which contributed the underperformance of export.

### **❖ Access to Capital**

In regards to access to finance, interviewees explained that the financial institutions' financial loan policy is not business based, rather collateral based. Financial institutions don't consider the nature, potential and prospect of the tanneries instead they are working across the board for all customers on collateral basis. This aggravates tanneries' working capital shortage further.

### **❖ Tanneries Chemicals Purchasing Policy**

Interviewees emphasized that Chemical manufacturers/ suppliers are strategic partners of tanneries since the quality of their chemicals impacts the quality of tanneries products. However, the majority of tanneries used to purchase chemicals from different chemical suppliers mainly by floating tenders. However, under such circumstances, it would be difficult to maintain the desired quality product sustainably.

### **❖ Tanneries' Management Capacity**

All of the interviewees notified that the majority of tanneries management owned by Ethiopian nationals is traditional by their very nature and couldn't lead the tanneries to success amid of the problems mentioned above and in the dynamic nature of the global market.

In the meantime, tanning industry is facing fierce competition from other sector like textile, and also product which are not leather but has fiber structure like leather are coming to the market. Hence, tanneries need to have modern management which clearly understands the strategic

importance of acquiring technology which is dynamic by its nature and needs investment that is not one time investment rather continual so as to be competitive in the international market.

Furthermore, to operate in these dynamic international market situations, tanneries must have modern management which leads their marketing activities. In developed market, ISO 9000 which focuses on quality is required and ISO 14000 which focuses environment is required and LWG Certification which focuses both quality and environmental safety is required.

Therefore, tanneries need change and build their management capacity which is capable of solving both the internal and external problems mentioned in this section and leading them profitably in the global market.

### ❖ **FDI Role**

According to the interviewees, FDI should be complementary instead of being substituting local tanneries role since they have huge capital and technological power. That is to say, they need to be engaged in the areas where local tanneries haven't been operating. However, FDI tanneries are engaged with their comparative advantage of huge capital and technological power and also government 8 years tax freedom, in the areas where local tanneries have been engaged for years.

The role of FDI is that to bring technology, capital and market and create employment. However, it is difficult to conclude all of these FDI roles were attained presently. Because if that is the case, it would have been reflected by increasing the volume and value of export. The fact is that export has been declining. Government need to make sure that we get all of these FDI benefits.

### ❖ **Government Incentives**

Interviewees emphasized that government incentives needs to be amended in the sense that it needs to identify and acknowledge the basic problems of the tanneries which are raw material quality problem, production chemicals shortage, access to capital, access to technology and access to global market.

In general, it can be inferred that the findings obtained from the interview support the findings obtained by the questionnaires since most of the factors which have been identified as the reasons for export performance decline are related with FC, MC and EMSC. Factors like production chemicals shortage which can be curbed with advance planning i.e., managerial issues; market access which can be resolved by expanding foreign contact & networking, through promotional activities and by re-devising distribution strategy. However, issues like government incentive and the role of FDI are external factor which is beyond the scope of the study.

## **4.8. Secondary Data Analysis**

### **❖ Leather Sector Export Performance**

As shown in Table 4.15, the export sales performance of the leather sector (finished leather, Footwear and Leather Goods & Garment) initial increasing at a decreasing rate 2004(8.8%), 2005(8.6%) & 2006 (8.2%) and then after decreased in 2007 (-0.06%), 2008 (-12%), 2009 (-1%). The sector's export sales was at its peak in the year 2006 (USD 132,948,000) and the sector export sales grew on average by 4% during the period.

### **❖ Tanneries' Export Performance**

As depicted in the table 4.16, tanneries' export performance was declining consistently from 2004 – 2009. One factor that could explain the consistence decline is that as per the then government policy, tanneries used to export semi-finished leather before 2005 EYC, however, from year 2005 EYC onwards, tanneries weren't allowed to export semi-finished leather but finished leather only due to the government policy change which aims to assist local factories which used leather as an input.

In general, the export sales trend during the period shows that export performance of the tanneries is declining unpredictably. This presupposes that individual tanneries should identify key firm-level determinant factors which affect their export performance in order to be competitive and augment their sales volume.

### **❖ Firm-Level Comparison of Annual Sales Performance to Planned Sales Data**

As indicated in the table 4.17, the export sales growths of all the sampled tanneries have declined during 2003 – 2010.

Examining the export sales plan performance data of sampled tanneries, it is shown that during the eight years (2003-2010), the average minimum declining rate was 17% which observed at T 12 Tannery and the average maximum declining rate was 76% which observed at T 8 Tannery.

It can be generalized that the internal firm level factors as identified both in the literature review and in the quantitative analysis (SPSS) plays significant role in determining the export performance as measured in terms of Export sales growth rate.

### **❖ Comparison of Tanneries' Export Consecutive Years' Performance**

In contrast to plan against performance comparisons which discussed above, eight consecutive years export sales performance to performance comparison has shown the rate of decline is relatively small and very few export sales growth has been observed as shown in the table 4.18. However, in general, tanneries' growth rate is volatile.

As mentioned in LIDI's GTP report, the main factor for decline in export growth rate is tanneries management factor which is one of the firm-level export performance determinant.

Therefore, the very nature of export sales decline from actual performances comparisons of consecutive years can only be justified by internal firm-level factors which are inconsistent with the findings of the significant factors identified in the regression analysis section of the study.

## **CHAPTER FIVE**

### **CONCLUSION AND RECOMMENDATIONS**

#### **5.1. Introduction**

This chapter comprises of the summary, conclusions, recommendations and Limitation and direction for future study.

#### **5.2. Summary**

The objective of the study was to investigate the influence of firm-level determinants of export performance of Ethiopian Tanneries. Based on the literature review discussed in chapter 2, three variables have been established to investigate their effect on export performance of Ethiopian tanneries. These variables are Firm Characteristic, Management Characteristics and Export marketing Strategic Capabilities. The variables were used as independent variables to see how each of them relate or influence the export performance of the tanneries.

These variables have been sub categorized in to 18 factors. These are firm size, firm age, technology level, human capital, foreign contacts& networking, export planning, export commitment, customer orientation, perception, export experience, education level, export sales presentation, utilization of international marketing research, segmentation and targeting, product capabilities, pricing capabilities, distribution capabilities and promotion capabilities.

Export performance which is taken as dependent variable, was objectively measured by the change in annual export sales of each factory which is called Export Sales Growth Rate. Export performance of individual tanneries as well as the overall the sector's export performance have shown steady decline from year to year.

The results of the descriptive statistical analysis indicated that Firm Characteristic and Management Characteristics showed moderate level of agreement among respondents with a

mean of 3.51 & 3.56 respectively and Export Marketing Strategic Capabilities Characteristics showed low level of agreement among respondents with a mean of 3.12.

Correlation analysis was conducted on the variables and there is positive association b/n export sales growth rate and Management Characteristics, b/n export sales growth rate and Export Marketing Strategic Capabilities Characteristics. However, the relation between export sales growth rate and most of Firm Characteristic's sub categories is negative except technology level which has positive relation with export performance.

The diagnostic test of the violation of regression assumptions was done. Accordingly, normality, linearity, Homoskedacity, Multicollinearity and Outliers tests were performed and confirmed no violation of regression assumptions.

Accordingly regression analysis was conducted on 18 factors mentioned above and the value of R square become 0.869 which shows that 86.9% of the variation in export performance is explained by the independent variables that were included in the study. Moreover, it was found out that 12 out of the 18 factors have been significant effect to determine the export performance of the tanneries. These are firm age, technology level, human capital, foreign contacts & networking, export planning, export commitment, perception, export sales presentation, utilization of international marketing research, segmentation & targeting, pricing capabilities and promotion capabilities Whereas, the remaining 6 factors have shown insignificant effect.

### **5.3. Conclusion**

The objective of the study is to investigate the influence of firm-level determinants of Export Performance on Ethiopian Tanneries and the firm-level determinants are categorized into three variables namely, Firm Characteristics, Management Characteristics and Export Marketing Strategic Capabilities Characteristics. The results showed that variables under Firm Characteristics like are firm age, technology level, human capital, foreign contacts & networking and export planning; variables under Management Characteristics like export commitment, perception and export sales presentation; and variables under are Export Marketing Strategic

Capabilities like utilization of international marketing research, segmentation & targeting, pricing capabilities and promotion capabilities have significant predictors of export performance. The rest of the variables have shown non-significant contribution to export performance.

Nevertheless, the majority of the variables under Management Characteristics and Firm Characteristics have shown significant contribution to export performance which is followed by variables under Export Marketing Strategic Capabilities Characteristics.

As discussed in the previous section, from the comparison of export plan against actual performance of the tanneries and from the comparison of previous year actual performance against subsequent year actual performance of export sales of the tanneries, it is noted that Export sales growth consistently declines. The decline was observed in spite of the preferential trade treatment like AGOA & EBA and also government incentives offered. Thus, it signifies that firm-level export performance determinants have been neglected and the tanneries didn't dwell on it.

From all the above findings and discussions, it can be inferred that the main reasons for the low level export performance of tanneries are related with the specific factors subcategorized under the three variables, Firm Characteristics, Management Characteristics and Export Market Strategy Capability. Moreover, factors which have been identified from the interview played their own part. These factors are raw material quality problem, production chemicals shortage, foreign currency shortage, access to the market, access to technology and access to capital, which have already been categorized partially under Management Characteristics, and some of them like foreign currency shortage can be categorized in external factors.

## **5.4. Recommendations**

The researcher proposes the following recommendations based on the findings and conclusions of the study.

- ✓ Among the independent variables, Export Commitment, Perception about Export Barriers and Export Sales Presentation are significant predictors of Export Performance. Hence,

tanneries management highly advised to provide incentives to their employees to upgrade and enhance their export commitment, provide sales training in order to enhance their sales skills and also tanneries need to arrange global market visits so as to gain lessons.

- ✓ On the other hand, customer orientation, export experience and education level variables have negative /insignificant effect on export performance as per the regression analysis of this study. However, from the review of empirical research; these variables have positive and significant relationships with export performance. Hence, they need to get due attention by the tanneries' management since the analysis is conducted on a declining export sales growth. Thus, it is highly advisable that tanneries need to bring these variables so as to have positive and significant effect on export performance.
- ✓ Under Export Marketing Strategic Capabilities Characteristics variables like utilization of international marketing research are significant predictor of export performance. Hence, tanneries management highly advised to build their export success parameters, establish formal and informal marketing research sources so as to know market behavior in the future.
- ✓ Under Firm Characteristics construct, variables like technology level and export planning are significant predictors of export performance. Hence, tanneries' management highly advised to upgrade/adopt new production process, to new technologies and to allocate resources for R & D so as to enter & build their own brand in a new market. However, Foreign Contacts & Networking is negative and insignificant predictors of export performance, however, this variable is positive & significant predictors of export performance as evidenced by empirical researches. Thus, tanneries' management need to re- devise their strategy in order to bring this variable a positive contributor to export performance.
- ✓ Under Export Marketing Strategic Capabilities Characteristics variable like Utilization of International Marketing Research is positive & significant predictor of export performance. Thus, tanneries' management need to focus on establishing formal and informal marketing research sources so as to seize market opportunities & to understand market behavior. However, Product Capabilities and Distribution Capabilities are

positive but insignificant predictors of export performance; and Promotion Capabilities and Segmentation & Targeting are negative and significant predictors of export performance. However, these variables are positive & significant predictors of export performance as evidenced by empirical researches. Thus, tanneries' management need to re-devise their strategies on these variables in order make them positive contributors to export performance.

- ✓ Tanneries should focus on product quality and features desired by their customers and for this, tanneries may be obliged to comply with developed nations market requirements like different quality assurance certifications which may assure tanneries products are environmentally friendly, creating safe working condition for their employees, etc.
- ✓ Tanneries should give due emphasis to promotion capabilities in spite of its insignificant effect on export performance as seen in this study. Thus, tanneries should allocate resources and promote their products through media which catch their potential and existing customers.
- ✓ As identified from the interview, the main reason for the underperformance of export is poor management capacity of tanneries that are unable to lead tanneries effectively in the dynamic global market. In other words, tanneries need to give due emphasis for the theoretical firm level determinants of export performance which have been assessed in this study since management capacity factors are already incorporated in firm level determinants of export performance.
- ✓ Tanning Industry needs a new strategy which identifies and acknowledges the fundamental problems of the industry which have been identified by data gathered by the questionnaires and interview that is management capacity building (factors which have been stated under the three variables), husbandry development, foreign currency issue, easing access to capital, support access to technology and market development.
- ✓ The benefits obtained from FDI need to be regularly ascertained since it has a negative effect on local tanneries as identified during the interview.

## **5.5. Limitation and direction for future study**

This study utilized structured questionnaire to collect data about the influence of determinants of export performance of tanneries at firm-level. Future studies can focus on the same objective by incorporating external factors.

The existing government incentives implementation need to be examined and it need to be amended by incorporating additional incentives and privilege since firm level determinants alone may not guarantee better export performance so integrated approach is needed and hence, future researcher need to focus on this issues.

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**Appendix I:Questionnaire**  
**Addis Ababa University**  
**College of Business and Economics**  
**Department of Management, MBA Regular Program**  
**Questionnaire**

Dear Respondents,

The researcher is a student of Addis Ababa University, College of Business and Economics, Management Department, MBA Regular Program.

This questionnaire is intended to gather firsthand data for the research conducted on **Firm-Level Determinants of Export Performance of Ethiopian Tanneries**. The purpose of the study is purely academic as part of the fulfillment of Master of Business Administration (MBA) degree. The responses provided will be vital for understanding the antecedents of export performance of Ethiopian Tanneries. You are kindly requested to candidly fill out the questions and you are assured that any information provided will be treated with **outmost confidence** to be used only for the purpose of academic research. Your participation is entirely voluntary and the questionnaire is completely anonymous. So, your **genuine, frank and timely response** is vital for the success of the study. Kindly answer the following questions as candidly as possible. For any question, please call or text to +251-919893864.

**Thank you in advance for your kind cooperation and dedication of precious time to fill this questionnaire!!! Your earliest reply is highly appreciated!!!**

**Section 1 - Demographic Data**

1. Sex:  Male  Female
2. Age:  21-25  26-30  31-35  36-40  Above 40
3. Your highest level of Educational Background  
 Below Diploma  Diploma  1st Degree  Masters  PHD
4. Total Experience in Exporting Firm (in years)  1-5  6-10  11-15  Above 15
5. Export business experience of managers in years (on average)  
 less than 5 years  5-10 years  11-15 years  More than 15 years
6. Does your company have a separate formal export department?(Please tick) Yes  No
7. On average over the past three years, approximately what percentage of your annual total profit is derived from exports?.....%

8. Certifications

\_\_\_ ICEC \_\_\_ ISO \_\_\_ None \_\_\_ Other

**Section 2 – Likert - Scale Filling**

Please rank your agreement to the following statements on a five point scale provided below, where 1: Strongly Disagree 2: Disagree 3: Moderately Agree 4: Agree 5: Strongly Agree

***I. Firm Characteristics***

<b>a. Firm Size</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
1. Firm’s financial capital has contributed to increase your export sales.					
2. Firm’s size helped to broaden your cooperation with other firms.					

<b>b. Firm Age</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
3. Your firm export marketing capability is not adaptable because of its age.					

<b>c. Technology Level</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
4. Your firm continuously builds reputation for new methods and technologies in the industry.					
5. Your firm easily leverage resources (e.g. R&D, IT, etc.) to effectively enter new export markets.					
6. Level of Technology your firm is using, affect your export performance.					
7. Your firm adopts lots of new production processes in its operation.					

<b>d. Human Capital</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
8. The workers have accumulated skills that give your firm a competitive advantage.					
9. Your firm has training policy that is implemented regularly.					
10. The firm has good knowledge of the export market.					
11. Your firm achieves Benchmark(best practice) values as identified by international consulting firms.					

<b>e. Foreign Contacts and Networking</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
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12. Your firm can easily seize foreign market opportunities and to gain market orders from new customers through its foreign networking & frequent customer contacts.					
13. Your firm has alliance (partnership) arrangement with a foreign entity from abroad to promote your firm's export business.					
14. Your firm used "suppliers' credit" scheme to solve its shortage of foreign currency.					

<b>f. Export Planning</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
15. Your firm has flexible export planning & control to adapt market changes.					

## ***II. Management Characteristics***

<b>a. Export Commitment and Support</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
16. Your firm allocates sufficient resources to pursue export operations.					
17. You can easily redeploy current resources (e.g. R&D, HR, IT, accounting) to exploit new export opportunities.					
18. The firm's management is actively involved in export sales organization.					
19. Firm's management has positive attitude towards export business.					
20. Your firm has strategic plan for export operation.					

<b>b. Customer Orientation</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
21. Your firm always wants to comply with Social, technical, code of conduct requirements of its customers.					
22. International certifications significantly affect access to export market & your competitiveness.					
23. Your firm constantly identifies future needs of its customers.					
24. Your firm mostly meets customers' requirements and specifications.					

<b>c. Perceptions about Export Barriers</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
25. Marketing organization adaptation hinders to your firm's exportation.					
26. Domestic market is advantageous than export market for your firm.					
27. Export pricing has many constraints on your firm's exports.					

<b>d. Export Experience</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
28. Firm's management has good risk forecasting skill.					
29. Firm's management experiences affect the ability to perceive risks or threats and opportunities in international markets and to come up with effective solutions.					

<b>e. Export Sales Presentation</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
30. Firm's management listening attentively to identify and understand the real concerns of overseas customers is good.					
31. Firm's management convincing overseas customers that you understand their unique problems and concerns is good.					
32. Firm's management working out solutions to a foreign customer's questions and objections is good.					
33. Firm's management communicating your export sales presentation clearly and concisely is good.					

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### ***III. Export Marketing Strategic Capabilities***

<b>a. Utilization Of International Marketing Research</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
34. The firm undertakes regular export market research.					
35. Key performance indicators & critical success factors are clearly identified in your export market strategy.					
36. Benchmark parameters set for Tanneries are key for your firm's export success & competitiveness.					

<b>b. Segmentation and Targeting</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
37. We generally view a new market entry decisions as high-risk.					
38. Your firm's skill to segment and target export market is good.					
39. Your firm implements clear export market segments.					
40. We are much undiversified company and serve the same export customers.					
41. Your firm's ability to exploit market opportunities like, AGOA, EBA & other bilateral agreements is good.					

<b>c. Product Capabilities</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
42. The firm conducts product adaptation in terms of product quality, packaging, policy, warranty, design, etc.					
43. The firm's products have a strong brand image in foreign market.					
44. Your firm practically makes use of research and development as strategy for export marketing.					
45. Your firm produces common and basic items with no uniqueness.					
46. Your firm does regular customer satisfaction & feedback survey.					
47. Your firm adapts its products to its international market.					
48. In the past 5 years, your products used to be rejected during final inspection by third party external quality auditors.					
49. Other than those provided by your buyers, your firm designs & develop its own styles, specification & features of a product for export market.					

<b>d. Pricing Capabilities</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
50. Labor cost of the firm is competitive to export market.					
51. Productivity& efficiency of the firm's labor is lower than foreign competitors.					
52. The firm exports due to attractive profit and growth potentials in the international markets.					
53. Your firm is capable of adapting the prices to its customers.					
54.Pricing is done based on actual costs regardless of the					

market condition (cost plus).					
55. The firm manipulates cost to meet customer's target price irrespective of actual costs (Target costing).					
56. Pricing of the firm is competitive compared to competitor's price.					

<b>e. Distribution Capabilities</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
57. Your firm adjusts its channel design to export market efficiently.					
58. Your firm missed product delivery time & sometimes asked delivery date extension.					
59. Your firm has set up its own/direct overseas distribution and sales channels.					

<b>f. Promotion Capabilities</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
60. The firm invests heavily into advertisement in export markets than domestic market.					
61. Your firm participates in international trade fair and exhibitions.					
62. Your firm conducts product tailored advertisement.					
63. Your firm promotes its products through social media.					
64. Your firm's promotion is effective in enhancing export sales.					

***Thank you very much for your time and valuable contribution to the study!***

## Appendix II : Statistical Outputs

### Descriptive Statistics Data

#### 4.3.1: Firm Characteristics

##### ➤ Firm Size impact on Export Performance

Items	Strongly Disagree	Disagree	Moderate	Agree	Strongly Agree	Mean
	Frequency (%)	Frequency (%)	Frequency (%)	Frequency (%)	Frequency (%)	
1. Firm's financial capital has contributed to increase your export sales.	-	-	5 (9.8)	26 (51)	20 (39.2)	4.29
2. Firm's size helped to broaden your cooperation with other firms.	-	1(2)	15 (29.4)	20 (39.2)	15 (29.4)	3.96
<b>Overall Mean</b>						<b>4.13</b>

##### ➤ Firm Age impact on Export Performance

Items	Strongly Disagree	Disagree	Moderate	Agree	Strongly Agree	Mean
	Frequency (%)	Frequency (%)	Frequency (%)	Frequency (%)	Frequency (%)	
3. Your firm export marketing capability is not adaptable because of its age.	17 (33.3)	14 (27.5)	9 (17.6)	10 (19.6)	1 (2)	2.29

➤ **Technology Level impact on Export Performance**

Items	Strongly Disagree	Disagree	Moderate	Agree	Strongly Agree	Mean
	Frequency (%)	Frequency (%)	Frequency (%)	Frequency (%)	Frequency (%)	
4. Your firm continuously builds reputation for new methods and technologies in the industry.	1 (2)	5 (9.8)	13 (25.5)	19 (37.3)	13 (25.5)	3.75
5. Your firm easily leverage resources (e.g. R&D, IT, etc.) to effectively enter new export markets.	1 (2)	5 (9.8)	17 (33.3)	22 (43.1)	6 (11.8)	3.53
6. Level of Technology your firm is using, affect your export performance.	3 (5.9)	2 (3.9)	8 (15.7)	28 (54.9)	10 (19.6)	3.78
7. Your firm adopts lots of new production processes in its operation.	-	2 (3.9)	18 (35.3)	24 (47.1)	7 (13.7)	3.71

➤ **Human Capital impact on Export Performance**

Items	Strongly Disagree	Disagree	Moderate	Agree	Strongly Agree	Mean
	Frequency (%)	Frequency (%)	Frequency (%)	Frequency (%)	Frequency (%)	
8. The workers have accumulated skills that give your firm a competitive advantage.	-	3 (5.9)	21 (41.2)	18 (35.3)	9 (17.6)	3.65
9. Your firm has training policy that is implemented regularly.	4 (7.8)	16 (31.4)	21 (41.2)	6 (11.8)	4 (7.8)	2.80
10. The firm has good knowledge of the export market.	-	1 (2)	13 (25.5)	20(39.2)	17 (33.3)	4.04
11. Your firm achieves Benchmark (best practice) values as identified by international consulting firms.	3 (5.9)	10(19.6)	13(25.5)	14(27.50)	11(21.6)	3.39

➤ **Foreign Contacts and Networking impact on Export Performance**

Items	Strongly Disagree	Disagree	Moderate	Agree	Strongly Agree	Mean
	Frequency (%)	Frequency (%)	Frequency (%)	Frequency (%)	Frequency (%)	
12. Your firm can easily seize foreign market opportunities and to gain market orders from new customers through its foreign networking & frequent customer contacts.	1 (2)	7 (13.7)	8 (15.7)	20 (39.2)	15 (29.4)	3.80
13. Your firm has alliance (partnership) arrangement with a foreign entity from abroad to promote your firm's export business.	6 (11.8)	13 (25.5)	6 (11.8)	19 (37.3)	7 (13.7)	3.16
14. Your firm used "suppliers' credit" scheme to solve its shortage of foreign currency.	10 (19.6)	12 (23.5)	11 (21.6)	14 (27.5)	4 (7.8)	2.80

➤ **Export Planning impact on Export Performance**

Items	Strongly Disagree	Disagree	Moderate	Agree	Strongly Agree	Mean
	Frequency (%)	Frequency (%)	Frequency (%)	Frequency (%)	Frequency (%)	
15. Your firm has flexible export planning & control to adapt market changes.	4 (7.8)	4 (7.8)	9 (17.6)	22 (43.1)	12 (23.5)	3.67

### 4.3.2: Management Characteristics

#### ➤ Export Commitment and Support impact on Export Performance

Items	Strongly Disagree	Disagree	Moderate	Agree	Strongly Agree	Mean
	Frequency (%)	Frequency (%)	Frequency (%)	Frequency (%)	Frequency (%)	
16. Your firm allocates sufficient resources to pursue export operations.	2 (3.9)	6 (11.8)	26 (51)	8 (15.7)	9 (17.6)	3.31
17. You can easily redeploy current resources (e.g. R&D, HR, IT, accounting) to exploit new export opportunities.	2 (3.9)	10 (19.6)	17 (33.3)	17 (33.3)	5 (9.8)	3.25
18. The firm's management is actively involved in export sales organization.	1 (2)	5 (9.8)	16 (31.4)	16 (31.4)	13 (25.5)	3.69
19. Firm's management has positive attitude towards export business.	1 (2)	1 (2)	7 (13.7)	19 (37.3)	23 (45.1)	4.22
20. Your firm has strategic plan for export operation.	2 (3.9)	5 (9.8)	15 (29.4)	10 (19.6)	19 (37.3)	3.76

#### ➤ Customer Orientation impact on Export Performance

Items	Strongly Disagree	Disagree	Moderate	Agree	Strongly Agree	Mean
	Frequency (%)	Frequency (%)	Frequency (%)	Frequency (%)	Frequency (%)	
21. Your firm always wants to comply with Social, technical, code of conduct requirements of its customers.	5 (9.8)	2 (3.9)	14 (27.5)	18 (35.3)	12 (23.5)	3.59
22. International certifications significantly affect access to export market & your competitiveness.	11 (21.6)	12 (23.5)	19 (37.3)	4 (7.8)	5 (9.8)	2.61

23. Your firm constantly identifies future needs of its customers.	6 (11.8)	6 (11.8)	12 (23.5)	20 (39.2)	7 (13.7)	3.31
24. Your firm mostly meets customers' requirements and specifications.	-	2 (3.9)	21 (41.2)	19 (37.3)	9 (17.6)	3.69

➤ **Perceptions about Export Barriers impact on Export Performance**

Items	Strongly Disagree	Disagree	Moderate	Agree	Strongly Agree	Mean
	Frequency (%)	Frequency (%)	Frequency (%)	Frequency (%)	Frequency (%)	
25. Marketing organization adaptation hinders to your firm's exportation.	2 (3.9)	12 (23.5)	32 (62.7)	5 (9.8)	-	2.78
26. Domestic market is advantageous than export market for your firm.	19 (37.3)	19 (37.3)	5 (9.8)	4 (7.8)	4 (7.8)	2.12
27. Export pricing has many constraints on your firm's exports.	8 (15.7)	4 (7.8)	23 (45.1)	7 (13.7)	9 (17.6)	3.10

➤ **Export Experience impact on Export Performance**

Items	Strongly Disagree	Disagree	Moderate	Agree	Strongly Agree	Mean
	Frequency (%)	Frequency (%)	Frequency (%)	Frequency (%)	Frequency (%)	
28. Firm's management has good risk forecasting skill.	3 (5.9)	7 (13.7)	17 (33.3)	14 (27.5)	10 (19.6)	3.41
29. Firm's management experiences affect the ability to perceive risks or threats and opportunities in international markets and to come up with effective solutions.	4 (7.8)	9 (17.6)	13 (25.5)	12 (23.5)	13 (25.5)	3.41

➤ **Export Sales Presentation impact on Export Performance**

Items	Strongly Disagree	Disagree	Moderate	Agree	Strongly Agree	Mean
	Frequency (%)	Frequency (%)	Frequency (%)	Frequency (%)	Frequency (%)	
30. Firm's management listening attentively to identify and understand the real concerns of overseas customers is good.	1 (2)	4 (7.8)	11 (21.6)	21 (41.2)	14 (27.5)	3.84
31. Firm's management convincing overseas customers that you understand their unique problems and concerns is good.	-	2 (3.9)	12 (23.5)	24 (47.1)	13 (25.5)	3.94
32. Firm's management working out solutions to a foreign customer's questions and objections is good.	-	2 (3.9)	20 (39.2)	17 (33.3)	12 (23.5)	3.76
33. Firm's management communicating your export sales presentation clearly and concisely is good.	-	3 (5.9)	18 (35.3)	18 (35.3)	12 (23.5)	3.76

**4.3.3: Export Marketing Strategic Capabilities**

➤ **Utilization Of International Marketing Research impact on Export Performance**

Items	Strongly Disagree	Disagree	Moderate	Agree	Strongly Agree	Mean
	Frequency (%)	Frequency (%)	Frequency (%)	Frequency (%)	Frequency (%)	
34. The firm undertakes regular export market research.	10 (19.6)	9 (17.6)	15 (29.4)	13 (25.5)	4 (7.8)	2.84
35. Key performance indicators & critical success factors are clearly identified in your export market strategy.	4 (7.8)	11 (21.6)	14 (27.5)	13 (25.5)	9 (17.6)	3.24
36. Benchmark parameters set for Tanneries are key for your firm's export success & competitiveness.	7 (13.7)	7 (13.7)	8 (15.7)	20 (39.2)	9 (17.6)	3.33

➤ **Segmentation and Targeting impact on Export Performance**

Items	Strongly Disagree	Disagree	Moderate	Agree	Strongly Agree	Mean
	Frequency (%)	Frequency (%)	Frequency (%)	Frequency (%)	Frequency (%)	
37. We generally view a new market entry decisions as high-risk.	7 (13.7)	12 (23.5)	23 (45.1)	7 (13.7)	2 (3.9)	2.71
38. Your firm's skill to segment and target export market is good.	-	10 (19.6)	16 (31.4)	21 (41.2)	4 (7.8)	3.37
39. Your firm implements clear export market segments.	-	5 (9.8)	19 (37.3)	24 (47.1)	3 (5.9)	3.49
40. We are much undiversified company and serve the same export customers.	7 (13.7)	11 (21.6)	12 (23.5)	17 (33.3)	4 (7.8)	3.00
41. Your firm's ability to exploit market opportunities like, AGOA, EBA & other bilateral agreements is good.	5 (9.8)	17 (33.3)	15 (29.4)	10 (19.6)	4 (7.8)	2.82

➤ **Product Capabilities impact on Export Performance**

Items	Strongly Disagree	Disagree	Moderate	Agree	Strongly Agree	Mean
	Frequency (%)	Frequency (%)	Frequency (%)	Frequency (%)	Frequency (%)	
42. The firm conducts product adaptation in terms of product quality, packaging, policy, warranty, design, etc.	1 (2)	6 (11.8)	20 (39.2)	14 (27.5)	10 (19.60)	3.51
43. The firm's products have a strong brand image in foreign market.	4 (7.8)	7 (13.7)	16 (31.4)	18 (35.3)	6 (11.8)	3.29
44. Your firm practically makes use of research and development as strategy for export marketing.	12 (23.5)	5 (9.8)	13 (25.5)	16 (31.4)	5 (9.8)	2.94
45. Your firm produces common and basic items with no uniqueness.	3 (5.9)	15 (29.4)	17 (33.3)	11 (21.6)	5 (9.8)	3.00

46. Your firm does regular customer satisfaction & feedback survey.	5 (9.8)	9 (17.6)	14 (27.5)	19 (37.3)	4 (7.8)	3.16
47. Your firm adapts its products to its international market.	-	1 (2)	12 (23.5)	32 (62.7)	6 (11.8)	3.84
48. In the past 5 years, your products used to be rejected during final inspection by third party external quality auditors.	23 (45.1)	16 (31.4)	11 (21.6)	1 (2)	-	1.80
49. Other than those provided by your buyers, your firm designs & develops its own styles, specification & features of a product for export market.	5 (9.8)	6 (11.8)	17 (33.3)	16 (31.4)	7 (13.7)	3.27

➤ **Pricing Capabilities impact on Export Performance**

Items	Strongly Disagree	Disagree	Moderate	Agree	Strongly Agree	Mean
	Frequency (%)	Frequency (%)	Frequency (%)	Frequency (%)	Frequency (%)	
50. Labor cost of the firm is competitive to export market.	-	5 (9.8)	20 (39.2)	17 (33.3)	9 (17.6)	3.59
51. Productivity & efficiency of the firm's labor is lower than foreign competitors.	4 (7.8)	13 (25.5)	19 (37.3)	11 (21.6)	4 (7.8)	2.96
52. The firm exports due to attractive profit and growth potentials in the international markets.	3 (5.9)	5 (9.8)	28 (54.9)	13 (25.5)	2 (3.9)	3.12
53. Your firm is capable of adapting the prices to its customers.	-	-	21 (41.2)	26 (51.0)	4 (7.8)	3.67
54. Pricing is done based on actual costs regardless of the market condition (cost plus).	7 (13.7)	7 (13.7)	19 (37.3)	14 (27.5)	4 (7.8)	3.02
55. The firm manipulates cost to meet customer's target price irrespective of actual costs (Target costing).	1 (2)	15 (29.4)	8 (15.7)	19 (37.3)	7 (13.7)	3.32
56. Pricing of the firm is competitive compared to competitor's price.	3 (5.9)	2 (3.9)	15 (29.4)	25 (49)	6 (11.8)	3.57

➤ **Distribution Capabilities impact on Export Performance**

Items	Strongly Disagree	Disagree	Moderate	Agree	Strongly Agree	Mean
	Frequency (%)	Frequency (%)	Frequency (%)	Frequency (%)	Frequency (%)	
57. Your firm adjusts its channel design to export market efficiently.	1 (2)	11 (21.6)	20 (39.2)	16 (31.4)	3 (5.9)	3.18
58. Your firm missed product delivery time & sometimes asked delivery date extension.	7 (13.7)	9 (17.6)	18 (35.3)	12 (23.5)	5 (9.8)	2.98
59. Your firm has set up its own/direct overseas distribution and sales channels.	9 (17.6)	12 (23.5)	8 (15.7)	19 (37.3)	3 (5.9)	2.90

➤ **Promotion Capabilities impact on Export Performance**

Items	Strongly Disagree	Disagree	Moderate	Agree	Strongly Agree	Mean
	Frequency (%)	Frequency (%)	Frequency (%)	Frequency (%)	Frequency (%)	
60. The firm invests heavily into advertisement in export markets than domestic market.	15 (29.4)	17 (33.3)	11 (21.6)	4 (7.8)	4 (7.8)	2.31
61. Your firm participates in international trade fair and exhibitions.	2 (3.9)	2 (3.9)	4 (7.8)	16 (31.4)	27 (52.9)	4.25
62. Your firm conducts product tailored advertisement.	17 (33.3)	10 (19.6)	17 (33.3)	6 (11.8)	1 (2)	2.29
63. Your firm promotes its products through social media.	25 (49)	15 (29.4)	5 (9.8)	6 (11.8)	-	1.84
64. Your firm's promotion is effective in enhancing export sales.	10 (19.6)	8 (15.7)	19 (37.3)	12 (23.5)	2 (3.9)	2.76

## **Appendix III :Semi - Structured Interview**

1. What is the rationale to engage in exporting?
2. How do you evaluate your firm's capacity utilization? If it is below full capacity utilization, what are the reasons?
3. How committed is the company in export activity in term of resources?
4. What is the unique responsibility of the management in the export operation?
5. What are the factors that influence your exporting decisions? or What are the factors most affect your export operation?
6. Do you have skill enhancement program? If yes, does the enhancement program have impact on your export operation?
7. How do you evaluate the level of technology employed in the industry?
8. Your industry is characterized by frequent major innovations or changes in technology.
9. Have you identified your export market segment? If yes, what are the characteristics of your market?
10. Is there any need for product adaptation in the target markets?
11. In your opinion, what are the major finished leather export bottlenecks?
12. What are the key success external factors? Are they determinants for success of exporting operation?
13. How do you evaluate government export incentives packages?
14. Competitive intensity including the extent of industry price competition, the extent of foreign competitors and the degree of marketplace price competitiveness.
15. Bargaining powers of your firm to foreign buyers.
16. Labor market factor including ability to attract capable employees
17. Socio-Cultural factors including lifestyle and preferences of people, population growth rate, age distribution, career attitudes and social norms that impact the decision making
18. How is the promotion done?
19. What is the key success factor for the export activity?
20. Which do you consider that are the greatest advantages of selling abroad?
21. Is your firm competent in international market? If not, what are the reasons?

## Appendix IV : Tanneries' Profiles

No	Name of Factory	Establishment Year	Capacity					Ownership
			Installed Soaking pcs/ 280 days		Actual Soaking(Jul. - June)			
			Hide	Skin	Hide	Sheep	Goat	
1	Addis Ababa	1918 E.C	189,000	525,000	194,204	18,106	33,184	Ethiopian
2	Hora	1985 E.C	0	672,000	0	223,236	38,638	Ethiopian
3	Modjo	1964 E.C	105,000	1,680,000	66,723	1,019,898	369,252	Ethiopian
4	Colba	2002 E.C	126,000	1,260,000	120,677	1,381,116	679,884	Ethiopian
5	Batu	2003 E.C	210,000	525,000	309,518	0	8,700	Ethiopian
6	Bahir Dar	1998 E.C	63,000	420,000	3,804	343,982	19,245	Ethiopian
7	Sheba Leather Industry	1985 E.C	126,000	1,260,000	132,442	631,473	1,362,997	Ethiopian
8	Kombolcha	1959 E.C	0	1,260,000	0	32,048	165,708	Ethiopian
9	Dire	1993 E.C	126,000	1,260,000	113,758	1,126,682	0	Ethiopian
10	Gelan	1999 E.C	0	630,000	0	93,663	20,912	Ethiopian
11	Hafede	1987 E.C	52,500	1,260,000	7,969	2157	69,781	Ethiopian

12	Waliya	1983 E.C	210,000	1,050,000	35,000	356,250	52,500	Ethiopian
13	Debre Birhan	1999 E.C	0	1,260,000	0	212,907	66,439	Ethiopian
14	Habesha	2004 E.C	0	840,000	0	69,196	352,408	Ethiopian
15	Sun Industry		0	630,000	0	280,000	0	Ethiopian
16	Elico	1997 E.C	220,500	2,730,000	153,433	451,815	97,669	Saudi
17	China Africa Overseas	2003 E.C	84,000	2,520,000	89,000	1,095,590	225,607	Chinese
18	Ethiopia	1974 E.C	252,000	2,520,000	308,897	1,297,352	135,808	England
19	Friendship	2003 E.C	210,000	2,100,000	0	467,412	2,969,633	Chinese
20	East Africa		0	1,680,000	0	222,621	151,802	Chinese
21	Farada	2003 E.C	0	1,470,000	8,199	523,853	396	India
22	United Vasn		0	1,050,000	0	64,428	63,555	India
23	New wing	2004 E.C	2,100	37,800	1,250	28,419	17,426	Chinese/ Italy
24	Zingzian	2004 E.C	105,000	1,050,000	293,000	30,000	90,000	Chinese
25	DX	2005 E.C	0	1,680,000	0	0	815,770	Chinese
26	Blue Nile	1996 E.C	0	840,000	0	0	0	Sudanese
27	Houdaochen/ Mesako Global	2005 E.C	0	2,100,000	0	2,000	3,000	Chinese

Source: ELIDI, Information Management Unit, Unpublished

### Appendix V :Exports of leather and leather products from 2003 – 2010 (Million USD)

Product Category	2003		2004		2005		2006		2007		2008		2009		2010	
	Plan	Actual	Plan	Actual	Plan	Actual	Plan	Actual	Plan	Actual	Plan	Actual	Plan	Actual	Plan	Actual
<b>Crust</b>	<b>49</b>	<b>72</b>	-	<b>48</b>		<b>0.8</b>	-	-	-	-	-	-	-	-	-	-
<b>Finished Leather</b>	<b>70</b>	<b>22</b>	<b>113</b>	<b>52</b>	<b>122</b>	<b>100</b>	<b>130</b>	<b>98</b>	<b>137</b>	<b>92</b>	<b>110</b>	<b>73</b>	<b>153</b>	<b>69</b>	<b>167</b>	<b>76</b>
Glove	-	0.14	-	1.14	-	3	-	4	-	5	7	6	16	5	27	6
Goods and Garment	0.70	0.2	4	0.2	12	0.2	21	0.4	37	0.9	0.4	2	4	3	10	3
Foot Wear	120	9	178	12	215	19	261	31	316	35	68	35	127	39	196	49
<b>Total Export</b>		<b>104</b>		<b>113</b>		<b>124</b>		<b>133</b>		<b>133</b>		<b>116</b>		<b>115</b>		<b>134</b>

\*Source: ELIDI, unpublished

## Appendix VI :Tanneries' Export Performance from 2003 - 2010 (Million USD)

S . N o .	Name of the Tannery	2003 EFY (2010/2011)	2004 EFY (2011/2012)	2005 EFY (2012/2013)	2006 EFY (2013/2014)	2007 EFY (2014/2015)	2008 EFY (2015/2016)	2009 EFY (2016/2017)	2010 EFY (2017/2018)	Total
1	<b>T 1 Plan</b>	20,070	19,999	20,000	-	24,000	11,403	13,656	18,081.87	127,210
	<b>Actual</b>	16,598	15,010	14,152	-	11,283	8,231.81	13,545	9,471	88,291
	<b>Performance (In %)</b>	82.7	75.05	70.76	-	47.01	72.18	99.18	52.38	69
2	<b>T 2 Plan</b>	13,308	14,000	19,624	20275	18,000	8,552	-	-	93,759
	<b>Actual</b>	9688	11,862	12310	6071	7,282.49	3,811.58	-	-	51,025
	<b>Performance (In %)</b>	72.8	84.30	62.73	30	40.46	44.56	-	-	54
3	<b>T 3 Plan</b>	7,659	8,000	9,017	11,076.90	14,000	7,652	8,138	8,000	73,543
	<b>Actual</b>	9,197	8,555	7,137	8,155.91	7,003	5,330	8,060	2,238	55,676
	<b>Performance (In %)</b>	120	107	79	74	50	70	99	28	76
4	<b>T 4 Plan</b>	12,913	9,999.90	7,865.80	11,612.6	9,999.97	-	-	-	52,391
	<b>Actual</b>	9,008	3,674.29	3,052.67	4,440.68	5039.24	-	-	-	25,215
	<b>Performance (In %)</b>	69.8	36.74	39	38	50	-	-	-	48
5	<b>T 5 Plan</b>	5,399	8,000	7,518	7513	9,999.97	3,752	1,594	500	44,276
	<b>Actual</b>	4,597	4,471.50	1,737	1432	1,087	154.55	1,605	24	15,108
	<b>Performance (In %)</b>	85.1	56	23	19	11	4	101	5	34
6	<b>T 6 Plan</b>	9,559	12,000	16,462	15,120	17,000	8,078	10,442	10,000	98,661
	<b>Actual</b>	11,329	9178	14,503	7879	9177	6,016	10,359	3,352	71,793
	<b>Performance (In %)</b>	118.5	76	88.10	52	54	74	100	34	73
7	<b>T 7 Plan</b>	6,500	5,999.60	4,567	4,822	5,000	2,375	3,036	2,052	34,352
	<b>Actual</b>	4,004	3,118	2,260	531	1157	2,122	2,966	888	17,046
	<b>Performance (In %)</b>	61.6	51.98	50	11	23	89	98	43	50
8	<b>T8 Plan</b>	2,222	2,000	4,372	1,063	2,000.03	950.32	1401	850	14,858
	<b>Actual</b>	1,955	2,087	641	1191	1,033.66	1,209.54	2321	-	10,438
	<b>Performance (In %)</b>	88	104	15	112	51.68	127.28	166	-	70
9	<b>T 9 Plan</b>	2,512	3,000	2,750	3,378	5,000	3,376	3,259	3,600	26,875
	<b>Actual</b>	3,245	1,507	166	3,267	4718	1,083	3,195	419	17,600

	Performance (In %)	129.2	50	6	97	94	32	98	12	65
10	T 10 Plan	4,124	8,000	3,265	4,265	3,999.97	-	-	-	23,654
	Actual	1,017	351	344	318	14	-	-	-	2,044
	Performance (In %)	24.7	4	11	7	0.40	-	-	-	9
11	T 11 Plan	2,495	1,000	-	-	1,000	475	788	1500	7,258
	Actual	5	70	-	-	-	257	976	783	2,091
	Performance (In %)	0.2	7	-	-	-	54	124	52	29
12	T 12 Plan	3,040	2,000	2,303	3,898	6,000	1,851	849	713	20,654
	Actual	2,099	2,056	773	1,060	580	551	1,021	75	8,215
	Performance (In %)	69.1	103	34	27	9	30	120	10	40
13	T 13 Plan	4,445	2,000.10	6,345	9,407	10,000	5,752	7,605	-	45,554
	Actual	6,134	4,453	4,813	4,698	4,068	3,998	7,527	-	35,691
	Performance (In %)	138	222	76	49	40	70	99	-	78
14	T 14 Plan	1,983	3,000	-	3,343	3,000	2,425	2,901	2,200	18,852
	Actual	2,664	2,279	-	1,701	2,256	1,525	2,831	1,630	14,886
	Performance (In %)	134.3	76	-	49	75	63	98	74	79
15	T 15 Plan	3,322	2,000.40	-	-	-	-	-	-	5,322
	Actual	1,538	871	-	-	-	-	-	-	2,409
	Performance (In %)	46.3	43	-	-	-	-	-	-	45
16	T 16 Plan	2,624	2,000	3,121	3,848	4,000	1,901	1,738	1,261	20,493
	Actual	667	623	207	285	597	388	1732	112	4,611
	Performance (In %)	25.4	31	7	7	15	20	99	9	23
17	T 17 Plan	7,080	4,000	3,996	3,872	6,000	551	1,003	643	27,145
	Actual	3,386	4,870	1,175	1,233	501	580	1,079	909	13,733
	Performance (In %)	47.8	122	29	31	8	105	107	141	51
18	T 18 Plan	343	600	-	-	1500	-	-	-	2,443
	Actual	261	51	2.24	-	-	-	-	-	314
	Performance (In %)	76.1	8	-	-	-	-	-	-	13
	T 19 Plan	475	-	-	-	-	-	-	-	475

19	<b>Actual</b>	33	-	-	-	-	-	-	-	33
	Performance (In %)	7	-	-	-	-	-	-	-	7
20	<b>T 20 Plan</b>	10,000	8,000	21,600	23,273	24,000	11,404	12,553	500	111,330
	<b>Actual</b>	1,635	10,652	13,155	10,130	9,249	4,497	12,443	-	61,761
	Performance (In %)	16.3	133	61	44	38	39	99	-	55
21	<b>T 21 Plan</b>	-	8,000	13,118	15,090	21,999.97	10,454	14,063	15,000	97,724
	<b>Actual</b>	-	5,576	11,071	9,775	10,972	11,074	13,949	16,882	79,299
	Performance (In %)	-	69	84	65	49	105	99	112	81
22	<b>T 22 Plan</b>	-	6,000	3,354	4,347	6,000	3,851	7,964	7,500	39,016
	<b>Actual</b>	-	-	254	1,866	3,856	4,608	7,886	3,710	22,180
	Performance (In %)	-	-	7	42	64	119	99	49	57
23	<b>T 23 Plan</b>	-	2,000	1,658	1,338	-	-	-	-	4,996
	<b>Actual</b>	-	552	130	24	-	-	-	-	706
	Performance (In %)	-	27	7	1	-	-	-	-	14
24	<b>T 24 Plan</b>	-	6,000	11,275	17,469	16,000	6,500	6,635	7,000	70,879
	<b>Actual</b>	-	6,223	8,188	6,653	3,801	2,437	6,559	2,672	36,533
	Performance (In %)	-	103	72	38	23	37	98	38	52
25	<b>T 25 Plan</b>	-	-	-	-	3,999.97	1,901	6,774	5,495	18,170
	<b>Actual</b>	-	-	-	-	1,139.00	3,562	6,748	3,375	14,824
	Performance (In %)	-	-	-	-	28	187	99.60	61	82
26	<b>T 26 Plan</b>	-	2,000	3,106	3,928	3,500	1,463	2,001	2,682	18,680
	<b>Actual</b>	-	875	1,125	1,089	1,374	1,817	,2040		6,280
	Performance (In %)	-	44	36	28	39	124	102		34
27	<b>T 27 Plan</b>	-	-	-	-	-	-	4,300	3,215	7,515
	<b>Actual</b>	-	-	-	-	-	-	4,330	5,598	9,928
	Performance (In %)	-	-	-	-	-	-	100	174	132
28	<b>T 28 Plan</b>	-	-	-	3,474	8,000	3,801	5,071	5,300	25,646
	<b>Actual</b>	-	-	-	2,994	3,128	2,666	4,998	4,879	18,665
	Performance (In %)	-	-	-	86	39	70	98	92	73
29	<b>T 29 Plan</b>	-	-	5,400	6,882	-	-	-	-	12,282
	<b>Actual</b>	-	-	1,621	170	-	-	-	-	1,791
	Performance (In %)	-	-	30	2	-	-	-	-	15
	<b>T 30 Plan</b>	-	-	4,294	-	-	5,752	7,794	6,052	23,892

30	<b>Actual</b>	-	-	<b>1,463</b>	-	-	<b>4,623</b>	<b>7,716</b>	<b>2,233</b>	<b>16,035</b>
	<b>Performance (In %)</b>	-	-	<b>34</b>	-	-	<b>80</b>	<b>99</b>	<b>36</b>	<b>67</b>
31	<b>T 31 Plan</b>	-	<b>400</b>	-	-	-	-	-	-	<b>400</b>
	<b>Actual</b>	-	<b>34</b>	-	-	-	-	-	-	<b>34</b>
	<b>Performance (In %)</b>	-	<b>9</b>	-	-	-	-	-	-	<b>9</b>
32	<b>T 32 Plan</b>	-	-	-	-	-	-	<b>9,750</b>	<b>7,997</b>	<b>17,747</b>
	<b>Actual</b>	-	-	-	-	-	-	<b>9,666</b>	<b>3,177</b>	<b>12,843</b>
	<b>Performance (In %)</b>	-	-	-	-	-	-	<b>99</b>	<b>39</b>	<b>72</b>
33	<b>T 33 Plan</b>	-	-	-	-	<b>750</b>	<b>356</b>	<b>1,023</b>	<b>760</b>	<b>2,889</b>
	<b>Actual</b>	-	-	-	-	-	<b>88</b>	<b>1,078</b>	-	<b>1,166</b>
	<b>Performance (In %)</b>	-	-	-	-	-	<b>24</b>	<b>105</b>	-	<b>40</b>
34	<b>T 35 Plan</b>	-	-	-	-	-	-	-	<b>4,000</b>	<b>4,000</b>
	<b>Actual</b>	-	-	-	-	-	-	-	<b>8,513</b>	<b>8,513</b>
	<b>Performance (In %)</b>	-	-	-	-	-	-	-	<b>213</b>	<b>213</b>
35	<b>T 36 Plan</b>	-	-	-	-	-	-	-	-	-
	<b>Actual</b>	-	-	<b>155</b>	-	-	-	-	-	<b>155</b>
	<b>Performance (In %)</b>	-	-	-	-	-	-	-	-	-

### Appendix VII :- Tanneries Export Plan Performance from 2003 – 2010 in %

Tanneries	T1	T2	T3	T4	T5	T6	T7	T8	T9	T10	T11	T12	T13	T14	T15	T16	T17	T18	T19
Performance (In %)	69	54	76	48	34	73	50	70	65	9	29	40	78	79	45	23	51	13	7
Tanneries	T20	T21	T22	T23	T24	T25	T26	T27	T28	T29	T30	T31	T32	T33	T34	T35			
Performance (In %)	55	81	57	14	52	82	34	2	73	15	67	9	72	40	9	3	21		

\*Source: ELIDI, Information Management Unit, Unpublished