



**ASSESSMENT OF DETERMINANTS OF EXPORT  
PERFORMANCE IN A CASE OF CUT FLOWER SECTOR IN  
ETHIOPIA**

**By:**

**RAHEL TADDESE**

**ADDIS ABABA UNIVERSITY  
SCHOOL OF COMMERCE  
GRADUATE STUDIES  
DEPARTMENT OF MARKETING MANAGEMENT**

**ADVISOR:**

**DR. GETIE ANDUALEM**

**JUNE, 2014**

**ASSESSMENT OF DETERMINANTS OF EXPORT  
PERFORMANCE IN A CASE OF CUT FLOWER SECTOR IN  
ETHIOPIA**

**BY**

**RAHEL TADDESE**

A THESIS SUBMITTED TO ADDIS ABABA UNIVERSITY, SCHOOL OF  
COMMERCE, SCHOOL OF GRADUATE STUDIES IN  
PARTIALFULFILLMENT OF THE REQUIREMENTS FOR THE  
DEGREEOF MASTER OF MARKETING MANAGEMENT

JUNE, 2014

ADDIS ABABA

**ADDIS ABABA UNIVERSITY  
SCHOOL OF COMMERCE  
GRADUATE STUDIES  
DEPARTMENT OF MARKETING MANAGEMENT**

**ASSESSMENT OF DETERMINANTS OF EXPORT  
PERFORMANCE IN A CASE OF CUT FLOWER SECTOR IN  
ETHIOPIA**

**BY**

**RAHEL TADDESE**

**APPROVED BY BOARD OF EXAMINERS**

---

**Dean, Graduate Studies**

**Signature & Date**

**GetieAndualem (PhD)**

**Advisor**

**Signature & Date**

---

**External Examiner**

**Signature & Date**

---

**Internal Examiner**

**Signature & Date**

## Statement of Certification

This is to certify that Rahel Taddese has carried out his research work on the topic titled as “**Assessment of Determinants of Export performance in a Case of Cut flower sector**”. The work is original in nature and is suitable for submission for the award of Masters Degree in Marketing Management.

**Advisor:** \_\_\_\_\_

**Signature:** \_\_\_\_\_

**Date:** \_\_\_\_\_

## **Dedication**

*I dedicate this thesis to the memory of my grandmother  
for her unconditional love and support*

# TABLE OF CONTENTS

TABLE OF CONTENTS	
ACKNOWLEDGEMENTS.....	I
ACRONYMS.....	II
ABSTRACT.....	III
<b>CHAPTER ONE.....</b>	<b>1</b>
<b>INTRODUCTION.....</b>	<b>1</b>
1.1. Background of the Study.....	1
1.2. Statement of the Problem.....	4
1.3. Research Questions.....	5
1.4. Objective of the Study.....	5
1.4.1. General Objective.....	5
1.4.2. Specific Objectives.....	5
1.5. Hypothesis.....	5
1.6. Scope of the Study.....	6
1.7. Significance of the Study.....	6
1.8. Limitation of the Study.....	6
1.9. Organization of the Thesis.....	6
<b>CHAPTER TWO.....</b>	<b>8</b>
<b>LITERATURE REVIEW.....</b>	<b>8</b>
2.1 Introduction.....	8
2.2 Export Marketing in developing countries.....	8
2.3 Cut flower production & marketing.....	8
2.4 Floriculture export markets.....	9
2.5 Determinants of export performance.....	10
2.5.1 Firm Characteristics.....	10
2.5.2 Management attitudes towards exporting.....	10
2.5.3 Marketing competitive or strategic advantage.....	11
2.5.4 Export Performance.....	11

2.6 Firm Characteristics, Export Marketing strategy & Export performance.....	12
2.7 Firm Characteristics & Export performance.....	14
2.8 Management Attitude, Export marketing Strategy.....	16
2.9 Conceptual Framework.....	20
<b>CHAPTER THREE.....</b>	<b>21</b>
<b>METHODOLOGY .....</b>	<b>21</b>
3.1. Introduction .....	21
3.2. Research Design .....	22
3.3. Study Site .....	22
3.4 Sample and Sampling Techniques.....	22
3.5 Data Collection Instruments.....	23
3.6 Method of Data Analysis.....	24
3.6.1 Quantitive Data Analysis.....	24
3.6.2 Multiple Regression Analysis .....	25
3.6.3 Qualitative Data Analysis.....	25
3.7 Reliability and Validity.....	25
3.8 Ethical Consideration.....	26
<b>CHAPTER FOUR .....</b>	<b>27</b>
<b>RESULT AND DISCUSSION.....</b>	<b>27</b>
4.1.Introduction .....	27
4.1.1 Descriptive Statstics.....	27
4.1.2 Correlation Analysis .....	32
4.1.3. Multiple Linear Regression analysis.....	36
4.1.3.1 Assumption Testing in muliple Regression .....	36
4.2 Analysis of Data collected from cut flower sector through interview .....	41

<b>CHAPTER FIVE</b> .....	46
<b>CONCLUSION AND RECOMMENDATION</b> .....	46
5.1. Introduction .....	46
5.2. Conclusion .....	46
5.3. Recommendation .....	47
5.4. Recommendation for further research.....	48
<b>REFERENCES</b> .....	49
<b>APPENDIXES</b> .....	52
Questionnaire.....	53
Annex A: Descriptive Statistics.....	61
Annex B:- Correlations.....	63
Annex C: MultipleRergression.....	64
Annex D: Correlation Coefficients and Collinearity Diagnostics.....	65
Annex E: Normality, Linear relationship and Graphs .....	66
<b>DECLARATION</b> .....	68

## **ACKNOWLEDGMENT**

First and foremost, I would like to express my deeper gratitude to my advisor Dr Getie Andualem for his excellent suggestions to accomplish this thesis; Next, I would like to acknowledge my families, who walked this long road with me every step of the way. My special, thanks goes to my colleagues and friends, for there unwavering support during data collection.

Finally I would like to express my heartfelt deeper gratitude for managers of Deberzeit and Holeta town floriculture company managers and employees and cooperation and for being devoted in providing current information and filling the questionnaire which are paramount important to finalize this study.

## ACRONYMS

EE	-	Export Experience
EHDA	-	Ethiopian Horticulture Development Agency
EHPEA	-	Ethiopian Horticulture Producer and Exporters Association
EMS	-	Export Marketing Strategy
EP	-	Export Performance
EU	-	European Union
FC	-	Firm characteristics
FCC	-	Firm Capabilities and Competencies
FS	-	Firm Size
FT	-	Firm Technology
IO	-	Industry Organization Theory
RBV	-	Resource Based Theory
MA	-	Management Attitude

## **ABSTRACT**

*This study was prompted after observing the sporadic nature of Ethiopian flower exports in the last 4 years. This fact was strengthened by the overall fall in exports in Ethiopia to other neighboring countries and the dismal engagement in global trade by Sub-Saharan Africa countries despite the advent of globalizations and regional economic integration and corporation. The objectives of this study therefore were to: Determine the relationship between firm characteristics and export marketing strategy, determine the relationship between firm characteristics and export performance, determine the relationship between export marketing strategy and export performance, and determine the relationship between management attitudes and export marketing strategy. To achieve the above objectives, a quantitative correlation research design was used to execute the study. A sample of 18 firms was taken after stratifying the population and then sampling purposively. Data was collected using a well pre-tested questionnaire and analyzed using statistical package for social scientists (SPSS). The study demonstrated that indeed firm characteristics, management attitudes and export marketing strategy are key determinants of export performance among flower growers & exporters in Ethiopia. This was confirmed by R<sup>2</sup> of 49%. Management of flower exporting firms should therefore consider putting in place strategies to address aspects of firm characteristics, management attitudes, export marketing strategy and export performance in order to win in the international market.*

**Key Words:** *Firm Characteristics, Management Attitude, Export Marketing Strategy*

## **ACKNOWLEDGMENT**

First and foremost, I would like to express my deeper gratitude to my advisor Dr Getie Andualem for his excellent suggestions to accomplish this thesis; Next, I would like to acknowledge my families, who walked this long road with me every step of the way. My special, thanks goes to my colleagues and friends, for there unwavering support during data collection.

Finally I would like to express my heartfelt deeper gratitude for managers of Deberzeit and Holeta town floriculture company managers and employees and cooperation and for being devoted in providing current information and filling the questionnaire which are paramount important to finalize this study.

## ACRONYMS

EE	-	Export Experience
EHDA	-	Ethiopian Horticulture Development Agency
EHPEA	-	Ethiopian Horticulture Producer and Exporters Association
EMS	-	Export Marketing Strategy
EP	-	Export Performance
EU	-	European Union
FC	-	Firm characteristics
FCC	-	Firm Capabilities and Competencies
FS	-	Firm Size
FT	-	Firm Technology
IO	-	Industry Organization Theory
RBV	-	Resource Based Theory
MA	-	Management Attitude

## ABSTRACT

*This study was prompted after observing the sporadic nature of Ethiopian flower exports in the last 4 years. This fact was strengthened by the overall fall in exports in Ethiopia to other neighboring countries and the dismal engagement in global trade by Sub-Saharan Africa countries despite the advent of globalizations and regional economic integration and corporation. The objectives of this study therefore were to: Determine the relationship between firm characteristics and export marketing strategy, determine the relationship between firm characteristics and export performance, determine the relationship between export marketing strategy and export performance, and determine the relationship between management attitudes and export marketing strategy. To achieve the above objectives, a quantitative correlation research design was used to execute the study. A sample of 18 firms was taken after stratifying the population and then sampling purposively. Data was collected using a well pre-tested questionnaire and analyzed using statistical package for social scientists (SPSS). The study demonstrated that indeed firm characteristics, management attitudes and export marketing strategy are key determinants of export performance among flower growers & exporters in Ethiopia. This was confirmed by R<sup>2</sup> of 49%. Management of flower exporting firms should therefore consider putting in place strategies to address aspects of firm characteristics, management attitudes, export marketing strategy and export performance in order to win in the international market.*

**Key Words:** *Firm Characteristics, Management Attitude, Export Marketing Strategy*

# CHAPTER ONE

## INTRODUCTION

### 1.1 Background of the Study

Agriculture in Ethiopia contributes about 85 percent to livelihood, 50 percent to GDP and 90 percent to the export market of the country (Ministry of Information Ethiopia Report, 2005, P.1). Agriculture in Ethiopia records above 50 percent of the gross domestic products comprise the predominant part of the country's total exports, with coffee accounting for more than 60 percent of the total export value and the remaining 40 percent are exports of hides and skins, oilseeds and horticulture products such as fruits and vegetables. (Zakaria, 2000).

Horticulture marketing and production is one of the major sources of livelihood for large number of farmers, transporters middlemen and traders. However, the agriculture productivity is low due to use of low level of improved agriculture technologies diseases and pests, etc. due to this Ethiopia was not producing some fruits and vegetables in a modern manner due to this Ethiopia has producing fruits and vegetables in less quantity as well as in less quantity (Bezabih and Hadera).

The history of Ethiopian floriculture industry dates back to 1980, 27 years ago, when state farms started to export flowers to Europe. The first private farm that started trading flowers was the Ethioflora. It cultivated summer flowers but not roses and exported only to the Netherlands. Recently it has been producing mainly roses and exporting them to several countries. Another company which entered the industry in the early phase is Golden Rose, Agrofarms LTD (hereinafter referred to as "the Golden Rose"), which started growing roses in 2000. (P.5 Holland horti).

Major policy reforms were introduced in 1992 by the Ethiopian people's Revolutionary Democratic Front-led government, since the floriculture industry has sufficiently attracted participation of domestic and foreign private investors. Although, a few companies started their business about 10 years ago, it has only been during the last 4 years that the floriculture industry in Ethiopia has started to prosper.

The first successful large-scale producer of roses of roses was Indian investors who contracted specialists from Israel. Later, Dutch producers entered the market. Especially important was the entry

of Sher-Ethiopia, a leading Dutch company and by far the largest developer of greenhouse production in Ethiopia. In contrast, the role of national agriculture research and extension services seems to have been quite insignificant for the development of the industry. (Tilman Altenburg 2010).

Floriculture is a relatively new sub-sector to Ethiopia as for long the production of flowers had been limited to few varieties of field flowers (like Allium). However, this situation has changed very rapidly over the past years and nowadays producers in other countries eagerly look at the development in Ethiopia, either to be prepared for future competition or also to invest in the country. In 2006 Ethiopia was the second largest exporter of large roses to the Dutch auctions (after Kenya) and the third largest supplier for small roses (after Kenya and Uganda).

The majority of flowers growers with an estimated 80% of the production area cultivate roses. The first rose producer started around 1997, a second in 1999. From 2001 onwards, other growers started coming in. some 20% of the production area is under cultivation of cuttings and bouquet fillers, primarily Hypericum, Carnation, Gypsophila, Allium and Carthamus. The number of farms producing other cut-flower than roses is still limited, but growing.

At altitudes of around 2,400 to 2,600 meters, the Ethiopian Highlands around Addis Ababa are characterized by high daily temperatures and cool nights, high solar radiation and annual rainfall of about 1,200 mm. These climatic conditions make the highland very suitable for the production of medium to large sized rose varieties (intermediates and T-hybrides). Other regions that are located at lower altitudes of 1,100 to 1,800 meters (Rift valley, Upper Awash and Ziway) are suitable for the production of small to medium sized rose varieties (sweetheart and intermediates) and other flowers like summer flowers and cuttings.

Ethiopia has geographical advantages for a floriculture industry, eg. The high altitude (flowers grow well above 1110M ASL) the vast unexploited arable land and the conducive climate for flowers. Also, the plentiful low-cost labor market is very attractive for the industry, since it is a labor-intensive one. The strong initiative of the government of Ethiopia to encourage the industry and the safe environment of the country compared to other African countries, such as Kenya, is also a big advantage, especially the geographical ones are the reason why Ethiopia has been attracting many flori-farms even from Kenya where the industry has already been developed (P.5 Holland horti news March 2007).

Despite its late entry into the Ethiopian economy, the flower industry is an example of a quick transition into a successful non-traditional export product. Ethiopia is now the second largest exporters in Africa, next to Kenya, overtaking Tanzania, Uganda and Zimbabwe. It is also the fifth largest non-EU exporter supplying the EU cut flower market.

It has taken Ethiopia five years to reach half of what Kenya achieved from the flower sector in three decades. At this rate, Kenya could be overtaken by Ethiopia in a decade. In the last fiscal year, however, the sector earned only 186.7 million dollars, which is five percent lower than the previous year. Although the industry is regarded as one of the top five foreign exchange earners, its performance is below expectations. While the government planned to collect 457.4 million dollars in revenue from the horticulture sector during the last fiscal year, it only collected 246.5 million dollars. (Addis fortune published January 26,2010 Vol.14 No. 714)

**Table.1 – Ethiopia’s export for Fresh cut Flower**

<b>Eth year</b>	<b>Description</b>	<b>Qty</b>	<b>Value</b>
2000	Rose and Summer flower	649,319,811.00	91,600,807.31
2001	Rose and Summer flower	874,615,150.00	112,829,296.00
2002	Rose and Summer flower	1,127,208,411.00	136,730,823.44
2003	Rose and Summer flower	966,777,118.00	116,493,147.75
2004	Rose and Summer flower	1,406,611,322.68	163,151,278.94
2005	Rose and Summer flower	1,484,457,420.82	153,566,689.94

*Source: EHDA*

The above export table shows that there is no consistence growth in export earnings. According to EHDA various favorable condition and attention have given to this sector. But it has unable to make any significant effect in export earnings.

Some report highlights inadequate market knowledge, weak entrepreneurial skills, and limited access to production as some of the key constraints to export performance among the exporting firms. Few studies have been conducted on the topical subjects but most of the research is in several sectors. This could have the effect of confounding import and trends peculiar to specific sectors. Therefore, this study conducted to investigate determinants of export performance in cut flower growers industry in Ethiopia.

## 1.2 Statement of the Problem

Cut Flower is one of the most promising export products Ethiopia could supply to the global market. Compared to other products and neighboring countries, this sector is relatively new in Ethiopia, but very promising. International market demand is high but currently Ethiopian cut flower product export is at a lower level comparing to the market.

The world flower trade was worth US\$ 7 billion in the year 2000. The European Union (EU) is believed to consume over 50% of the world's flowers, and includes many countries with relatively high per capita consumption of cut flowers. There is strong demand in Germany, the Netherlands, the United Kingdom, Switzerland, Italy and France. Germany, USA, France, the United Kingdom and the Netherlands as a whole accounted for approximately 28%, 18%, 10%, 9% and 8% of the total world import of cut flowers between 1995 and 1999 respectively (Sisay & Habte, 2001).

Flower is a delicate commodity, which has to reach the market, either for local sales or export, in a good condition. As Ethiopia is located in close proximity to the Middle East and Europe, its export products can easily reach the markets of these regions with relatively short period of time and cheaper transportation costs than most flower exporting African Countries. But the Export rate is not as effective as it should be.

The key success of Ethiopian in the cut flower export is the natural and geographical advantages of the country. Despite Ethiopia's endowment of enormous natural resources and other competitive advantages, floriculture so far, has been unable to make any significant dent in export earnings.

It appears weak firm characteristics and poor management attitudes are contributing to ineffective export performance as hinted in the background. It is also argued that the export marketing strategy might be low among the firms. The size of the firms involved and level of entrepreneurial skills the exporters seem to compound the problem. Firm characteristics and management attitudes that affect export performance among cut flower exporters have not been sufficiently investigated. Few studies are available in Ethiopia floriculture industry and it's conducted several years before. There is no specific research done related on determinants of export performance in currently existing cut flower grower in Ethiopia. Hence, the researcher intended to investigate determinants of export performance.

### **1.3 Research Question**

The research focuses on providing answers to the following questions:-

1. What is the relationship between firm characteristics and export marketing strategy?
2. What is the relationship between management attitudes and export marketing strategy?
3. What is the relationship between export marketing strategy and export performance?
4. What is the significance relationship and impact between firm characteristics and export performance?

### **1.4 Objective of the Study**

#### **1.4.1 General Objectives of the Study**

The general objective of this study is to identify determinants that influence export performance in cut flower industry/sector in Ethiopia.

#### **1.4.2 Specific Objectives of the Study**

The study has the following specific objectives:-

- To determine the relationship between firms characteristics & export marketing strategy.
- To determine the relationship between management attitudes and export marketing strategy.
- To determine the relationship between export marketing strategy and export performance.
- To determine the significance relationship and impact between firm characteristics and export performance
- To identify the major problems
- To suggest some possible recommendation problems.

### **1.5 Hypothesis**

Based on the statement of the problem and objective of the study, the following hypotheses were invented:-

*H1: There is a positive relationship between firm characteristics and export marketing Strategy*

*H2: There is a positive relationship between Management attitude and Export marketing Strategy*

*H3: There is a positive relationship between Export Marketing Strategy and Export performance*

*H4: There is a significant relationship and impact between Firm characteristics and Export performance*

## **1.6 Scope of the Study**

The theoretical conceptual scope of this study is it only focuses on firm characteristics, management attitude and export marketing strategy. These have been cited in export literature to be the leading influencers of export performance. The geographical scope of the study for this research it only focus on cut flower export firms in the region of Debrezeit, and Holeta which majority of firms located in this areas. This region has chosen because, most of cut flower exporters located in the area. Due to the distance, time and money constraints, the researcher could not able to include other region areas.

## **1.7 Significance of the study**

The study contributes to specifically identify the most significant determinants affecting export performance in the cut flower sector in Ethiopia. The study is also a good source of literatures for those interested in conducting similar research activities. The findings and conclusions from this study benefit managers and policy makers in the flower export sector to design appropriate export growth strategies and policies to regulate the sectors.

## **1.8 Limitation of the Study**

The limitations of this research faced by researcher are time, finance, distance constraints, unavailability of documents due to its confidentiality.

## **1.9 Organization of the study**

The study consists five chapters. The first chapter covers brief introduction. The second chapter covers the literature review which includes theoretical frame work of export performance and concerning cut flower export trade. The third chapter presents the methodologies being used in the study. The fourth

chapter contains the research finding and discussions. Based on the finding and discussions the fifth chapter is the conclusion and recommendation part.

## **CHAPTER TWO**

### **Literature Review**

#### **2.1 Introduction**

This chapter deals with the theoretical and empirical reviews of literature with respect to export performance. Theoretical review of cut flower sectors in Ethiopia and empirical literature reviews on firm characteristics, management attitudes, export marketing strategy and export performance is reviewed and relationships explored.

#### **2.2 Export Marketing in Developing Countries**

In export marketing there is length procedure and formalities, because goods are sent overseas as per the procedures framed by the exporting country as well as by the importing country. Export marketing is more complex to domestic marketing due to international restrictions. Moreover, when a business crosses the borders of a nation, it becomes infinitely more complex. Export marketing is characterized by high risk and uncertainties. The risks may be both political and commercial. The political risks involve government instability, war, civil disturbances, etc. The commercial risks involve bankruptcy of the buyer, extended failure to pay on the part of the buyer, and so on. The export markets differ in languages, customs, and the traditions. Exporters in the international markets have to face strong challenges from the double-faced competition. The competition is more severe and acute in the international market. There are direct competitions from similar products and indirect competitions from substitute products. Export trade is subject to a number of tariff and non-tariff barriers. Various importing countries perform impose a variety of taxes and other formalities. This creates difficulty for the smooth flow of goods and services among countries.

#### **2.3 Cut Flower Production and Marketing**

Developments in the world show that production and trade of cut flowers will continue to develop quickly as a gifted sector particularly for the developing countries. Ensuring product diversification and increasing the number of the kind of cut flowers are most important measures to this effect. For this purpose, new species of cut flowers with high market value are relevant production and marketing techniques must be introduced to producers and exporters. Product diversification will also add to the

chances of introduction to new markets. For this purpose, professionalism must be well established in production and marketing and exports must be increased using diverse marketing channels. In arrangement of the cut flowers from the producer to the consumer, cold store chains should be established and the cold conditioning created by the producer must be maintained to avoid temperature fluctuations which are very damaging until the products are delivered to the consumer. Transportation must be well organized and driver's incentives must be used to decrease cost of airfreight in order to increase competitiveness in foreign markets. Transportation is one of the most vital issues affecting the marketing of cut flowers. High airfreight costs generate the exporters tend towards transportation by trucks which take extensive time and cause deterioration of quality and form of the cut flowers which are very delicate. Airfreight charges must be lowered to the levels existing in the competitor countries, it is also important to establish flower exchanges. These exchanges would the flower market, cause production of export-oriented quality goods, avoid unjust competition and diminish tax losses. Therefore, efforts must be increased to set up flowers exchanges. Professionalism must be well established in production and marketing and training activities must be well established in production and marketing a training activity must be increased to fill the gap of technical knowledge in export industry (Baris and Uslu, 2009).

## **2.4 Floriculture export markets**

The European market is by far the most important market for Ethiopian roses, cuttings and other floriculture products. The opportunities for exports of floriculture products emerged in the 1980's and 1990's when the markets in Europe increased massively and high prices were offered. In addition, the year-round supply grew in the most important markets. This triggered cut flower production in non-traditional production countries such as Israel, Africa (e.g. Kenya, Zambia, Tanzania, Uganda) and Latin America (e.g. Colombia, Ecuador). In a period of five years these newcomers managed to fully replenish the emerging markets and year-round demand. By that time the market was supply-driven and volume based and a 'take it or leave' approach prevailed among the suppliers. The expected market growth in Central and Eastern Europe was much slower than expected and competition increased and prices started to decline.

At the time of market entry by Ethiopia around the turnoff the millennium the European cut-flower market is much more demand driven. Ethiopian growers and exporters have the advantage that they can learn from the experiences in other exporting countries. Some of these experiences insights gained over

the past years have been well documented and Ethiopian growers and exporters are advised to take note of these.

## **2.5. Determinants of export performance**

### **2.5.1 Firm Characteristics**

Previous research upholds that firm size has an impact on export performance. Larger firms have a greater ability to expand resources and absorb risk than smaller ones (Erramilli and Rao). Internationalization requires appropriate resources; therefore, firm size is operationalized as a number of employees, larger and older firms tend to have specialized managerial resources as well as make more effective use of economies of scale (Sarnie and Walters, 1991). Both firm characteristics (firm size and age) could be directly applicable to the industry. Firms that have been in business long enough to become well established domestically and who have many employees also tend to operate internationally. (D. Steve White, David A. Griffith, et al).

### **2.5.2 Management attitudes towards exporting**

A large body of literature exists documenting the positive relationship between international trade and management attitude towards exporting (Cavusgil and Nevin). Axinn (1988) cautions researchers not to undervalue the link between managers' attitudes towards internationalization and firm export performance. A firm's management will modify its internationalization strategy if a high level of commitment to exporting exists within the firm. (D. Steve White, David A. Griffith, et al)

The attitudes and perceptions of management have been frequently cited as important determinants of export performance (for an excellent review of the effect of managerial factors, see Londiou et al 1998)

### **2.5.3 Marketing competitive or strategic advantage**

Researchers indicate that the possession of competitive advantage enhances overall export performance. They show that the competitive advantage can lead to superior market place performance (e.g. market share, customer satisfaction) and financial performance (e.g. return on investment) shareholder wealth creation. Cavusgil and Naor found that unique firm advantages contribute to a firm's internationalizations.

Other authors also highlight the importance of competitive advantage in operating internationally (eg. Cavusgil et al. ). Attributes a firms' entry into the world market to competitive advantage. They contend that unique competence leads a firm to seek the exploitation of its advantages, including the testing of foreign markets. Other research on competitive advantage and its relationship with exporting supports their position (Bilkey 1978)

#### **2.5.4. Export Performance**

Performance is an indispensable guide for any company analyzing its success, both in the domestic and international arenas. Assessing export performance is a complex task, its usefulness depending on the credibility of the measures (i.e. objective and subjective terms). Indeed, dealing with this variable may become very complicated because export performance can be conceptualized and operationalized in many ways (Das, 1994; Diamantopoulos and Schlegelmilen, 1994)

Performance measures such as profitability and market growth opportunities influence export performance measurement within the manufacturing sector, as well as (Schlegelmilch , 1986), indicate that managerial aspirations and expectations about the contribution of exporting to the achievement of basic goals have a direct bearings on the decision to engage in international trade. (Cooper and Kleinschmidt 1985) indicate that management's goals and aspiration includes expectation for exports, corporate growth goals, and corporate goals' regarding security of investments impacts a firm's performance. The stronger the firm's motivation to grow, the greater the search for new opportunities in order to find means of fulfilling its growth ambitions (wiedersheimpaul et al., 1978. Performance measures of profits, growth, security of investment and markets, as well as market development will be examined.

June and Collins-Dood(2000) argue that research on exporting behavior involves around three paradigms: the resource –based paradigms, the contingency paradigm and the relational paradigm.

The resource-based paradigm suggests that firm level activities are determinants of a firms' export propensity. This stream of research has examined the influence of firm size, firm experience, firm competencies and marketing strategy (Slater, 1989)

A second approach, the relational paradigm, focuses on the network of business and view export expansion as the sequential development of relationships with other firms (styles and Ambler, 1994).

The third approach, the contingency paradigm consider that variables such as industry and market conditions are expected to mediate the influence of the various firm characteristics, strategies, and/or competencies with regard to export performance. The main research hypothesis states that no strategy can be effective in all contexts. The effect of various firm characteristics and strategy on export performance depends on specific situation variables. (Cavasgil and Zou ., et al)..

## **2.6 Firm characteristics, Export marketing strategy and Export Performance**

The use of firm characteristics and management attitudes is in consonance with the resource - based theory. The resource - based theory conceives a firm as a "unique bundle of tangible and intangible "resources" (assets, capabilities, processes, managerial attributes, information and knowledge) that are controlled by a firm and that enable it to conceive and implement strategies aimed at improving efficiency and effectiveness" (Dean & Menguc, 2000; Barney, 1991; Daft, 1983; Wernerfelt, 1984). According to the resource - based theory, the principal determinants of a firm's export performance and strategy are the internal organization resources (Dhanaraj, 2003; Barney & Collis, 1991). This is in contrast to the industrial organization theory which argues that the external factors determine the firm's strategy, which in turn determines economic performance (Scherer & Ross, 1990; Dean, 2000).

Whereas there isn't any specific definition of firm characteristics in the existing scholarly literature, it has been described in terms of international competences and overall business competencies. For example firm size has been found to have a significant effect on the decision to enter new export markets (Reid, 1983, 2001). Cavusgil(1987) and Christensen et al (1987, 2000) have also concluded that the larger the company, the more likely it is to export. Firm size has also been found to be significantly related to export intensity (Culpan,1989; Zhao and Zou, 2002).

The larger the firm, the greater its ability to invest in order to control the higher risk of operating in psychologically distant market (Kogut and Singh, 1988). Agarwal and Ramaswami (1992) demonstrated the firm size influences mode selection, with larger firms preferring full control entry modes. Differences in firm size are considered significant in explaining, both directly and indirectly export behaviour and performance (Aaby& Slater, 1989). The basic assumption is that important inputs needed for exporting are indivisible and that the economies of scale favor larger firms. Overall, larger firms have more resources, which can be applied to new markets and are less sensitive to risk in market development (Brouthers and Brouthers, 2001; Francis and Collins, 2000). These factors facilitate the development of export competitive advantages (Katsikeas, 1994). Therefore, they will enter psychologically most distant markets sooner and with more aggressive strategies. However, other scholars have found negative relationship between firm size and future export behaviour (Gripsrud, 1990; Cooper & Kliensmidt, 1985). Related studies have found firm's exporting experience to have a positive effect on export performance (Madsen, 1989) and degree of internationalization, (Dominique & Sequira, 1993).

Despite Aaby& Slater's (1989) extensive assessment on the contradicting literature, there is enough consensus that large firms possess more managerial and financial resources, have greater and sophisticated technology and production capacity and tend to be associated with lower levels of perceived risk in exporting operations (Bonaccorsi, 1992). However, it is important to note that scholars have also noted cases of non-significant as well as negative findings. For example, Kaynak & Kuan (1993) and Louter et al (1991) reported a negative impact of the firm's number of years in exporting on export profitability. It would therefore appear that young firms do better at exporting than those that have been in operation for many years.

According to Diamantopoulos and Inglis (1988), firms that are highly committed to exporting tend to employ high levels of manpower and have better export departments, in contrast with those firms involved in relatively low levels of exporting. The implication here is that high involvement exporters exhibit a greater internal capability to develop sound export competitive stance than do firms engaged in a relatively low degree of export involvement (Ellis and Pecotich, 2000). Secondly, theoretical studies have been proposed to the effect that export market experience gained from business operations

in a specific overseas market generates business opportunities and is consequently a driving force in the internationalization of the firm (Johanson & Vohlne, 1990).

The implication is that within the realm of export marketing, limited levels of such experiential knowledge can enhance export market uncertainty (Agarwal & Ramaswami, 1992; Davidson, 1982), and this is likely to adversely affect management perception of the firm's competitive position in the market. The other factor is the firm capabilities and competencies that are resident in the company. This has been extensively reviewed in literature. On the one hand, Wiedersheim et al (1978) stated that a firm possessing a distinctive competence, either resource or capability has a stimulus to exploit the international markets, either through trade or investment. This is because developing competence will usually involve certain sunk costs that the firm would tend to distribute as widely as possible. On the other hand, other authors like Cavusgil and Nevin (1981) argue that differential firm advantages are not sufficient, by themselves, to initiate the internationalization process. There is need to prepare the firm and provide an initial motivation for management.

Furthermore, determinants of export performance are generally traced about 30 years ago in the articles that collate the findings appearing approximately every tens (Bilkey, 1978; Aaby& Slater, 1989; Zou& Stan, 1998; Leonidou, Katsikeas & Samiee, 2002). Cavusgil and Zou's (1994) study epitomizes the approach taken by most researchers. Their study among U.S manufacturers theorized that export marketing strategy is driven by both internal (e.g firm and product characteristics) and external forces (e.g industry and export market characteristics), with the impact of these variables mediated by export marketing strategy (marketing mix adoption, price competitiveness). This approach comes to complement the earlier stated resource based approach and the behavioral approach (Leonidou et al. 2002) and the relational approach by others (Styles and Ambler, 1994, 2000).

## **2.7 Firm Characteristics and Export performance**

To develop a set of specific research propositions within the Patterson and Cicic (1995), Dhanaraj and Beamish (2003) framework, we draw on two theoretical perspectives; the resource based view(RBV) of the firm and contingency theory. The essence of the RBV is that the firm uses internal resources and capabilities as the basic building blocks to create entry barriers and to obtain a sustainable competitive

advantage (Wernerfelt, 1984; Barney, 1991; Ling-yee and Ogunmokun, 2001). A resource or capability is considered a greater source of competitive advantage to the extent that it possess the following characteristics; valuable, rare, imperfectly imitable, non- substitutable (Barney, 1991).

The usefulness of the RBV in marketing generally e.g, Srivastava et al (2001) on export performance in particular e.g Piecey et al (1998), Ling- yee and Ogunmokun (2001), has recently gained marketing scholar's attention. According to RBV, the firm's assets all considered resources and capabilities that contribute to generating and sustaining customer value in the marketing field (Barney et al. 2001; Srivastava et al, 2001). In the context of this paper, it is argued that if a firm operates in a particular cell i.e type of product line and possesses a number of specific internal resources and/or capabilities to a greater extent, then the competitive advantage will be enhanced and the export performance will be strengthened.

Implicit in this line of thinking is that firms in different cells require a different set of capabilities and resources to effectively compete. That is, the internal set that drives export performance is contingent upon the product type.

Also the application of the contingency theory in strategy and organization studies has been widespread (e.g Hofer, 1975; Ginsberg and Venkatraman, 1985; Ziethaml et al. 1988). This perspective maintains that there is no universal set of strategies which is optimal for all businesses or firms and therefore strategies need to be designed with specific environmental contexts (including industry/product types) in mind. In marketing, the contingency theory has been widely accepted and used in many conceptual and empirical studies (Hambrick and Lei, 1985; Buzzel& Gale, 1987; Bharadwaj et al. 1993; Gardner et al. 2000).

## **2.8 Management Attitudes, Export marketing strategy and Export performance.**

The export marketing literature suggests that there are several theories which seek to explain the relevance of stimuli in exporting. It is therefore useful to consider the first - principles in this regard and question what is actually understood by motivation/commitment, which is derived from a stimulus

response (Tajfel and Fraser, 1978; Ellis and Pecotich, 2001). Jones (1955) has contended that motivation describes how behavior is initiated, energized, sustained, directed and stopped. Furthermore, Vroom (1964) has stated that motivation is a process which determines choices made by individuals among various alternative forms of activity. Therefore, common to both of these approaches is the notion that motivation concerns those factors that energize individual behavior, and direct and sustain that behavior.

In addition, studies intimate that considerable differences are likely to exist between how individuals are motivated by various stimuli and the intensity with which behavior is pursued (Arnold et al. 1991; Staff, 1994; Zhao 2002). The literature concerning these issues has documented several theories, one of which is the cognitive theory of motivation which forms the basis of expectancy - valence theory (Porter and Lawler, 1968; Slovic et al. 1977; Stahl and Harrell, 1981). This theory suggests that expectancies are beliefs which individuals maintain will lead to certain consequential outcomes. Valence, on the other hand, accounts for the positive or negative value which the individual places on achieving the outcome.

These joint influences result in a measure of motivation. Bradley and Keogh (1981) have examined the worth of the expectancy theory in export management and observed the following points: managers always have preferences among various outcomes that are potentially available; managers have expectancies about the likelihood that an effort on their part will lead to the intended behavior or performances; managers have expectancies about the likelihood that certain outcomes will follow their behavior; and the actions a person chooses are determined by the expectations and the preferences a person has in a given situation.

Motivation is shown to be influenced by the expectancy that an effort or action will lead to intended behavior (Bradley and Keogh, 1981). Considering these theoretical premises in the context of international marketing, it has been upheld that export stimuli can be present at any stage of export development.

The empirical question of what factors stimulate small and medium sized firms to export has been investigated by researchers for nearly three decades following the initial work of Simmonds and Smith (1968). Extensive work has been done on the role management attitudes play in enabling companies to

engage in the international arena (Zou & Stan, 1998). Accordingly, management attitudes and perceptions have been frequently linked to export performance (Leonidou et al. 1998; Zhao, 2002).

Most researchers now hold the view that export performance is under the control of the firm and its management (Stottinger & Schlegelmilch, 1998). Commitment to export activities has been found to be positively related to export performance (Katsikeas & Piercey, 1990; Francis, 2000). This normally involves management putting in place a sound export marketing strategy and necessary resources to execute the strategy to fruition. Secondly, commitment should not only sound in corporate vision but need to be demonstrated by putting in place systems that harness export opportunities.

Scholars have identified setting up an export department, export planning and control, export marketing research, and regular marketing visits as some of the major important initiatives (Beamish et al. 1993; Bonaccorsi, 1993, 2004; Cavusgil & Naor, 1987). Whereas Export marketing strategy and export performance have been linked empirically, there is still no agreement on how to specifically measure the latter.

According to Zou & Stan (1998), comprehensive review of literature on export performance, management commitment emerged as a key determinant of export performance regardless of the performance dimension. This conclusion by Zou and Stan was a boost to previous reviews by Cavugil and Zou (1994) that concluded that high management commitment allows a firm to aggressively go after the export market opportunities and pursue effective export marketing strategies that improve performance.

Moreover, management's perceived export advantage seems to predict well export sales, profits and growth. On the other hand, management's perceived export barriers either result in low export sales, slow export growth and low perceived export success or fail to significantly predict export performance (Zou & Stan, 1998). These conclusions tie in neatly with those of Aaby & Slater (1989), Chetty & Hamilton (1993) who assert that factors related to management attitudes and perceptions are potent determinants of both financial and non-financial measures of export performance.

Further, it has been conceptualized that exporting pro-activeness (or motivation) leads to significantly higher export sales in markets that are psychologically more distant. Knowledge of perceived distance between the home country and the foreign markets is of limited value if the findings do not identify those areas where strategies can be developed to combat the perceived differences (Evans et al. 2000).

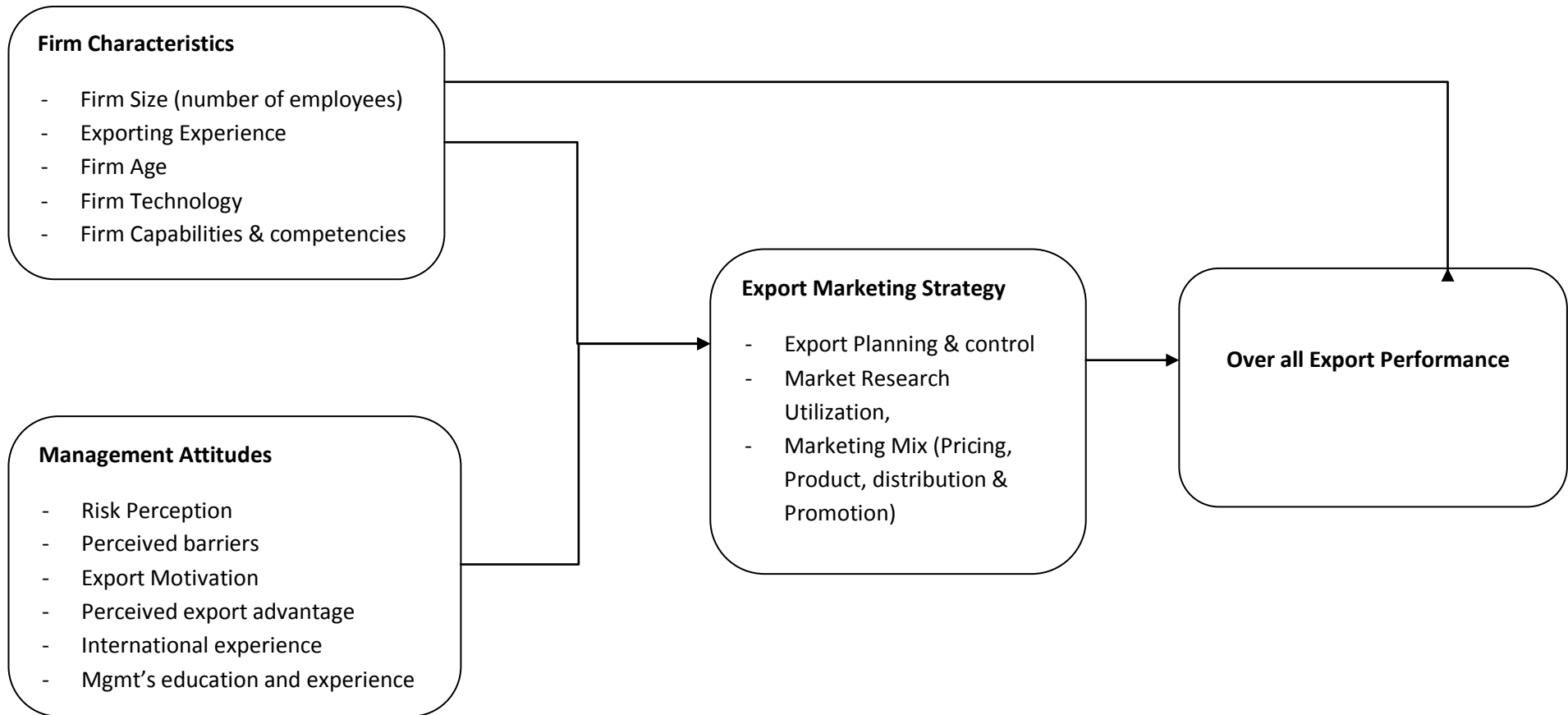
Export marketing strategy enables firms to respond to the interplay of internal and external forces to meet the objectives of the export venture (Cavusgil and Zou, 1994). Export marketing strategy variables refer essentially to the company export product, pricing, distribution and promotion which are key to exporting success (Katsikeas et al. 2000). In international marketing therefore, an important consideration is whether the marketing strategy should be standardized or adapted to foreign market characteristics (Cavusgil and Zou, 1994; Shoham, 1996). Product adaptation, promotion adaptation, channel development and competitive pricing strategies have been described as the means by which a firm's offerings adapt to fit the idiosyncrasies of foreign markets (Douglas and Craig, 1989; Cooper and Kleinschmidt, 1985; Kirpalani and Macintosh, 1980).

In studying the determinants of export performance in a European context, Katsikeas et al. (1995) conceptualized that managerial commitment to exporting is likely to have a particularly strong impact on the behavior and success of such firms. To achieve such success, firms have to have considerable mechanisms for understanding the buying behaviors and in selecting those market segments that are profitable to target. This requires that firms develop capabilities such as commitment to have an export department, develop an export planning and control framework and timely marketing research (Beamish et al. 1993; Bonaccorsi, 1993). In a separate but exhaustive review of exporting literature between 1987-97, Shoaming Zou revealed that export marketing strategy influences performance. For example, correlation and factor analysis showed that export planning is a consistent determinant of export sales.

In an independent research, Madsen (1987) found that a firm's utilization of marketing research tends to positively influence export sales, growth and other composite measures of export performance. The thinking that exports marketing strategy is a key determinant of export performance arises from the industry organizational theory (IO), which argues that it is the external factors and the firm's strategy which determines the economic performance (Scherer and Ross, 1990). Moreover, the reluctance by

top management to allocate resources to exporting agenda has significant deterrent to export performance (Cavusgil and Naor, 1987).

## CONCEPTUAL FRAMEWORK



# CHAPTER THREE

## METHODOLOGY

### 3.1 Introduction

Research methodology refers to the procedural framework within which research is conducted. Thus, this chapter provides a fully detailed account of the research methodology, the reasons that the various research strategies is selected and the rationale for the sample selection process. It also deals with the issues of why the particular survey instrument is selected as being appropriate for the current study. To start with, the study site is introduced, followed by a presentation of research design, study site, the sample selection, and data collection process, the data collection tool and furthermore a description of how the data will be analyzed.

### 3.2 Research design

The researcher used descriptive and correlation design utilizing survey instruments. The purpose of the design is to describe and correlate paradigms with export performance. This study has applied the mixed approach since it has used survey questionnaire as well as structured and unstructured interview as means to collect cross-sectional data from cut flower industry of top manager, middle manager, and employee of marketing department, which in turn have quantitative and qualitative components respectively. However, both quantitative and qualitative research approaches have limitations and the advantage of a one may be limitations for the other and vice versa.

Hence, this study used mixed research design since the research questions demand both approaches and also it was supposed to alleviate the limitations of quantitative and qualitative approaches. Both methods investigate and explore the different claims to knowledge and were designed to address a specific type of research question (Donald & Pamela, 2003).

### 3.3. Study Site

There are 43 cut flower industries in Ethiopia which is located in different clusters (Zeway, Sebeta, Holeta, Deberzeit & Koka cluster).

**Table 2: Cut Flower Industries in Ethiopia**

No.	Ziway Cluster	Sebeta Cluster	Holeta Cluster	D/ziet Cluster	Koka Cluster
1	SHER Ethiopia Private ltd	Lafto Roses Privated ltd	Linssen Roses Ethiopia Private limited Co.	Dugda Floriculture Dev' Pvt ltd	Red Fox Ethiopia Private ltd
2	AQ Roses Private ltd	ET Highland Flora Private ltd	Ethiopian Meadows Private ltd co.	Minaye Flowers Private Ltd	Ethiopia Cuttings Private ltd
3	Ziway Roses Private ltd	Enyi General Business PLC	Marginpar Ethiopia Private ltd	Joy Tech Private ltd	Des Plants Private ltd
4	Herburg Roses PLC	Saron Rose Agrofram Private	Supra Floritech Private ltd Co.	Yassin Legesse Johnson	
5	Braam Flowers PLC	Ethiopassion Agro Private ltd	Euro Flora Private ltd co.	ZK Flowers Private Ltd	
6	Blen Flowers Private ltd	Sheba Flowers Privated ltd co.	Schecter Yosef - Company	Friendship Flowers Private Ltd	
7		Eden Rose Private Ltd Co.	Oromia Wonders Private ltd	Rainbow Colours Privated ltd	
8		Selam Flowers Private Ltd	Schecter Yosef - Company	Omin Blossom Flowers Private ltd	
9		Abdulhamid Jemal Shamji	Oromia Wonders Private ltd	Evergreen Farm PLC	
10			Joe Flowers Private Ltd co.		
11			Flower Ama Private limited Co.		
12			Dream Flowers Privated limited co.		
13			Ethio Agri-Ceft Private limited co.		
14			Joshua Flowers Privat e limited co.		
15			Rose Ethiopia Private limited co.		
16			Fiyori Ethiopia Privated limited co.		

Source: Survey data, 2014

As per Table 2 the majority of firms located in Holeta & Debreziet cluster. Therefore, the research is conducted within this cluster of 25 firms.

### 3.4 Sample and Sampling Techniques

The sampling process begins by defining the cluster of the population. The sampling technique used in the study was non probability sampling. Convenience sampling is used to select the cluster of the companies. The researcher used the two clusters (Holeta and Deberzeit) because it is convenient comparing to other clusters.

It is often impossible, impractical, or too expensive to collect data from all the potential units of analysis included in the research problem. Thus, a smaller number of units, a sample, are often chosen to represent the relevant attributes of the whole set of units, the population. As per Roscoe (1979)

proposed that the rules of thumb for determining the sample size which is more than 30 and less than 500 are appropriate for the most research. The researcher used 18 companies out of 25 companies using Convenience Sampling. Using Judgmental sampling technique, from 18 Firms based on firm size (the researcher gather information from EHDA) 8-7 managers (top and middle level and employee from marketing department) has been used. Survey also carried out to understand export performance in cut flower industry where emphasis should be placed on people's value and attitudes. Finally, 144 questionnaires is distributed, 39 questionnaire is not returned, 5 half-filled questionnaire that missed most of the required information is discarded before analysis and 100 returned questionnaire and interview results is used for analysis purpose.

### **3.5 Data collection Instruments**

The researcher used both primary and secondary data. Primary data is gathered by using of closed and open ended questionnaires, which is used self-administered. According to Kothari (2004) primary data which is collected afresh and for the first time, and thus happen to be original in character. Interview also used to measure the overall export performance of the company.

The main instruments for data collection are the questionnaire. The questionnaire is based on stated research question and also based on firm characteristics, management attitude, Export marketing strategy and export performance. The question is pre-coded 1-5 Likert scale.

The secondary data is collected through different established resources, such as journal, articles and internet in the way of literature review. This is because secondary research has validated the research and support to justify the reasons and findings. Secondary data is used first to conduct the research before conducting primary data. This is done because secondary data may contain information that is essential for conducting this research and used to find appropriate solidify premises of the study.

### **3.6 Method of Data Analysis**

The data is collected through interview and survey/questionnaire. Questionnaires is analyzed and coded in the SPSS system. This is comprehensive statistics software that includes capabilities for data analysis, data management and programming (Malhotra N, Briks D, 2003). Descriptive statistics is used to describe and summarize the basic features of data collection using a combination of techniques such as tabular and summary. In the finding of analyzed data is conducted through different analysis techniques.

The information collected through survey/questionnaire is used for descriptive purpose of identifying the level of export performance toward cut flower industries. Whereby, correlation coefficient and multiple linear regressions are used to investigate both the correlation relationship b/n firm characteristics, management attitude, marketing strategy and Export performance. The research in the section provides insights of the research findings and had make conclusions based on the analysis of the data obtained from both primary and secondary sources.

#### **3.6.1 Quantitative Data Analysis**

The assessment made on similar researches showed that the data collected is analyzed using both qualitative approach and descriptive statistics so as to see whether the research objectives is met or not (Tirufat, 2011; Tsega, 2010). Through the analyzing process, qualitative description, frequencies, percentages, mean and standard deviations is applied. Similarly, this study applied these and also correlation and regression analysis as main analysis methods for analyzing the cross sectional data collected with respect firm characteristics, management attitude and overall export performance.

The frequency analysis is used to measure the pattern of respondent's demographic information that is gathered using the first section of the questionnaires. Correlation and regression analysis is used to test research questions of the study. Correlation analysis is used to determine the relationship between dependent and independent variables, the direction, the degree and the strength of the relationship (Sekaran, 2006). As a result, the regression model is constructed to identify if there significance relationship between firm characteristics and export marketing strategy.

### **3.6.2 Multiple Regression Analysis**

Multiple regressions tell how well a set of variables are able to predict a particular outcome. It provides information about the model as a whole and the relative contribution of each of the variables that make up the model. It also allows to test whether adding a variable contributes to the predictive ability of the model, than the existing variables. Some of the main types of research questions that multiple regression can be used to address include how well a set of variables is able to predict a particular outcome (in this study, the export performance); which variable in a set of variables is the best predictor of the outcome (in this study, to see whether Firm characteristics is best predictor of export performance or not); and whether a particular predictor variable is still able to predict an outcome when the effects of other variables are controlled (Julie, 2007).

In this study, standard multiple regressions is used summative average values on major determinant factors (independent variables) since all the independent (predictor) variables are used simultaneously in the equation and each variable is evaluated in terms of its predictive power of export performance.

### **3.6.3 Qualitative Data Analysis**

The qualitative analysis is done to identify and relate export performance of the organization. Moreover, it was also used to assess the opportunities and challenges of export marketing and check the consistency of the survey results.

## **3.7 Reliability and Validity**

The study is used Cronbach<sup>a</sup> coefficient alpha to test the reliability of the dimensions used to measure determinants of export performance and export performance of cut flower sector. This study conducted pilot testing of 20 questionnaire 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 0.777(77.7% reliability) is obtained, which is greater than the acceptable range of 63% and above.

**Table 3: Reliability Scale (Chronbacha) on the study variables**

<b>Variable</b>	<b>A- Value</b>
Firm capabilities and competences	0.7655
Firm technology	0.6777
International Experience	0.6341
Risk Perception	0.5463
Perceived barriers	0.6009
Export motivation	0.7895
Perceived Export Advantage	0.7492
Management Education & Experience	0.4999
Marketing Mix	0.5921
Marketing Research Utilization	0.6783
Planning & Control	0.8112

*Source: Primary data*

Validity of a method is given when a logical link is established between the questions and objectives. To reduce subjectivity, the questionnaire is revised many times after both external (with other people) and internal discussion. Moreover, the participants are asked to give comments and opinion on statements used in the questionnaire in terms of clarity and completeness. After carrying out the pilot survey, revisions were made to questions that are not clear to remove all ambiguities. This is necessary to increase the validities of the questionnaires before embarking it on the full-scale survey.

### **3.8 Ethical Considerations**

To encourage a respondent's honest response, a guarantee is provided to respondents that no need to write their name, for interview participants their name would not be disclosed in the research report to their management unless their consent was obtained. Moreover, in the cover letter of the survey instrument, ethical consideration of confidentiality and anonymity issues is addressed, and the estimated time as well as sole purpose of the data collection is clearly stated.

## CHAPTER FOUR

### RESULT AND DISCUSSION

#### 4.1 Introduction

This chapter deals with the presentation and interpretation of the research results from data collected in the field. Both descriptive and inferential statistics is used. Under descriptive statistics, frequency tables and cross-tabulations are used. Under inferential statistics, Pearson's correlation coefficients and multiple regressions analysis was run. And finding discussion is resulted.

#### 4.1.1 Descriptive statistics

This is done to explore some variables in the firms (Size of workforce, age of the firms, personnel experience& training, experience in business management, training in marketing and exporting, international exposure and exporting experience). The researcher used frequency distributions and cross tabulations counts to gain some picture of how the variables are distributed around the mean values and presented findings.

**Table 4. Shows the length the company been in the operation**

	Frequency	Percent	Valid Percent	Cumulative percent
Less than 2 years	1	1.0	1.0	1.0
2-3 years	11	11.0	11.0	12.0
Valid 4-5 years	45	45.0	45.0	57.0
Above 5 years	43	43.0	43.0	100.0
<b>Total</b>	<b>100</b>	<b>100.0</b>	<b>100.0</b>	

*Source: Survey Data, 2014*

As fig. table 4 indicates that 45 % of firms i.e the majority have been in business operation for 4-5 years and the other highest percentage is 43%(Above 5 years). This shows that relatively majority of firms has above 5 business experience. 11% of Firms has 2-3 years' experience and only 1% of firms has less than 2 years' experience.

**Table 5. Shows Thecompany years of experience in flower exporting**

	Frequency	Percent	Valid Percent	Cumulative Percent
Less than 2 years	2	2.0	2.0	2.0
2-3 years	30	30.0	30.0	32.0
Valid 4-5 years	51	51.0	51.0	83.0
6-7 years	17	17.0	17.0	100.0
Total	100	100.0	100.0	

*Source: Survey Data, 2014*

As per the Table 5 majority of firms (51%) have been exporting flower for 4-5 years. This shows that the majority of firm gained some export experience. While 30 % has 2-3 years export experience in flower industry. The other 17% firms has 6-7 years' experience.

**Table 6. Significance of Personnel Experience & training firm**

	Frequency	Percent	Valid Percent	Cumulative Percent
Very insignificant	18	18.0	18.0	18.0
Insignificant	60	60.0	60.0	78.0
Valid Neither insignificant nor significant	20	20.0	20.0	98.0
Significant	2	2.0	2.0	100.0
Total	100	100.0	100.0	

*Source: Survey Data, 2014*

The majority of firms (78%) as per the above table show, personnel experience & training are insignificant. This implies that majority of the firm doesn't give much emphasis or opportunity for the experience & training of firms that is useful for skilled manpower.

**Table 7. Shows the years of experience the employees have in business management**

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Less than 5 years	12	12.0	12.0	12.0
5-10	20	20.0	20.0	32.0
11-15	42	42.0	42.0	74.0
Above 15 years	25	25.0	25.0	99.0
Non business	1	1.0	1.0	100.0
Total	100	100.0	100.0	

*Source: Survey Data, 2014*

The table indicates that the majority of the firm (87%) has been in business for more than 5 years. This implies majority of the firm has have substantial business experience

**Table 8. Shows- Identifying if they speak any other foreign language other than English**

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Yes	15	15.0	15.0	15.0
No	85	85.0	85.0	100.0
Total	100	100.0	100.0	

*Source: Survey Data, 2014*

The table 8 fig. shows that the majority of respondents cannot speak other foreign language other than English. This could be a hindrance for a sector to trade with non-English speaking trade partners.

**Table 9. Shows The average size of your workforce (both permanent and temporary) of the company at the moment**

	Frequency	Percent	Valid Percent	Cumulative Percent
71-100	5	5.0	5.0	5.0
Valid Above 100	95	95.0	95.0	100.0
Total	100	100.0	100.0	

*Source: Survey Data, 2014*

The majority of the firm employees are above 100 as per the above table shows. And that implies that majority of the firms are large enterprises.

**Table 10. Academic level achievement and Foreign Language spoken**

Foreign Language Spoken	The highest academic level		Total
	Degree	Masters/professional above	
one foreign language	54	31	85
two foreign language	5	4	9
Three foreign language	3	2	5
four foreign language	0	1	1
Total	62	38	100
<b>Chi-Square Value = 1.883</b>			<b>df=3</b>
			<b>p=0.597</b>

*Source: Survey Data, 2014*

The table above shows that there is no significant difference between the companies' academic qualification attained and the number of foreign language spoken. Because ( $p = 0.597$ ) the level of significance is greater than 0.05.

**Table 11 - The company been in operation and the cut flower exporting experience**

The company cut flower exporting experience	The company been in operation				Total
	Less than 2 years	2-3 years	4-5 years	Above 5 years	
Less than 2 years	100.00%	0.00%	0.00%	0.00%	100.00%
	100.00%	0.00%	0.00%	0.00%	1.00%
	1.00%	0.00%	0.00%	0.00%	1.00%
2-3 years	0.00%	44.00%	56.00%	0.00%	100.00%
	0.00%	100.00%	31.10%	0.00%	25.00%
	0.00%	11.00%	14.00%	0.00%	25.00%
4-5 years	0.00%	0.00%	53.40%	46.60%	100.00%
	0.00%	0.00%	68.90%	62.80%	58.00%
	0.00%	0.00%	31.00%	27.00%	58.00%
Above 5 years	0.00%	0.00%	0.00%	100.00%	100.00%
	0.00%	0.00%	0.00%	37.20%	16.00%
	0.00%	0.00%	0.00%	16.00%	16.00%
	1.00%	11.00%	45.00%	43.00%	100.00%
	100.00%	100.00%	100.00%	100.00%	100.00%
	1.00%	11.00%	45.00%	43.00%	100.00%
<b>Chi-square = 56.2    df=9    P= 0.000</b>					

*Source: Survey Data, 2014*

The above table shows that there is a significance difference between companies in respect to the length of cut flower exporting and the length of business operation (P=0.000). Majority of firms has been in business for between 4-5 years and has been exporting cut flower for the same period of time.

**Table 12 – The Company been in operation and average size of workforce**

Average size of workforce		The company been in Operation				
		Less than 2 years	2-3 years	4-5 years	Above 5 years	Total
71-100	% Row	0.2	0.6	0	0.2	1
	% Column	1	0.273	0	0.023	0.05
	% Total	0.01	0.03	0	0.01	0.05
Above 100	% Row	0	0.084	0.474	0.442	1
	% Column	0	0.727	1	0.977	0.95
	% Total	0	0.08	0.45	0.42	0.95
Total	% Row	0.01	0.11	0.45	0.43	1
	% Column	1	1	1	1	1
	% of Total	0.01	0.11	0.45	0.43	1
<b>Chi-square value = 33.5</b>		<b>df= 3</b>			<b>P=0.000</b>	

*Source: Survey Data, 2014*

As table 12 above table indicates that there is significant difference between the length companies have been in operation and the size of workforce employed.  $P=0.000$  i.e. its significance level is less than 0.05. It showed that above 100 work forces is subjected to the high percentage (45%) to the companies who have been operated for 4-5 years.

### 4.1.2 Correlation Analysis

The Pearson correlation coefficient (sometimes called the Pearson product moment correlation coefficient or simply the Pearson  $r$ ) determines the strength of the linear relationship between two variables. The correlation coefficient will be between two variables. It will be between -1.0 and +1.0. Coefficients close to 0.0 represent a weak relationship. A coefficient close to 1.0 or -1.0 represents a strong relationship. Correlation results that is greater than 0.7 are considered strong. Additionally, Correlations less than 0.3 are considered weak. Correlation between 0.3 and 0.7 are considered moderate (Cronk, 2008).

**Table 13 Correlation of Sub Variables**

	1	2	3	4	5	6	7	8	9	10	11	12	13	14
EXPORTING EXPERIENCE (1)	1													
SIZE (2)	.754**	1												
FIRM CAPABILITIES AND COMPETENCE (3)	.346**	.349**	1											
FIRM TECHNOLOGY (4)	0.17879	0.13906	.272**	1										
INTERNATIONAL EXPERIENCE (5)	.356**	.404**	-0.065	0.04842	1									
RISK PERCEPTION (6)	.289**	.235*	-0.0154	.237*	0.07636	1								
PERCEIVED BARRIERS (7)	.280**	.464**	.200*	.279**	0.10685	.250*	1							
EXPORT MOTIVATION (8)	0.08234	-0.1342	0.09373	-0.0346	-.280**	.201*	-0.1015	1						
PERCEIVED EXPORT ADVANTAGE (9)	0.07899	0.1917	.407**	0.12526	-0.0907	-0.0136	.376**	-0.0131	1					
MANAGEMENT EDUCATION & EXPERIENCE (10)	.711**	.527**	.400**	0.14732	0.13959	0.13702	0.18981	.300**	.202*	1				
MARKETING MIX (11)	0.15824	.277**	0.03799	.293**	.243*	.318**	.283**	-0.165	0.216**	-0.0284	1			
MARKET RESEARCH & UTILIZATION (12)	.245*	.198*	.512**	0.03337	-0.1397	-0.0736	0.05403	0.04342	.233*	.261**	-.343**	1		
PLANNING & CONTROL (13)	.454**	.364**	.279**	.262**	.229*	0.01482	0.04602	0.09803	-0.1462	.391**	0.03086	.332**	1	
EXPORT PERFORMANCE (14)	.606**	.642**	.469**	.252*	0.12055	.421**	.525**	0.0458	.257**	.490**	0.263*	.329**	0.442**	1

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

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

Source: Survey Data, 2014

**Table 14. Correlation result of FC, MA, EMS & EP**

	FC	MA	EMS	EP
FC	1			
MA	.297**	1		
EMS	.334**	.292**	1	
EP	.627**	.264**	.306**	1

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

Source: Survey Data, 2014

***H1: There is a positive relationship between Firm characteristics and Export marketing strategy***

There is overall moderate significant relationship between firm characteristics and export marketing strategy ( $r = 0.334^{**}$ ,  $\text{Sig} = 0.01$ ). This implies that there is positive relationship between firm characteristics and export marketing strategy. As shown on the table13 exporting experience shows moderate correlation with planning and control ( $r=0.454^{**}$ ,  $\text{Sig} = 0.000$ ) and has weak correlation with market research utilization ( $r= 0.245^*$ ,  $\text{Sig} = 0.038$ ). Similarly firm capabilities and competence has weak positive significant relationship with market research utilization ( $r = 0.198^*$ ,  $\text{Sig} = 0.044$ ) and has a moderate relation with planning and controls ( $r=454^{**}$ ,  $\text{Sig} = 0.000$ ). Firm technology also have a weak significant relationship with marketing mix ( $r=0.293^{**}$ ,  $\text{Sig}=0.002$ ) and with planning and control ( $= 0.262^{**}$ ,  $\text{Sig}= 0.005$ ). However some variables of firm characteristics and export marketing strategy did not show significant correlation. Such as firm capabilities and competence with marketing mix and firm technology with market research and utilization.

***H2: There is a positive relationship between Management attitude and Export marketing strategy***

There is a weak significant positive relationship between Management Attitude and Export marketing strategy ( $r=0.292^{**}$ ,  $p\leq 0.01$ ). This implies that a high degree of management attitude will most likely guarantee a high degree of Export marketing strategy in the firm. From table 13, the major significant component of management attitude is perceived export advantage which has a significantly positive correlation with marketing mix ( $r=0.226^{**}$ ,  $\text{sig}=0.031$ ) and international experience has significant relationship ( $r=0.243^{**}$ ) with marketing mix. This indicates that international experiences of the manager affects the marketing mix strategy and also have a significant relationship with planning & control. The other variable of management attitude (export motivation) has negative relationship with marketing mix and insignificant relationship with market research & utilization and with planning & control. This implies that managers set strategy not concerning export motivation. As per the table 13 shows other management attitude variables (risk perception and perceived barriers) those have also significant correlation with marketing mix. This implies that marketing mix components for instance price objective positively affected by risk perception and perceived a barrier that is management attitude.

***H3: There is a positive relationship between Export marketing strategy and Export performance***

There is a moderate significant positive relationship between Export marketing strategy and Export Performance ( $r=0.306^{**}$ ,  $p\leq 0.000$ ). In firms where management is highly committed to exporting, there is a likelihood of high export performance. All the elements of Export marketing strategy is found to be significantly related to export sales performance. For example, marketing mix ( $r=0.263^{**}$ ,  $\text{sig}=0.06$ ), marketing research utilization ( $r=0.329^{**}$ ,  $\text{sig}=0.003$ ), planning and control ( $r=0.442^{**}$ ,  $\text{sig}=0.045$ ).

***H4: Firm characteristic have significant relationship with Export performance***

There is a strong significant positive relationship between Firm characteristics and export performance ( $r=0.627^{**}$ ,  $p\leq 0.01$ ). Hence, the higher the degree of firm characteristics, the higher the likely degree of export performance. From table 13, exporting experience ( $r=0.606^{**}$ ,  $\text{sig}=0.000$ ), has a strong significance relationship with export performance and moderate relationship with firm capabilities and competences ( $r=0.469^{**}$ ,  $\text{sig}=0.000$ ), and firm technology ( $r=0.252^*$ ,  $\text{sig}=0.011$ ) are weak significant relationship with export performance.

### **4.1.3 MULTIPLE LINEAR REGRESSION ANALYSIS**

Multiple regression is a statistical technique through which one can analyze the relationship between a dependent or criterion variable and a set of independent or predictor variable. As a statistical tool, multiple regressions are frequently used to achieve three objectives (Ho, 2006).

1. To find the best prediction equation for a set of variables; i.e., given X and Y(the predictors), what is Z (the criterion variable)?
- 2.To control of confounding factors to evaluate the contribution of a specific variable or set of variable, i.e., identifying independent relationships.
3. To find structural relationships and provide explanations for seemingly complex multivariate relationships, such as is one in path analysis

The multiple liner regression analysis allows the prediction of one variable from several other variables. Multiple linear regressions assume that all variables are interval or ratio scaled. In addition, the dependent variable should be normally distributed around the predication line. This ofcourse, assumes the variables are related to each other linearly. All variables should be normally distributed (Pallet, 2005).

One of the SPSS output of the regression analysis is the model summery that includes the R square and the standard of the error term for the model. R Square (called the coefficient of determination) tells you the proportion of the variance in the dependent variable (export performance in this case) that can be explained by variation in the independent variables FC (EE, FS, FCC& FT). The standard Error of the Estimate gives you a margin of error for the prediction equation.

#### **4.1.3.1 Assumptions Testing in Multiple Regression**

The basic assumptions should be satisfied in order to maintain data validity and robustness of the regressed result of the research under the multiple regression models. Hence, this study has conducted the assumption tests such as, multi-collinearity, outliers, autocorrelation, homoscedasticity, linearity, and normality.

## **Multicollinearity Test**

Before we begin the interpretation of the beta coefficients it is important to evaluate the model in terms of the issue of Multicollinearity which is the concern in the multiple regression analysis. Multicollinearity refers to the situation in which the independent/predictor variables are highly correlated. When independent variables are Multicollinearity, there is “overlap” or sharing of predictive power. This may lead to the paradoxical effect, whereby the regression model fits the data well; but none of the predictor variables has a significant impact in predicting the dependent variable. This is because when the predictor variables are highly correlated, they share essentially the same information. Thus, together, they may explain a great deal of the dependent variable, but may not individually contribute significantly to the model (Pallet, 2005). This can be checked by looking into the output of variance inflation factor (VIF) and the tolerance level for the model. The tolerance value is an indication of the percentage of variance in the predictor that cannot be accounted for by the other predictors. Values that are less than 0.10 may merit further investigation. The VIF which stands for variance inflation factor is computed as “1/tolerance,” and it is suggested the predictor variable whose VIF values are greater than 10 may merit further investigation. As it can be seen from the table these requirements are not invalidated in our results and there is no issue of Multicollinearity.

## **Outliers, Normality, Linearity, Independence of Residuals**

According to Jullie P.(2005) one of the ways these assumptions can be checked is by inspecting outliers, the residuals scatter plot and Normal Probability Plot of the regression standardized residuals that were requested as part of the analysis. These are presented at the end of the output.

### **Test of Normality**

The study used both methods of assessing normality; graphically using Normal Probability Plot (P-P) graph and numerically using Skewness and Kurtosis. Figure 1, depicted that the scores are normally distributed.

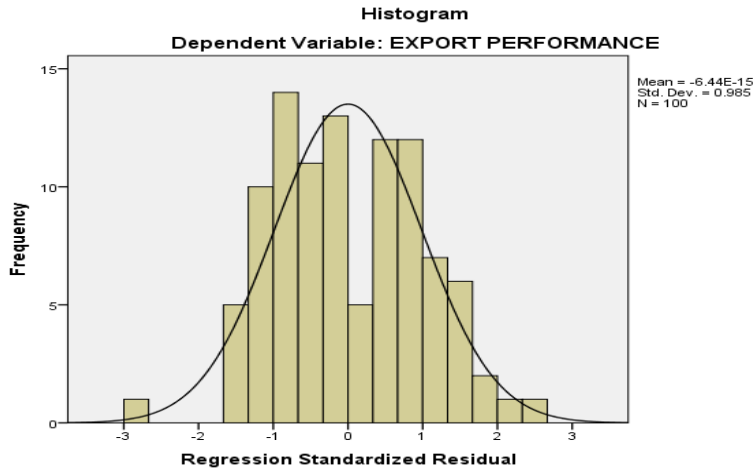


Fig. 1- Normality from Regression Standardized

In the Normal Probability Plot it will be hoped that points will lie in a reasonably straight diagonal line from bottom left to top right. This would suggest no major deviations from normality. The study applied Normal P-P Plot of regression Standardized Residual (See Figure 1) to test linearity. Since the points were symmetrically distributed around a diagonal line, linearity pattern was observed. Hence, the straight line relationship between the residuals and the predicted dependent variable scores depicted that linearity was achieved.

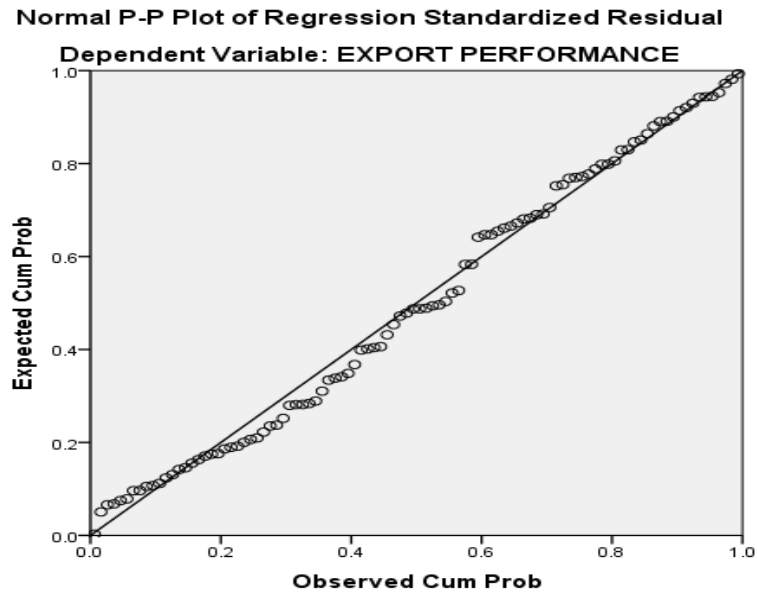


Fig. 2. Normal P-P plot of regression standardized residual

#### **Hypothesis #4**

Ho: A firm characteristic does not have significant relationship and impact with Export performance

H1: A firm characteristic does have significant relationship and impact with Export performance

**Table 15-Multiple Linear Regression**

Coefficients

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics		R Square	Adjusted R Square	Sig.	F change
	B	Std. Error	Beta			Tolerance	VIF				
1 (Constant)	.514	.614		-2.467	.015			.512	.492	.000 <sup>b</sup>	24.940
EE	.265	.133	.220	1.994	.049	.421	2.375				
FS	.586	.170	.381	3.459	.001	.423	2.365				
FCC	.292	.099	.234	2.953	.004	.817	1.224				
FT	.183	.143	.096	1.283	.203	.917	1.090				

a. Dependent Variable: EXPORT PERFORMANCE

As shown in Table 16, all of the four elements appeared as significant independent variables in the regression model. The model was written as follows:  $Y = \beta_0 + \beta_1X1 + \beta_2X2 + \beta_2X3 + \beta_2X4 + \dots + \beta_nXn + \varepsilon$

Where,

Y- Dependent Variable

$\beta_0$ - Constant (Coefficient of Intercept)

X1 ... Xn - Latent Independent Variables

$\beta_1 \dots \beta_n$ - Regression Coefficient of Latent Independent Variables

E - Random Error

Thus, to find the impact of predictors on dependent variable, the specified regression equation in this study takes the following form:  $EP = \beta_0 + \beta_1(EE) + \beta_2(FS) + \beta_3(FCC) + \beta_4(FCT)$

Where,

EP- Overall Export performance

EE – Export Experience

FS – Firm Size

FCC– Firm Capabilities and Competence

FT – Firm Technology

Therefore, the equation comes as, OverallExport performance = 0.514 +0.220(EE) + 0.586 (FS)+ 0.292 (FCC) + 0.183 (FT)

The results in the table shows that Export Experience (B=0.220), Firm Size (B=0.586), Firm capability and competitiveness (B=0.292) and Firm Technology (0.183) have significant influence on overall export performance at 95% confidence level ( p<0.05) However , Firm technology does not have a significance impact on export performance as P>0.05.

As Table 16 shows have demonstrated that the elements of firm characteristics are strong predictors of export performance. It is confirmed by adjusted 0.49. This means that 49% of the variance in export performance is due to Exporting experience, Firm size, Firm capabilities and competencies. Hence to improve export performance there is need to address Export experience, firm size and firm capability and competitiveness.

## **4.2 Analysis of Data collected from Cut flower sector through Interview**

Under this section, results of personal interviews with top managers of the industries are presented. The rationale behind the selection of top managers or owners as interviewees is that the executive have the most comprehensive knowledge of their organizations characteristics, performance and play a major role in decision making.

### **Gathering feedback on current market**

The importance of the following up with export customers one of the participants mentioned that follow up is necessary since the foreign distributors commonly understand their markets better than the exporting company. Follow-up is also important to show that the exporter is serious in doing business

with those export customers and this can help them to sustain their business. Meeting export customers at their places to get current feedback was also highlighted as good practice in the interview.

### **Capabilities to develop business networking**

Capability to develop business networking refers to “asset of intangible asset that reflect a series of interaction occurring between the interrelated parties involved in the export venture relationship” (Lages, Silva and Styles, 2009. P51). External relationships can create opportunities to acquire information, solve problems, expand market shares and ultimately helps and value and enhance strategic capability (Zehir, Acan and Tanriverdi, 2006). As one participant commented; “Yes, business networking has great influence on our export performance. This is the basic fact you need to understand how thing work before you go for export performance. This is the basic fact you need to understand how thing work before you go for export. Why some companies cannot export? This is because of their business networking.

### **Capabilities to gain Export standard/certification**

Most respondents tended to invest in export certifications or standards. The certification that they managed or tried to get and Hazard analysis critical control point (HACCP), International Organization for Standardization (ISO), Good manufacturing practice (GMP). Most did not manage to get all the certifications because of various reasons: Financial constraints and documentation to incomplete application paperwork. In relation to financial problems one respondent stated that it is difficult to have ISO and HACCP because it involved many aspects and most important aspect is money. They said even if they have enough capital to buy the system, they have to buy the system & they must provide uniform to all of their staff. Even though, if they have their own plant, but there are many more aspects that they need to improve: factory layout, fire safety system, water system, the capacity of electricity. All of those things that must need to improve. That’s why they still cannot get ISO, according to the interviewee.

## **Firm Technology**

Among the interviewee one respondent suggest the following regarding firm technology that makes impact on export performance:

We need to compete globally so we need to have the ability to follow the global trend. We don't want to be left behind. So we need to know the new technology that relates to this industry. Yes, we are SME and we don't have the expert in our company but we can always collaborate with other agencies that have expertise in research area. This can help us to produce the products with the latest technology and at the same level with products from other countries.

## **4.3 Findings of Discussion**

### ***H1: There is a positive relationship between Firm Characteristics and Export marketing strategy***

Results from the research findings showed a significant positive relationship between firm characteristics and Export marketing strategy. This indicates that firms have strategic importance because, if management in exporting firms improved exporting experience, firm size (number of employees), firm capabilities & competences (variety of cut flowers, distribution networks, company reputation, price competitiveness, promotional efforts, personal contacts with overseas distributors), then there would be a high chance of Export marketing strategy so as to raise the value of the firm. This study has supported previous literature by other researchers that firm characteristics and Export marketing strategy are related. For example, Dhanaraj (2003), Dean (2000), Reid (1983), Cavusgil and Naor (1987) and Christensen (1987) have all done studies that concluded that the larger the company, the more likely it is to export.

The study further revealed that some elements of firm characteristics e.g firm technology has insignificant relationship with (Market research & utilization) export marketing strategy for the case of cut flower sector in Ethiopia. This could be the result of most exporters & growers of cut flower in Ethiopia have low potential on production method, quality assurance processes and product quality and systems quality management. In conclusion therefore, managers who are to succeed in the international

trade have to address the issues of firm characteristics and Export marketing strategy outlined above and revealed by the research.

***H2: There is a positive relationship between Management attitudes and Export marketing strategy.***

The study established a strong positive relationship between management attitude and Export marketing strategy. According to the study, perceived export advantage (low firm gate prices, proximity to markets, good credit terms with importers, etc) is the major significant element of management attitudes that influences Export marketing strategy. The research also revealed that experience of manager has positive relationship with export marketing. This indicates that international experiences of the manager affect the overall export marketing strategy. The other elements of management attitude were found not to be correlated to those elements of Export marketing strategy. Those are export motivation and management experience and education. Perceived export advantage turned out to be significantly related to export marketing strategy because Ethiopian government give so much attention on export trade specially in cut flower sector, thus they emphasis on favorable situation of export advantages. The finding that management attitude is related to Export marketing strategy is in agreement with earlier work done by scholars like Zou& Stan (1998), Leonidou et al (1998), Katsikeas & Piercey (1990), Francis (2000), Zhao (2002), Annavarjula (2002) among others. This is a universal observation, yet my finding is only perceived export advantage that is significantly related to Export marketing strategy.

***H3: There is a positive relationship between Export marketing strategy and Export Performance.***

Export marketing strategy and Export performance (H3) were found to have a significant positive relationship. The elements of Export marketing strategy that are critical to export performance include: marketing research utilization, export planning & control and marketing mix. This finding is in tune with previous scholarly results posted by Inglis (1988), Stottinger & Schlegelmilch (1998), Francis (2000), Dhanaraj (2003) among others. Therefore, marketing mix, marketing research utilization and export planning & control greatly account for variations in export performance in the Ethiopia cut

flower sector and managers who embrace these marketing practices would be in position to achieve export success.

***H4: There is a significance impact between firm characteristics and Export Performance***

The study find out that there is a significant positive relationship between firm characteristics and export performance, specifically; exporting experience, firm capabilities and competences, & firm size were found to be significantly related to export s performance. But Firm Technology has insignificant relation with export performance. However, on the whole, the findings between firm characteristics and export sales performance support earlier work that was posted by Dhanaraj (2003), Dean & Menguc (2000), Barney & Collis (1991) in accordance to the resource - based theory. Other scholars include: Daft and Wernefelt (1984) who asserts that since firms aim at increasing efficiency and effectiveness, they will aim to increase employee productivity and other internal capabilities so as to be internationally competitive. Elements of firm characteristics that were not found to directly influence export performance during this study was firm technology (production methods, quality assurance, product quality and systems management) but as per the interview the researcher conducted with top managers that technology give much attention by the firm so that to make them compete in international trade. Firm capabilities and competences (product range/variety, human capital, distribution networks, export marketing knowledge, company reputation, and proximity to export market, price competitiveness, overseas contacts and promotional efforts). This finding implies that firms that are engaged in cut flower exporting need to address the capability and competence question as a way of managing success in the international arena. One can therefore infer that the key firm characteristics that impact directly on export performance are exporting experience, firm capabilities and competences, and Firm size.

# **CHAPTER FIVE**

## **CONCLUSIONS AND RECOMMENDATIONS**

### **5.1 Introduction**

The previous chapter provides an analysis of the data collected in this study. In this chapter, conclusions are drawn from the empirical data and in the final part, recommendations, research limitations and future research suggestions in this area are forwarded.

### **5.2. Conclusions**

Developments in the world show that production and trade of cut flowers will continue to develop rapidly as a promising sector particularly for the developing countries. Cut flowers sectors with the export income and the value it creates have become an important sector of Ethiopia.

The study has revealed those variables that drive overall export performance. Firstly, the study in general revealed that firm characteristics, management attitudes and Export marketing strategy are related and predictors of export performance, however, it was found that some elements deviated from what had hitherto been universally reported by some scholars. For example, firm technology, although universally reported to influence export performance, it was found not to be related to export performance as per the questionnaire given in this study. However, Top managers or owners of the sector has elaborated that they give much emphasis on firm technology (production methods, quality assurance, product quality and systems management) so that enable them compete with the competitive international trade.

Some elements of management attitude (risk perception, perceived barriers, export motivation, management education & experience) appeared to deviate from internationally published results that show that they are significantly related to Export marketing strategy. However, to compete and sustain in the international market, the flower industry need to contemplate on its competitive advantage for

better performance. Major work in areas of marketing strategy and human resource development has to be carried out by the sector in order to be competent in the international flower market.

Furthermore, the findings of this study will be expected to form the basis for guidelines to others, particularly in non-traditional exports, to improve their performance in export.

### **5.3 Recommendations**

The researcher would like to recommend the following to the managers and cut policy makers in the flower sector:

- That managers should Improve and sustain superior firm characteristics (exporting experience, firm technology, firm capabilities and competences), management attitudes (Perceived export advantage) and Export marketing strategy (Marketing mix, marketing research utilization, and Planning & control) in order to continuously achieve export performance.
- Managers should employ leading marketing practices like marketing research utilization and Planning & control in order to continuously achieve overall export performance.
- Manager should give so much emphasis in firm technology (production methods, quality assurance, product quality and systems management) in order to compete on international trade.
- The product variety that producers export is very narrow. The dominant flower type produced in the floriculture industry is rose. This makes the possibility of risk diversification bleak and makes the industry highly vulnerable. Therefore, the industry have to work on production method to improve export performance
- The domestic market is too small and negligible, as significant Ethiopian population is living at subsistent level with undeveloped flower consumption culture. However, this market has certain potential to be developed as a parallel market that could safeguard the risks arising out of export fluctuations and offloads.
- Innovation capabilities must be highlighted as important from this study (new product development and product improvement), but it is common for especially in developing countries to lack knowledge and research instruments. Hence, they cannot conduct R&D properly.
- Participants in this study faced some problems, e.g. financial problems that hindered them from meeting export standards. It is revealed that barriers related to export standards or certifications become a significant barrier to direct or indirect exporting. Here, the importance of capabilities

to develop networking stands out. Relying on good networking with others (e.g. government and trade associations), firms can get help to solve the problem. Those who don't have financial problems have a problem with expertise that works on the whole system of the organization that enables them to compete with the international trade. Therefore, they should give so much emphasis on hiring expertise especially in marketing area.

#### **5.4. Recommendation for further research**

Based on the correlation and regression findings, the researcher recommend that further research be done on the following variables:

- The study has to be done comparative study between Flowers, fruit and other none agricultural exports from Ethiopia.
- To have a comparative study among other neighbor countries flower growers & exporters like with Kenya.
- To recommend another research to be conducted using a sample size larger than 144, that was used in this research
- Research on the above proposed areas would greatly strengthen the conceptual foundation of my research.

## Reference

- Aabey, No. and Slater, S.F. (1989), *Management influence on export performance: a review of empiricalliterature 1978-1988*, International marketing review, Vol 6. No. 4, PP. 7-23
- Addis fortune published January 26, (2010), *Floriculture industry*, Vol 14 No. 714
- Annayavarjula M (2002) *Determinants of Managerial Risk perceptions in export manager; An Empirical examination university press of Illinois College of Business*, PP. 8-10
- Axinn, C.N., Noordewier, T. and Sinkula, J.M.J. (1996), “*Export strategies and export performance: an empirical investigation of a products/markets typology*”, in Cavusgil, S.T. and Axinn, C. (Eds), *Advances in International Marketing*, JAI Press, Greenwich, CT, Vol. 68, pp. 27-58.
- Baris, M.E and A. Uslu (2009), *Cut flower production and marketing in Turkey*. African Journal Agri-Res PP 765-771
- Belwal, R. and Chala, M. (2008), *Catalysts and barriers to cut flower export: A case study of Ethiopian floriculture industry*, International journal of emerging markets, PP. 216-233
- Bezabih&Hadera ( 2007), *Opportunity of Horitculture production and Marketing in Eastern Ethiopia*, DCG Report, No. 46, PP. 14
- Buckely, P.K, Pass C.L, and Prescott K. (1988), “ *measures of International competitiveness; a critical survey*”, *Journal of Marketing management*, Vol 4 No. 2 Pp. 175-200
- Cavusgil, S.T. and Kirpalani, V.H. (1993), “*Introducing products into export markets: success factors*”, *Journal of Business Research*, Vol. 27, pp. 1-15.
- Cavusgil, S.T. and Zou, S. (1994), “*Marketing strategy-performance relationship: an investigation of the empirical link in export market ventures*”, *Journal of Marketing*, Vol. 58, January, pp. 1-21.
- Chetty, S.K. and Hamilton, R.T. (1993), “*Firm-level determinants of export performance: a meta-analysis*”, *International Marketing Review*, Vol. 10 No. 3, pp. 26-34.
- Cicic, M., Patterson, P., Shoham, A., (2002). *Antecedents of international performance: A service firms’ perspective*, *European Journal of marketing*, 36 (9/10), 1103-1118.
- Collis, D.J. (1991), “*A resource-based analysis of global competition: the case of the bearings industry*”, *Strategic Management Journal*, Vol. 12, pp. 49-68.
- Culpan, R. (1989), “*Export behavior of firms: relevance of firm size*”, *Journal of Business Research*, Vol. 18, pp. 207-18. Czinkota, M.R. and Ursic, M. (1991), “*Classification of exporting firms*

according to sales and growth into a share matrix”, *Journal of Business Research*, Vol. 22, pp. 243-53.

Dean D and Menguc.B (2000)*Revising firm characteristics strategy, and export performance relationship*. A survey of the literature and an investigation of the new Zealand small manufacturing firms, *Industrial management*, 29. No. 5, P 461

Dhanaraj, C and Beamish, P.(2003). *A Resource-Based approach to the study of export performance*.*Journal of small business Management*, 41, no. 3. Pp. 242-261

Diamantopoulos, A. (1999). *Export performance measurement; Reflective versus formative indicators*. *International marketing Review*.Vol.16 . No. 6, PP 444-457.

EHPEA 2005, broacher, Ethiopian Horticulture producer and exporters association in Ethiopia, Floriculture in Ethiopia, November, P.15

Elberl.M. &Schwaigen. M (2005). *Corporate Reputation; Disentagle the effects on financial performance; European Journal of Marketing*.Vol 39 No. 718, PP 838-854.

Ethiopian Horticulture Development Agency (2004).

Ethiopian Investment Agency, (2008) , *Investment Opportunity profile for Cut Flower Production in Ethiopia*, PP. 3-5

Ethiopian M millennium – (2007), *Coming up Roses; After Coffee - Ethiopia’s Other Export, Floriculture (Rose) Section in Ethiopia*

Francis, J. and Collins-Dood, C. (2000), *The Impact of firm’s export orientations on export performance of High tech. small and medium sized enterprises*, *Journal of International Marketing*.8 no.3 P 84-103

Grisprud G. (1990),*The determinants of export decisions and attitudes to a distant mark: Norwegian fishery exports to Japan*. *Journal of International Business Studies*, Vol. 21 3<sup>rd</sup> quarter, PP 469-485

Halikias, J and Panayotopoulous, L. (2003), *Chief Executive Personality and export involvement, Management decision* volu. 41/4, PP 340-349

Holland Horti news march (2007), According to Integrated Value chain Analysis for the Floriculture (Rose) section in Ethiopia, World bank

Katisikeas, C. (1994),*Export Competitive advantages: The Relevance of Firm Characteristics, International Marketing Review*. Vol. 11 No. 3, PP. 33-53

- Kaynak, e and Kuan, W. (1993), *Environment, structure and performance in the context of exporting activity, an empirical study of Taiwanese manufacturing firms journal of Business research*, Vol. 27, pp 33-49.
- Kotler, P. (2003). *Marketing Management*. Pearson Education International.
- Ministry of Information Ethiopia Report (2005), *Export product of Ethiopia*, PP. 1
- Morgan R. (1997), *Export Stimuli and Export Barrier; Evidence from empirical research studies, European Business Review*. Vol 97 No. 2 PP. 68-70
- Roscoe, J.T.(2001), *Fundamental Research stastics for the behavioural sicence* 2<sup>nd</sup> edition. New york, Holt
- Shaoming Z and Sionas (1998), *The determinants of export performance; A review of the Empirical literature between 1987 and 1997*. *International Marketing Review*, Vol 15, No.5, PP 333-356
- Sisay Habte (2001), *Ethiopia Cut-flower industry and international market, Ethiopia export promotion Agency* PP. 12
- Stottinge.B and Schlegelmilch, B (1998), *Explaining export Development*, .Vol 7, PP. 14-23
- Zakaria Gut (2000), *Police options for Ethiopia's coffee exports*, PP. 2-4
- Zou, S., Taylor, C.R. and Osland, G.E. (1998), "*The EXPERF scale: a cross-national generalized export performance measure*", *Journal of International Marketing*, Vol. 6 No.

### **Internet**

<http://ejbo.jyu.fi>, accessed, 02/11/2011

Ingco and Nash, 2004), *Journal of Marketing education*, pp.22

Jan., 1969). <http://www.jstor.org> *Journal of Marketing management* Vol. 33,

No. pp.10-15

Jayne, Karanja, Nyoro, Strasberg, Strauss and Yamano,( 1999; Upton, 2004),

# APPENDIXES

**ADDIS ABABA UNIVERSITY**

**School of Commerce**

**Postgraduate Studies**

**Department of Marketing Management**

Dear Respondents,

This questionnaire is designed to collect information about factors influencing export performance in cut flower sector. The information obtained will be used to complete a study in partial fulfillment of the requirement for Master's Degree in Marketing Management.

This information you would provide me is highly essential for successful completion of the study. The purpose of the study is purely academic and your responses will be treated with utmost confidence. In this regard the research kindly request you to provide to the best of your knowledge, reliable, genuine, honest and prompt information, which will be a valuable input for the finding to meet the intended purpose. Kindly spare some time and answer the following questions as candidly as possible. You may not write your name on the questionnaire.

Thank you,

Rahel Taddese

**Part I – Firm characteristics**

**1. Exporting Experience**

1.1 For how long has your company been in operation? Indicate number of years

1. Less than 2 years      2. 2-3 years      3. 4-5 years      4. Above 5 years

1.2 For how long has your company been exporting cut flowers?

2. Less than 2 years      2. 2-3 years      3. 4-5 years      4. Above 5 years

**2. Size**

2.1 What is the average size of your workforce (both permanent and temporary) at the moment?

1. Less than 20      2. 20-50      3. 51-70      4. 71-100      5. Above 100

### 3. Firm Capabilities and Competencies

3.1 Please rate the following statement in relation to firm capabilities and competencies by circling the appropriate number on a 5- point Likert scale where 1 = Very insignificant 2 = Insignificant 3 = Neither Significant nor Insignificant 4 = Significant 5 = Very Significant

		1	2	3	4	5
3.1.1	Range/variety of cut flower	1	2	3	4	5
3.1.2	Personnel experience & training	1	2	3	4	5
3.1.3	Importers distribution network	1	2	3	4	5
3.1.4	Export marketing knowledge	1	2	3	4	5
3.1.5	Company reputation	1	2	3	4	5
3.1.6	Proximity to export market	1	2	3	4	5
3.1.7	Price Competitiveness	1	2	3	4	5
3.1.8	Personal Contacts with Overseas distributors	1	2	3	4	5
3.1.9	Promotional Efforts	1	2	3	4	5

### 4. Firm Technology

4.1 Please rate the following statement in relation to firm technology by circling the appropriate number on a 5- point Likert scale where 1 = Very insignificant 2 = Insignificant 3 = Neither Significant nor Insignificant 4 = Significant 5 = Very Significant

		1	2	3	4	5
4.1.1	The production methods right from the farms	1	2	3	4	5
4.1.2	Quality assurance processes	1	2	3	4	5
4.1.3	Product quality and systems quality management.	1	2	3	4	5

## Part II – Management Attitude

### 1. International Experience

1.1 How many years of experience do you have in business management?

1. Less than 5 2. 5-10 3. 11-15 4. Above 15 years 5. Non business

1.2. How many years of experience do you have in flower exporting?

1. Less than 2 years 2. 2-3 years 3. 4-5 years 4. 6-7 years. 5. Above 7 years

1.3. Have you had training in the following areas? Tick only one.

Exporting	
Marketing	
Sales Management	
International Business Management	
Exporting, Marketing and sales Management	
Exporting, Marketing and Sales Management	
Exporting Marketing, Sales Management and international business management	
Any other (specify)	

1.4 Have you ever worked or lived abroad?

1. Yes                      2. No.

1.5 If you lived abroad, are you able to speak any other foreign language(s) other than English?

1. Yes                      2. No.

1.6 If yes, Please specify the number of other foreign languages you can speak.

Where 1 = one foreign language, 2 = two foreign languages, 3 = three foreign languages, 4= four foreign language & 5 = five and above foreign languages.

1.7. Have you attended any of the following organized events within Ethiopia? Please circle the appropriate number on a 5 point Likert scale Where 1=0 times, 2= attended once, 3= attended twice, 4=attended thrice, 5=attended more than three times.

		1	2	3	4	5
1.8.1	Trade fair/expo	1	2	3	4	5
1.8.2	Exporting seminar/workshop	1	2	3	4	5
1.8.3	Trade mission	1	2	3	4	5

1.8 Have you attend any of the following organized events outside Ethiopia? Please circle the appropriate number on a 5 point likert scale Where 1=0 times, 2= attended once, 3= attended twice, 4=attended thrice, 5=attended more than three times.

		1	2	3	4	5
1.9.1	Trade fair/expo	1	2	3	4	5
1.9.2	Exporting seminar/workshop	1	2	3	4	5
1.9.3	Trade mission	1	2	3	4	5

## 2. Risk Perception

2.1 Please rate the following statement in relation to risk perception by circling the appropriate number on a 5- point Likert scale where 1 = Strongly agree 2 = disagree 3 = Neither agree nor disagree 4 = agree 5 = Strongly agree

		1	2	3	4	5
2.1.1	My firm considers exporting to be risky	1	2	3	4	5
2.1.2	Exporting risks are of less concern to us than the opportunities	1	2	3	4	5
2.1.3	Trade fair/expo	1	2	3	4	5
2.1.4	Exporting seminar/workshop	1	2	3	4	5
2.1.5	Trade mission	1	2	3	4	5

### 3. Perceived Barriers

3.1 Please rate the following statement in relation to Perceived barriers by circling the appropriate number on a 5- point Likert scale where 1 = Strongly disagree 2 = disagree 3 = Neither agree nor disagree 4 = agree 5 = Strongly agree.

		1	2	3	4	5
3.2.1	My firm considers exporting to be having many barriers	1	2	3	4	5
3.2.2	Exporting risks are of less concern to us than the opportunities	1	2	3	4	5
3.2.3	We consider exporting after satisfying the domestic market	1	2	3	4	5
3.2.3	We feel there are many trade barriers to flower exporting	1	2	3	4	5
3.2.4	Despite the trade barriers, we feel it is still viable to export	1	2	3	4	5

### 4. Export Motivation

4.1 To what extent is each of the following a motivating factor for you to export? Indicate as either 1. Very low, 2. Low, 3. Medium, 4. High, 5. Very High. Please circle the appropriate answer

	Motivator	1	2	3	4	5
4.1.1	High Margins	1	2	3	4	5
4.1.2	Prestige	1	2	3	4	5
4.1.3	High profits	1	2	3	4	5
4.1.4	Sales growth	1	2	3	4	5
4.1.5	Responding to domestic competition	1	2	3	4	5
4.1.6	Other (Specify)	1	2	3	4	5

## 5 Perceived Export Advantage

5.1 To what extent is each of the following an export advantage to you in comparison to your competitors? Please rate the following statement in relation to risk perception by circling the appropriate number on a 5- point Likert scale where 1 = very unimportant 2 = unimportant 3 = Neither unimportant nor important 4 = important 5 = Very important

		1	2	3	4	5
5.1.1	Proximity to export market	1	2	3	4	5
5.1.2	Low farm gate prices	1	2	3	4	5
5.1.3	High quality cut flower	1	2	3	4	5
5.1.4	Production method used, e.g use of organic methods	1	2	3	4	5
5.1.5	Constant supply	1	2	3	4	5
5.1.6	Low Price charge to importers	1	2	3	4	5
5.1.7	Good credit terms with importers	1	2	3	4	5
5.1.8	Exporting seminar/workshop	1	2	3	4	5

## 6 Management Education and Experience

6.1 Please indicate the highest academic level you have attained so far:

1. O-level or less
2. A-level
3. College/Non degree
4. Degree
5. Masters/Professional or Above

6.2 Please rate the following statement in relation to experience by circling the appropriate number on a 5- point Likert scale where 1 = very poor 2 = poor 3 = fair 4 = Good 5 = Very good

		1	2	3	4
6.2.1	My company understand how the world financial system works Included payment systems, currency conversations, etc	1	2	3	4
6.2.2	My company understand multilateral trading agreements related to flower export sector	1	2	3	4
6.2.3	My company understand the negotiation techniques employed by import nations	1	2	3	4

## Part III – Export Marketing Strategy

### 1. Export Marketing Strategy

1.1 Please rate the following statement in relation to Export Marketing Strategy by circling the appropriate number on a 5- point Likert scale where 1 = strongly disagree 2 = disagree 3 = Neither agree nor disagree 4 = agree 5 = Strongly agree

		1	2	3	4	5
1.1.1	We have a clear pricing objective for the export market	1	2	3	4	5
1.1.2	We usually do promotion to expand our presence in the export market.	1	2	3	4	5
1.1.3	My company is ever pursuing vigorous brand management	1	2	3	4	5
1.1.4	We carefully choose importers with a strategic distribution system to maximize benefits for the company	1	2	3	4	5

### 2. Market Research & Utilization

1.2 Please rate the following statement by circling the appropriate number on a 5- point Likert scale where 1 = Strongly disagree 2 = disagree 3 = Neither agree nor disagree 4 = agree 5 = Strongly agree

		1	2	3	4	5
1.3.1	We are committed to know more about our customers in the export market	1	2	3	4	5
1.3.2	We deliberately collect information about our customers in the export market	1	2	3	4	5
1.3.3	We carefully select which segment to target our customers in the export market	1	2	3	4	5
1.3.4	We actively seek market information to enter new export markets	1	2	3	4	5
1.3.5	We are always seeking new markets to achieve our objectives	1	2	3	4	5
1.3.6	We select importers with strategic distribution networks	1	2	3	4	5
1.3.7	We rarely use market information in marketing export decisions	1	2	3	4	5

### 3. Planning & Control

2.1 Please rate the following statement by circling the appropriate number on a 5- point Likert scale where 1 = strongly disagree 2 = disagree 3 = Neither agree nor disagree 4 = agree 5 = Strongly agree

		1	2	3	4	5
2.1.1	My company involves in deliberate planning for the export market	1	2	3	4	5
2.1.2	We ensure there is a carefully export market strategy in place	1	2	3	4	5
2.1.3	We regularly measure our performance against set export targets	1	2	3	4	5
2.1.4	All concerned managers are aware of how we are performing in the export market on regular basis	1	2	3	4	5
2.1.5	We regularly develop carefully forecasts to help us in exporting.	1	2	3	4	5
2.1.6	We are aware of the risks associated with exporting	1	2	3	4	5
2.1.7	We rarely use market information in marketing export decisions	1	2	3	4	5
2.1.8	We are aware of the risks associated with exporting	1	2	3	4	5
2.1.9	Exporting is done as need arises since we don't usually plan for it.	1	2	3	4	5
2.1.10	Our planning department is well developed	1	2	3	4	5
2.1.11	We usually conduct planning sessions/training/seminars for most our staff	1	2	3	4	5
2.1.12	We have experienced staff in the planning department	1	2	3	4	5

### Part IV – Export Performance

#### 1. Sales Growth

1.1 What has been your firm's total value of annual sales and export sales for the following years?

Year (Ethiopian Calander)	Export Sales in USD dollar
2004	
2003	
2002	
2001	
2000	

## 2. Export Performance (Subjective Measures)

2.1 Please rate the following statement by circling the appropriate number on a 5- point Likert scale where 1 = Very dissatisfied 2 = dissatisfied 3 = Neither satisfied nor dissatisfied 4 = satisfied 5 = very satisfied

		1	2	3	4	5
2.1.1	To what extent are you satisfied with your export sales value	1	2	3	4	5
2.1.2	To What extent are you satisfied with profits from export sales	1	2	3	4	5
2.1.3	To what extend do you feel you have attained your overall export sales goals/objectives?	1	2	3	4	5
2.1.4	To what extent are you satisfied with the frequency of exporting/export orders you are receiving?	1	2	3	4	5

End

Thank you for sparing your precious time to answer the questionnaire.

## Annex A

### For how long has your company been in operation?

	Frequency	Percent	Valid Percent	Cumulative Percent
Less than 2 years	1	1.0	1.0	1.0
2-3 years	11	11.0	11.0	12.0
Valid 4-5 years	45	45.0	45.0	57.0
Above 5 years	43	43.0	43.0	100.0
Total	100	100.0	100.0	

### For how long has your company been exporting cut flowers?

	Frequency	Percent	Valid Percent	Cumulative Percent
Less than 2 years	1	1.0	1.0	1.0
2-3 years	25	25.0	25.0	26.0
Valid 4-5 years	58	58.0	58.0	84.0
Above 5 years	16	16.0	16.0	100.0
Total	100	100.0	100.0	

### What is the average size of your workforce(both permanent and temporary) at the moment?

	Frequency	Percent	Valid Percent	Cumulative Percent
71-100	5	5.0	5.0	5.0
Valid Above 100	95	95.0	95.0	100.0
Total	100	100.0	100.0	

**What is your average monthly export in US dollars?**

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid 30,000-60,000	23	23.0	23.0	23.0
70,000-140,000	46	46.0	46.0	69.0
150,000-200,000	20	20.0	20.0	89.0
210,000-270,000	10	10.0	10.0	99.0
280,000-300,000	1	1.0	1.0	100.0
Total	100	100.0	100.0	

FREQUENCIES VARIABLES=Forhowlonghasyourcompanybeeninoperation  
 Forhowlonghasyourcompanybeenexportingcutflowers  
 Whatistheaveragesizeofyourworkforceatthemoment  
 WhatisyouraveragemonthlyexportinUSdollars Personnelexperienceandtraining  
 Howmanyyearsofexperiencedoyouhaveinbusinessmanagement  
 Howmanyyearsofexperiencedoyouhaveinflowerexporting  
 Areyouabletospeakanyotherlanguageotherthanenglish  
 /ORDER=ANALYSIS.

**Personnel Experience & training**

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Very insignificant	18	18.0	18.0	18.0
Insignificant	60	60.0	60.0	78.0
Neither insignificant nor significant	20	20.0	20.0	98.0
Significant	2	2.0	2.0	100.0
Total	100	100.0	100.0	

**What is the average size of your workforce (both permanent and temporary) at the moment? \* For how long has your company been in operation? Cross tabulation**

Count

	For how long has your company been in operation?				
	Less than 2 years	2-3 years	4-5 years	Above 5 years	
What is the average size of your workforce (both permanent and temporary) at the moment?	71-100	1	3	0	1
	Above 100	0	8	45	42
Total		1	11	45	43

		EXPORTING EXPIRENCE	SIZE	FIRM CAPABI TIES AND COMPETE NCIES	FIRM TECHNOLOGY	INTERNATI ONALEXP RIENCE	RISK PERECEP TION	PERECEIV EDBARRIE RS	EXPORT MOTIVATI ON	PERECEIV EDEXPOR TADVANT AGE	MANAGEMENTE DUCATIONANDE XPRIENCE	MARKETIN GMIX	MARKETRESEA RCHANDUTILIZA TION	PLANNINGAN DCONTOL	SALES PERFORM ANCE
EXPORTING EXPIRENCE	Pearson Correlation	1	.754**	.346**	.179	.356**	.237	.329**	.082	.104	.711**	.158	.190	.352**	.606**
	Sig. (2-tailed)		.000	.000	.075	.000	.018	.001	.415	.302	.000	.116	.058	.000	.000
	N	100	100	100	100	100	100	100	100	100	100	100	100	100	100
SIZE	Pearson Correlation	.754**	1	.349**	.139	.404**	.216*	.483**	-.134	.078	.527**	.277**	.128	.286**	.642**
	Sig. (2-tailed)	.000		.000	.168	.000	.031	.000	.183	.443	.000	.005	.203	.004	.000
	N	100	100	100	100	100	100	100	100	100	100	100	100	100	100
FIRM CAPABILITIES AND COMPETENCIES	Pearson Correlation	.346**	.349**	1	.272**	-.065	.022	.330**	.094	.450**	.400**	.038	.454**	.332**	.469**
	Sig. (2-tailed)	.000	.000		.006	.520	.827	.001	.354	.000	.000	.707	.000	.001	.000
	N	100	100	100	100	100	100	100	100	100	100	100	100	100	100
FIRM TECHNOLOGY	Pearson Correlation	.179	.139	.272**	1	.048	.214*	.271**	-.035	.008	.147	.293**	-.044	.175	.252*
	Sig. (2-tailed)	.075	.168	.006		.632	.032	.006	.732	.941	.144	.003	.665	.082	.011
	N	100	100	100	100	100	100	100	100	100	100	100	100	100	100
INTERNATIONAL EXPIRENCE	Pearson Correlation	.356**	.404**	-.065	.048	1	.011	.083	-.280**	-.200*	.140	.243*	-.183	.305**	.121
	Sig. (2-tailed)	.000	.000	.520	.632		.912	.413	.005	.046	.166	.015	.068	.002	.232
	N	100	100	100	100	100	100	100	100	100	100	100	100	100	100
RISKPERECEPTI ON	Pearson Correlation	.237	.216*	.022	.214*	.011	1	.203	.128	-.244	.136	.314**	-.137	.161	.420**
	Sig. (2-tailed)	.018	.031	.827	.032	.912		.043	.205	.014	.177	.001	.175	.109	.000
	N	100	100	100	100	100	100	100	100	100	100	100	100	100	100
PERECEIVEDBA RRIERS	Pearson Correlation	.329**	.483**	.330**	.271**	.083	.203*	1	-.016	.122	.251*	.222*	.138	.134	.566**
	Sig. (2-tailed)	.001	.000	.001	.006	.413	.043		.872	.227	.012	.026	.170	.183	.000
	N	100	100	100	100	100	100	100	100	100	100	100	100	100	100
EXPORT MOTIVATION	Pearson Correlation	.082	-.134	.094	-.035	-.280**	.128	-.016	1	.157	.300**	-.165	.074	-.078	.046
	Sig. (2-tailed)	.415	.183	.354	.732	.005	.205	.872		.119	.002	.101	.467	.438	.651
	N	100	100	100	100	100	100	100	100	100	100	100	100	100	100
PERECEIVEDEXP ORTADVANTAGE	Pearson Correlation	.104	.078	.450**	.008	-.200*	-.244*	.122	.157	1	.195	-.105	.367**	-.149	.210
	Sig. (2-tailed)	.302	.443	.000	.941	.046	.014	.227	.119		.052	.298	.000	.139	.036
	N	100	100	100	100	100	100	100	100	100	100	100	100	100	100
MANAGEMENTE DUCATIONANDE XPRIENCE	Pearson Correlation	.711**	.527**	.400**	.147	.140	.136	.251*	.300**	.195	1	-.028	.220	.260**	.490**
	Sig. (2-tailed)	.000	.000	.000	.144	.166	.177	.012	.002	.052		.779	.028	.009	.000
	N	100	100	100	100	100	100	100	100	100	100	100	100	100	100
MARKETING MIX	Pearson Correlation	.158	.277**	.038	.293**	.243*	.314**	.222*	-.165	-.105	-.028	1	-.416**	.152	.184
	Sig. (2-tailed)	.116	.005	.707	.003	.015	.001	.026	.101	.298	.779		.000	.130	.067
	N	100	100	100	100	100	100	100	100	100	100	100	100	100	100
MARKETRESEAR CHANDUTILIZATI ON	Pearson Correlation	.190	.128	.454**	-.044	-.183	-.137	.138	.074	.367**	.220*	-.416**	1	.150	.286**
	Sig. (2-tailed)	.058	.203	.000	.665	.068	.175	.170	.467	.000	.028	.000		.136	.004
	N	100	100	100	100	100	100	100	100	100	100	100	100	100	100
PLANNINGAN DCONTOL	Pearson Correlation	.352**	.286**	.332**	.175	.305**	.161	.134	-.078	-.149	.260**	.152	.150	1	.318**
	Sig. (2-tailed)	.000	.004	.001	.082	.002	.109	.183	.438	.139	.009	.130	.136		.001
	N	100	100	100	100	100	100	100	100	100	100	100	100	100	100
SALES PERFORMANCE	Pearson Correlation	.606**	.642**	.469**	.252*	.121	.420**	.566**	.046	.210	.490**	.184	.286**	.318**	1
	Sig. (2-tailed)	.000	.000	.000	.011	.232	.000	.000	.651	.036	.000	.067	.004	.001	
	N	100	100	100	100	100	100	100	100	100	100	100	100	100	100

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

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

## Annex B

		Correlations			
		FIRM CHARACTERISTICS	MANAGEMENT ATTITUDE	EXPORT MARKETING STRATEGY	EXPORT PERFORMANCE
FIRM CHARACTERISTICS	Pearson Correlation	1	.297**	.334**	.627**
	Sig. (2-tailed)		.003	.001	.000
	N	100	100	100	100
MANAGEMENT ATTITUDE	Pearson Correlation	.297**	1	.292**	.264**
	Sig. (2-tailed)	.003		.003	.008
	N	100	100	100	100
EXPORT MARKETING STRATEGY	Pearson Correlation	.334**	.292**	1	.306**
	Sig. (2-tailed)	.001	.003		.002
	N	100	100	100	100
EXPORT PERFORMANCE	Pearson Correlation	.627**	.264**	.306**	1
	Sig. (2-tailed)	.000	.008	.002	
	N	100	100	100	100

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

## Annex C

		Coefficients <sup>a</sup>						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
(Constant)		-1.514	.614		-2.467	.015		
	EE	.265	.133	.220	1.994	.049	.421	2.375
	FM	.586	.170	.381	3.459	.001	.423	2.365
	FCC	.292	.099	.234	2.953	.004	.817	1.224
	FT	.183	.143	.096	1.283	.203	.917	1.090

a. Dependent Variable: EXPORT PERFORMANCE

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
					R Square Change	F Change	df1	df2	Sig. F Change
1	.716 <sup>a</sup>	.512	.492	.54772	.512	24.940	4	95	.000

a. Predictors: (Constant), FIRM TECHNOLOGY, SIZE, FIRM CAPABILITIES AND COMPETENCIES, EXPORTINGEXPIRIENCE

**Annex D**

**Collinearity Diagnostics<sup>a</sup>**

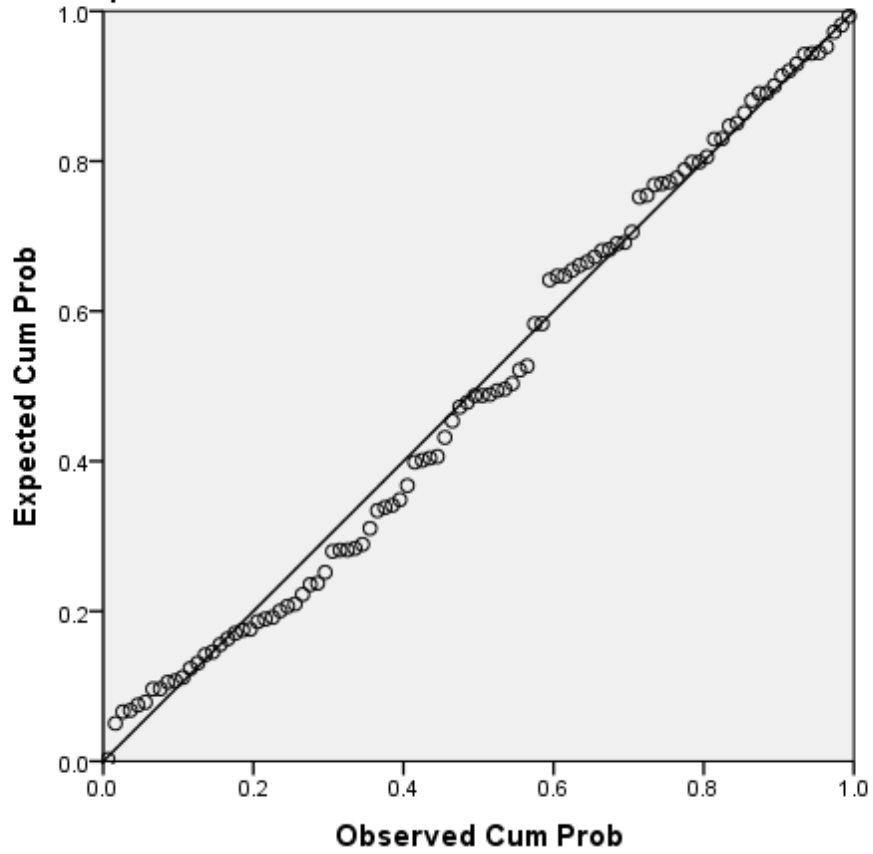
Model	Dimension	Eigenvalue	Condition Index	Variance Proportions				
				(Constant)	EXPORTINGEXPIRIENCE	SIZE	FIRM CAPABILITIES AND COMPETENCIES	FIRM TECHNOLOGY
	1	4.941	1.000	.00	.00	.00	.00	.00
	2	.029	12.975	.03	.32	.02	.07	.07
1	3	.018	16.669	.06	.00	.01	.93	.09
	4	.008	25.299	.14	.36	.39	.00	.47
	5	.004	33.173	.78	.32	.58	.00	.38

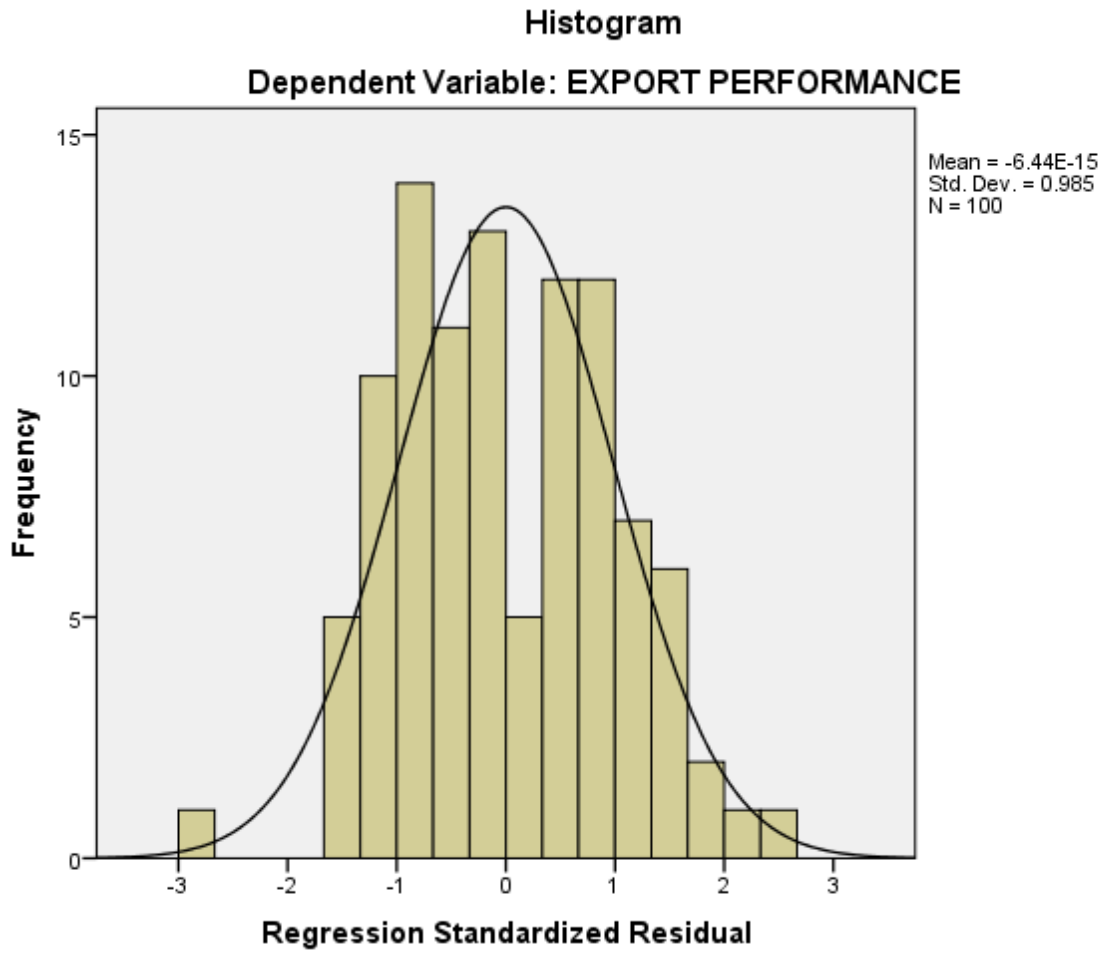
a. Dependent Variable: EXPORT PERFORMANCE

**Annex E**

**Normal P-P Plot of Regression Standardized Residual**

**Dependent Variable: EXPORT PERFORMANCE**





## DECLARATION

I, the undersigned, declare that this thesis is my original work, prepared under the guidance of Getie Andualem (PhD), my advisor. All sources of materials used for the thesis have been duly acknowledged. I further confirm that the thesis has not been submitted either in part or in full to any other higher learning institution for the purpose of earning any degree.

Rahel Taddese

\_\_\_\_\_

Name

Signature & Date