The influence of macro environmental factors on export performance:
The case of garment sector in Addis Ababa

ATHESIS SUMITTED TO OFFICE OF GRADUATE STUDIES OF ADDIS ABABA UNIVERSITY SCHOLL OF COMMERCE IN PARTIAL FULFILLMENT OF THE REQUIREMENTS FOR THE DEGREE OF MASTER OF ARTS IN MARKETING MANAGMENT

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Declaration

I, the undersigned, declare that this study entitled "The influence of macro environmental factors on export performance: The case of garment sector in Addis Ababa" is my original work and has not been presented for a degree in any other university, and that all sources of materials used for the study have been duly acknowledged.

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Certificate

This is to certify that this study, "The influence of macro environmental factors on export performance: The case of garment sector in Addis Ababa", undertaken by BIRTUKAN DEGEF for the partial fulfillment of the Requirements for the Degree of Master of Arts in Marketing Management at Addis Ababa University College of Business and Economics School of Commerce, is an original work and not submitted earlier for any degree either at this University or any other University.

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Office of Graduate Studies

The Influence of Macro Environmental Factors on Export Performance: The Case of Garment Sector in Addis Ababa

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ABSTRACT

Macro environment and Export performance are regarded as factors that have a great potential to facilitate growth. The purpose of this study was to study about the influence of macro environment on Export performance in garment sector in Addis Ababa .Specifically, the study was guided by the following objectives; to examine the effect of political, economic, technological, social and natural factors on export performance. The study adopted explanatory research design using both quantitative and qualitative approach. The target population for the study consists of only companies engaged in export and producing garment and located in Addis The target population of the study is 32 participants in number, the general population is very few: Therefore, in order to get adequate information and for creditability, truth worthiness, generality and representativeness of the finding the whole target population is participant and the researcher addressed 3 respondents from one company. To collect the primary data, the researcher used mainly questionnaire. Semi-Structured questionnaire was used to collect data from companies to collect primary data. The questionnaire was developed mainly based on macro environmental factors and export performance. The data collection instrument used for the research was questionnaire. In the questionnaire a five-point Likert scale were used. Normality test was done for dependent variable in order to aid subsequent analysis. Factor analysis was also done to reduce the data to meaningful size. The data obtained was analyzed using both qualitative and quantitative analysis. Correlation analysis was used to test the direction of relationship between the independent variables and dependent variable. Multiple linear regressions were used to test political, economic, technological, social and natural factors have any influence on export performance. The findings of the study suggested that macro environmental factors were a significant area a firm should give attention in order to achieve targeted export objectives. The study will contribute to the body of knowledge in that organizations will gain practical insights into the determinants of export performance thereby enriching their knowledge how to improve export performance.

Key words: Macro Environment and Export Performance

CHAPTER ONE

1.1 INTRODUCTION

Marketing environment consists of the actors and forces outside marketing that affect marketing management's ability to develop and maintain successful relationships with its target customers. The marketing environment offers both opportunities and threats. Successful companies know the vital importance of constantly watching and adapting to the changing environment (Kotler et al., 2005). Marketing environment includes micro environment and macro environment. Micro environment force consist of management's, suppliers, marketing intermediaries, customers and competitors. Macro environment force consists of social, economic, natural (environmental), Technological and Political factor. The main focus of this paper is macro environmental factors.

Those Factors are defined as follows; socio cultural includes demography is a major element to be studied in environment analysis. Several factors relating to population, such as size, growth rate, age distribution, religious composition, need to be studied. Aspects such as composition of workforce, household patterns, regional characteristics, population shifts etc and Culture is institutions other forces that affect society's basic values, perceptions, preferences and behaviors (Sarsar, 2009).

The other factor economic environment consists of factors that affect consumer purchasing power and spending patterns. Natural environment - involves the natural resources that are needed as inputs by marketers or that are affected by marketing activities. Technological environment for a firm technology affects not only its final products but also its raw material processes & operations as well as its customer segments. Political environment is a by- product of the political environment, since economic & industrial policies followed by a nation greatly depend on its political environment. Sarsar (2009) argues Cultural environment is Institutions and other forces that affect society's basic values, perceptions, preferences and behaviors.

After define the factors, next the main concern of the paper which their impact on export performance can discuss. Export performance is defined as the outcome of a firm's activities in export markets (Soham, 1996). There has been understanding that performance is a multidimensional construct comprising effectiveness, efficiency, and adaptability respond to environmental changes (Katsikeas, 2000).

Export performance is also defined as a firm's export performance as its degree of economic achievement in its export market (John, 2004). It is Contributing to nation's economy prosperity is one of the important roles of exporting (Koksal, 2008; Shamsuddoha, 2004; Ahmed et al., 2004; Langes and Montgomery, 2005).

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. Firm export performance is regarded as one of the key indicators of the success of a firm's export operations, and as such, it has been an extensively studied phenomenon. Numerous studies have been conducted pertaining to provide better understanding of the factors (firm- or environment-specific) and behaviors (e.g., export strategy) that make exporting a successful venture (Spassova , 2014). Such us the export performance determinants are viewed as internal, firm-specific influences and external, environmental influences (Madsen, 1987; Aaby and Slater, 1989; Chetty and Hamilton, 1993; Zou and Stan, 1998; Katsikeas et al, 2000; Sousa et al., 2008). Aaby and Slater (1989) and Chetty & Hamilton (1993) indicated that management's attitudes and perceptions are very important determinants of financial measures of export performance. Musleh et al. (2009) says investments by firms to improve their product and market strategies and to strengthen networking with clients are expected to play an important role in determining their export performance.

A superior export performance is a result of a firm's successful strategic response to the external factors (Robertson and Chetty, 2000). Technologies strengths are positively correlated to the export (Aaby and Slater, 1989). Availability of Natural Resources and Capability is a kind of Ownership advantage. In the case of resource-based activity, the firms are assumed to venture abroad to acquire resource necessary for their domestic production. Economic Growth International trade theory suggests that export growth contributes positively to economic growth Help man and Krugman, 1985).Cultural difference is Cultural distance between the home and the foreign markets affects barriers to entry and operation in a foreign market (Johanson and Wiedersheim, 1975), Political factors has positive and negative role in export performance.

Ethiopia is emerging from a poor LDC background to one of the fastest growing economies in Africa with a growth rate of 7.6% in 2016. The Government, through its strategic plan has identified the textile and garment industry as a potential pillar of the economy, with declared objectives of US$ 398 Million exports annually. Several incentives and tax concessions are offered to potential investors. The first Mechanized integrated mill was established in 1939 (Diredaw Textile S.C) The textile and apparel industry currently has 126 factories in various sectors such as spinning, weaving, knitting, dyeing, Garment making, etc. and employs an estimated 34,000 and expanding rapidly. In order to show the share of the export market garment exporter factories are around 68, 33 textile factories and the rest 25 cover by other factories such us trim and accessories, dying, etc and to show this figure in percentage 54 %, 26 % and 20% respectively.

Textile and garment industry of Ethiopia has contribution to the economic development of the country. According to Ethiopian textile industry development institute published catalog (2017) The country compound annual export growth rate (CAGR) is 9% (MOFED, 2010-2015), The industry annual average growth rate is 20% and the industry's composition from the total GDP has been 15.4% (CSA,2014). The manufacturing industry composition in the total GDP reaches 4.8%. (MOFED, 2015) and for the past five years (2010/11-2014/15), the compound annual growth rate (CAGR) of export of the textile sector attains 12%. Export share of textile from total manufacturing export is 23.2% (2015). The textile and garment sector has been growing and Export share of textile from total export of the country is 3.5% (2015). Export is a vital tool for countries to achieve their goals of prosperity and economic growth. It helps to build country image in international level, create good job opportunities for the society, transaction of financial value, and companies enable to be competitive in global market.

In general, export has an important role for national economic growth but export performance of the garment sector almost stagnant in Ethiopia. In order to elucidate this in figure annual export sales of garment factories from year 2005e.c – 2009e.c sales value $9,399 from 18 companies, $11,982 from 21 companies, $18,626 from 28 companies $23,853 from 27 companies $46,379 from 45 companies respectively. This indicates export sales value shows increase year to year but the number of new companies engaged on export also moderately increase. Therefore the researcher highly insists on doing a study on those concepts in order to access the influence of market environment on the export performance of garment industry.

1.2 Statement of the problem

In Different countries studies are done by researchers relate to the topics such as the impact of macro environment stated as the external factors like political instability, labor unrest and inadequate safety system are responsible for decreasing the image of Bangladeshi Garments to the global arena (Mohammad and Dulal 2017). Liberalization of trade and industrial policies (both price and non-price factors including non-commercial policies) have important consequences for the composition of export as well as their growth and stability. Three components of the external environment are particularly pertinent to export activity such us Market turbulence, Technological turbulence and Competitive intensity (Jamshidi H, and Moazemi M, 2016). Export performance is determined by internal and external factors: (Gurusamy, 2016).

In Ethiopia, textile and apparel is one of priority sector with special supports from the government to facilitate its fast development. The supports are expected mainly to target promotion and expansion of the investment, enhancement of quality, increase productivity, capacity utilization and market expansion; those millstone targets will be realized by the government commitment through an investment attraction incentives, export credit guarantee, investment fund, industrial premise, income tax exemption for exporters, duty free importation of raw material, special tariff (on land, sea and air transportation and related services for export product) and human resource development through continues training ;beside these exporters has a unique opportunity to export their product oversees such opportunity are "Everything but Arms" to the European Union, Common Market for eastern and Southern Africa (COMESA), Africa Growth and Opportunity Act (AGOA) USA. This all supports and motivation are putted in place to bring about the following achievement among the many: be a major sector to elevate employment, to generate foreign currency to the country and also to substitute import with export.

Even though there are a lot of incentives and support, the performance of export sector is growing slowly and the existing capacities are too low to achieve the export and import substitution targets set by growth and transformation plan. As an example, by the year 2014/15 the target set was to achieve 2.5 billion sales volumes but the actual export performance was 1 billion USD. This fact shows that there is a gap needs to be investigating in order to bring up the actual performance close to the target set and with this performance those goal wouldn't be achieve. Thus this paper is determined to study the major factors that affect export performance in related to macro environmental factors.

1.3 Research Question

In lined with the statement of problem the study attempt to answer what macro environmental factors that affect export performance? This research focuses on providing answers to the following questions.

Specific research Question

- ❖ How does Economic factor influence the export performance of garment sector?
- ❖ How does political factor influence the export performance of garment sector?
- ❖ In What way socio cultural factor influence the export performance of garment sector?
- ❖ What is the influence of Natural factor on export performance of garment sector?
- ❖ In What way Technological factor influence the performance of garment sector?

1.4 Objectives of the Study

The general objective of this study is to analyze macro environmental factors affecting the export performance in Garments sector. Specific objectives of the study list as the following:

Specific objectives

- ❖ To analyze the influence of economic factors on export performance in garment sector.
- ❖ To assess the influence of political factors on export performance in garment sector.
- ❖ In order to identify socio cultural factors that influence export performance in garment sector.
- ❖ To assess the influence of technology factors on export performance in garment sector.
- ❖ In order to identify natural factors that influence export performance in garment sector.

1.5 Significance of the Study

The findings of the study will be useful for the garment manufacturers, researchers and government .To manifestation the significance of this study:-

- ❖ To clarify macro environmental factors that influence export performance on garment manufacturing sector.

- It helps for government uses as source for the formulation, regulation and develops supportive actions to enable the export performance on the way to play the vital role in national economic growth.
- It helps for garment manufacturers engaged in export to identify their environmental factors and enable to reduce the influence in order to achieve better export performance.

1.6 Scope of the study

This study focused on factors affecting the export performance of garment sector located in Addis Ababa. Those are Economic, demographical, Natural, Technological, Political, Cultural factors on export performance. This study has covered garment manufacturers engaged on export market.

The success or failure of export performance of the firm measured by many dimension or indicators, in this study to analyze the effect of export performance only focused on economic/financial measures (Sales-related • export intensity ,export intensity growth, export sales efficiency, export sales growth, export sales growth compared to competitors ,export sales value ,export sales value compared to competitor and Market related • export market share, export market share compared to competitors , export market share growth).

1.7 Organization of the study

The study is organized in to five chapters. Chapter one deals mainly with the introduction to the paper. Under this subsection, background of the study, statement of the problem, research question, and objectives of the study, hypothesis and delimitation of the study were made. In the next part, under chapter two, intensive literature review was made. Under chapter three, describe methodology of the. In the last sections, chapter four and five, data presentation, analysis, interpretation, summary, conclusion and recommendations were made respectively.

CHAPTER TWO

REVIEW OF RELATED LITERATURE

Introduction

This part comprises theoretical review of concept and context, the relationship between macro environmental factors and export performance, empirical review of the research and conceptual frame work. The purpose of this chapter is to review the findings of past research regarding the influence of macro environmental factors on export performance. Based on the literature, conceptual model is proposed which identifies factors that influence the export performance.

2.1 Theoretical review

Today, with increasing competition and advances in technology, firms are facing environments that are extremely complex and dynamic (Belich & Dubinsky 1995). This is especially true in the international environment where global products and markets have created a challenge for SMEs to manage their export activities (Lim, Sharkey & Kim 1996; O'Cass & Julian 2003). Therefore, for firms operating globally, understanding the export market environmental dimensions is becoming critical as the level of complexity is rising (Porter 1991), thereby increasing the uncertainty in the export environment which in affect impacts on a firm’s performance (Akhter & Robels 2006).

2.1.1 Macro environment

The macro environment comprises those factors which are common to all firms in the industry. In many cases the same factors affect firms in other industries. Government policy, the economic climate, political stability, geographical location and the culture within the countries in which the firms operate are common factors for all firms, but will affect firms differently according to the industries they are in (Blythe, 2014).

Macro environment consists of the larger societal forces that affect the whole microenvironment – social, economic, natural, technological and political forces.

2.1.1.1 Socio cultural factor

Socio cultural environment includes demography and culture is the study of human populations in terms of size, density, location, age, gender, race, occupation and other statistics. The demographic environment is of considerable interest to marketers because it involves people, and people make up markets (Kotler et al., 2005). It includes Population size and growth trends, changing age structure of a population, the changing family, pressures for migration, rising number of educated people.

The demographic environment itself is affected by changes in the mix of age groups in the population. If the population becomes older, this will lead to rising demand for products and services consumed by older people and a similar fall in demand for products consumed by younger people.

The cultural environment is made up of institutions and other forces that affect society's basic values, perceptions, preferences and behaviors. People grow up in a particular society that shapes their basic beliefs and values. They absorb a world-view that explains their relationships with others. The following cultural characteristics can affect marketing decision making. Marketers must be aware of these cultural influences and how they might vary across societies within the markets served by the firm (Kotler et al., 2005). To understand the customers of a particular region, studying their social and cultural environment is very important. The environment shapes the values, behaviors, attitudes and aspirations of people. The study of social hierarchy, social norms and customs, regional/ religion based groups and their behavior helps us to understand the cultural environment of a place. This helps a marketer to position the products appropriately (www.mbaskool.com, 2017).

2.1.1.2 Economic factor

Economic environment consists of external factors in a business' market and the broader economy that can influence a business. The economic environment can be divided into the microeconomic environment, which affects business decision making - such as individual actions of firms and consumers - and the macroeconomic environment, which affects an entire economy and all of its participants (www.Study.com, 2015).

The risks associated with foreign currency exchange rates include (i) unstable exchange rates leading to fluctuating export prices abroad; (ii) revaluation of exporter's currency resulting in less favorable prices to the end user; and (iii) unconvertible foreign currencies making the repatriation of sales/profit from the export market challenging (Akhter & Robels 2006; Leonidou 2004; Muhlbacher, Leihs & Dahringer 2006).

2.1.1.3 Natural factor

The natural environment involves the natural resources that are needed as inputs by marketers or that are affected by marketing activities. Environmental concerns have grown steadily during the past three decades. Protection of the natural environment will remain a crucial
Worldwide issue facing business and the public, in many cities around the world, air and water pollution have reached dangerous levels. World concern continues to mount about the depletion of the earth's ozone layer and the resulting 'greenhouse effect', a dangerous warming of the earth. And many of us fear that we will soon be buried in our own rubbish. Marketers should be aware of four trends in the natural environment. Those are Shortages of raw materials, increased cost of energy and increased pollution (Kotler et al., 2005).

2.2.1.4 Technological factor

Technology includes the techniques used in the creation of the product and the educational and technical know-how possessed by the industry (competitors and consumers). All this impacts on the level of demand, the quality and types of products demanded the means of manufacturing the product and the way the product is distributed and marketed in the export market (Bradley 2005). A lack of technological resources in the international market could make it difficult to sell products and thereby satisfy consumer needs (Muhlbacher, Leihs & Dahringer 2006).

2.2.1.5 Political factor

Political Environment Consists of a set of political factors and government activities in a foreign market that can either facilitate or hinder a business' ability to conduct business activities in the foreign market. There is often a high degree of uncertainty when conducting business in a foreign country and this risk is often referred to as political risk or sovereign risk (www.Study.com, 2015).

Legal environment refers to the code of conduct that defines the legal boundaries for business activity. To understand these boundaries, it is essential to first to have a basic understanding of the law and how it affects business and business practices. The nature of business spans over a number of legal realms, all of which are continuously influenced by the needs and demands of the business community, consumers and the government. Each has a distinct stake and voice in this vibrant legal environment (www.Enotes.com, 2016).

The role of government and policies to encourage exports is the important factor in the success of countries. Increase the cost of R&D, increase skills and expertise of staff create export promotion center, and government subsidies are the factors for export development.

The motivation export divided in two groups, the financial motivation and nonfinancial motivation, so financial motivation are included tax incentives, subsidies coverage insurance, favorable changes in currency, export guarantee fund. And nonfinancial motivation are included exhibition, export award, export development program, classes in counseling and information supplied. On the other hand, there are barriers of export inhibitor, they have effect on export performance some of this barriers are poor political relations with countries, boycott, and tariff barriers also, lack of financial resources for searching foreign markets, lack of knowledge about export, in adequate understanding of pay practices of export.

2.1.1.2 Importance of macro environment

Regarding marketing activities, a business or an organization can be affected by various environmental factors, which surround the firm. Such environmental aspects have influence over the decision making of an enterprise. Therefore, as definable by Edeling & Fischer (2016), the surrounding and influencing factors collectively make up a marketing environment. The elements comprise of all forces that may have an impact on the market, as well as affect the marketing efforts of a company.

Keller (2016) agrees that a marketing system of a firm needs to operate within the frameworks of its environmental forces. Since environmental and marketing dynamics of a firm tend to change and seem to be uncertain, it is imperative for a business to understand all these aspects, and in the process, aim to develop approaches that might be beneficial to the firm (Tischler, 2014).

i. Marketers Get To Strategize and Make Prompt Decisions

As noted by Yadav & Pavlou (2014), comprehending the marketing environment is fundamental to marketers since it enables them to capitalize on challenging business scenarios. Due to different marketing factors, a business has the possibility of strategizing on what to do in case the firm faces some drawbacks. Constant study and monitoring of the marketing environment is likely to enable a company to avoid losses. That is, with a perfect discernment of possible threats in a marketing environment, a firm can make fast decisions on how to cope with such challenges. In the process, and because of a reasonable anticipation of the threats, a company possesses the capability to solve the problems as fast as possible. Keller (2016) argues that a marketing environment is a valuable feature to a firm's marketing team because it sensitizes a company's performance due to change in the marketing environment. The sensitization further becomes useful in meeting the desires and wishes of potential consumers. Any scanning process by a corporation results in collecting of qualitative information concerning effective marketing strategies for the company (Bhasin, 2016).

ii. Helps with Innovation

According to Yadav & Pavlou (2014), technological factors comprise part of marketing environment. Such facets include automation, internet expansion, technological incentives, and hi-tech barriers. Any change in technology or its advancement has an effect on how a business operates. It also affects its profits and losses; thereby, marketers have an obligation to maintain and ensure any revolution in technology does not affect the firm in a negative manner (Edeling & Fischer, 2016). Steady keep up with technological advancements are effective since it helps develop innovative products and services, thus improving the performance of a company. It is worth noting that outsourcing decisions are dependent on technological alterations whereby firms across the world are becoming more observant with their business environments concerning potential technological changes.

2.1.1.2 Limitation of macro environment

Macro Environmental analysis suffers from certain limitations (Bhasin, 2016). These limitations are as follows:

I. **Lack of Forewarning of Unforeseen Events: -** Environmental analysis does not predict the future. It does not eliminate uncertainty for the organization also. Business enterprises sometimes face events, which are unexpected during analysis. Environmental analysis, however, should aim at minimizing the frequency and extent of surprises that may attack a business organization.

II. **No Assurance as to Organization Effectiveness**: - Environmental analysis does not ensure organizational effectiveness. It acts only as inputs in strategy development and testing. Sometimes, managers place uncritical faith in the data without thinking about the data's verifiability or accuracy. If this is the case, it may lead to misleading outcome.

III. **Not fully Reliable:-**Normally, people place too much reliance on the information collected through environmental scanning. But in practice, it is not so. When there is overloading of information, one is likely to get confused.

IV. **Absence of Strategic Approach**:-Success of any organization lies in adventure and strategic risk-taking. Environmental analysis often makes an individual too cautious in his approach and he is likely to be left behind the events. So this analysis should be strategically done.

2.2.2 Export performance

Export performance is the main context of this research, before gone to detail discussion regarding export performance tray to explain about exporting.

Exporting

Export is working with professional markets beyond the boundaries. Export is the starting point of communicates with others and it is necessary for economical growth and currency earnings. So, companies should investigate the export performance (keegan, 2010).

Exporting has been widely recognized as contributing to the well-being of a nation by increasing living standard and fighting inflation. Its contributions to a nation's political economy are well known. It generates foreign exchange earnings, diversifies the economic base, creates jobs, provides payments for imports, broadens the nucleus of business opportunity and assists socio-economic and technological development.

Darling [1985] identified 10 keys to successful export to the United States market. His keys refer to business activities directly under the control of management, such as strategic planning, organization, evaluation and control. He did not include any form of partnership between business and government, either formal or informal. On the other hand, (Nicholls, Lyn-Cook, and Roslow, 1990) analysis the effectiveness of export focuses on partnership between the public and private sectors. When discuss about a public policy stance affecting exports, the terms "public sector" and "government" are used interchangeably. Similarly, "private sector" is used as a synonym for the entrepreneur engaging in exporting. In this partnership for export development, the government must tread a fine line between its primary goal, the good of the people, and its desire to assist private enterprise. For instance, on the surface, the construction of air- ports is helpful for export development. People, however, may be adversely affected by the noise and air pollution associated with the project. Or embargoes on exports may be viewed as a hindrance to a country's international trade, but may exist to ensure adequate local supply of a critical product. An import embargo diminishes consumer choice and may also have an adverse affect on the trade development of the export country. In other words, government intervention may be deleterious, helpful or a mixture of these two. From a theoretical point of view, it is definitely helpful if the result is a Pareto optimum, where some part of the population is better off, while no part is worse off. From a practical point of view, in a democracy government intervention is usually considered helpful if the majority benefits.

Cavusgil [1983] observed that the public sector in both highly industrialized and lesser developed countries has been assisting firms in the goal of expanding ex- ports. In his paper, Cavusgil concentrated on the United States' experience, concluding that the main benefit should come from the federal government targeting small and medium-sized businesses, especially those inexperienced in exporting.

Export can be classified in to two categories:-

Indirect export is common among firms that recently, want to have export in this kind of export company's need fewer less capital and company's don's need to employment and training the sellers and exporters exposed to less risk. Companies that are interested in exporting their products can get help from local intermediaries who are:

1. Merchant exporter in the country: These intermediate buys products with their investment and then sells abroad.
2. Representative of the exporting country: This representative fined foreign buyers and correspondence and negotiations with them.
3. Cooperatives export organization: They do export activities for representatives on behalf of manufacturers
4. Work performing companies related to export: These mediators do the companies export activities.

Direct export:

Companies could do direct export activity four-ways such as:

1. Create through the export sector in the country
2. Establishing a sales office or a branch of company in overseas.
3. Having mobile sales representatives to foreign countries.
4. Having representative or distributor abroad (keegan, 2010).

2.2.2.1 Definition of export performance

Many authors define export performance with in different context and dimensions, this paper indicate some of them related to the concept.

Diamantopoulos (1998) states that export performance are the reflex of the results of export behavior when exposed to different firm-specific and environment-specific circumstances. Cavusgil and Zou (1994) define export performance "as a strategic response by management to the interplay of internal and external forces". Furthermore, these authors establish it as "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". Shoham (1998,) defends that "export performance is conceptualized as a composite outcome of a firm's international sales". This way he thinks the concept in as a three-dimensional construct, whose dimensions are export sales, export profitability and performance change. Furthermore, export performance is "multifaceted and cannot be captured by any single performance indicator" (Diamantopoulos, 1998,), which reveals 5 the need of following a multidimensional approach when defining the measurement for assessing export performance,

Instead of using single-items measures, because they are insufficient for any solid assessment (Shoham, 1998). Export performance is regarded as one of the key indicators of the success of a firm's operations. Research into export performance has grown considerably during the past few decades (Sousa, Martínez-López, and Coelho, 2008; Wheeler, Ibeh, and Dimitratos, 2008).

2.2.2.2 Importance of export

The ability to develop superior export performance is considered to be vital to public policy makers and business managers (Katsikeas, Leonidou, & Morgan 2000). Policy makers are interested in exporting as a vehicle for accumulating foreign exchange reserves, increasing employment levels, increasing productivity, and enhancing social prosperity (Czinkota, 1994). Corporate executives and business managers view exporting as an avenue to improve profitability, capacity utilization, reinforce a competitive advantage, and ensure company survival (Kumcu, Harcar, & Kumcu, 1995; Samiee & Walters, 1990). Exporting affords firms the opportunity to dispose of excess production (Cannon, 1981), to enter new international markets (Czinkota & Ronkainen, 1998; Kotabe & Helsen, 1998), or expand existing markets in foreign countries (Kamath, Rosson, Patton, & Brooks, 1987; Reid, 1983). From a strategic perspective, the use of exporting as an avenue to increase revenues represents a more conservative approach to entering international markets. Exporting offers firms benefit of entering markets quicker than other methods of entry and the flexibility to redirect efforts to other markets, should a foreign market become unappealing.

Successful exporting yields three major advantages to a nation's economy: (1) macro benefits, (2) micro benefits and (3) balance of trade benefits (Cavusgil, 1983).

1. **Macro benefits** are those which accrue from innovations, infrastructure development and greater efficiency. In short, a more diversified economy that provides greater employment opportunities.

2. **Micro benefits** accrue to the individual firm in the form of opportunities for expansion and diversification of its business. In effect, they provide an alternative to the domestic market, particularly when the local economy is going through a slowdown.

3. **Balance of payments benefits** come from increased foreign exchange earnings through exporting-a more positive way of dealing with any balance of payments problems than restricting imports.

2.2.2.3 Export performance and commitment

Making use of wholly owned subsidiaries to generate revenues exposes a firm to many and varied risks that are not completely definable, yet alone measurable. Although a variety of risks have been identified, such as cultural, language, logistics, political, etc., a complete appreciation of the risks that a firm is exposed to is impossible assess. Inexperience in doing business in foreign countries is a risk that can only be partially deflected through an extensive training and sensitivity process. Nevertheless, when a firm develops wholly owned subsidiaries in a foreign country it is signaling its commitment to the country in which it will operate.

The firm in essence is saying that it believes that a country is worth the enormous investments that it is planning on making and that the firm is planning on staying for the long-term. Such a relationship is in direct contrast to other forms of international diversification, such as exporting, licensing, and franchising. By using exportation as the vehicle of entering a foreign market a firm is able to employ a more conservative approach to expanding its business beyond domestic borders. Although the country in which the firm seeks to expand into does not change, regardless of the mode of entry, the risk that a firm is exposed to does vary among different alternative entry modes.

The major reason for the diminished risk to which a firm is exposed under the exporting model is that the capital invested is considerably less. The less capital that is invested in a foreign country, the less risk a firm is exposed to should conditions in the target country deteriorate. By using exports the firm can minimize its losses. A firm can also utilize exporting as a device for entering a market on a limited basis, with the intent of increasing its involvement at a later date. If the data collected from export sales are promising, then the firm may wish to further expand its involvement in the targeted country. The learning period in which the firm is exploring the new country via exporting may be beneficial in collecting necessary information that can be used in making future business decisions. Once a firm determines that a target country is suitable and viable for its products, it can determine to enter on a more extensive scale with an increased confidence in future success.

2.2.2.4 Measures of export performance

Attainment of successful export performance is at the heart of the strategic decision- making process for both corporate and public policy decision-makers. For companies, the success of export performance indicates the extent to which firm’s objectives. Both economic and non-economic, are achieved in an international context at a given point of time and reflects the suitability of the chosen export strategy in responding successfully to the firm and environmental circumstances.

Indicators that are based mainly on absolute values such as export intensity, export sales volume, and export market share, among others, are called objective measures. Meanwhile, indicators that measure the perceptual or attitudinal performance such as perceived export success and satisfaction with export sales are considered to be subjective measures of performance (Sousa, 2004).

Measures of export performance are usually categorized in two broad groups: financial/ economic and non-financial/non-economic measures.

Beleska-Spasova (2014) stated the aggregate evidence suggests that the most used financial indicators as measures of export performance are:

- sales-related indicators such as: export sales ratio export sales growth , export sales volume and export sales ratio : and
- Profit-related indicators, such as: export profitability, export profitability growth, export profit ratio, and export profit margin.

Table: - 2.1. Dimensions of export performance

Dimension			
Economic/financial measures		**Non-economic measures**	
Sales-related	**Market-related**	**General**	**Miscellaneous**
Export intensity	Export market share	Export success	Building awareness and image overseas
Export intensity growth	Export market share compared to competitors	How competitors rate firm's export performance	Achievement of objectives regarding response to competitive pressures
Export sales efficiency	Export market share growth	Meeting expectations	Gaining new technology/ expertise
Export intensity growth compared to competitors	Export market share growth compared to competitors	Overall export performance compared to competitors	Contribution of exporting to the growth of the firm and to the quality of firm's management
Export sales growth	Gaining foothold in the market	Overall export performance	Customer satisfaction
Export sales growth compared to competitors	Market diversification	Strategic export performance	Product/service quality compared to competitors
Export sales return on investment	Rate of new market entry		Quality of distributor relationships
Export sales return on investment compared to competitors	Rate of new market entry compared to competitors		Quality of distributor relationships compared to competitors

Export sales volume			Reputation of the firm compared to competitors
Export sales volume compared to competitors			Quality of customer relationships compared to competitors

Source: Beleska- Spasova (2014)

2.2.3 Relationship between macro environment and Export Performance

Export has great effects onto countries in terms of items such as: enhancing economic growth and activity, increasing the internal production, reducing the unemployment rate, supplying foreign currencies for import, becoming growth accelerator, making favorable balance of trade, accumulating the foreign exchange reserves, increasing profitability and societal success, enhancing trade balances and industrial development, improving capacity utilization and productivity, providing employment and creating new job opportunities (Movaghar et al., 2012).
High performing exporters are better off with an export channel structure that emphasizes flexibility and collaborative efforts between the exporting firm and foreign intermediaries so that closer relationships with the final consumer can be established (Yeoh and Jeong ,1995).

Reid (1986) stated that there is a weak relationship between technology and export performance. He stated and argues that only possessing specialized knowledge does not create a competitive advantage but depends upon how the firm takes advantage of it.

2.2 Empirical Review

General empirical review

Determinant of export performance in Ethiopia related to garment sector or other sectors studied by different researchers and they identify factors that affect export performance. for example,

Daniel (2016) identifies export performance determinants are categorized in internal and external factors. He has discussed as internal factors such as labour, capital, information technology and managerial capability and external factors are raw material, marketing strategy, government regulation and strategy and infrastructure. Tewodros (2016) state the concept and explain the determinants are gross domestic product, openness of the economy, foreign exchange rate and indirect tax. Nigist (2002) stressed that the problems hindering the proper development of the textile and garment industries attribute to shortage of raw materials, problem of land, obsolescence of machineries, lack of loan, market problem and the flourishing import of Chinese cheap products. Promoters of garment industries are complaining of diverse issues revolving around their operation. For instance, one promoter said “Producing textile and garment products with a high cost of inputs and weak infrastructure is a challenge for my company” (Yoseph Mekonnen, 2013). Yared (2016) study focused on economic impact and determinants of export and he identifies side (market access) and supply side (domestic institution and policy environment) as a determinant of export. Tamiru (2002) analyses the major impeding factors for the underdevelopment and performance of the garment and textile industry in general are mainly: mismanagement, financial constraints, illegal trade (contraband) and scarcities of spare parts.

Empirical review of this study focus on the influence of macro environment on export performance, different authors state and argue with different variables that affect export performance and export performance measurement indicators. So, this study empirical review emphasized on factors of macro environment on export performance in economic/financial indicators. Micro environment is one of marketing environmental factors that affect export performance, it studied by different authors with different dimensions.

Gursamy (2016) examine factors affecting export performance of home textile products in Karur District with regard to firm characteristic factors, firm competency factors, economic factors, market factors and contextual environment factors. His hypothesis related to impact of factors like Firm Characteristics, Firm Competency, Economic Factor, and Market Factor to the export performance. The firm competency factor of the firm is the only dimension having a positive sign on the mediating dimension of economic factor leads to positive impact (0.578) on overall export performance.

2.2.1 Macro environment

Macro environment is an external factor, According to (UNCAD 2004), External factors are related to market access conditions, a country's location vis-à-vis international markets and other factors affecting import condition of foreign countries. The external influences are defined as environment-specific and hence managerially uncontrollable. So, in order to resist this firm should be know each factor with characteristics. Macro environmental factors studied by different authors in order to review some of them:

The importance of the external determinants is supported by the contingency theory, rooted in the structure-conduct-performance framework of industrial organization (Cavusgil and Zou, 1994). 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).

Jamshidi and Moazemi (2016) state three components (Market turbulence, Technological turbulence and Competitive intensity) of the external environment are particularly pertinent to export activity (Kalekd and Berthon, 2006). Market turbulence refers to the level of insecurity in the external environment, which obliges companies to change their strategies keep abreast of changing customer needs (Gaur, Vaudevan and Gaur, (2011). Technological turbulence represents the high rates of technological change in the manufacture of products and the technology intrinsic to the product itself. Businesses competing in industries with high levels of technological turbulence have a greater inclination toward adaptive marketing and operational strategies than businesses in more static industries (Powers and Loyka, (2010). Competitive intensity refers to the extent of rivalry among different players in an industry. As the number of participants in a market increases, the volume and unpredictability of strategic changes may increase dramatically (Porter, 1985).

In the field of export activity, some authors find a positive relationship between the level of competitive intensity of a country-market and the degree of adaptation in the marketing mix program (Powers and Loyka, 2010).

2.2.1.1 Socio cultural factor

In terms of life cycle stage, nature of product-consumer vs. industrial, nature of firm-manufacturer vs. intermediary have a significant effect on export sales (Shaouming Zou, Simona Stan). The age of the firm is expressed as numbers of years in business have a negative effect (Bodur, 1994; Das 1994) or insignificant effects on export performance. However, it is understood that younger firms are likely to be successful exporters.

Culture is defined as a collection of values, beliefs, customs, languages, behaviours, material artefacts and attitudes; furthermore, culture needs to be learned, shared, and transmitted from one generation to the next (Czinkota et al., 2010). According to Cavusgil (1985), exporting firms should consider the social and cultural environment of countries, including their education level, social class, similarities and differences, language and other cultural values to take competitive advantage and to achieve their goals. At that point, it could be said that becoming successful exporters and taking competitive advantage is required to adjust themselves to new socio cultural environments and to face challenges with different cultural values like belief, language, behavior, custom and religion.

Cultural distance between the home and the foreign markets affects barriers to entry and operation in a foreign market (Johanson and Wiedersheim, Paul 1975). This distance is derived from different languages, forms of art, values, etc. (Hallen and Wiedersheim-Paul 1989; Johanson and Vahlne 1990). Cultural distance influences the perceived importance of export barriers. It is also based on variability at the national e.g., language, history, etc., organizational e.g., values and orientations, and individual levels (Reid 1986).

Cultural distance is the extent of perceived dissimilarity on dimensions that have an effect on how business is conducted including language, business habits, marketing infrastructure, and legal environment (Hallen and Wiedersheim-Paul, 1989; Jain, 1989). Bilkey and Tesar (1977) argue that firms should export initially to culturally close markets and move to more distant markets as they gain experience. Larger the cultural distance between the home and host markets, more learning is required for successful marketing. The more culturally distant the markets, the more difficult it is to operate in them because of increasingly different cultural environments (Root, 1987).

Becoming a good exporter and taking competitive advantage in the international market are all required in order for them to adequately consider and understand customers' needs and behaviors to meet their demands. For this reason, understanding a country's national culture plays a vital role for exporting firms, not only for strategies but also for effective marketing operations (Czinkota et al., 2010).

Becoming familiar with a country's national culture plays a key role in international marketing activities as well as the export performance of firms. Likewise, Hollensen (2010) states that a country's language, manner, education, customs, religion, values and attitudes are all significant factors for firms' becoming successful players in the international market. Therefore, becoming familiar with the language, customs, values and national culture of the foreign country with which one is exporting with will enable one to adapt easily to the foreign market as well as taking competitive advantages; hence, it enhances the export performance of exporting firms. For example, to understand a foreign country's language helps to gather information about a country, to provide access to the country easily as well as to ensure the effective communication between market players of the international market and helping to increase the export activity of firms (Czinkota et al., 2010).

2.2.1.2 Economic factors

The economic distance of the export market compared to the exporter's home market affects what consumers can afford specifically due to foreign currency fluctuation (Ghemawat 2001; Lado, Martinez-Ros & Valenzuela 2004). The economic environments of the countries in which exports take place have an important role in the international business arena. In today's international business arena, economic integration and export activities have mainly been affected by the economic environment. Interest rate fluctuations, national taxation, raw material prices and currency are forces that have strong effects on the global market (Yadin, 2002). Other economical forces are stock market values, business cycles, inflation and GDP (gross domestic product per capita) figures (Johnson et al., 2005; O'Connor, 2000). The size is significant talking about economical forces, size of products and markets as well as the size of the GDP plays an important role in the choice of entry mode. According to Root (1998) a small market favors entry modes that have low breakeven sales volumes, an examples is indirect exporting. This is also applicable when the business is concentrating on a particular smaller part of a large market (Johnson et al., 2005). To be able to access each national market, an agreement with the local distribution channels is very important. Issues who should be taken in consideration are the need for local sales groups and services, complicated adjustments of price and performance, and transportation time.

Economic environment consists of economic development, economic growth, and the balance of payment, foreign trade, income per capita, exchange rates and inflation (Cavusgil, 1985).

Therefore, the economic environments of countries have both positive and negative effects on international business activities.

Belayneh and Wendaferahu (2013) examine the determinants of export performance in Ethiopia for the period of 1970/71-2010/11.His study showed that real GDP of trading partner, real effective exchange rate, and openness of the economy, Real GDP of home country, public expenditure in transportation and communication and private sector credits affect export performances of the country. Some of economic factors discussed below:

Economic Growth

Government spending, money supply and the exchange rate contain much more information than export growth or economic growth regarding future movements in export growth or export performances. International trade theory suggests that export growth contributes positively to economic growth which is measured by output growth by the following; facilitates the exploitation of economies of scale for small open economies (Help man and Krugman, 1985). Relieving the binding foreign exchange constraint to allow increase in imports of capital goods and intermediate good (McKinnon, 1964). Enhancing efficiency through increased competition (Balassa, 1978) and promoting the diffusion of technical knowledge in long run through foreign buyer’s suggestions and learning by doing (Grossman and Helpman, 1991).

Economic Policy

Rapid modernization and highly sustained economic growth are results of the exchange rate and judicious use of monetary policies (Yong U. G & Aie R. L). Recently, a number of industry and trade policy development have directed attention to costs and possible benefits of export concession schemes (Donald F, Alan M. & William C.). Focusing on trade policies is not a good measure of trade orientation since additional domestic policies can have an important influence on trade orientation of a country. Inflation, tax rates and the tax structure of the host country are examples of economic policy factors.

Inflation

Lim (2004) highlighted the need for inflation management in order to attain short run stabilization as well as long-term inflation goals. Given the importance of sound macroeconomics fundamental in the economy, it is an essential to identify the important variables that could influence the performance of the economy. In this sense, both inflation and export plays an important role in determining the performance of the company.

Foreign Exchange Rate

The exchange rate is the rate at which one currency purchases other currency. In other words it is the purchasing power of one currency in terms of another currency (Yoganandan et al., 2013). Different exchange rate regimes give rise to different tendencies for exchange rate misalignments and exchange rate volatility. The performance of the country exports highly dependent on its exchange rate regime and more specifically the real exchange rate. Country exports increase when its export prices fall in relations to the world prices. The depreciation of its currency compared to other currencies particularly, the dollars makes its exports cheaper on the international market.

Gurusamy (2016) states there are two reasons why the exports of developing countries may be subject to more severe consequences of exchange rate misalignments and exchange rate volatility than exports of developed countries. Exporters in developing countries is expected to be more vulnerable to exchange rate misalignments since developing countries export are often made of raw materials and agriculture products., where the exporters have the little market power. In this context, the exporter has to change export quantity rather than the export price to respond to misalignment of the exchange rate. The other reason is the developing countries usually have underdeveloped financial markets; exchange rate volatility is more harmful for them in terms of export due to limited hedging possibilities.

It is very important to manage a country's exchange rate policy that secures internal and external equilibrium in the economy thus, avoiding misalignment of the exchange rate. The exporters may respond more readily to changes in exchange rates and export incentives that they consider permanent than to changes in the prices of export and non-export goods that they consider transitional. The incentives given to exports (such as export performance benefit, access to bonded warehouses, and concessionary credit and duty rates) serve to increase every unit of exports (Kumar, 2000). In Tanzania, a time series study on non-traditional export (NTE) found a statistically significant relationship between real devaluations and export growth of NTEs (Berhanu, 2003). However, the study conducted in Uganda up on the investigations of the impact of trade liberalizations on export volumes by kasekende and Atingi-Ego (1999) found no significant relationship between real exchange rate and export volumes.

2.2.1.3 Natural factor

According to (ETIDI, 2012) Ethiopia has a large resource base in terms of raw material especially locally grown cotton availability of 3 million hectare of land and climate suitable for cotton cultivation, but only some 3.5% utilized so far. It shows huge potential for organic cotton cultivation and as known cotton is raw material for manufacturing textile and garment products. Therefore fully utilization of the land and suitable climate condition helpful to enhance export performance.

2.2.1.4 Technological factor

The quality of final product is determined by various factors especially two factors that contribute maximum are raw material and machine (technology). Especially in the case of exports, the firms' competitiveness depends on the ability to pay the cost of technology and access to technology (Taneja, 2012). A study conducted in Lao pointed innovations (product and production process innovations) are important factors in determining export performance and hence, firm profitability (Kongmanilaa and Takahashi, 2009. There is positive relationship between information technology and firms ability to achieve greater flexibility in garment designs and to manufacture international quality products. The intensity of adoption of

Information Technology (IT) was the most significant variable that influenced the export performance of firms (Lal, 1999).

The technologies strengths are positively correlated to the export (Aaby and Slater, 1989). Almost all the research concludes that technology is best applied as a standard in the market worldwide (Christensen et al., 1987). If the respondents in these studies primarily export their products to the developed countries, technology could be an important source of competitive advantage over the local producers. In less developed countries, though, other sources of competitive advantage such as low cost could be more important. Thus, evidence on technology and export performance is mixed. However, there has been different school of thoughts, whereas, Reid (1986) stated that there is a weak relationship between technology and export performance. He stated that only possessing specialized knowledge does not create a competitive advantage but depends upon how the firm takes advantage of it.

Most recent development in technology is considered to be pervasive to all types of firms engaged in the manufacturing and service sector of developed and developing nations as (James, 1994, Domes et.al, 1997). Many developing countries have been able to strengthen their comparative advantage by focusing on the building of technological capability, on adoption of new technologies, and on the development of skills to use these new technologies effectively and efficiently (Noland, 1997).

Technology allows firms to compete in export markets via new product development, enhanced manufacturing processes and product superiority and is widely acknowledged as a critical and fundamental lever that allows firms to innovate and respond to changes in their export environment (Evangelista 1994; Holmlund & Kock 1998; Huang, Soutar & Brown 2002; Wilkinson & Brouthers 2006)

2.2.1.5 Political factor

Kumar (200) analyses the impact of incentives on export performance, government policies affect export promotion through the provision of economic incentives to the exporters. The important elements of these economic incentives to export industries are exchange rate adjustment, lower interest rate, duty drawback scheme, export performance benefit scheme, bonded warehouse scheme, tax holiday for export industries and back to back letters of credit. It is evident that these policies have benefited exporters although it has not led to a broad base development of exports. Some evidence shows that incentives have not gone far enough to encourage sustainable development of manufactured exports of a broad range of commodities.

Government policy and regulation needs to support the garment industry so as to reduce or even eliminate the loss both manufacturing base and labor force. Financial aid mainly provision of easy access to fund (John, 2005) or investment incentive tax aid (Chen and Cheng, 2007) education and training assistance in both product quality and labor skill development and public business operations(Mataraarachchi and heenkenda, 2012). Government policies have a formidable positive influence on the export performance of Indian firms (Patibandala, 1988). (Togan, 1993) investigated structure of export incentives in Turkey from 1983 to 1990, and found out that the export incentives are export credits, tax rebate scheme, premium from the "Support and Price Stabilization Fund", duty free imports of intermediates and raw materials, and exemption from the value added tax, foreign exchange allocations, exemption from the corporate income tax and other subsidies.

The research that was done in Lebanon by Ahmed, Craig, Baalbaki, and Hadadian, is the other study that investigates the problems and difficulties of exporting. These researchers interviewed 61 exporters and non-exporters to identify export barriers. Five factors are highlighted in their study's conclusion: lack of government assistance, competition from firms in overseas markets, pricing and promotion policies, high foreign tariffs and lack of financial capital (Ahmed et al., 2004).

Political/legal risks refer to the inability of managers to predict political and regulatory developments and the probability that these developments may impact negatively on a firm's ability to operate effectively (Akhter & Robels 2006; Oliver 1997). The political and legal environments are frequently recognized as important factors when selecting export markets due to the devastating impacts associated with government and/or court decisions and regulation or lack of regulation of Intellectual Property Laws (Wood & Robertson 2000). In fact, in a study by Wood and Robertson (2000) legal aspects such as laws affecting agents and IP protection were considered paramount by exporters. Change is the main source of political/regulatory risk as change in a government or its political philosophy can lead to unknown consequences for exporters (Bradley 2005). The level of stability therefore influences the predictability of local developments relevant to the exporting firm (Muhlbacher, Leihs & Dahringer 2006).

Government incentives for promotion of private investment through exemption of duties on capital goods for industrial set up and exemption of duties on raw materials meant for export goods and Income tax holiday granted to exporters and suppliers under certain conditions.

Research done by Ethiopian textile industry development institute in 2012 identify policy limitations of the sector and illustrate the gaps such as Lack of government role as a developmental government in foreign trade assistance and diplomacy through Embassies in different market destinations, lack of flexible financial credit system in foreign trade practices, limited attention to bilateral agreements and low monitoring in keeping mutuality of the existing agreements.

Mahmoud (2016) state the countries with high degree of political instability or poor legal protection of assets, or generally exhibit high rates of expropriation and this makes investment less attractive. Expropriation has many forms; a direct act of expropriation involves nationalization of foreign owned corporations, in which the government simply takes control of the capital stock. The other is the indirect forms of expropriation that multinational corporations face.

2.2.2 EXPORT PERFORMANCE

Export markets have become increasingly important options for firms that seek to expand their operations due to growing market globalization and increasing competition (O'Cass and Julian, 2003). It is important to examine both theoretically and practically export-related issues such as strategy, firm characteristics, the environment of markets and performance in specific export markets to improve the export efficiency of firms thereby assisting their long-term success in world markets. Export efficiency is explained by both bounded rationality theory and Lindblom's theory of "successive limited comparisons" where firms can increase export marketing efficiency by shifting from less to more optimal export marketing practices (Bilkey, 1 985). Firm organizational, environmental and managerial characteristics are the main determinants of export marketing strategy and performance. However, there is no consensus in the export-related literature regarding the significance of these characteristics and our understanding is rather fragmentary and often conflicting (Aaby and Slater, 1989; Bilkey, 1978; Cavusgil and Zou, 1994; Chetty and Hamilton, 1993; Katsikeas et at., 1996). This thesis attempts to assess the influence on the topic of export performance, according to reviews the authors consider performance as a complex, multidimensional phenomenon, which comprises three main dimensions: effectiveness, efficiency, and adaptive (Katsikeas et al., 2000; Oliveira et al., 2012; and Walker and Ruekert, 1987).

Walker and Ruekert (1987,) define these three concepts as follows: effectiveness is a measure of the firm's success, when compared to its competitors. Efficiency is the outcome of a firm's policies, in comparison to the resources involved in its implementation, and finally, adaptive is how the firm successfully responds to the environmental changes.

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). Morgan et al. (2012) emphasize the importance of the effectiveness of the implementation of export marketing strategy to the success of the performance of the venture of the exporting firm. To sum up, a considerable number of authors apply at least one of these dimensions – effectiveness, efficiency and adaptive - even if implicitly, in order to assess their performance.

Wignaraja (2007) analyses firm-level export performance of clothing enterprises in Sri Lanka. Export-to- sales ratio has been used as a measure of export performance which appears as the dependent variable in a Tobit model. Explanatory variables include ownership, firm size, human capital, technological capabilities, and geographical location. The results indicate that size, foreign ownership, technology index and the human capital variables have positive and significant effect on export performance. Similarly a dummy variable for geographical location also turns out to be positive and significant, indicating that firms located close to Colombo have an export advantage due to lower transport costs and other location externalities.

Measurement of Export Performance Previous research conceded by Shoham (1998) identified 29 measures of export performance found in the literature. Sousa (2004), who reviewed 43 empirical studies concerning export performance published between 1998 and 2004, identified 50 different operational aspects of export performance. Katsikeas, Leonidou, and Morgan (2000), who reviewed more than 100 empirical investigations dealing with export performance, contend that export performance is one of most investigated issues in international marketing and quite possibly the most controversial.

Most frequently export performance measures in the frequency, export intensity (export proportion of sales), sales volume, export market share, and export profit contribution. Six additional measures were also found, but each was used in only one study like return on investment, export satisfaction, perceived success, perceived export growth, perceived profitability, and perceived market share. These performance measures have been grouped in a variety of ways. Therefore mentioned Shoham (1998) study divided performance measures into three categories: sales, profits, and change. Cavusgil and Zou (1994) used a composite measure consisting of four parts: the extent to which strategic goals were achieved; the perceived success of the export venture; the annual percentage change in sales growth over five years; and the overall profitability over five years.

The objective/subjective used in the export performance assessment, i.e., objective indicators are mainly based on absolute values (e.g. export sales volume, export profit margin, export market share, etc.) while subjective indicators are based on perceptual values (e.g. the manager's perception of success and satisfaction with export sales).

Objective Measures

Sales related and market related, Sales related measures are widely used to assess export performance. Three performance measures are identified in this subcategory: export intensity, the ratio of export sales to a country's total sales (Katsikeas, Leonidou, & Morgan, 2000), export sales the size of export earnings in dollar value for a country (Shoham, 1996), and export growth increase of exports over a certain time period (Aaby & Slater, 1989). Export sales growth measure could be used which may be criticized for overstating performance because of price escalation and market growth, or understating performance because of experience curve effects and deteriorating demand (Kirpalani and Balcome 1987). As with sales related measures, these measures are open to criticism in that export-related profit may not be known with any degree of certainty and that it might raise comparability problems because of different accounting practices across firms (Lages and Lages 2004).

Among objective measures, market related measures are seldom used. Three performance indicators were identified under this category: export market share, export market share growth and market diversification (number of markets entered). Market related measures have been promoted as a good indicator for success, the reason being that high market share leads to scale and experience advantages on the cost side as well as more power in approaching customers (Madsen 1998).

Subjective Measures

The use of subjective measures has been suggested in cases where managers may be unwilling or unable to provide objective financial data or because of the difficulty in reconciling cross national or cross industrial differences in accounting practices, variations in exchange rates, and financial reporting between countries (Woodcock, Beamish, and Makino 1994). These subjective export performance measures include managers' degree of satisfaction with overall export performance, overall export performance compared to competitors, export success, meeting expectations.

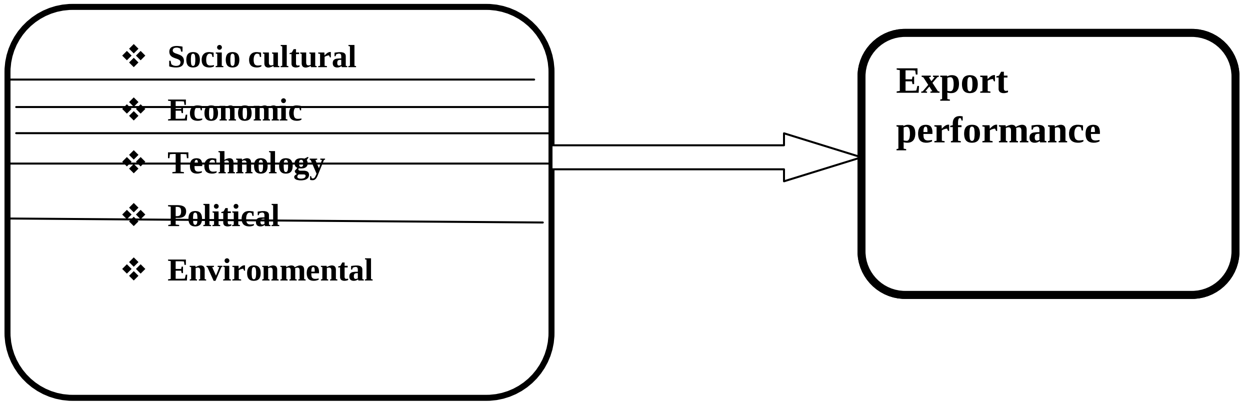
The argument for using these kinds of measures is that the general perception of export performance probably best captures the essence of the construct, and it shows the perceived degree of economic success also including the managers' opinions of strategic elements of success, such as market expansion, competitive response, market penetration, and so forth (Solberg 2002). Firms that meet or exceed their objectives are more satisfied than firms which have not met their objectives.

On this study export performance of garment industries measured by objective types of assessment with economic/financial measure indicators or dimensions (sales related and market related).

2.3 Conceptual framework

Conceptual frameworks possess ontological, epistemological, and methodological assumptions and each concept within a conceptual framework plays an ontological or epistemological role. The ontological assumptions relate to knowledge of the "way things are," "the nature of reality," "real" existence, and "real" action (Guba & Lincoln, 1994). The conceptual framework shows the relationship of macro environment and export performance. Export performance is the dependent variable whereas all independent variables socio cultural, economy and technology, political and environmental factors.

Figure: 2.1. Conceptual model adopted from (freeman, 2009)



CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Back ground of the sector

In the past decades, several developing countries have successfully used the textile & apparel industry as a stepping stone towards industrialization and for moving from a primarily agricultural economy to a more diversified economy. This is because traditionally this industry requires relatively low technology and initial investment as compared to other manufacturing industries. This sector is also initially labor intensive and therefore is an effective means of creating employment opportunities in particular and to raise standard of living and alleviate poverty in general.

Ethiopian has a long history on traditional apparel (cottage industry) products, This activities traditionally held by small artisans called “shemane” (weavers).This traditional cottage industry making an important contribution to satisfy people's need. The first Mechanized integrated mill was established in 1939 (Dire dawa Textile S.c), marked the textile industrialization. Similarly, Addis Garment PLC was established in 1958, which is the pioneer for modern garment set up in the country.

The government has prioritized amongst others, the promotion of manufacturing industry and labour intensive industries such as textiles and leather as a means for sustained socio-economic development. For the achievement of government industrial goal Ethiopian Textile Industry Development institute was established in 2010. The institute provides various supports to the companies and investors in the cotton development, textile and apparel industries such as investment promotion and consultancy support, production capacity building, export market development and support and policy initiation and development. In 2014 The Ethiopian Industrial Parks Development Corporation (IPDC) was established to avail developed land and pre-built sheds equipped with all-encompassing utilities and infrastructural facilities.

Ethiopia can be placed in a comparative advantageous position in textile and apparel production. This is because of different reasons. First, Ethiopia has suitable agro-climatic conditions for the production of cotton, which serves as the main raw material of the sector. Second, there is abundance and relatively lower cost of labour power. Third, the global textile and apparel production and consumption has shifted to LDCs. Fourth, the availability of the international good will to avail market privilege through Free Trade Agreements (FTA), manly African Growth Opportunity Act (AGOA) to US market and Everything But Arms (EBA) initiative to EU market and Common Market for Eastern and Southern Africa (COMESA) to regional market. Thus it is necessary to be quite sanguine about the role of textile and apparel industry as a catalyst for Ethiopian industrialization and as a major source of foreign currency if it gets unadulterated government policy backup, pragmatic support and incentive (Yared, 2010).

3.2 Incentives for Exporter

3.2. 1 the Duty Incentive Schemes

3.2.1.1 The duty draw-back scheme

3.2.1.2 The voucher scheme

3.2.1.3 The bonded manufacturing warehouse scheme

3.2.1.4 The bonded input supplies warehouse scheme and

3.2.1.5 The industrial zone scheme

3.2.2 Beneficiaries of the scheme

1. Producer exporters
2. Indirect producer exporter
3. Raw material suppliers
4. Exporters

3.2.1.1 Duty Draw-Back

Duty paid on goods imported or purchased locally by beneficiaries of the scheme, this proclamation shall be refunded to them upon fulfillment of conditions laid down in directive to be issued by the ministry of finance and economic development. But the duty paid may not be refunded where the amount is less than Birr 1,000.00.

3.2.1.2 Voucher Scheme

If the importer imports raw materials on supplier's credit, be required to submit evidence confirming that The commodity has demand and that the demand is confirmed by a purchase order issued by the prospective buyer or submit a purchase agreement concluded with the prospective buyer, or the raw materials are sent by affiliate foreign company with the objective of producing export commodities.

3.2.1.3 Bonded export Factory Scheme

Beneficiaries of the Scheme

Beneficiaries of the bonded export Factory scheme shall be persons who have:

1. Engaged exclusively in the production of export commodities;
2. Obtained certificate of eligibility from the ministry of industry; and
3. A manufacturing plant which meets the standard set by Ethiopian Revenues and Customs Authority.

3.2.1.4 The Industrial Zone Scheme

Beneficiaries of the industrial zone scheme shall be industries setup within and industrial zone and which meet the criteria of eligibility set by the ministry of industry.

3.2.1.5 The Bonded Input Supplies Warehouse Scheme

Beneficiaries of the Scheme

Beneficiaries of the bonded input supplies warehouse scheme shall be persons who have obtained certificate of eligibility from the ministry of Industry and who have warehouses meeting the standards set by the Ethiopia Revenues and Customs Authority.

3.3 Research Approach

The objectives of this research should be addressed by using deductive research methodology approach in order to analyze the influence of marketing environment on export performance. According to Aby and slater (1989), Nandita Sarsar (2009) the company, marketing intermediaries, customer, political, economical, social, Technological and natural factors has the effect on the marketers. Therefore, based on the theories this study focused on to assess the effect of macro environment on export performance on the case of garment sector in Addis Ababa through mixed research methods i.e. both quantitative and qualitative.

3.4 Research Design

This study adopted an explanatory research design by using quantitative approaches. An explanatory research is conducted in order to discover and report relationships among different aspects of the phenomenon under study (Firebaugh as cited by Kangure, 2014). Explanatory research seeks explanations of observed phenomena, problems or behaviors.

It seeks answers to “why” and “how” types of questions and attempts to connect variables in research, by identifying causal factors (Small as cited by Kangure, 2014). The purpose of this research is primarily to assess the influence of macro environment on export performance in garment sector; therefore, the nature of this study is explanatory.

Explanatory research attempts to discover or establish the existence of causal relationship/interdependence between two or more aspects of a situation (Kothari, 2004). In other words, explanatory research tests for statistical relationships between variables. This study used these designs because, it is enables the researcher to describe about & critically examine the relationship between the dependent variable (export performance) with the independent variables (economic, political, technological, social and natural factors.

3.5 Research Method

The study employed survey research with quantitative study to the target population in order to study a sample of that population. It includes cross-sectional and longitudinal studies using questionnaires for data collection—with the intent of generalizing from a sample to a population (Fowler, 2008). Advantages include collection of many different kinds of information and it is quick and low cost as compared to observation and experimental method.

3.5.1 Target Population

Target population would be all exposure of engaged on export in garment sector and licensed by Ministry of trade. Based on the target population be able to select study population that all exporters who have residing in Addis Ababa who export garment product. There are 68 garment companies registered as an exporter but only 32 companies engaged on export market, the researcher has address 3 respondents from one company. So, total population of the study 96 in number.

3.5.2 Sample Size

There are only 32 company registered in Ethiopia which fulfill this paper interest, the few number obligate the research to include all in order to get adequate information and to enhance creditability of the finding. Thus, this paper has addressed 3 respondents from each company making the total respondent 96 in number, this would mean a census survey. A census survey is

collected from all members of the population (Hair et al, 2011). The respondents were company owners and managers (96 in number) of the 32 companies.

3.6 Data source and type

This study uses sources and methods to collect and analyze data to arrive at conclusions concerning the influence of macro environment on export performance on garment sectors. The quality of the research determined by source of data gathered about the topic; therefore in this research utilize both primary and secondary data source. Primary data were collected through distributing questionnaire regarding on dependent and independent variables. Secondary data was collected through comprised of; books, research thesis, articles, internet and annual reports.

3.7 Data collection instrument

Primary data's is collected through questioner from company owners, managers and merchandiser. It was ensured that the questionnaires were distributed to only those individuals who have considerable knowledge about the firm. The researcher used secondary data collection methods such as books, articles, journals, and website and annual reports of the sector in order to obtain some reliable literature and empirical findings that can be applied in order to have a better understanding about the study.

3.8 Validation and reliability

Validity is concerned with whether the findings are really about what they appear to be about (Sounders et. al., 2003). Validity defined as the extent to which data collection method or methods accurately measure what they were intended to measure (Sounders et. al., 2003). Numbers of different steps were taken to ensure the validity of the study: Data was collected from the reliable sources, from respondent who are owners and managers of the garment companies.

Hair as cited by Kangure (2014) defines reliability as the extents to which a variable or a set of variables is consistent in what it is intended to measure. To ensure the inner consistency of the present instrument, it was used the cronbach's alpha coefficient developed by Lee Cronbach in 1951. The cronbach's alpha coefficient is a statistical tool that evaluates the confidentiality through the inner consistency of a questionnaire (Kangure, 2014). The pilot test was done 10% of the study. Self-administered questioner was administered in addition to the use of secondary data and, this study conducted pilot testing of 10 questionnaires from 3 companies as well as applied internal consistency using Cronbach's alpha check to show the dependability of the

instrument to test what it is designed to test. As a result, the Cronbach's alpha value of 0.792(79.2% reliability) is obtained, which is greater than the acceptable.

3.9 Data analysis

Data analysis is the further transformation of the processed data to look for patterns relations among the data. This study is using quantitative data to analyze the data in a systematic manner by using regression analysis. In regression analysis helps to analyze data statically in order to determine the relationship between macro environment and export performance and also it indicates the strength of impact. In this study descriptive analysis (percentage, mean & standard deviation) were used to analyze the available data which refers to the transformation of raw materials in to a form that would make easy to understand. Descriptive analysis was applied to analyze quantitative data in order to generate percentages, means and standard deviation of both dependent and independent variables.

Correlation analysis was done to establish whether there was correlation between independent variable macro environment (political, economic, technological, social and natural factors) and the dependent variable (export performance). This was achieved through the use of Pearson correlation that indicated the correlation coefficients between the variables.

3.10 Ethical consideration

During data collection, the researcher has tried as much as possible to respect the basic rights of the respondents while taking part in this study. The researcher again has tried to create smooth relationship with respondents and provide full information on why the study was conducted and what was expected from them and what the researcher has to do with the data and their participation was based on voluntary.

In order to keep the confidentiality of the information given by respondents, it was not required to write their name and assured that their responses were treated in strict confidentiality. This is the way of ensuring the ethical principle of anonymity in social research to prevent possible doubt. All the answers were used only for purpose of this study. The literatures collected for the purpose of this study were properly acknowledged under the reference section.

CHAPTER FOUR

Data Presentation , Analysis, and Interpretation

4.1 Introduction

As indicated in the preceding chapters, this research study attempted to examine the influence of macro environment on export performance in the case of Addis Ababa. A total of 96 questionnaires were distributed to 32 company owners, marketing managers and supervisors those related to export and 78% useable questionnaires were obtained valid and used for further analysis. The data collected were presented, analyzed and interpreted using SPSS software version 20.

Given that all of the independent and dependent variables of the study consist of Likert scale data, and given that the aim of investigation was to test the effect of the independent variables (political, economic, technological, demography and cultural factors) on the dependent variable (Export performance), the most appropriate statistical test for testing the hypothesis of the study was found to be measures of central tendency (mean& standard deviation),independent sample T-test, ANOVA, and multiple linear regression analysis.

4.2 Demographic Background of Respondents

Descriptive statistics using frequencies was used to analyze the demographic characteristics of the respondents and hence the result of the analysis is described in detail here under.

Table 4.2 Demographic Background of Respondents

S.N	Background	Distribution	Frequency	Percentage

S.N	Background	Distribution	Frequency	Percentage
1	Gender	Male Female	50 25	66.7 33.3
		Total	75	100
2	Educational background	PHD Masters Degree Below degree	1 18 55 1	1.3 24 73.3 1.3
		Total	75	100
		Management Fashion management Textile engineer Marketing management Other	1 1 32 22 19	1.3 1.3 42.3 29.3 25.3
		Total	3817	100
3	Work experience on export	Above 15 years 15 - 10 years 10-15 Below 5 years	8 39 27 1	10.7 52.0 36.0 1.3
		Total	75	100
4	Other country exposure /purpose/	short/long term training Business visit Employment Other	11 26 23 1	18 42 37.7 1.6
		Total	61	100

Source: own survey 2018

Table 4.2 present the demographic information of the respondents. As can be seen from the above table item number one, male respondents took the biggest share of the sample population, which is 66.7% of the sample. Indicating that majority of the company owners and managers are males.

Item number 2 shows that the educational status of the majority of the respondents are degree graduated which is 73.3 %, followed by masters graduated 24 % and others respondents covered only 2.6%. This indicates that most of the managers are educated.

Similar to item number 2 item number 3 indicates educational background of the respondents, 42.7% of the respondents textile engineer, 29.3% covered by marketing managers the rest 27.9% management , fashion management and others. This figure shows most of the owners and managers has background for the sector it enables them to manage the company with enough erudition.

According to item number 4 of the above table, 39 % of the respondents are found to be having a work experience of 15-10 year, followed by those having a work experience of 10-5 years (27%) and those having a work experience of above 15 years (8%) and 1.3% it means only one respondent is below 5 years. This implies that majority of the company owners and managers working experience is below between 10-15 years.

In question number 5 of the questionnaire asks the respondent exposure of any other country experience except Ethiopia, According to item number 5 of the above table, 61 respondents have exposure and 14 mention they have not any country exposure, according to item number 5indicate 42% for business visit, 23% employment and for short/long term training purpose 18% the rest 1.6 % for other purpose. This implies that majority of the company owners and managers have other country experience.

3.1 company information of the respondents

Table 4.3 year of establishment

Years(E.C)	Frequency	Percent
1990- 2199	3	12.0
1996- 2000	10	40.0
2000 - 2005	11	44.0
above 2005	1	4.0
Total	25	100.0

Source: own survey 2018

Table 4.3 shows year establishment of the 25 companies based on respondents 44 % of the company established between 2000 –2005, 40% established between 1996-200, 12% of the company between 1990n-1995 and 4 % of the company above 2007 and based respondents mention almost all of the company's ownership is private limited company. The above and below table indicates most of the companies are established and also engaged in export activity recently.

Table 4.4 year of exporting garment products

Years	Number of companies	Percent
Less than 2 years	4	16.0
2 - 3 years	7	28.0
4 - 5 years	4	16.0
Above 5 years	10	40.0
Total	25	100.0

Source: own survey 2018

The above table indicates majority of exporter companies (10) or 40 % engaged on export activity before 5 years and followed by 28% which is 7 companies before 2- 3 years.

Table: 4.5 Employees involvement in export activities

Number of employee	Number of companies	Percent
below 100	8	32.0
101 – 250	4	16.0
251 – 400	2	8.0
401 – 550	3	12.0
above 550	8	32.0
Total	25	100.0

Source: own survey 2018

Based on the respondents the above table shows employees involvement in export activity, similarly both above 550 and below 100 number of employee involve in 32% of the company, 16% of the company have between 101- 250 and the rest 20% of the company have between 251- 550 employee.

4.3 Descriptive Analysis

Descriptive statistics was employed to examine the percentage, mean & standard deviation of the responses of respondents with regards to the influence of macro environment (political, economic, technological, demography and cultural factors) on export performance. Mean value provides the idea about the central tendency of the values of a variable. Standard deviation is to give the idea about the dispersion of the values of a variable from its mean value. The interpretations of mean score results are: score of < 3.39 indicate low level, score of 3.40 to 3.79 indicate medium level, and scores of >3.8 indicates high level (Akmaliah, 2014) as cited by Muhamed and Sekajugo, 2015).

4.3.1 Descriptive analysis of export performance

4.3.1.1 Objectives entering new market

Table: 4.6 main objectives when entering a new export market

Objectives	Frequency	Percent
sales volume	3	4.0
sales value	11	24.0
Profitability	42	56.0
market share	18	14.7
handle excess capacity	1	1.3
Total	75	100.0

Source: own data survey 2018

According to table 4.6 the respondents mention the main objectives of entering the market, so 56% of the respondents engaged in new market for profitability, the main objectives of 24% of the respondents are sales value, 14.7% for market share and the rest for sales volume and to handle excess capacity. This indicates majority of the company owners and managers objectives when entering the new market is profitability.

4.3.1.2 **Potential for export market**

Table 4.7 potential growth in your major export market

	Frequency	Percent
Not at all 1	3	4.0
2	22	29.3
3	23	30.7
Definitely	27	36.0
Total	75	100.0

Source: own survey 2018

Respondents were asked to indicate is there potential for growth in export market, 36 % of the respondent definitely thinking there is potential for the growth of export market, 30.7% of the respondent think there is moderate potential, 29.3% of the respondent think there is no potential for growth, and the rest 4 % think not at all potential for growth. This implies majority of the respondents have positive thinking for the potential of export market growth.

4.3.1.3 Achievements of export objectives

Table 4.8 level of satisfaction on the achievements of export objective

Export performance Dimensions	Mean	Standard deviation	Very satisfied	Satisfied	Neutral	Moderately dissatisfied	Very Dissatisfied
			(5)	(4)	(3)	(2)	(1)
Export market share	3.13	0.66	1.3	21.3	58.7	18.7	
Export market share growth	3.08	0.78	2.7	22.7	46.7	28.0	
Export sales value	3.14	0.84	1.3	33.3	46.7	18.7	
Export sales volume	3.21	0.74	2.7	49.3	32.7	16.0	
Export sales value growth	2.81	0.89	4.0	18.7	38.7	38.7	
Export sales volume growth	2.88	0.86	2.7	32.0	24.0	41.3	
Export profitability	2.68	0.71	1.3	13.3	50.7	34.7	
Export profitability growth	2.50	0.70	8.0	41.3	49.3	1.3	
New country market entry	1.89	0.95	9.3	16.0	38.7		36.0

Source: own survey 2018

The result presented in table 4.8 shows level of satisfaction in the achievements of export objectives according to respondent perspectives with likert scale very satisfied, satisfied, neutral, moderately dissatisfied and very dissatisfied. The respondents answer shows the biggest share of the percentage (58.7 %) of the respondents nether satisfied nor dissatisfied on their export market share target achievement, 21.3% are satisfied on their export market share achievements, 18.7 % represent dissatisfactions and only 1.3% of the respondents very satisfied on their export market share achievements. Similar to the market share market share growth has biggest value of the percentage (46.7%) presents respondents are neutral for market share growth, 28% are dissatisfied, 22.7% of the respondents are satisfied and 2.7 % are very satisfied on their market share growth. This indicates majority of the respondents (companies) not achieved their market share and also the growth of market share is not as targeted.

According to the second item (export sales value) 46.7% of the respondents are moderate for the achievements of the company export objectives, 33.3% satisfied, 18.7 dissatisfied and 1.3 very satisfied, and also export sale value growth of the companies as presented in the table shows

38.7 % neutral, 38.7% dissatisfied, 18.7% satisfied and 2.7% very satisfied. This implies even if most of the companies participate on export they are not satisfied by the value that gained from the export and the growth of sales value.

Export sales volume row shows 49.3% of the respondents satisfied, 32.7% neutral for the achievements, 16.0% moderately dissatisfied and 2.7 very satisfied on achievements of export sales volume. When the satisfaction of the respondents on export sales volume growth shows 41.3% very dissatisfied, 32% satisfied, 24% neutral and 2.7% very satisfied. This indicates the level of satisfaction on the achievements of export sales volume and volume growth presented in different way, it means even though majority of the respondents are satisfied on export sales volume to the reverse they are dissatisfied on the sales volume growth.

When the presentation of the satisfaction of the respondents on the others export dimensions (export profitability and its growth), as presented in the above export sales value neutral as answered by majority of the respondents similar to this 50.7% neutral satisfaction on the achievements of targeted profit, 34.7% dissatisfied, 13.3% satisfied, 1.3% very satisfied. Export profitability growth satisfaction point respectively 49.3% neutral, 41.3 satisfied, 8% very satisfied, 1.3% very dissatisfied. This point out even though most of exporter companies not that much satisfied on the achievements of targeted profit and its growth. The satisfaction level of achieving new country market entry target mentioned by the respondents shows 38.7% are moderate, 36.0% very dissatisfied, 16% satisfied, 9.3% very satisfied respectively. This figure indicates the target pointed on the objectives of the company for entering new market is not achieved, this means majority of the companies export their product to similar country. For further more the level of satisfaction on the achievements of export objectives based on export performance measurement dimension as presented in the above the respondents acquaint their level of satisfaction.

On other hand Table 4.8 indicates the mean and standard deviation for each item. The Mean for the level of satisfaction on the achievement of export objectives with export performance measurement dimensions positioned the range between 1.89 and 3.14 and the standard deviation range between 0.66 and 0.95 which show some level of variance from the mean value. The statement which the majority respondents agree with “Export sales value” (mean= 3.14 and standard deviation= 0.95. The statement indicating the least level of agreement of the respondents “New country market entry” (Mean= 1.89 and standard deviation= 0.66). The overall mean for the achievements of export objectives is 2.81; this indicates that the majority of respondents are towards low level agreement with the items. The respondents average level of satisfaction presents in the below table.

Table: - 4.9 level of satisfaction

Level of Satisfaction	Average Level of satisfaction in %
Very satisfied	3.7
Satisfied	27.5
Neutral	42.9
Dissatisfied	21.9
Very dissatisfied	4
Total	**100**

Source: own survey 2018

4.3.1.4 descriptive analysis of total export sales

A total export sale of the 25 companies in the past five years (2005, 2006, 2007, 2008 and 2009) the sales value is in US dollar.

Table: -4.10 total export sales

Export sales in USD dollar	Years (E.C)									
	2005		2006		2007		2008		2009	
	frequency	%	frequency	%	Frequency	%	frequency	%	Frequency	%
Below 200,000	10	71.5	8	51.2	10	52.63	9	52.9	6	26.1
201,000 - 400,000	2	14.3	2	14.3	2	10.52	3	17.7	4	17.4
401,000 – 600,000	-	-	2	14.3	1	5.29	-	-	2	8.69
601,000 – 800,000	1	7.1	-	-	3	15.78	1	5.9	1	4.35
801,000 – 1000,000	-	-	1	7.1	-	-	-	-	5	21.73
Above 1001,000	1	7.1	1	7.1	3	15.78	4	23.5	5	21.73
Total	14	100	14	100	19	100	17	100	23	100

Source: data survey 2018

According to the above table total sale of the companies in the past 5 years presented based on respondents answer, in 2005 total export sale below 200,000$ gained by10 companies it is 71.5% of the total companies share, total sale between 201,000- 400,000 registered by 2 companies it is 14.3% of the total, between the range of 601,000 – 800,000$ total sale has one company and cover 7.1% of the total and the last range above 1001,000$ total sale 1 company with 7.1% of the total . In year 2006 total sale below 200,000$ presented 8 companies with 5.12% from the total company number, within the range 201,000 – 400,000$ registered 2 companies 14.3% from all, total sales 801,000 – 1000, 000$ has 1 company 7.1% from the total. In year 2007, total sales below 200,000, 201,000 - 400,000, 401,000 –600,000$, 601,000 – 800,000$ above 1001, 000$ registered by 10, 2, 1,3 and 3 companies with 52.63%, 10.52%, 5.9% 15.78%, and 15.78%, respectively. In year 2008, total sales below 200,000, 201,000 - 400,000, 601,000 – 800,000$ above 1001, 000$ registered by 9, 3, 1 and 4 companies with 52.9%, 17.7%, 5.9% and 23.5% respectively. In year 2009 total sales below 200,000$, 201,000 - 400,000$, 601,000 – 800,000$, 801,000 – 1000$ above 1001, 000$ registered by 6, 4, 2, 1, 5 and 5 companies with 26.1%, 17.4%, 8.69% , 4.35% , 21.73% and 21.73% respectively. This implies participating in export and total sales of the company increase year by year except 2008 and majority of the company fully engaged in export market in 2009.

Table: - 4.11 total export sales value of the companies

Year	No. of companies	Value($)
2005	14	7,654,000
2005	14	9,147,000
2007	19	1,034,000
2008	19	15,025,000
2009	23	23,989,000
Total	**25**	**56,849,000**

Source: data survey 2018

4.3.2 Descriptive analysis of political factors

The study sought to investigate the influence of political factors on export performance in garment sector in Addis Ababa, in order to identify t he relationship between two variables questioner segregate to company owners and managers. In this factor the five questions rose for the respondents in likert scale and based on the response the following point presented.

According to the data for strong government support for export 64% of the respondent strongly agree, 29.3% were agree and 6.7% of the respondents neutral, this indicates there is strong government support for exporter companies and majority of company owners and managers agreed on the support.

Majority of the respondents (48%) strongly agree, 45.3% are agreed 6.7% of the respondents neither agreed nor disagreed. This implies the respondent agreed on the efficient and effectiveness of government administration and also the structure well organized and the issue raised by them addressing adequately and timely.

On the other hand 45.3 % agreed, 41.3% strongly agree and the rest 13.3% of the respondents neutral for the lack of accessibility of information on current government regulation that are relevant to the sector. Government system transparency of the country agreed by 54.7% of the respondents, 36% are strongly agreed and 9.3% of the respondents neither agreed nor disagree. Furthermore the attractiveness of existing law for investment agreed by 57.3%, 30.7% strongly agreed and 12% of the respondents neutral. This indicates the existing law of the country good and attractive and enables to invite investors to engage in export market. In order to get more clarification the table below present the respondents answer with related o the raised question.

In addition Table 4.12 indicates the mean and standard deviation for each item. The Mean for the political factor items construct ranged between 4.14 and 4.57 and the standard deviation for political factor construct ranged between 0.75 and 0.61 which show some level of variance. The statement which respondents agree with most was "There is strong government support for export" (mean= 4.57 and standard deviation= 0.61. The statement indicating the least level of agreement was "Government's system is transparent." (Mean= 4.14 and standard deviation= 0.75). The overall mean for the political factor is 4.30, indicating that the majority of respondents are towards high level agreement with the items.

Table: 4.12 descriptive statistics of Political factors

Political factors	Mean	Standard deviation	Strongly Agree		Agree		Neutral	
			(5)		(4)		(3)	
			Frequency	%	**frequency**	%	**frequency**	%
There is strong government support for export.	4.57	0.61	48	64	22	29.3	5	6.7
There is efficient and effective government administrative/ governance structure in addressing issues adequately and timely	4.38	0.68	36	48	34	45.3	5	6.7

There is lack of accessibility of information on current government regulations that are relevant to the sector.	4.28	0.69	31	41.3	34	45.3	10	13.3
Government's system is transparent.	4.14	0.75	24	36	41	54.7	7	9.3
Existing laws are good and attractive for foreign investments.	4.17	0.62	23	30.7	43	57.3	9	12

Source: - own survey 2018

4.3.3 Descriptive analysis of technological factor

In order to analyze technological factors three questions raised on the questionnaire in likert scale (strongly agree, agree, neutral, disagree and strongly disagree) for company owners and managers.

According to the table below 72% of the company agree on the existing technology is outdated, 22.7% strongly agree 5.3% neutral. This indicates even though the production of the sector mainly related to fashion industry and needed new technology majority of the respondent agreed on the existing technology is outdated.

On the other hand the same to the above 71% of the respondent agreed on lack of finance to acquire new technology because it requires huge investment. The lack of skill and capability to handle new technology is strongly agreed by 70.7% of the respondent, 20% agree and the rest 9.3% neutral.

Furthermore the level of technological factor of Mean ranged between 4.14 and 4.6 and the standard deviation ranged between 0.48 and 0.65 which show some level of variance but it is small variance compare to other constructs. The statement which respondents agree with most was "There is lack of skill and capability to handle new technology" (mean= 4.6 and standard deviation= 0.65). The statement indicating the least level of agreement was "There is lack of finance to acquire new technology because it requires huge investment" (mean= 4.14 and standard deviation= 0.48). The overall mean for Technological factor is 4.30, indicating that the majority of respondents have high level of agreement with the statements specified in the study.

The tables below shows Mean, standard deviation and percentile of the factors items.

Table 4.13 Descriptive statistics of Technological factor

			Strongly Agree	Agree	Neutral

Technological factor	Mean	Standard deviation	(5)		(4)		(3)	
			Frequency	%	**frequency**	%	**Frequency**	%
The existing technology is outdate	4.17	0.5	18	23.7	53	71	4	5.3
There is lack of finance to acquire new technology because it requires huge investment	4.14	0.48	17	22.7	54	72	4	5.3
There is lack of skill and capability to handle new technology	4.6	0.65	53	70.7	15	20	7	9.3

Source: - own survey 2018

4.3.4 Descriptive analysis of Economic factor

According to the table presented below In order to examine economic factors four questions raised on the questionnaire in likert scale (strongly agree, agree, neutral, disagree and strongly disagree) for company owners and managers. The respondents were given that answer for each questions within related to their company.

On the first question 29.3% of the respondents disagree on the adequacy of foreign currency, 25.3% neutral, 16% agree and 14.7 % strongly disagree, 9.3% of the respondents strongly agree. This indicates majority of the respondent disagreed on the adequacy of foreign currency in the country. On the second question majority of the respondents (57.3%) agreed on the country economic policy is supportive, 24% neutral, 17.3% strongly agree, 1% disagree. This figure shows majority of the company owners and managers agreed on the supportive economic policy of the country.

Furthermore 46.7% of the respondents agreed on the volatility of exchange rate, 41.3% strongly agree, 12% neutral. This indicates majority of the respondents agreed on the volatility of exchange rate. Finally for the positivity of the country economic police agreed by majority of the respondents (64%), 24%strongly agree, 12%neutral.

On the other hand the level of economic factor of Mean ranged between 2.89 and 4.18 and the standard deviation ranged between 0.71 and 1.21 which show high level of variance from the mean value. The statement which respondents agree with most was “There is volatile exchange rate” (mean= 4.18 and standard deviation= 0.84). The statement indicating the least level of agreement was “There is adequate foreign currency” (mean= 2.89 and standard deviation= 1.21). The overall mean for economic factor is 4.97, this indicates that the majority of respondents towards high level of agreement with the statements specified in the study. In order to precise the table below present the respondents answer with related o the question.

Table: - 4.14 descriptive statistics of Economic factor

Economic factor	Mean	Standard deviation	Strongly Agree		Agree		Neutral		Disagree		Strongly Disagree	
			(5)		(4)		(3)		(2)		(1)	
			Frequency	%	**frequency**	%	**frequency**	%	**frequency**	%	**frequency**	%
There is adequate foreign currency	2.89	1.21	7	9.3	16	21.3	19	25.3	22	29.3	11	14.7
There is supportive economic policy	3.88	0.71	13		43	57.3	18	24	1	1.3		
There is volatile exchange rate	4.18	0.84	31	41.3	35	46.7	9	12				
There is positive economic growth	3.96	0.82	18	24	48	64	9	12				

Source: - own survey 2018

4.3.5 Descriptive analysis of Social factor

According to the data for the preference of product evaluation depend on age, gender and occupation, 49.3% of the respondent were agree, 46.7% strongly agree, 2.7% neutral and 1.3% of the respondents disagree. This indicates majority of company owners and managers agreed on the preference of product evaluation depend on age, gender and occupation.

On the next item Majority of the respondents (50.7%) agrees, 45.3% strongly agree, 2.7% of the respondents neither agreed nor disagreed and 1.3% disagreed. This implies majority of the respondent agreed on the cultural difference has effect on the sector.

On the other hand 68 % agreed, 28% strongly agree 2.7% neutral and the rest 1.3% of the respondents disagree for product quality of export country determined by the level of employment.

Price of the product take based on the income of the population agreed by 50.7% of the respondents, 33% are strongly agreed, 1.3% neutral and 1.3% of the respondents strongly disagree. For so by the social norm of the customer considered by the firm strongly agree by majority of the respondents (53.3%), 41.3% agree, 1.3% neutral, 2.7% disagree and 1.3% of the respondent strongly disagrees.

The Mean for social factor item ranged between 4 and 4.38 and the standard deviation ranged between 0.61 and 0.97, this indicates there is some level of variance from the mean value. The statement which respondents agree with most was “Product preference evaluation depend on age, gender and occupation” (mean= 4.38 and standard deviation= 0.63). The statement indicating the least level of agreement on the item “The level of employment of export country determine product quality” (mean= 4 and standard deviation= 0.61). The overall mean for social factor is 4.26, indicating that the majority of respondents high level of agreement with the statements specified in the study. Tables 4.15 summarize the point in short.

Table: - 4.15 descriptive statistics of Social factor

Social factor	Mean	Standard deviation	Strongly Agree		Agree		Neutral		Disagree		Strongly Disagree	
			(5)		(4)		(3)		(2)		(1)	
			frequency	%	**frequency**	%	**frequency**	%	**frequency**	%	**frequency**	%
Product preference evaluation depend on age, gender and occupation	4.38	0.63	35	46.7	37	49.3	2	2.7	1	1.3		
Cultural difference have impact on the sector	4.35	0.61	34	45.3	38	50.7	2	2.7	1	1.3		
The level of employment of export country determines product quality.	4	0.97	21	28	51	68	2	2.7	1	1.3		
Product price should be based on income of the	4.25	0.77	33	44	38	50.7	1	1.3	2	2.7	1	1.3

population												
The firm need to consider social norm of the customer	4.33	0.84	40	53.3	31	41.3	1	1.3	2	2.7	1	1.3

Source: own survey 2018

4.3.6 Descriptive analysis of Environmental factor

In order to examine environmental factors four questions asked on the questionnaire in likert scale (strongly agree, agree, neutral, disagree and strongly disagree) for company owners and managers. The respondents were providing answer for each questions within related to their company.

According to the table below in the first item 68% of the respondents strongly agree on, 28% agree 4% neutral. This indicates majority of the respondents strongly agree on the suitable climate condition for production in the country. In the second item 61.3% agree, 34.7% strongly agree and 4% neutral. This indicates majority of the respondents agreed on the exhaustive infrastructure of the country.

For geographical closeness of the country to export country 72% agree, 17% strongly agree and 4% neutral. Lastly 66.7% of the respondents strongly agree, 22.7% agree and 10.7% neutral for the country has potential for raw material production.

The Mean for environmental factor item ranged between 3.5 and 4.5 and the standard deviation ranged between 0.41 and 0.63, this indicates there is some level of variance from the mean value. The statement which respondents agree with most was “There is suitable climate condition for production” (mean= 4.5 and standard deviation= 0.63). The statement indicating the least level of agreement on the item “There is geographical closeness to export country” (mean= 3.5 and standard deviation= 0.41). The overall mean for the perception of environmental factors is 4.01, this shows that the majority of respondents high level of agreement with the statements.

Table: 4.16 descriptive statistics of Environmental factor

Environmental factor	Mean	Standard deviation	Strongly Agree (5)		Agree (4)		Neutral (3)	
			Frequency	%	**frequency**	%	**frequency**	%
There is suitable climate condition for production	4.5	0.63	51	68	21	28	3	4
There is exhaustive infrastructure	4.34	0.47	26	34.	46	61.3	3	4

				7				
There is geographical closeness to export country	3.5	0.41	17	22.7	54	72	4	5
There is potential for raw material production	3.7	0.45	50	66.7	17	22.7	8	10.7

Source: - own survey 2018

4.4 Correlation Analysis

In this study, correlation analysis was conducted to understand the influence of market environment on the export performance of garment industry. Pearson's correlation coefficient was used to indicate the strength of the effect. In addition, the p-value was used to indicate the significance of the relationship.

Pearson correlation coefficient was used to gauge the relationship between independent variables (political, economic, technological, environmental and socio cultural factors) and dependent variables (export performance). The results indicated that macro environment have a significant effect (positive relationship) on export performance. The table below indicated that the p-value was at p=.000 and this meets the threshold since p<0.05.

Table 4.17 Correlation Matrix

		Export Performance	Political & Legal Factor	Environmental Factor	Technological Factor	Social factor	Economic factor
Export Performance	Pearson Correlation	1	.811**	.799**	.829**	.741**	.815**
	Sig. (2-tailed)		.000	.000	.000	.000	.000
Political & Legal Factor	Pearson Correlation	.811**	1	.892**	.899**	.884**	.984**
	Sig. (2-tailed)	.000		.000	.000	.000	.000
Environmental Factor	Pearson Correlation	.799**	.892**	1	.850**	.858**	.877**
	Sig. (2-tailed)	.000	.000		.000	.000	.000
Technological Factor	Pearson Correlation	.829**	.899**	.850**	1	.819**	.915**
	Sig. (2-tailed)	.000	.000	.000		.000	.000
Social factor	Pearson Correlation	.741**	.884**	.858**	.819**	1	.866**

	Sig. (2-tailed)	.000	.000	.000	.000		.000
Economic factor	Pearson Correlation	.815**	.984**	.877**	.915**	.866**	1
	Sig. (2-tailed)	.000	.000	.000	.000	.000	
	N	75	75	75	75	75	75
**. Correlation is significant at the 0.01 level (2-tailed).							

According to the above table, Pearson correlation results shown on that technological factor is leading with the highest influence on export performance with a correlation of 0.829, followed by economical factor at 0.815, political & legal factor at 0.811, then environmental factor with a correlation of 0.799 and finally social factor with a correlation of 0.741.

In addition, it was demonstrated that technological factor was found to be more positively & significantly related to export performance when compared with the other variables ($r= .829$, $p<0.01$). This is similar with the finding of Adeoti (2008) in which technological factor were found to predict export performance of garment sector. The combined correlation matrix also indicated that technological factor is leading with the highest influence on export performance with a correlation, followed by economical factor, political & legal factor and then environmental factor and finally social factor.

4.5 Regression Analysis

The study further carried out regression analysis to establish the statistical significance relationship between the independent variables notably, economy, environmental factor, political & legal factor, social factor and technology on the dependent variable which was export performance. Regression is a technique that can be used to investigate the effect of one or more predictor variables on an outcome variable. Regression allows us to make statements about how well one or more independent variables will predict the value of a dependent variable. The regression analysis results were presented using regression model summary tables, Analysis of Variance (ANOVA) table and beta coefficients tables.

4.6 Combined Effect Model

4.6.1 Multi-co linearity

One major assumption that applies in multiple regression analysis is the existence of a very high correlation between the independent variables of the study which is termed as Multi-co linearity (Burns and Burns, 2008)

In this research multi co linearity was checked with tolerance and VIF statistics. Andy (2006) suggests that a tolerance value less than 0.1 almost certainly indicates a serious co linearity problem. Burns and Burns (2008) also state that a VIF value greater than 10 is also a concern. In this study, all of the independent variables were found to have a tolerance of more than 0.1 and a VIF value of less than 10 (see table 4.18 below) which indicates that Multi-co linearity is not an issue in this study.

Table 4.18 result of Multi co linearity test

Model	**Co linearity Statistics**	
	Tolerance	**VIF**
Political & Legal Factor	.126	8.766
Environmental Factor	.172	5.815
Technological Factor	.150	6.656
Social Factor	.194	5.167
Economy	.260	4.850

4.6.2 Multiple Linear Regression for all Variables

The study aimed at finding out the overall effect of the independent variables that is economical factor, political & legal factor, environmental factor, technological factor and social factor on export performance. The model $Y = \beta_1X_1 + \beta_2X_2 + \beta_3X_3 + \beta_4X_4 + \beta_5X_5 + \varepsilon$ explained 70.4% of the variations in export performance as shown in Table 4.19. This showed that economic factor, political & legal factor, environmental factor, technological factor and social factor explained 70.4% of the variation in export performance.

Table 4.19 Model Summary

Model Summary[b]			
R	R Square	Adjusted R Square	Std. Error of the estimate
.851 [a]	.724	.704	.48612

a. Predictors: (Constant), economic factor, political & legal factor, environmental factor, technological factor and social factor
b. Dependent Variable: Export Performance

The analysis of variance results Table 4.20 indicates that the model fit is significant at p=0.000, F=36.122 with 74 degrees of freedom. This implies that economic factor, political & legal factor, environmental factor, technological factor and social factor has a significant and positive combined effect on export performance.

Table 4.20 Analysis of variance (ANOVA)

ANOVA[a]					
Model	Sum of Squares	Df	Mean Square	F	Sig.
Regression	42.681	5	8.536	36.122	.000[b]
Residual	16.306	70	.236		
Total	58.987	75			

a. Dependent Variable: Export Performance
b. Predictors: (Constant), economic factor, political & legal factor, environmental factor, technological factor and social factor

The overall model as shown on Table 4.21 indicated that economic factor, political & legal factor, environmental factor, technological factor and social factor were highly significant at p=0.001, p=0.000, p=0.003, p=0.004, p=0.004 and p=0.006 respectively. The fitted model was

$Y=0.860+0.076x_1+ 0.409x_2 + 0.655x_3+ 0.035x_4+ 0.190x_5$

Table 4.21 Combined Coefficients

Coefficients[a]					
	Un-standardized Coefficients		Standardized Coefficient	t	Sig.
	B	Std. Error	Beta		
(Constant)	.860	.193		4.460	.001
Political & Legal Factor	.076	.544	.055	.139	.000
Environmental Factor	.409	.228	.274	1.797	.003
Technological Factor	.655	.244	.438	2.681	.004
Social Factor	.035	.256	.020	.137	.004
Economical Factor	.190	.540	.137	.351	.006

a. Dependent Variable: Export Performance

CHAPTER FIVE

Summary, Conclusion and Recommendations

This chapter presents a summary of major findings of this study, sets out the relevant conclusions and makes recommendations for practice and suggestions for further research based on the findings of this study. The study sought to examine the influence of macro environment on export performance in garment sector Addis Ababa.

5.1 Summary of Findings

The study sought to establish the relationship between macro environment and export performance in garment sector Addis Ababa. Specifically, the study was guided by the following objectives; to investigate the relationship between (investigate the effect of independent variables) political, economic, social, natural and technological factors and export performance and the study using both quantitative and qualitative approach.

The data obtained was analyzed using both qualitative and quantitative analysis. Multiple linear regression models were used to test whether political, economic, social, natural and technological factors and export performance. It was found that macro environment had a significant relationship with export performance in that all the identified factors are predictors of export performance (r2= 0.704). Pearson correlation results indicated that technological factor was leading with the highest influence on export performance at 0.829, followed by economical factor at 0.815, political and legal factor with a correlation of 0.811, environmental factor with correlation of 0.799, then and finally social factor with a correlation of 0.741. The study concluded that technological factor followed by political and legal factors were the most prominent indicators of export performance in garment sector Addis Ababa.

5.1.1.1 Relationship between economical factor and export performance

Descriptive statistics were used to analyze this research objective and other subsequent analysis was done. For the adequacy of foreign currency in the country 29.3% of the respondents disagree on the adequacy of foreign currency, 25.3% neutral, 16% agree and 14.7 % strongly disagree, 9.3% of the respondents strongly agree. This indicates majority of the respondent disagreed on the adequacy of foreign currency in the country. Then majority of the respondents (57.3%) agreed on the country economic policy is supportive, 24% neutral, 17.3% strongly agree, 1% disagree. This figure shows majority of the company owners and managers agreed on the supportive economic policy of the country.

Furthermore 46.7% of the respondents agreed on the volatility of exchange rate, 41.3% strongly agree, 12% neutral. This indicates majority of the respondents agreed on the volatility of exchange rate. Finally for the positivity of the country economic police agreed by majority of the respondents (64%), 24%strongly agree, 12%neutral.

The correlation analysis also indicated that there is a positive significant relationship between political factor and export performance. The positive relationship was represented by correlation coefficient of 0.815, and the number of respondents considered was 75. The result indicated that economy influence export performance. Positive and meaningful relationship between economic factor and company export performance (Ghane, Reza, and Gholami, 2014).

Regression analysis was conducted to determine the significance relationship of economical factor and export performance. The coefficient of determination indicates that 66% of the variation on export performance is influenced by economy. This implies that there exists a positive significant relationship between economy and export performance

5.1.1.2 Relationship between political factor and export performance

Descriptive statistics were used to analyze this research objective and other subsequent analysis was done. The result indicated that majority 64% of the respondent strongly agree, 29.3% were agree and 6.7% of the respondents neutral, this indicates there is strong government support for exporter companies and majority of company owners and managers agreed on the support.

For the efficient and effectiveness of government administration and also the structure well organized and the issue address adequately and timely, Majority of the respondents (48%) strongly agree, 45.3% are agreed 6.7% of the respondents neither agreed nor disagreed. On the other hand 45.3 % agreed, 41.3% strongly agree and the rest 13.3% of the respondents neutral for the lack of accessibility of information on current government regulation that are relevant to the sector. Majority of the respondents (54.7%) agreed by Government system transparency of the country, 36% are strongly agreed and 9.3% of the respondents neither agreed nor disagree.

Furthermore the attractiveness of existing law for investment agreed by 57.3%, 30.7% strongly agreed and 12% of the respondents neutral.

The correlation analysis also indicated that there is a positive significant relationship between political factor and export performance. The positive relationship was represented by correlation coefficient of 0.811, and the number of respondents considered was 75. The result indicated that political factor influence export performance. Positive and meaningful relationship between Political obstacles and company export performance (Ghane, Reza, and Gholami, 2014). legal and political factors positively affecting export performance. Thus, the concept of marketing is not different whether a company participates in the domestic or foreign market (Jamshidi and Moazemi, 2016).

Regression analysis was conducted to determine the significance relationship of political factor and export performance. The coefficient of determination indicates that 65.2% of the variation on export performance is influenced by political & legal factor. Therefore there was significant association between political factor and export performance

5.1.1.3 Relationship between technological factor and export performance

The study sought to investigate the relationship between technological factor and export performance in garment sector. To investigate this, three questions raised on the questionnaire according to this 72% of the respondents agree on the existing technology is outdated, 22.7% strongly agree 5.3% neutral. This indicates majority of the respondent agreed on the existing technology is outdated. On the other hand 72% of the respondent agreed on lack of finance to acquire new technology because it requires huge investment. The lack of skill and capability to handle new technology is strongly agreed by 70.7% of the respondent, 20% agree and the rest 9.3% neutral. This indicates there is lack of skilled and capable manpower to handle new technology. The technologies strengths are positively correlated to the export (Aaby and Slater, 1989). Almost all the research concludes that technology is best applied as a standard in the market worldwide (Christensen et al., 1987).

Pearson correlation coefficient was used to gauge the relationship technological factor and export performance. The results indicated that technological factor has a significant effect (positive relationship) on export performance. Regression analysis results indicated that technological factor has a significant relation on export performance. The coefficient of determination indicates that 68.4% of the variation on export performance is influenced by technological factor.

5.1.1.4 Relationship between environmental factor and export performance

In order to examine the relationship between environmental (natural) factors and export performance four questions asked on the questionnaire, According to this 68% of the respondents strongly agree, 28% agree 4% neutral. This indicates majority of the respondents strongly agree on the suitable climate condition for production in the country. Then about the infrastructure of the country 61.3% agree, 34.7% strongly agree and 4% neutral. This indicates majority of the respondents agreed on the exhaustive infrastructure of the country. Regarding geographical closeness of the country to export country 72% agree, 17% strongly agree and 4% neutral. Lastly 66.7% of the respondents strongly agree, 22.7% agree and 10.7% neutral for the country has potential for raw material production.

Pearson correlation coefficient was used to gauge the relationship environmental factor and export performance. The results indicated that environmental factor has a significant effect on export performance. Regression analysis was indicating positive relationship between environmental factor and export performance. Key export environmental characteristics include competitive intensity, legal-political environment of the export market, channel accessibility and customer exposure to the product/service" (Cass and Julian, 2002). Therefore, export performance tends to be conditioned by environmental characteristics (Cavusgil and Zou, 1994, as cited by (Ernest, 2014).

5.1.1.5 Relationship between social factor and export performance

According to the data for the preference of product evaluation depend on age, gender and occupation majority of company owners and managers were agreed (49.3%), 46.7% strongly agree, 2.7% neutral and 1.3% of the respondents disagree. On the next item Majority of the respondents (50.7%) agrees, 45.3% strongly agree, 2.7% of the respondents neither agreed nor disagreed and 1.3% disagreed. This implies majority of the respondent agreed on the cultural difference has effect on the sector. On the other hand 68 % agreed, 28% strongly agree 2.7% neutral and the rest 1.3% of the respondents disagree for product quality of export country determined by the level of employment. The Price of the product take based on the income of the population agreed by 50.7% of the respondents, 33% are strongly agreed, 1.3% neutral and 1.3% of the respondents strongly disagree. Lastly the social norm of the customer considered by the firm strongly agree by majority of the respondents (53.3%), 41.3% agree, 1.3% neutral, 2.7% disagree and 1.3% of the respondent strongly disagree

Pearson correlation coefficient of determination indicates that 54.3% of the variation on export performance is influenced by social factor. Regression analysis was indicating positive relationship between social factor and export performance.

5.2 Conclusion

The findings of this study suggest, that macro environment is one significant area an employer should give attention to when creating an environment in which the employees can become engaged. The findings of this research support the findings of previous researchers' external environment foreign markets are not damaging elements for export activity. They will only be harmful when the company refuses to mobilize information systems to study and comprehend their behavior. Fast pace of change in technology requires increasing research and development to provide better and newer products. In this regard, developing systems for monitoring the environment that allows firms to gain insight into the level of turbulence (market and technology) and competitive intensity in foreign markets is advisable (Jamshidi H* and Moazemi M, 2016).

Further it can be concluded as discussed in the descriptive part even if majority of the company participate in export business, they are not satisfied on their sales value, market share, profitability and its growth and also they are not able to achieve the export target. The finding of this study shows macro environmental factors (political, economical, social, technological and environmental factors) have positive relation with export performance, therefore The company owners and managers need to analyze their macro environmental factors and use the factors to achieve their objectives.

Government gives support for the Promotion and expansion of the investment, enhancement of quality, increase productivity, capacity utilization. Export managers need to use fully government support and free access market for sub Sahara African countries. Those free market access are "Everything but Arms" to the European Union, Common Market for eastern and Southern Africa (COMESA), Africa Growth and Opportunity Act (AGOA) USA.

5.3 Recommendation

The following recommendations were derived from the results, findings and conclusions of the study. For achieving import export substitution governments around the world have been changing different economic and political factors to support and to increase the stability of the country's economic growth (kakazoukis, 2010).

Company owners and managers should give so much emphasis in technology (production methods, quality assurance, and Product quality and systems management) in order to compete on international trade and to enhance export performance of the companies.

Political stability and government support play a great role for garment industries, so government sector should continue its supportive hand for exporters and the support mainly should be focused on developmental training, marker destination expansion and facilitate enough foreign currency and continuous follow up for achieving targeted export plan and to improve export performance of the companies.

The company managers should be examine the culture and social norms of the population in the country that import their products, in order to satisfy the preference related to quality and recent fashion.

The company should be focus technology investment related factors such as the use of high level skills in garment industry, staff training that enables better and efficient operation of machines and equipment, cost efficiency, and investment in quality management are to be deliberately promoted in order to improve the export potential of the sector. Lastly nature of the country like availability of raw material and climate condition helps to facilitate their business and enables to enhance export performance. So, company managers should be use adequately and effectively the opportunity.

5.4 Areas for Further Research

Despite the contributions made by this study, it highlights a few aspects to be considered by future researchers. Firstly, future research may attempt to achieve more comprehensive understanding of each macro environmental factors have its own characteristics. Hence future researchers may concentrate on one factor. Secondly the respondents of this study are company owners and managers. Hence future researchers may incorporate stockholders.

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APENDEX I

QUESIONNAIRE

My name is Bertukan Degef, This research is mainly for my masters in marketing department at the University Of Addis Ababa School Of Commerce, I am undertaking a research entitled 'Assessment of the influence of marketing environment on export performance: The case of garment sector in Addis Ababa' Please assist me in giving the correct and complete information to present a representative finding on the current status of the influential factors affecting the performance of garment exporting industries in Ethiopia the case of Addis Ababa.

I confirm you any information that you provide to me will be kept strictly confidential and only used for the academic purpose. No individual's responses will be identified as such and the identity of persons responding will not be published or released to anyone. Thank you in advance for your kind cooperation by allocating sufficient time.

Section I. DEMOGRAPHY AND SOCIAL FACTORS

1. Gender of respondent

☐ Male ☐ female

2. Educational status

☐ PHD& Above ☐ Masters ☐ Degree ☐ below Degree

3. Educational background

   ☐ Management ☐ Fashion management ☐ Textile Engineer

   ☐ Marketing management ☐ other, specify ------------------------

4. Working experience on export

   ☐ Above 15years ☐ 15-10 years ☐ 10-5years ☐ below 5 years

5. If you have any country exposure except Ethiopia, please mention -----------------

6. If you have the exposure, what was the purpose?

   ☐ Short/long term training ☐ business visit ☐ employment

   Other, specify ---------------

Section II. COMPANY INFORMATION

1. Year of Establishment: ——————————

2. Nature of ownership:

   ☐ Sole proprietorship ☐ P.L.C ☐ Joint Venture

   ☐ Share Company ☐ Government/ Public

3. How many manufacturing plants do you have? ----------------------

4. For how long your company has been exporting garment products?

   ☐ Less than 2 years ☐ 2-3 years ☐ 4-5 years ☐ above 5 years

5. How many employees are involved mainly in export activities? --------------

6. When did you initiate your export activities? -------------- (year)

7. Tick the countries where you are exporting

USA	
UK	
France	
Australia	
Canada	

South Africa	
Other countries	

8. What types of products do you export? ----------------------------

Section III. EXPORT PERFORMANCES

1: Which are your main objectives when entering a new export market (tick one or more)?

☐ Sales Volume ☐ Sales Value ☐ Profitability ☐ Market Share

☐ Handle excess capacity ☐ other (please specify) ---------------------------

2: Do you think that there is still potential for growth in your major export markets?

Not at all ☐ 1 ☐ 2 ☐ 3 ☐ 4 ☐ 5 definitely

3: To what extent are you satisfied with the achievement of your export objectives?

In the five previous years, in terms of: (tick one for each statement)

2005-2009 very dissatisfied 1, 2, 3, 4, 5 Very satisfied

Export Dimensions	Very satisfied (5)	satisfied (4)	moderate (3)	dissatisfied (2)	Very dissatisfied (1)
Export market share					
Export market share growth					
Export sales value					
Export sales volume					
Export sales value growth					
Export sales volume growth					
Export profitability					
Export profitability growth					
New country market entry					

4. What have been your total export sales in the previous five years?

Year (Ethiopian Calendar)	Export sales in USD dollar
2005	
2006	
2007	
2008	
2009	

5. What was your firm's export profitability in the previous three years?

Year (Ethiopian Calendar)	Export sales in USD dollar
2005	
2006	
2007	
2008	

2009	

6. How do you rate the level of responsibility exerted by export managers?

☐ Very high ☐ High ☐ moderate ☐ low ☐ very low

7. Do you have a good export market?

☐ Yes ☐ No

8. Do you have any changes in percentage of export?

☐ Yes ☐ No

9. If yes what is the change?

☐ Increase ☐ Decrease

If Increase what is the percentage of change?

☐ 10% increase

☐ 20% increase

☐ 30% increased

☐ More than 30%increase

If Decrease what is the percentage of change?

☐ More than 30%decrease

☐ 30%decreasec

☐ 20%decreased

☐ 10%decrease

Section IV. Macro environmental factors (Please tick one for each statement)

Macro environmental factors	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
	(5)	(4)	(3)	(2)	(1)
Political and legal factor					
There is strong government support for export.					
There is efficient and effective government administrative/ governance structure in addressing issues adequately and timely					
There is lack of accessibility of information on current government regulations that are relevant to the sector.					
Government's system is transparent.					
Existing laws are good and attractive for foreign investments.					
Environmental factor					
There is suitable climate condition for production					
There is exhaustive infrastructure.					
There is geographical closeness to export potential countries.					
There is potential for raw material production.					
Technology as a Factor					
The existing technology is outdated					
There is lack of finance to acquire new technology because it requires huge investment					
There is a lack of skills and capability to handle new technology					
Social Factor					
Product preference depends on Age and gender of the population.					
Cultural difference have impact on the sector					
The level of employment in export country determines products quality.					
Product price based on income of the population					
The firm need to conceder social norms of the customer					
Economy as a factor					
There is adequate foreign currency					
There is supportive economic policy					
There is vulnerable exchange rate					

There is positive economic growth					

Appendix II: Reliability Result each Dependent and Independent Variables

1. **Reliability result of Political factor**

Reliability Statistics

Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
.764	.774	5

2. **Reliability result of Economy factor**

Reliability Statistics

Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
.806	.806	4

3. **Reliability result of Environment**

Reliability Statistics

Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
.837	.835	4

4. **Reliability result of Social factor**

Reliability Statistics

Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
.847	.847	5

5. **Reliability result of Technology factor**

Reliability Statistics

Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
.786	.786	3

6. **Reliability result of Export performance**

Reliability Statistics

Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
.823	.819	9