
# ADDIS ABABA UNIVERSITY
# COLLEGE OF BUSINESS AND ECONOMICS
# DEPARTMENT OF MANAGEMENT

**DETERMINANTS OF OILSEED EXPORT PERFORMANCE IN ETHIOPIA**

**IN PARTIAL FULFILLMENT OF THE REQUIREMENTS FOR THE AWARD OF THE DEGREE OF MASTER OF ART IN INTERNATIONAL BUSINESS SPECIALIZING IN IMPORT AND EXPORT MANAGEMENT**

**BY:**

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**Approval of the Thesis**

As members of the board of examiners, we examined this thesis entitled "Determinants of Oilseed Export Performance in Ethiopia" prepared by Mulugeta Fikru. We hereby certify that the thesis is accepted for fulfilling the requirements for the award of the degree of Masters of Social Science (MSC) in International Business specializing in Import and Export Management.

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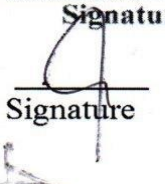
| Mulugeta Fikru<br>Prepared By |  <br>Signature | January 17,2024<br>Date |

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## Declaration and Approval by the Advisor

I, Mulugeta Fikru, declare that the study entitled "Determinants of Oilseed Export Performance in Ethiopia" is the result of my effort in this research undertaking. It is submitted to the partial fulfillment of the requirement of the Masters of Social Science (MSC) in International Business specializing in Import and Export Management.

I, the advisor, hereby also certify that I supervised, read, and evaluated this thesis entitled "Determinants of Oilseed Export Performance in Ethiopia" and that has been prepared under my guidance. All the sources and materials used in the research have been well acknowledged. Thus, I hereby recommend that the thesis be submitted for oral defense.

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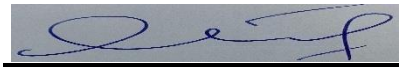
| **Signature:**  | **Signature:**  |
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# Table of Contents

**List of Figures**

**Page**

**List of Tables**

**Page**

**Acronyms and Abbreviations**

| | |
|---|---|
| ADBG | African Development Bank Group |
| GDP | Gross Domestic Product |
| NBE | National Bank of Ethiopia |
| CSA | Central Statistical Agency |
| SSA | Sub-Saharan Africa |
| SME | Small and Medium Enterprise |
| FDI | Foreign Direct Investment |
| FDRE | Federal Democratic Republic of Ethiopia |
| E.C. | Ethiopian Calendar |
| GAIN | Global Agricultural Information Network Ethiopia |
| MLRM | Multiple Linear Regression Model |
| ANOVA | Analysis of Variance |
| ECX | Ethiopia Commodity Exchange |
| EPOSPEA | Ethiopian Pulses, Oilseeds and Spices Processors Exporters Association |
| FAO | Food and Agriculture Organization |
| SNNP | Southern Nations Nationalities and People |
| IMF | International Monetary Fund |
| MoTRI | Ministry of Trade and Regional Integration |
| SPSS | Statistical Software Package for Social Sciences |
| MT | Metric Tone |
| Ha | Hectare |
| VIF | Variance Inflation Factor |
| WDI | World Development Indicator |
| P.A. | Per Annum |

***Abstract***

*Exporting is the most important business endeavor for any country because it plays a vital role in economic development and job creation for the nation as a whole. The fundamental objective of the study was to identify those export performance factors in the case of oilseed export in Ethiopia. To explain and analyze the data, the study used an explanatory research design. Both quantitative and qualitative research approaches were applied. The study functionalized five independent (explanatory) variables and one dependent variable. The data for the research was collected via structured questionnaires based on the Likert scale measurement technique. The questionnaire was broadly composed of three main parts, and a total of 194 questionnaires were distributed to Ethiopian oilseed exporters, and all were filled out and returned. Since over two variables were applied in the study as well and the data was continuous, the researcher applied a multiple linear regression model for the analysis and assessment of the findings. The required tests, including validity, reliability, tests of multiple regression assumptions, and tests of projected hypotheses, were conducted in the study. Consequently, the research findings revealed that five of the stated factors have a positive and significant effect on the performance of oilseed exports performance at different levels of degree and magnitude. Among the factors associated, marketing factors were potentially affecting the performance of oilseed exports followed by macro- environmental factors, industry factors, company factors, and product factors, respectively. Climate variability, high bureaucracy, expensive transportation costs, lack of working capital, fluctuation of the exchange rate, the country's current political situation, shortage of required fertilizer, and minimum government support are some of the additional findings that hinder oilseed export performance. Accordingly, some of the recommended points issued by the respondents are that government should create a conducive environment for the exporters, increase the share of foreign currency to be allotted to exporters, increase the competitiveness of the local price, work closely with exporters, and all concerned bodies should work hand-in-hand to improve oilseed export performance and solve the problem amicably.*

***Key words****: export performance, macro-environmental factors, marketing factors, industry factors, company factors, and product factors, oilseeds export.*

# CHAPTER ONE

## 1. INTRODUCTION

Regarding the important variables that have been covered in the literature review, many researchers make different claims about each of the elements that have been shown to be important in determining Ethiopia's performance in exporting oilseed. As the below critical analysis explains, it was noted that while some of the evaluated empirical research' outcomes diverged, others converged despite taking distinct techniques. Both of the research results here under explaining those factors influencing Ethiopian agricultural exports, however they ultimately produced disparate findings regarding the factors influencing Ethiopian exports. It makes holes in the literature more evident.

Fassil and Abule (2020) in their study examined the determinants of Ethiopian agricultural exports using the imperfect substitutes' model as a theoretical framework and system GMM as an analytical model for the period 1998–2018. The regression result showed that gross domestic product, exchange rate, road network, corruption index of Ethiopia, lagged export value, indirect tax revenue and domestic saving are the major determinants of agricultural exports in Ethiopia. However, foreign direct investment and labor force are negatively and significantly related to Ethiopian agricultural exports. But a study conducted by (Haitho, 2013) on the determinants of Vietnam's exports found a negative and significant relationship between the exchange rate and volume of export.

Specifically, the major determinants of Ethiopia's exports are: size of the economies (GDPs of Ethiopia and that of partner), partner countries' openness of economies, economic similarity and per capita gross domestic product differential of the countries. All these factors affected Ethiopia's export positively except similarity indicator. The exchange rate, on the other hand, has no effect on Ethiopia's export trade. The country specific effects show that Ethiopia could do better by trading more with Comesa member countries and newly emerging economies of Asia such as Hong Kong, Singapore and Yemen as well as European countries like Turkey and Russia (Alekaw, 2016).

Therefore, this research paper fills the gap observed in the literature review by analyzing the different variables covered in the study.

Basically, this portion of the study further covered background of the study, statement of the problem, research questions, objectives of the study, significance of the study, scope of the study, limitations of the study and organization of the study.

### 1.1.Background of the Study

Exporting is simply connecting one country with that of the others and/or the rest of the world through business trials. Hence, exporting gives numerous benefits to those countries that hitching the business with the rest of the world. Consequently, numerous experimenters conducted a lot of studies to show the significance of exporting to all concerned.

Several exploration labors caught on that the use of exportation would bring positive satisfaction towards the given country's frugality development and the creation of huge job openings in the nations. For example, the wide request share and competitive advantage attained from transnational requests through exportation play a vital role in the growth and survival of companies (Navarro et al., 2009; and Rabino, 2004).

Likewise, in our current global frugality, no nation is tone-sufficient. Each is involved in different situations in trade to vend what it produces, acquire what it lacks, and produce more efficiently in some profitable sectors than its trade mates. Trade promotes profitable effectiveness by furnishing a wider variety of goods, frequently at lower costs, especially because of specialization, agriculture scale, and the associated relative advantages. Transnational trade is also subject to important contention since it can at times be a disruptive, profitable and social force as it changes how wealth is distributed within a public frugality, particularly due to changes in prices and stipends (Jean, Claude, and Brain, 2013).

From a general standpoint, Africa is the mainland, and numerous of its developments were originally calculated based on agriculture productivity. As per the African Development Bank

Group's (ADBG) plan titled "Africa Strategy for Agrarian Metamorphosis in Africa from 2016 to 2025", agriculture remains an integral part of African frugality and the diurnal lives of the maturity of Africans, accounting for just over 60 jobs across the mainland. Despite its central role, the hospitality sector represents only a quarter of the African gross domestic product. Consequently, Africa has untapped farming potential but unfortunately, it isn't completely employed as anticipated.

Gebrerufael (2017), in his exploration statement, addressed the fact that Ethiopia is one of the countries in Africa that is experiencing agricultural productivity problems like the rest of other African countries. In Ethiopia, farming is subsistence and dominated by about 11.7 million smallholders, who cultivates 95 percent of the public agriculture products. Ethiopia has a generally agricultural frugality and is depend upon farming, with over 80% of people residing in pastoral areas (World Bank, 2021). Also, the NBE (2022) report addresses the fact that the services sector is responsible for 40 percent of the gross domestic product, which was succeeded by the agriculture sector (32.4%) and assiduity (28.9%). This sounds like farming is the alternate implicitly profitable contributor to the country, and therefore its benefits are still set up to be huge.

Approximately three million Ethiopian growers rely on the oilseeds industry as their primary source of income, making it one of the country's fastest-growing and most significant agricultural sectors in terms of foreign exchange revenues. After coffee, it is the second-largest source of foreign exchange earnings (NBE, 2022). Ethiopia has a tempting assortment of oilseeds that are available for export. Linseed makes up thirteen percent, and sesame seed makes up one-third of Ethiopia's oilseed products. Ethiopia ranks fifth globally as a patron of sesame seeds and sixth globally for linseed. One highly valuable oil seed is sesame. Ethiopia also cultivates specialty seeds, such as castor sap and sunflower seeds. Ethiopia is a significant exporter of noug (niger seed) and ranks third in the world's sesame seed export rankings, behind Sudan and India. Ethiopia makes up very little of other oilseeds. With more than twice the value of linseed, sesame seed has the highest value per ton among Ethiopian oilseeds. Import prices for olive oil and sesame production are three to four times higher than those of almost all other

edible oil production worldwide. The two primary oilseed products traded internationally are soybean and noncombustible (Wijnands, Biersteker, and Loo, 2009).

Although oilseeds are planted to flavor meals consumed at home and provide some income for the nation's peasant holders, they are related to crops that are also categorized within the order of grain crops. Every region produces different volumes of vibrant oil production crops. 4.28 (or roughly 522,149.28 hectares) of the grain crop area and 1.65 (or roughly 5,415,064.82 quintals) of the products were contributed by oil crop seeds to the public grain aggregate. In addition to covering 1.47 (about 179,827.91 hectares), 1.68 (roughly 204,511.91 hectares), and 0.40 (roughly 48,285.56 hectares) of the grain crop area, noug, sesame, and linseed also covered 0.62 (roughly quintals), 0.42 (roughly quintals), and 0.14 (roughly 443,984.32 quintals) of the grain products, separately (CSA,2021/22).

Viewed on the overall stated data as well as other research findings it's asserted that oilseed productivity in Ethiopia has not reached its loftiest peak position. To limit the breaks, the requirements for analyzing the most significant determinants of oilseed export performance in Ethiopia are the crucial proceedings. Thus, study was focused on identifying the determinants of oilseed export performance in Ethiopia.

### 1.2.Statement of the Problem

As it is stated and expressed by many researchers, export is among the fastest-growing paramount elements influencing the economic development of any nation.

Laurel (2016) stated that exporting or transferring goods and services out of a country- increases a company’s deals and gains, enhances its prestige, creates jobs, and offers a precious way to position seasonal oscillations. Exporting is also an important factor that contributes to profitable growth, development, and substance in our world. Hence, exporting is a vital and implicit resource of carries different kinds of benefits to all global nations in general and to Ethiopia in particular. Belayneh and Wondaferahu (2012) further noticed that export is considered as one of the very important accelerators of growth.

Various report concerning developing countries stated that the most exportable commodities are non-processed agricultural products. Negash (2015) indicated that oilseeds are one of the most important cash crops in Ethiopian. Certain researches have been conducted on determinant of oilseed export performance in Ethiopia, but the final result summarized in differently. For example, FAO (2015) noticed the problems of export are lack of facilities of financial and market institutions. Tewodros (2012) on the other hand, defined some of the problems that products are exported to other than the final destination because of its purification/quality problems and merely raw seeds. Related to this market linkage problem most of raw products, especially sesame, as one of the most types of oilseed product. Similarly, Negash (2015) investigated that Japan is importing Ethiopian sesame seed through China, seeking the well cleaned and sort. i.e., Ethiopia export sesame to China and China re-export to Japan after same processing.

Most of the African nations are unfit to gain all the results as anticipated. Ethiopia is substantially exporting agricultural products and among them coffee and oilseeds take the majority of the country's export demand (NBE, 2022). Further, Ethiopian goods exports have declined by 6 percent from a time ago, making the fourth time of periodic decline in the last five times. As a result, the share of goods exported to gross domestic product has more than halved since 2013/14 to slightly below 3 percent of gross domestic product. Ethiopia’s goods export gross domestic product rate is veritably low compared to the normal for Sub-Saharan Africa (SSA) or low-income developing countries. It's added to the bank report that there's still a negative trade balance in the country (NBE, 2020). Then it's caught on that there's a huge opening in exporting performance throughout the country, and the country needs to meliorate export productivity. The consequences on the other hand should have to spark all concerned to know exactly what would be the main root causes or factors that impact the country's export performance.

Besides, some of research findings shows different results on determinant of oilseed export performance in Ethiopia. Thus, the consequences of the result create some inconsistencies and controversial ideas each other. As pointed out by Haish (2017) technology is a significant or has

a positive correlation with oilseed export performance. Here technology is the introductory determinant element for oilseed export performance. On the other hand, Yohannes Negussie's (2022) research result revealed that technology isn't the most determinant variable on oilseed export performance. As the situation explains, both of the researchers applied fairly analogous independent variable in their separate research study processes, but they came up with different results.

Other research findings reveal that certain inquiries about determinant of agriculture products in Africa in general and in Ethiopia in particular have been carried out by outside researchers. Consequently, the majority of these empirical investigations has been carried out in developed nations and following this the findings that propel small and medium-sized businesses' (SME's) international competitiveness in developing nations are yet unknown (Matanda et al., 2016). This asserts that the study's results have not been reflects the true problems of determinant of agriculture products in African as well as in Ethiopia. As a result, the export literature frequently extrapolates conclusions drawn from established environments to guide policy. However, it is debatable if similar findings apply to businesses that operate in African countries (Boso et al., 2012). Due to the notable institutional and environmental disparities between the two environments, African firms' internationalization is particularly likely to be influenced by a unique combination of factors (Robson and Freel, 2008).

Based on the overall ideas of the above research output it is inferring that the determinant of oilseed export variables stated differently. As observed that some of the argument on the fundamental problems associated with determinant of oilseed export are undeveloped infrastructure, lack of market cooperatives, poor harvesting system and/or traditional cultivation system, lack of financial and market institutions, lack of store centers and quality problem. While the others stressed on lack of market linkage, non-processed raw material, and unstable exchange rate. Though a number of problems related to determinant of oilseed export in Ethiopia are studied by different researchers, still there are research gaps that must be fulfilled to provide fruitful feedback to exporters as well as other related bodies with better information. Hence, the following is some of the identified gaps in the previous researches:

- The different researches mentioned above have lacks common points as well as similarity on the results of determinant of oilseed export in Ethiopia.
- Most of the research focused on domestic market arrangement instead of the international market situations and the study also excluded oilseed exporters as a center of study.
- Some of the study explaining that the Ethiopia export was declining, but failed to reflect the true causes of the problems clearly.
- Certain research findings reveals that most of the studies pertaining determinants of oilseed export in Africa as well as Ethiopia have been conducted by researchers from developed nations, but it lacks to mention some of the most fundamental problems existing in developing countries, since they are different from developed nations.
- Generally, the previous research findings lack consistencies on its outcome and as a result it leads to certain controversy to the reader and experts.

It is coined out from the above discussion that there are many research gaps to be identified and it demanding conduct continuous research to solve the problems of oilseed export performance in Ethiopia. Actually, identifying the main problems helps to develop the solution to the existing oilseed export performance in the country. However, the country shouldn't get the expected benefits from the sector if it is failed to get the needed results out of the research. Accordingly, further research is vital to solve the problems associated to oilseed export. Since oilseed is one of the most marketed products in the international market, examining the most important problems enables to improving oilseed export in Ethiopia. Therefore, the researcher initiated to conduct the study by examining determinant of export performance that influencing oilseed export in Ethiopia.

### 1.3.Basic Research Questions

The following research questions, which were derived from the issues, were addressed by the study.

- What are the trends or practices of oilseeds export performance in Ethiopia?
- What are the major determinant factors of oilseeds export performance in Ethiopia?
- What is the nature of relationship between independent variables and dependent variable?

## 1.4.Objectives of the Study

The general and specific objectives of the study were explained as follows.

### 1.4.1. General Objective

The main objective of this study is to identify the most determinant export performance factors that influencing oilseed export in Ethiopia.

### 1.4.2. Specific Objectives

- To assess the practices of oilseeds export performance in Ethiopia.
- To identify those major determinant export performance factors in the case of Ethiopia's oilseed export.
- To examine the nature of relationship between independent variables and dependent variable.

## 1.5. Significance of the Study

The study was conducted in partial fulfillment of requirements for the degree of Masters of Social Science (MSC) in International Business, with a specialization in Import-Export Management. Hence, the study should have the following contributions for all concerned parties:

- Information from this study could be useful for exporters and academicians, especially those who are dealing in oilseeds.
- It gives some clues to other researchers who are intending to work on related subjects.
- It yields some support or information to organizations to develop various methods to encourage the export of higher-quality oilseeds as well as to structure optional export rules.
- It gives researchers an overview of performing research in a practical setting, which will assist the student researcher when they conduct additional research in the future.
- It could be useful as literature reference.

## 1.6. Scope of the Study

According to different reports, it has been learned that there are many agricultural and manufacturing products, such as grains, oilseeds, coffee, leather, minerals, etc, that are to be

exported from Ethiopia to the rest of the world. However, the study only emphasized on the main determinant export performance factors that affect oilseed exports in Ethiopia.

### 1.7. Limitation of the Study

Some of the limitations occurred to the study is there is lack of more available and/or reliable data with regard to the study topic and that in turn create a significant obstacle in finding a trend and a meaningful relationship among the variables or factors. Besides, to some extent it has been identified that there is lack of prior research studies on the topic as citing prior research studies forms the basis of your literature review and helps lay a foundation for understanding the research problem you are investigating. However, due to such problem it makes the difficult to the researcher to analysis the required tasks. The study has also faced shortage of time and some language problems with the respondents while responding the questionnaire.

### 1.8. Organization of the Study

The study is structured or grouped into five chapters. The first chapter, which is the introduction part, deals with the background of the study, statement of the problem, objective, significance of the study, scope of the study, limitations of the study, and other related points. The second chapter addressed a review of theoretical and empirical literature as well as the conceptual framework of those determinant factors of oilseed export that could have been covered under the study. The third chapter described the study's research approach in detail. The fourth section included the main data presentation, analysis, regression, and interpretation. The data has been analyzed using an explanatory research design. Finally, chapter five covered the summary, conclusion, and recommendations of the study.

# CHAPTER TWO

## 2. REVIEW OF RELATED LITERATURE

The review of related literature is divided into three major parts. It covered the theoretical literature review, the empirical review, and the conceptual framework. The theoretical review has dictated the discussion of the overview of export trade as well as international trade theories, and the study's second section was the review of empirical literature, which discussed the trend in oilseeds export, the main types and characteristics of Ethiopian oilseeds, and factors that affect oilseeds export and examined the earlier research done on oilseeds export performance. The conceptual framework was crafted in the third section of the review of literature. The conceptual framework here is developed based on theoretical and empirical points of view.

### 2.1. International Trade Theories

International trade theories are simply the different theories explaining international trade. Trade is the concept of exchanging goods and services between two people or entities. International trade is then the concept of this exchange between people or entities in two different countries.

The scale of international commerce has grown to unknown situations, serving the whole population as well as its actors. Still, there are pitfalls associated with global trade that stem from exporting of goods to other nations. The issue of opting for a development strategy at the public frugality and establishment situations is getting more and more significant in the setting of globalization and rising competition. To do this, it's necessary to pinpoint the reasons behind global commerce and consider them in the process of formulating strategic plans.

In order to reap the necessary benefits, international trade primarily emphasizes the exchange of products and services between two or more nations. According to Bowen (2013), the allocation of natural resources unevenly among countries is what drives the negotiation of international trade agreements. According to Seyoum (2009), free trade in goods began as early as 2500 BC, and the events of World War I affected the nascent growth of trade and the emergence of global frugality. He further defined international trade as the exchange of goods and services across national borders.

Kelly (2009) emphasized that international trade encompasses more than just the influx of commodities and services across nations, as investors also transact business internationally. Foreign direct investment, is made possible by transnational business. Associations take over foreign direct investment for a number of reasons, including the establishment of manufacturing, distribution, and service facilities as well as operations and manufacturing facilities for the expansion of transnational business.

Reuvid (2008) went on to clarify that there are two basic categories of international trade. The first is whether or not the nation is able to create the good or service on its own. The alternative is true, even though different nations may manufacture the commodities and/or services they import for various uses and rationales. Similar to how imported items may be of higher quality, have superior designs, have specialized features, etc., if their price is lower than that of domestically made goods.

### 2.1.1. The Different International Trade Theories

Mercantilism is developed in the sixteenth century; mercantilism was one of the earliest efforts to develop an economic theory. This theory stated that a country's wealth was determined by the amount of its gold and silver holdings. In its simplest sense, mercantilists believed that a country should increase its holdings of gold and silver by promoting exports and discouraging imports. In other words, if people in other countries buy more from you (exports) than they sell to you (imports), then they have to pay you the difference in gold and silver. The objective of each country was to have a trade surplus, or a situation where the value of exports is greater than the value of imports, and to avoid a trade deficit, or a situation where the value of imports is greater than the value of exports (Ridley, 2010).

The absolute advantage trade theory was developed by Adam Smith inn 1776 and questioned the leading mercantile theory of the time in The Wealth of Nations. Smith offered a new trade theory called absolute advantage, which focused on the ability of a country to produce a good more efficiently than another nation. Smith reasoned that trade between countries shouldn't be

regulated or restricted by government policy or intervention. He stated that trade should flow naturally according to market forces. In a hypothetical two-country world, if Country A could produce a good cheaper or faster (or both) than Country B, then Country A had the advantage and could focus on specializing on producing that good. Similarly, if Country B was better at producing another good, it could focus on specialization as well. By specialization, countries would generate efficiencies, because their labor force would become more skilled by doing the same tasks. Production would also become more efficient, because there would be an incentive to create faster and better production methods to increase the specialization. Smith's theory reasoned that with increased efficiencies, people in both countries would benefit and trade should be encouraged. His theory stated that a nation's wealth shouldn't be judged by how much gold and silver it had but rather by the living standards of its people (Ridley, 2010).

The comparative advantage theory stated that the challenge to the absolute advantage theory was that some countries may be better at producing both goods and, therefore, have an advantage in many areas. In contrast, another country may not have any useful absolute advantages. To answer this challenge, David Ricardo, an English economist, introduced the theory of comparative advantage in 1817. Ricardo reasoned that even if Country A had the absolute advantage in the production of both products, specialization and trade could still occur between two countries (Ridley, 2010).

Comparative advantage occurs when a country cannot produce a product more efficiently than the other country; however, it can produce that product better and more efficiently than it does other goods. The difference between these two theories is subtle. Comparative advantage focuses on the relative productivity differences, whereas absolute advantage looks at the absolute productivity (Ridley, 2010).

The theories of Smith and Ricardo didn't help countries determine which products would give a country an advantage. Both theories assumed that free and open markets would lead countries and producers to determine which goods they could produce more efficiently. In the early 1900s, two Swedish economists, Eli Heckscher and Bertil Ohlin, focused their attention on how a

country could gain comparative advantage by producing products that utilized factors that were in abundance in the country. Their theory is based on a country's production factors—land, labor, and capital, which provide the funds for investment in plants and equipment. They determined that the cost of any factor or resource was a function of supply and demand. Factors that were in great supply relative to demand would be cheaper; factors in great demand relative to supply would be more expensive. Their theory, also called the factor proportions theory, stated that countries would produce and export goods that required resources or factors that were in great supply and, therefore, cheaper production factors. In contrast, countries would import goods that required resources that were in short supply, but higher demand (Ridley, 2010).

In contrast to classical, country-based trade theories, the category of modern, firm-based theories emerged after World War II and was developed in large part by business school professors, not economists. The firm-based theories evolved with the growth of the multinational company (MNC). The country-based theories couldn't adequately address the expansion of either MNCs or intraindustry trade, which refers to trade between two countries of goods produced in the same industry. For example, Japan exports Toyota vehicles to Germany and imports Mercedes-Benz automobiles from Germany (Ridley, 2010).

Unlike the country-based theories, firm-based theories incorporate other product and service factors, including brand and customer loyalty, technology, and quality, into the understanding of trade flows (Ridley, 2010).

Swedish economist Steffan Linder developed the country similarity theory in 1961, as he tried to explain the concept of intra-industry trade. Linder's theory proposed that consumers in countries that are in the same or similar stage of development would have similar preferences. In this firm-based theory, Linder suggested that companies first produce for domestic consumption. When they explore exporting, the companies often find that markets that look similar to their domestic one, in terms of customer preferences, offer the most potential for success. Linder's country similarity theory then states that most trade in manufactured goods will be between countries with similar per capita incomes, and intra-industry trade will be common. This theory is often

most useful in understanding trade in goods where brand names and product reputations are important factors in the buyers' decision-making and purchasing processes (Ridley, 2010).

Raymond Vernon, a Harvard Business School professor, developed the product life cycle theory in the 1960s. The theory, originating in the field of marketing, stated that a product life cycle has three distinct stages. These are new product, maturing product, and standardized product. The theory assumed that production of the new product will occur completely in the home country of its innovation (Ridley, 2010).

Global strategic rivalry theory emerged in the 1980s and was based on the work of economists Paul Krugman and Kelvin Lancaster. Their theory focused on MNCs and their efforts to gain a competitive advantage against other global firms in their industry. Firms will encounter global competition in their industries and in order to prosper, they must develop competitive advantages. The critical ways that firms can obtain a sustainable competitive advantage are called the barriers to entry for that industry (Ridley, 2010).

In the continuing evolution of international trade theories, Michael Porter of Harvard Business School developed a new model to explain national competitive advantage in 1990. Porter's theory stated that a nation's competitiveness in an industry depends on the capacity of the industry to innovate and upgrade. His theory focused on explaining why some nations are more competitive in certain industries. To explain his theory, Porter identified four determinants that he linked together. The four determinants are local market resources and capabilities, local market demand conditions, local suppliers and complementary industries, and local firm characteristics. Porter's theory, along with the other modern, firm-based theories, offers an interesting interpretation of international trade trends. Nevertheless, they remain relatively new and minimally tested theories (Ridley, 2010).

According to the above points, it is observed that there has been no single theory that fully explains the international trade in general and growth in export particular. It has also evolved over long period of time and empirically tested in different region by many scholars. There is no

common concept on international trade, but the general point of the concept has been developing since the verge of the theory till today.

### 2.2.Overview of Determinants of Export Performance

Export performance measures a company's capability to successfully or unsuccessfully export goods or services to a foreign request through strategic planning and prosecution. A company's contribution to the import assiduity is conceded in addition to its import performance.

Agricultural export performance is the value of all agrarian goods handed to the rest of the world. It's defined as the capability of a nation to produce and distribute agrarian goods that can contend with transnational requests. It has the ability to achieve income growth and ameliorate the welfare of the nation. Data on agrarian trade import performance were attained from WDI (Braha, 2017) and (Sun and Li, 2018).

Export performance is defined as: (i) the success or failure of the efforts of a nation to sell domestically produced goods and services in other nations markets (Zou and Stan, 1998); (ii) the export effectiveness, export efficiency and continuous engagement in exporting (Shoham, 1991); (iii) the composite outcome a nation’s international sales (Shoham, 1996); and (iv) the three sub-dimensions which encompasses sales, profit and growth (Madsen, 1987).

Many researchers investigating about how firms perform in exporting have identified a lot of factors as determinants of export performance (Aaby and Slater 1989; Zuo and Stan, 1998). These determinants have been classified differently; however, a major classification has been as controllable and uncontrollable. The controllable determinants are internal firm-level and uncontrollable are external environmental determinants (Aaby and Slater, 1989). Siringoringo (2009) identified four groups: external, operational, internal and informational barriers, whereas Leonidou et.al. (2002) moved from the basic distinction between internal barriers associated with organizational resources/capabilities and the company’s export strategy and external barriers related to the home and host environment within which the firm operates.

Classifying the determinants of export performance into internal and external factors is theoretically justified as the two categories correspond to different theoretical bases. Specifically, internal determinants are justified by the resource-based theory, while external determinants are supported by the industrial organization 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 its efficiency and effectiveness. The resource-based theory contends that the principal determinants of a firm's export performance and strategy are the internal organization resources. In contrast, the industrial organization (IO) theory argues that the external factors determine the firm's strategy, which in turn determines economic performance. The logic is that the external environment imposes pressures to which a firm must adapt in order to survive and prosper (Julian and O"cass,2002). Therefore, discussing the findings of this review along the internal versus external and controllable versus uncontrollable dimensions is theoretically sound and practically significant. Hence, in this study, those determinants of export performance relevant to the topic identified from different kinds of literature including both internal factors of exporters and external conditions more specifically government support services and export related facilities are reviewed as follows:

According to the World Bank, exports of goods and services represent the value of all goods and other market services provided to the rest of the world. It includes the value of merchandise, freight, insurance, transport, travel, royalties, license fees, and other services, such as communication, construction, financial, information, business, personal, and government services.

Alemayehu (2006) has clearly stated different trade theories that answer the question why trade between countries exist. For mercantilist the desire to accumulate precious metal (gold bullion) was an important matter. Against this background the principal of the classical school, absolute and comparative advantages have emerged. The rigidity of the classical school's assumptions

about the structure of costs, among others, led to the evolution of the neoclassical (or orthodox) trade theories. This theory was followed by trade theories based on technological gaps and imperfect competition models.

### 2.2.1. Export Performance and Its Determinants in Developing Countries

Different experts defined the concept of export performance based on their perspective and deep understanding. The concept proposed by various researchers and academicians pin points on the how to measure the export performance using different measuring techniques.

Export performance is the relative success or failure of the efforts of a firm or nation to sell domestically produced goods and services in other nations and it can be described in objective terms such as sales, profits, or marketing measures or by objective measures such as distributor or customer satisfaction (Allaro, 2010).

A more comprehensive study on African countries Mold and Prizzon (2008) used a dynamic panel data set for 48 African countries over the period 1987 – 2006 to identify the key determinants of export performance. The results from the pooled regression reveal that unit price of exports, real
effective exchange rate, taxes on trade and diversification index to affect export volumes negatively and significantly while income per capita, and share of manufacturing in gross domestic product and foreign direct investment inflows as a percentage of gross domestic product to affect export volumes positively and insignificantly during the period 1987 – 2006. A periodic analysis of the same data shows that elasticity of unit price of exports was significant (126%) and negative during 1987 – 2001 while positive and insignificant during 2002- 2006.

Another wide-ranging study by Fugazza (2004) used data for 84 countries from 1980 – 1999. The researcher used real exports as dependent variable while real gross domestic product, population, foreign market access, internal transport access and export sector competitiveness, depicted by real exchange rate and institutional quality as independent variables. Among the factors showing supply capacity, gross domestic product was found to have a positive and

significant impact on export performance though less the elasticity is less than 1. Population was found to be insignificant. Internal transport access proxied by % of paved roads was found to have varied impact through time to time and also through period. It was found to have a significant positive impact on export performance over 1988-1991 for the weakest export performers while it becomes significant for all quantiles after 1991 but more significant for weak export performers.

Recent studies on export have concentrated on the impacts of trade facilitation reforms on export performance. A study made by Poutugal-Perez and S.Wilson (2010) analyzed the impact of hard infrastructure (roads, ports, airports, rail infrastructure and information communications technology) and soft infrastructure (efficiency of customs and domestic transport and business regulatory measures and transparency) on export performance of 101 countries during 2004 -07. The results from the study reveal that an improvement in hard and soft infrastructure leads to more exports. Investments on physical infrastructure were found to have a positive impact on exports, but declining as per capita income increases, on the contrary investments in information communication technology were found to have more impact on richer countries. Soft infrastructures were also found to affect exports positively.

Another study made on the impact of inland transit delays, documentation, and customs and port delays on Sub-Saharan Africa export performance made by Freud and Rocha (2010) founds that inland transit time delay to have a significant negative impact on exports while customs and ports time and documents time were found to have a smaller impact. The researchers conclude "Our results imply that while inland transit delays have a robust negative impact on export values, higher times in other areas have much smaller effects in reducing Africa's exports. A one-day increase in inland transit time reduces exports by 7 percent on average. Put another way, a one-day reduction in inland travel times translates into nearly a 1.5 percentage point decrease in all importing-country tariffs. In addition, this effect is higher for time-sensitive goods compared to time-insensitive goods. We show that long times are associated with high uncertainty in road transport, which jeopardizes exporters' delivery targets."

### 2.2.2. Ethiopia's Oilseed Export Performance

Ethiopian merchandise export structure still remains undiversified. On average five commodities; coffee, flower, oilseed, hide skins and chat account for 78% of export revenue. The dependence of export revenues on few commodities has made Ethiopia's export performance highly volatile depending on the performance of the major commodities. These products are mainly primary products with fewer linkages in the economy and also declining prices internationally, though there are up swings.

Haile (2011) stress that oilseeds are high value export products standing as the second foreign exchange earner products of Ethiopia. Growth and improvement of the oilseed sector can substantially contribute to the economic development at national, regional and family levels. Among oil seeds, sesame is by far the major export product in terms of both export quantity and value following coffee. Ethiopia has high quality sesame seed varieties that are suitable for a wide range of applications, the Humera, Gondar and Wellega types being the major ones.

Hailegiorgis (2011) examined the determinants of oil seeds export over the period of 1974-2009. His classical linear regression result has shown that export performance is positively influenced by only real output and nominal exchange rate whereas both domestic and foreign price of oil seeds have no influence on oil seed exports. As indicated in the paper, the accuracy of data that he used in his studies was mentioned as a problem but the way that how it was managed was not clear hence the result may not be genuinely showing the reality. Unlike Hailegiorgis; Belayneh and Wondaferaw (2013) conducted the research on determinants of an aggregate export performance in Ethiopia by using data over 1970/71-2010/11 through Johahanson co-integration and Vector Error Correction approaches. Their result indicates that real effective exchange rate, openness of trade, real gross domestic product of the home country, infrastructure development and private credit-to-gross domestic product ratio have positive and significant effect on export performance in the long-run period of time. While the impact of the real gross domestic product of trading partner on export performance is statistically insignificant. Only last year openness of trade is directly affected export performance of current in short-run period. It is more relatively comprehensive to make generalization about Ethiopian export performance.

Israel (2020) study identified the determinants of export supply in Ethiopia over 1977-2016 by using autoregression distributed lag model. According his autoregression distributed lag model output, in the long run, economic variables such as real gross domestic product, terms of trade, trade openness, trade partners gross domestic product and investments are important determinants to promote export while real exchange rate has divesting effect on it. His study has been more recent, comprehensive and well organized compared to all others studies those presented in this article but some of his data was collected from here and there with different measurement units may be taken as a major limitation of his study.

Murad and Beyan (2020) held study on determinants of sesame export performance in Ethiopia by using 13 years panel date from 13 Ethiopian Sesame importer countries during 2002 to 2014. The random effect panel gravity model result indicates that the domestic and partners real gross domestic product have positive and strong effect on Ethiopia's Sesame export supply. On the other hand, real exchange rate and weighted distance between Ethiopia and its partners have significant and negative effect on Sesame export. This study, just like Alelign study's, has fixed to a single commodity and some limited Sesame importing countries without mentioning their total share in Ethiopia's Sesame export.

### 2.2.3. Internal and External Determinants for Export Performance

Leonidou (1995) defined export barriers as: "The attitudinal, structural, operational, and other constraints that hinder the firm's ability to imitate, develop, or sustain international operations." Export problems or barriers are defined as those constraints that hinder the ability of firm to initiate, develop or maintain export marketing activities of the firm (Ahmed, Julian, Baalbaki and Hadidian, 2004).

Different researchers categorized export marketing problems into different categories. Some of them grouped export problems in to "internal" and "external" barriers (Tesfom and Lutz, 2006). Delgado (2006) identified export problems as: production related; processing/marketing related; and economic and political environment. Clarke (2013) generated list of export impediments and grouped them into "generic", "product specific" and "market specific". Karelakis (2008)

classified export problems into four groups: “internal-domestic”;“internal-foreign”; “external-domestic”; and “external-foreign” (Karelakis, Mattas and Chryssochoidis, 2008).

Bezabih and Hadera (2007) identified the major constraints of marketing slick of markets to absorb the production, low price for the products, large number of middlemen in the marketing system, lack of marketing institutions safeguarding farmers’ interest and rights over their marketable produces (e.g., cooperatives), lack of coordination among producers to increase their bargaining power, poor product handling and packaging, imperfect pricing system, lack of transparency in market information system mainly in the export market (O’Cass and Julian, 2003).

World Bank (2004) identified the major constraints in the Ethiopian high value export products as; high freight cost and insufficient cargo space, lack of railway transport system, insufficient airport facilities, existence of illegal traders, poor packaging systems, lack of skilled manpower, insufficient pre and post-harvest infrastructure facilities, access to bank loan, and lack of comprehensive market study (World Bank, 2004).

Severe production seasonality, seasonal price fluctuations, poor pre- and post-harvest handling, prevalence of pest and diseases, lack of storage are some of the critical problems encountered oilseed production in Ethiopia (Ahmed et al., 2004).

#### 2.2.3.1.Internal Factors

As Leonidou (2004) “The constraints associated with organizational resources/capabilities and company approach to export business” (Vohra, 2008).

These problems are categorized as those which are directly related to the controllable issues within the firm itself (Vohra, 2008). Tesfom and Lutz (2006) classified internal barriers further in to “company barriers” and “product barriers”. Company barriers influence their choice of marketing strategy and ability to execute that marketing strategy (Porter, 1985), cited in Tesfom and Lutz (2006); O’Cass and Julian 2003). Key assets and skills of a company constitute its

source of competitive advantage. Company barriers categorized under marketing knowledge and information, financial resources and human resources (Delgado, 2006).

Marketing knowledge and information problems are about lack of knowledge of foreign markets, business practices, and competition; and lack of management to generate foreign sales. Lack of knowledge to locate foreign opportunities and promising markets is perceived to be a major barrier to export from developing countries (Siringoringo, Prihandoko and Kowanda, 2009). According to Lumpkin et al. (2005), expanding the scale of horticulture production is often hindered by lack of market access and market information. Distribution is a major problem area in exporting. Many exporters in developing countries lack information about marketing channels and fail to establish marketing networks (Tesfom and Lutz, 2006). Deficient advertising and promotion programs are also mentioned as other factors that constrain export activities (Siringoringo, Prihandoko and Kowanda, 2009).

Financial problem is one of the company barriers. Many exporting companies in developing countries cannot operate for lack of adequate working capital, which endanger the entire production operation and adds cost (Reardon, Codron and Busch, 2001).

Human resource barrier is the key problem which holds back the success of the company. Export marketing activities depend on the attitudes and characteristics of the managers. Export marketing knowledge problems can be attributed to a large extent to the lack of trained and experienced human resources. A company that takes into account the requirements for international activities in its human resource management practices, particularly for its managerial and professional employees is more likely to do better in its export attempts (Karelakis, Mattas and Chryssochoidis, 2008).

“Product problems are related to quality and technical requirements of the targeted export market segment, such as export product design, style, quality packaging and labeling requirements and product adaptation or modification” (Siringoringo, Prihandoko and Kowanda, 2009). Cook (1983), cited in Tesfom and Lutz (2006), put that product characteristics affect the competitive

advantage and influence the choice between an offensive and a defensive export strategy. The product barriers that influence the export marketing strategy of the firm could be grouped into quality and technical adaptability.

Quality barriers are related with packaging, meeting importers quality standards and establishing the suitable design and image for export markets. There are different quality standards in developing countries. Therefore, fulfilling those standards is mandatory for any exporting company in order to be competitive in the market (Reardon, Codron and Busch, 2001). In addition, Bharti (2014) identified the challenges for the quality of perishable export products in developing countries as: viability of cold chain; existing facilities are outdated and poorly maintained; and low awareness and demand for cold chain services. Cold chain plays the very vital role in reserving the quality of perishable products like vegetable and fruit export.

Technical/adaptation barrier is another important barrier. Successful firms adapt their products to foreign markets. Most of the problems related to technical adaptability are due to a lack of knowledge of market requirements or a lack of resources to meet the requirements: poor quality control techniques, poor quality of raw material, packaging and labeling requirements, product design and specification. In addition, product diversification is a barrier to internationalization (Tesfom and Lutz, 2006).

#### 2.2.3.2.External Factors

External problems are those barriers which are rooted in the external environment and the firm itself has no control over the consequences of such problems. These problems are also referred to as macro environment barriers or industrial barriers (Tesfom and Lutz, 2006). They further classified external barriers in to “industry barriers”, “market barriers” and “macro environmental barriers”.

Industry barrier is the first category of external problems. The intensity of exporting activities and the nature of export marketing strategies differ considerably across industries. Porter (1985) and Kerin et al. (1990), cited in Tesfom and Lutz (2006), noted that the difference among industries is due to the varying nature of industries. In order to develop a proper export

marketing strategy, the differences between market systems, firm sizes and presence of foreign competitors across markets should be taken into account (Tesfom and Lutz, 2006). Industry structure is one of the industry barriers which consists of firm size/economies of scale; lack of new technology; unprepared to face large MNCs; unreliability in raw material supply. The size of the firm is a key determinant of the propensity to export. The larger the firm, the greater the size advantage over the smaller firms; and this will usually have a positive impact on the export activity. Another important factor for exporting firms in developing countries is the supply of raw materials and inputs. They face unreliability in their supplies either from other domestic firms or from abroad (Tesfom and Lutz, 2006).

Competition barrier is another category of industry barriers. Competition should not be considered as a barrier if there is equal information exists among competitors in the market. However, in practice information on export opportunities is costly and not easily available. Therefore, lack of such information demotivates the firm to go for export and to withstand the existing competition with different exporters around the world (Reardon, Codron and Busch, 2001). The competition barrier includes meeting foreign competitor prices; withstanding with aggressive competitors in the foreign market; lack of competitive prices; and fierce competition in export markets. Especially firms with limited financial and human resources are affected with it (Tesfom and Lutz, 2006).

"Export market barriers are factors that affect the export marketing strategy related to customer barriers and procedural barriers" (Tesfom and Lutz, 2006). Customer barriers stem from the customer's perception of product characteristics. An important issue here is that in addition to specific quality problems, exporters from developing countries face the poor image/goodwill of their country. In addition, bad image of products in the foreign market and insufficient foreign demand; language and culture differences; and country of origin effect are the major problems faced with the customers' preferences (Ahmed, Julian, Baalbaki and Hadidian, 2004).

Procedural barriers are among the export market barriers. Exporting requires knowledge about export procedures. The time and paperwork required to comply with foreign and domestic

market regulations is mostly lengthy. Not only government organizations but also other private organizations such as banks, shipping organizations and insurance companies, have their own procedures. Lack of information about export procedures and in particular for inexperienced managers foreign documentation and paper work may is very difficult to cope with. In addition, delay of payments; procedural complexity of paperwork; and delay in duty drawbacks are among the major procedural barriers that affect the exporting process (Tesfom and Lutz, 2006).

"Macro environment barriers are one of the external barriers. These are factors beyond the firm's control; which further classified in to direct and indirect export barriers" (Tesfom and Lutz, 2006). Direct export barriers include tariff and non-tariff barriers; cost of transportation; inadequate diplomatic support; lack of export promotion and assistance from the government; complex government bureaucracies; infrastructure; and special customs requirements (Morgan, Katsikeas and Vorhies, 2011). Naidu et al. (1997), cited in Tesfom and Lutz (2006), described that exporting companies suffer because of the inadequacy of government export promotion policies. This includes lack of gathering and provision of information on available export opportunities and ineffective promotion of the country's exports to abroad. Indirect export barriers are rooted in the macro-economic policy of the country and international trade agreements. They include: exchange and interest rate uncertainties; international trade agreements; foreign exchange rate policy (Reardon, Codron and Busch, 2001). International trade agreements are good for the exporter but they can also discriminate against third party traders (Tesfom and Lutz, 2006).

### 2.3. Empirical Literature Review

Developing nations pursue growth strategies driven by exports; export diversification is the process of moving from traditional to non-traditional exports. By offering a more varied base of exports, which helps to reduce volatility in export revenue and achieve greater growth through enhanced technological capabilities through extensive scientific and technical training, hands-on learning, forwarding facilitation, and backward linkages. For an extended period, developing nations have faced difficulties in broadening and varying their export portfolios. Concentrating exports into a small number of main commodities can pose significant hazards to the economy

and politics as it reduces foreign exchange earnings. This is especially important for emerging nations that have a shortage of machinery. Because of rising unemployment and the potential for political unrest in the nation, diversification aims at mitigating these economic and political risks. Numerous researchers used the same approach, putting their own findings as stated below. The true impact of the currency rate, infrastructure/rural road feeders, productivity, foreign price level, and product quality have all been identified by Gebrehiwot (2017) as independent variables influencing oilseed and pulse export performance.

Lages et, al. (2004) reported Export performances are the relative success or failure of the efforts of a firm or nation to sell domestically produced goods and services in other nations. Export performance can be described in objective terms such as sales, profits, or marketing measures or by subjective measures such as distributor or customer satisfaction. Determinants of export performance can be split into external and internal components. External components include market access/entry conditions and a country's location which include international markets. Internal components are related to supply-side conditions. Foreign demand is influenced by various elements. Firstly, it is strongly linked to geography (the structural component). Typically, countries at the center of a fast-growing region are more likely to benefit than countries situated outside that region. Second, it is likely to be related to competition and trade policy (the market access/entry component), which could have, in principle, a similar impact on trade than geography. Finally, both the quantity and quality of physical infrastructures (the development component) are expected to play important roles.

Agasha (2006) used VEC model to analyze the determinants of export growth rate in Uganda using quarterly data from 1987- 2006. The researcher estimated export growth rate as a function of gross domestic product, terms of trade, real effective exchange rate, foreign price level and foreign direct Investment. The results from the long run co-integrating regression show that gross domestic product, real exchange rate and term of trade to affect export growth rate positively and significantly while foreign Price level were found to affect export growth rate negatively and significantly. Foreign direct investment was found to be insignificant.

A more comprehensive study on African countries employed a dynamic panel data set for 48 African countries over the period 1987 to 2006 to identify the key determinants of export performance. The results from the pooled regression reveal that unit price of exports, real effective exchange rate, taxes on trade and diversification index to affect export volumes negatively and significantly while income per capita, and share of manufacturing in gross domestic product and foreign direct investment inflows as a percentage of gross domestic product to affect export volumes positively and insignificantly during the period 1987 to 2006. A periodic analysis of the same data shows that elasticity of unit price of exports was significant (126%) and negative during 1987 to 2001 while positive and insignificant during 2002 to 2006, Mold and Prizzon (2008).

Edwards and Alves (2005) analyzed the determinants of manufacturing export supply in South Africa used a panel data set of 28 manufacturing sectors using import substitution model. The researchers used dynamic fixed effects and generalized method of moments.

The outcome from the equation estimated on export supply determinants reveal that South African total manufacturing export volume is positively and significantly influenced by relative prices or real effective exchange rate, real foreign income, skilled to unskilled labor ratio and import penetration and rail capacity. On the other hand, output deviation from the trend was found to have a negative significant impact, supporting the vent for the surplus hypothesis for South Africa. Unit labor costs and output trend were found to have insignificant influence on agricultural export performance. On a study made on the factors affecting export performance in three different export categories; total merchandise exports, manufacturing exports and exports of machinery and equipment on nine East and South East Asian countries; China, Hong Kong, Korea Republic, Malaysia, Philippines, Singapore, Taipei, Thailand and Indonesia, Jongwanich (2007) used quarterly data from 1990 to 2006. The researcher used Imperfect Substitutions Model and estimated the model using general to specific modeling procedure due to variables being stationary in different orders. Results from the long run equation reveal that real exchange rate to have different elasticity in the three export categories, it was found to have the highest elasticity for merchandise export while lowest elasticity for exports of machinery and transport equipment's. Real exchange rate impact also varies among the nine countries, it was found to

have the lowest elasticity for the Philippines while the largest elasticity for Indonesia. Contrary to real exchange rate influences, world demand was found to have the highest impact on exports of machinery and transport equipment and lowest impact for merchandise export.

Though the impact of world demand on other countries, export has been significant, it was found to be insignificant for Indonesia's export in all the three categories. The coefficient of world demand was highly elastic for China, more than one, but less than one for the other countries in the group. Production capacity was found to affect positively and significantly all countries exports.

Menji (2010) investigated export performance and determinants in Ethiopia using imperfect substitution model from the period 1981to 2008. The author used an export function, which estimated by using the export demand and export supply equations. Export - demand equation was collectively expressed as a function of domestic price of exports, nominal exchange rate, foreign price level, real foreign income whereas export- supply function is expressed as a function of domestic price of exports, domestic price level, and a set of other variables which affect export supply such as production cost, trade liberalization, production capacity and others.

The results of the two-model showed that merchandise export volumes are significantly influenced by gross capital formation and share of trade in gross domestic product while other variables; terms of trade, real effective exchange rate, foreign income, and foreign direct investment were found to be insignificant. Manufacturing exports equation revealed the foreign income negatively and significantly affected manufacturing exports supply, while the effect of gross capital formation manufacturing export supply was However, the effect of terms of trade, real effective exchange rate, the share of trade in gross domestic product, and foreign direct investment on manufacturing export supply found to be insignificant. The study concludes with recommendations to increase the share of manufactured exports and diversify export base of the country.

Tekeste (2012) in his study using co-integration and error correlation models identified some of the main determinants of agricultural export in Ethiopia for the period 1980 to 2010. Empirically tested the relationship between agricultural export performance and its major selected determinants such as terms of trade, gross domestic product, domestic price, world price, kilometers paved roads, and fertilizer input import, and found that all the explanatory variables significantly affect agricultural export performance.

Muhabaw (2013) has investigated determinants of export performance in Ethiopia using a time series analysis from the period 1974-2011. The author used export equation as a function of trade openness, terms of trade, real effective exchange rate, capital expenditure, real gross domestic product, and domestic credit. His result shows that trade openness, real effective exchange rate, capital expenditure and domestic credit were the significant determinants of the country's exports.

Similarly, Ngouhouo and Makolle (2013) analyzed empirically the determinants of export trade in Cameroon from 1970 to 2008. The author employed the two stage east square methods to show that exchange rate, trade openness and export lag one period are the main determinants of export in Cameroon. However, their findings as common in most developing countries are in contradiction with former studies, mostly because the foreign direct investment was found to be not significant in determining the export performance in the country.

Lakew (2003) assess the prospects for export diversification in Ethiopia by empirically investigating the main determinants of the country's exports, on the one hand, and by highlighting the opportunities that are available both at home and abroad including the challenges that the country's export sector is facing in today's globalizing and integrated world, on the other. The study revealed that real exchange rate, real private sector credit and real private consumption are the significant determinants of the country's exports in the long-run. In the short-run, the main export determinants include real gross domestic product, real private sector credit and real private consumption.

Kiros (2012) has logically examined the export growth rate and its major factors in the Ethiopian context using time series data for the period 1980-2010. The author has adopted co-integration and error correction model and found significantly positive as well as negative relationship between foreign price level, and terms of trade with the export growth rate respectively. The gross domestic product also positive and significant but it is not strong. So, the foreign price level, terms of trade and gross domestic product appear to be major determinants, whereas the real exchange rate and foreign direct investment have no significant effect on Ethiopia's export growth rate.

Moreover, some of the prominent figures in this field of study include Kurabachew (2019), Allaro (2010), Menji (2010), Ayalew (2016), Muhabaw (2013), and others. A country's location, supply-side conditions, infrastructure, trade policy, transport costs, exchange rate, productivity, foreign demand, terms of trade, fertilizer input, road, domestic price, trade openness, domestic credit, quality, poor incentives for farmers, weak bargaining power and skills of exporters, poor market information and dissemination, and poor marketing infrastructure were identified as major determinants of Ethiopian export performance. Other factors included company factors, product factors, industry factors, marketing and macroenvironmental factors, and marketing accessibility.

### 2.4. Conceptual Framework of the Study

Regarding the important variables that have been covered in the literature review, many authors make different claims about each of the aspects that have been found to affect export performance. In order to connect with the study's conceptual framework, an attempt has been made to summarize these arguments based on those factors. Further, it is noted from the various research findings, observations, and reviews of the above literature that several factors affecting export performance in general and oilseed export in particular. Among them, infrastructure, technology, marketing information, government policy, exchange rate, interest rate, bureaucracy, and efficiency are the most important elements reflecting in the studies output which in turn affect Ethiopia's oilseed export-related performance.

Though there are many factors affecting oilseed export performance, the study is focused on company, product, marketing, industry, and macro-environment factors as independent variables and oilseed export performance as dependent variable. The researcher believes that these variables hold the majority of the factors stated in various research studies.

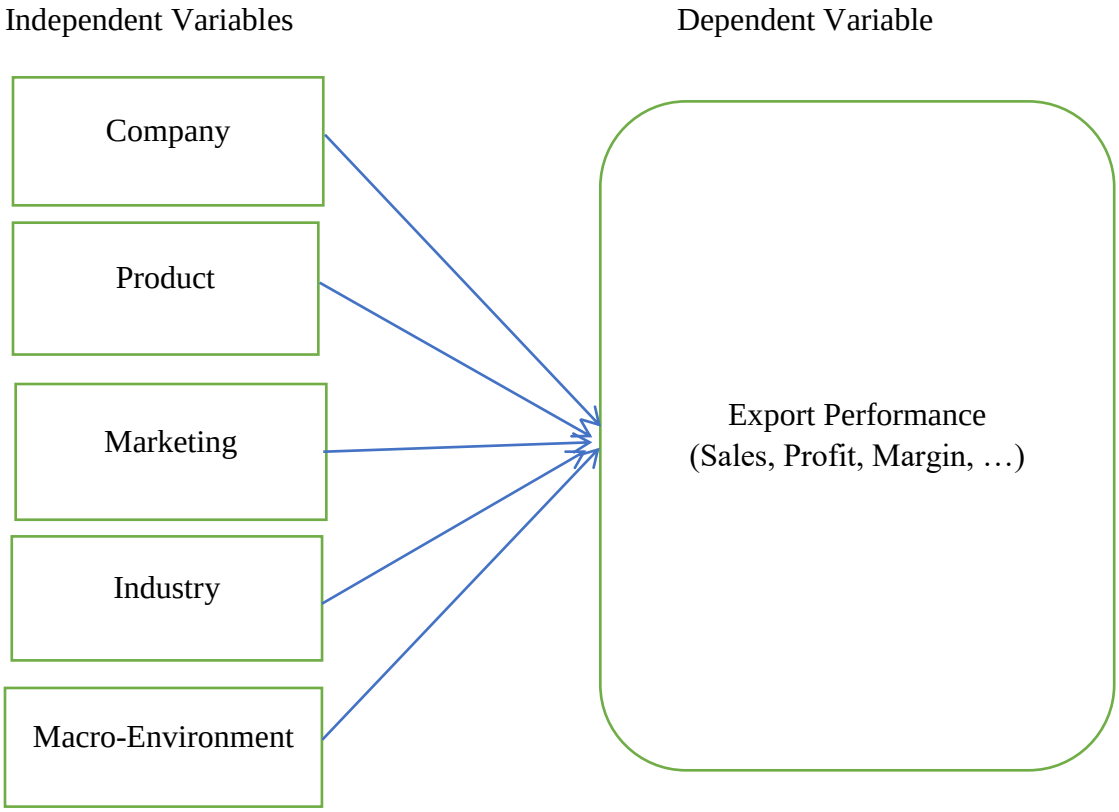
The company factors covered in the study include key assets and competitive skills of a company, financial and human resources, company working capital, negotiation power, and so on. The product factors constitute of quality and quantities of the product, and technical requirements of the targeted export market segment, such as export product design, style, quality, packaging and labeling requirements and product adaptation or modification. Quality of the export products is one determinant of products export competitiveness. Quality is often indicated as one of the most important conditions for entering and remaining in foreign markets. There are different quality standards in developing countries (Christensen et. al., 1987).

The industry factors stress on the technology applied in the industry, the industry process, the buyers and sellers negotiating power, relationships among different parties in the industry, the competition of the industry, firms' size and presence of foreign competitors across the market or industry, unreliability in raw material supply and input.

The marketing factors associated with about knowledge of foreign markets, business practices, competition; and lack of management to generate foreign sales, knowledge to locate foreign opportunities and promising markets. Furthermore, the marketing factors addresses marketing mix elements the product, price, promotion and placement. Finally, the macro-environmental factors involve in the research entail the tariff and non-tariff barriers; cost of transportation; inadequate diplomatic support; lack of export promotion and assistance from the government, complex government bureaucracies, infrastructure, special customs requirements, macro-economic policy of the country and international trade agreements, exchange and interest rate, international trade agreements and foreign exchange rate policy.

The study interconnect and interrelates how those independent variables affect the dependent variable. Basically, the oilseed export performance explains in terms of profit, income and revenue. In general, the determinant variables take into account in the study are believed to influence oilseeds export performance either directly or indirectly and the diagram shows that the interaction of those variables affect export performance.

Figure 1. Conceptual Framework




(Source: Reuvid, 2008)

## 2.5. Research Hypothesis

Based on the literature review as well as the relationships between the independent and dependent variables as represented in the above conceptual model, the following hypotheses were tested:

H1: The company has a significant influence on oilseed export performance.
H2: The product has a significant influence on oilseed export performance.
H3: Marketing has a significant influence on oilseed export performance.
H4: The industry has a significant influence on oilseed export performance.
H5: The macroenvironment has a significant influence on oilseed export performance.

## 2.6. Literature Gap

Certain researchers had carried out research on determinants of export performance in line with different topics. However, the results obtained from the studies reflecting differently. The researcher identified some of this limitation or gaps as it has been explained below shortly.

Despite employing various methodologies, it has been noted that some of the evaluated empirical research' conclusions converge while others contradict one another. For example, the majority of the results lend credence to the idea that export performance benefits from foreign direct investment. Menji (2010) and Agasha (2006), however, refute this claim.

Further investigation into the study's findings reveals that opinions on the sign, importance, and long-term impacts of the variables influencing Ethiopia's export performance are divided. Second, single export commodities like coffee and oil seeds have been the focus of the bulk of studies, including those by Hailegiorigis (2011), Hassen (2015), Tadese (2015), Zekarias and Degye (2019), Fassil and Degye (2019), and Murad and Beyan (2020). Third, a number of authors have attempted to determine the factors that influence overall export performance, including Belayneh and Wondaferaw (2013), Ashenafi and Gataneh (2014), Alelign (2014), Abebe (2016), and Israel (2020). However, some of these authors, like Ashenafi and Getaneh (2014) and Alelign (2014), are limited to discussing financial incentives or the relationship between trade partners.

Tekeste, (2012) show the relationship between export performance and the determinants, foreign price level and gross domestic product affect export significantly. Kiros, (2012) in the other way reviewed gross domestic product affect export performance positively and significant but not strong. Moreover, Lakew, (2003) showed in his study proved that real effect exchange rate is significant determinants of export. But Mold and Prizzon (2008) on their studies found the insignificant relationship with real effect exchange rate and export performance.

Thus, in order to evaluate the performance of oilseed export in Ethiopia from the perspectives of the actual exporters, the researcher used primary data rather than secondary data and a multiple linear regression model of data analysis. The study is thought to eliminate a large number of lags and overparameterization. Additionally, the study aimed to close the holes in the researcher's above argument by critically examining the relevance of the relationship between the determinants and export performance factors as indicated in the conceptual framework.

# CHAPTER THREE

## 3. RESEARCH METHODOLOGY

Chapter three detailed out the contents of the research design and type, the technique used to determine the population and sample size, sampling techniques, types and sources of data, data collection techniques, methods of data analysis, and presentation.

### 3.1. Research Design

It is indicated that explanatory research is a technique used to gain a deeper understanding of the underlying reasons for, causes of, and relationships behind a particular phenomenon that has yet to be extensively studied. Researchers use this method to understand why and how a particular phenomenon occurs the way it does. Since there is limited information regarding the phenomenon being studied, it's up to the researcher to develop fresh ideas and collect more data. Explanatory research tests new theories and establishes cause-and-effect relationships between different study variables. Basically, this research method can used when the cause-and-effect relationships between study variables and determine which variable influences the predicted outcome most. Explanatory research explores all the factors that lead to a certain outcome or phenomenon. Hence, all the data and observations on the stated topics were examined and explained based on explanatory research design.

Besides, the study applied both a quantitative and qualitative approaches, as the mixed method is preferred for a better understanding of a research problem by uniting both quantitative and qualitative data to acquire the expected findings. Based on the time dimension, it is cross-sectional since it allows the researcher to measure independent and dependent variables at the same point in time using a single questionnaire (Anol, 2012).

### 3.2. Target Population

The study intended population covered those active exporters of oilseed who exist in Ethiopia right now. A report from the Ministry of Trade and Regional Integration (MoTRI) revealed that there were 398 active oilseed exporters recorded in the current fiscal year of 2023. The corresponding sample size has been selected on the basis of the proportional equation to reach

the target sample from the specified population. Nevertheless, considering the current situation of the country, such as insecurity and instability issues, the researcher is strongly focused on those oilseed exporters that existed in Addis Ababa. It is also learned from the Ministry of Trade and Regional Integration (MoTRI) officer briefing that, though some exporters' offices were located outside of Addis (less than 5%), the majority (over 95%) established their offices here in Addis Ababa.

### 3.3. Sample Size and Sampling Technique

To gather unbiased information from the oilseed exporters, the study procedures utilized to define the sample size and sampling technique were essentially and carefully executed. Because everyone in the targeted group was involved in the oilseed export industry. Accordingly, the researcher collected the required information from senior-level experts who have been working with the selected oilseed exporters. The researcher targeted those individuals whose titles were export managers, senior export officers, marketing managers, managers, and deputy managers who had a deep understanding of the company's oilseed export processes as well as the country at large. Based on this fact, the researcher applied a purposive or judgmental sampling technique to collect the potential information relevant to the study. Hence, the questionnaire has targeted on those top-ranking oilseeds exporters whose volume of exports determines the total of the country exporting. The questionnaire has been distributed to 194 exporters after selection has done as per the exporters export performance to the country.

According to the Ministry of Trade and Regional Integration (MoTRI) report, it is estimated that there were 398 active oilseed exporters in Ethiopia. Out of this figure, the estimated total number of oilseed exporters whose offices were located in Addis Ababa was around 378 (95% x 398). The expected sample size for the study was determined by a simplified formula provided by Yamane (1967), a 95% confidence level, and a 5 percent error.

Thus, the entire sample size was 194, as per the below computation and each of the element indicated in the formula has been explained accordingly.

$$n = \frac{N}{\mathbf{1} + \boldsymbol{N}(\boldsymbol{e})\mathbf{2}}$$

$$n = \frac{378}{1 + 378(0.05)^2}$$

$$n = 194$$

Where;
N = total number of populations = 378
n = sample size = 194
e = sampling error = 0.05

### 3.4. Data Collection Techniques

The study used both primary and secondary source of information. The primary sources of information were all exporters of oilseeds, as proposed by the sample size. The data was collected through the application of surveys. Surveys were created for the chosen oilseed exporters. Formalized surveys were organized and distributed to every exporter. The fundamental secondary data was sourced from articles, publications, journals, reports, websites, and books and the related literature review has been structured out of the information collected from the stated sources.

In addition, there are three sections to the questionnaire. The first section provided information on the respondents' demographics, including their organization type, educational attainment, export business type, present position within the exporting company, and years of experience in export transactions. Lastly, there were short-answer questions that appeared in statement form. Through such questionnaires, the researcher has collected some additional important information from the respondents. The questions have been collected both through email and physically. The study used SPSS the latest version of computer software to handle the information and generate the results.

### 3.5. Data Analysis Techniques

Fundamentally, the study analyzed data in the form of Likert scales using explanatory research approach. Several publications supporting the idea that Likert scale data is interval data and should be examined using parametric measurements as opposed to nonparametric statistical

measurements are written, despite the fact that the data appears to be ordinal in character. Compared to nonparametric statistics, parametric statistical measurement has a stronger ability to highlight the relevance of the variables. Given that the data were gathered using a Likert scale, they ought to have been combined to create interval variables, or Likert scale data. Therefore, the standard linear regression model was a suitable model to examine such interval data. Given that the study's independent variables were continuous and numbered more than two; the number of explanatory factors may have been examined using a linear multiple regression model. Following the presentation and analysis of the data, the statistical parameters used to examine the relationship and significance of the explanatory variables to identify the predicted variables were the statistical coefficients R2, ANOVA, F-test, T-test, and similar ones.

### 3.6. Model Specification

In essence, the study examined and interpreted the connection between those independent factors and the dependent variable using the multiple linear regression model (MLRM). The model used one dependent variable (performance of oilseed exports) and five independent variables (company, product, industry, marketing, and macro-environment). Accordingly, the association mentioned above's regression model formula has been demonstrated as below:

$$Y = \beta 0 + \beta 1X1 + \beta 2X2 + \beta 3X3 + \beta 4X4 + \beta 5X5 + U$$

Where;

Y = Performance of oilseeds export

$X1$ =Company

$X2$= Product

$X3$= Industry

$X4$= Marketing

$X5$= Macro-Environment

U = Error term

$\beta i$ = Statistical coefficient

$\beta 0$ = Intercept /constant

### 3.7. Reliability and Validity of the Research

Reliability and validity are dictating about how well method measures something. Accordingly, both of the concepts are needed to accelerate acceptance of the research or study.

#### 3.7.1. Research Validity

Many researchers proposed that the validity of the research be checked based on the truthfulness of the data integration seen within the given research study. Anol (2012) revealed that the theoretical assessment of validity focuses on how well the idea of a theoretical construct is translated into or represented in an operational measure. Based on his valued argument, the validity of the research can be assessed using theoretical or empirical approaches. Given this, the validity of the study was checked by the review of earlier literature as well as the theoretical thoughts that extended to validate the value of the questionnaire.

Ashulekha (2023), proposed that using SPSS software, it is possible to measure the validity of the questionnaire being used in the research. It stated that if the significance value of the observation is less than 0.05, the question or instrument being used is valid, and if the significance is greater than 0.05, the question or instrument is not valid. Hence, it is concluded that the questions used in the research work would be valid if the result of the correlation between each question and its total value (score) as a whole was less than 0.05. Based on the stated facts, the questions applied in this study have been checked using SPSS, and finally, the result obtained out of the total score is less than 0.05 for each question. Here the questions used in the research fulfill the given assumption.

#### 3.7.2. Research Reliability

The notion of dependability pertains to the instrument's or the questions'/instruments' independent stability, consistency, and repeatability. Since dependability relates to the consistency of a measuring instrument's parts, testing for reliability is crucial (Huck, 2007). If all of the scale's components measure the same construct and "hang together," the scale is considered to have good internal consistency and dependability (Robinson, 2009).

The Cronbach Alpha coefficient is the internal consistency metric that is most frequently employed. When using Likert scales, it is thought to be the best acceptable reliability measure (Whitley, 2002; Robinson, 2009). No absolute rules exist for internal consistency; however, most agree on a minimum internal consistency coefficient of 0.70 (Whitley, 2002); (Robinson, 2009). Hinton et al. (2004) have suggested four cut-off points for reliability, which include excellent reliability (0.90 and above), high reliability (0.70-0.90), moderate reliability (0.50-0.70), and low reliability (0.50 and below). Although reliability is important for the study, it is not sufficient unless combined with validity.

All of the points often show how well the things contained in a variable are positively connected and they all represent the variables because the value is close to one. The computed Alpha (α) value for the reliability test is displayed in the following six items:

Table 1. Reliability Statistics

| Variables | Cronbach's Alpha | Number of Items | Level of Reliability |
|---|---|---|---|
| Company | 0.82 | 5 | High Reliability |
| Product | 0.73 | 4 | High Reliability |
| Industry | 0.74 | 4 | High Reliability |
| Marketing | 0.85 | 6 | High Reliability |
| Macro-Environment | 0.86 | 6 | High Reliability |
| Export Performance | 0.91 | 6 | High Reliability |

(Source: SPSS Result, 2023)

As indicated in the above table, Cronbach's alpha coefficient values for each variable are greater than 0.70, which in turn enables the researcher to conclude that the measurements could be applied for further analysis with acceptable reliability test results.

# CHAPTER FOUR

## 4. PRESENTATION, ANALYSIS AND INTERPRETATION

This chapter presents the study's data presentation, interpretation, and analysis. Accordingly, the details of the chapter have three sections. The first section provides background information on the respondents, while the second uses SPSS software to analyze factors affecting oilseed export performance using traditional linear multiple regression models. Through short-answer questions, the respondents' perceptions are described in the final section. It has been possible to gather all of the sample-size questionnaires from reputable oilseed exporters using unwavering dedication and effort during the questionnaire distribution period. As a result, every questionnaire is completed and sent back.

### 4.1 Demographic Profile of the Respondents

Generally, the respondents' demographic characteristics would have received a lot of attention in this section of the study. The researcher processed, examined, and interpreted the respondent profile, which included information on gender, age, education, employment history, and other relevant aspects.

#### 4.1.1 Gender of the Respondents

As shown in the table below, both female and male respondents participated. Out of the total, about 30.4% of the respondents are female, and the remaining 69.6% are male. However, based on the given facts, it is seen that the majority of the respondents are male, which exceeds 76 (39.2%) over females.

Table 2. Gender of the Respondents

| Gender of Respondents | | Frequency | Percent | Valid Percent | Cumulative Percent |
|---|---|---|---|---|---|
| Valid | Female | 59 | 30.4 | 30.4 | 30.4 |
| | Male | 135 | 69.6 | 69.6 | 100.0 |
| | Total | 194 | 100.0 | 100.0 | |

(Source: Own Survey Result, 2023)

### 4.1.2. Respondents Age Distribution

The way it is depicted in the table below is to explain that the majority of the respondents are between the ages of 26 and 35, which is about 61.9% of the respondents. The others fall between 36-45 years 47(24.2%), 46-55 years 17(8.8%), and 25 years, and the lower 10(5.2%) counts from second to fourth place, respectively. It is learned from the data that almost all age groups covered in the questionnaires have been working in the selected oilseed exporting companies and it is observed that the age group of 26-35 which accounts for 120(61.9%) has taken the lion's share of the respondents.

Table 3. Respondents Age Distribution

| Age of the Respondents | | Frequency | Percent | Valid Percent | Cumulative Percent |
|---|---|---|---|---|---|
| Valid | 25 Years and Lower | 10 | 5.2 | 5.2 | 5.2 |
| | 26-35 Years | 120 | 61.9 | 61.9 | 67.0 |
| | 36-45 Years | 47 | 24.2 | 24.2 | 91.2 |
| | 46-55 Years | 17 | 8.8 | 8.8 | 100.0 |
| | Total | 194 | 100.0 | 100.0 | |

(Source: Own Survey Result, 2023)

### 4.1.3. Level of Education of the Respondents

Currently, the need for well-educated human resources within a given company's working process is unquestionable. Through a high level of educational background, any company can be able to perform the existing work efficiently and effectively. It is one of the key elements of the level of competition at the time. The below table shows the total of respondents ranking 62.9% as first-degree holders, 36.6% hold master’s degrees, and the remaining 0.5% are college diploma holders. From the given figure, it is declared that the exporting companies are handled by well-educated people who possess diplomas for master’s holders. Based on the displayed data in the table, it is observed that the majority of the respondents are degree holders, which account for 122(62.9%) out of the total.

Table 4. Educational Level of Respondents

| Educational Level | | Frequency | Percent | Valid Percent | Cumulative Percent |
|---|---|---|---|---|---|
| Valid | Diploma | 1 | 0.5 | 0.5 | 0.5 |
| | Degree | 122 | 62.9 | 62.9 | 63.4 |
| | Master | 71 | 36.6 | 36.6 | 100.0 |
| | Total | 194 | 100.0 | 100.0 | |

(Source: Own Survey Result, 2023)

### 4.1.4. Current Position of the Respondents

To ensure that the data was extremely valid and dependable, the researcher carefully gathered the necessary information from the respondents. Consequently, diverse people with disparate roles are contributing to the overall success of the study project. As a result, managers, deputy managers, export managers, and senior export managers took part in answering the study questions. Export managers and senior export officers have completed and responded to the majority of the questionnaires, accounting for 79 (40.7%) and 83 (42.8%) of the total, according to the statistics displayed in the table.

Table 5. Current Position of the Respondents

| Your Current Position in the Firm | | Frequency | Percent | Valid Percent | Cumulative Percent |
|---|---|---|---|---|---|
| Valid | Manager | 20 | 10.3 | 10.3 | 10.3 |
| | Deputy Manager | 12 | 6.2 | 6.2 | 16.5 |
| | Export Manager | 79 | 40.7 | 40.7 | 57.2 |
| | Senior Export Officer | 83 | 42.8 | 42.8 | 100.0 |
| | Total | 194 | 100.0 | 100.0 | |

(Source: Own Survey Result, 2023)

### 4.1.5. Working Experience of the Respondents

The respondents' working experiences were grouped into four categories, and each of the age groups participated while the questionnaires were distributed. Accordingly, the below table

displays that the majority of the respondents with working experience of 6-10 years have taken the share of 74 (38.10%). The next big allotment went to respondents whose experiences were more than 10 years which accounts for 71 (36.6%). The third and fourth places were occupied by those respondents who were working less than 2 years 2(1%) and 2-5 years 47(24.2%) respectively.

Table 6. Working Experiences of the Respondents

| Description | | Frequency | Percent | Valid Percent | Cumulative Percent |
|---|---|---|---|---|---|
| Valid | Less than 2 years | 2 | 1.0 | 1.0 | 1.0 |
| | 2-5 Years | 47 | 24.2 | 24.2 | 25.3 |
| | 6-10 Years | 74 | 38.1 | 38.1 | 63.4 |
| | Above 10 Years | 71 | 36.6 | 36.6 | 100.0 |
| | Total | 194 | 100.0 | 100.0 | |

(Source: Own Survey Result, 2023)

### 4.2. Multiple Regression Analysis

Different authors suggested the concept of multiple linear regression analysis. Some explains linear regression estimates the coefficients of the linear equation, involving one or more independent variables that best predict the value of the dependent variable.

In light of this, it can be said that multiple regression analysis is a statistical method that forecasts the value of a response variable by utilizing a number of explanatory factors. Modeling the linear relationship between the explanatory (independent) factors and response (dependent) variables is the aim of multiple linear regression.

#### 4.2.1. Tests of Linear Regression Analysis Assumptions

The linear regression analysis requires the fulfillment of certain assumptions before any analysis is carried out. The data that was collected has been passed through the stated assumptions to obtain the intended results. Here, the researcher tried to show the main important assumptions of tests entailed by linear regression analysis.

#### 4.2.1.1. All the Variables are Continuous

The ordinal data should be changed into a composite mean. Based on the ideal collected data the researcher has performed the same operation and all the ordinal data have been changed into a continuous and composite mean using SPSS for each independent as well as dependent variable.

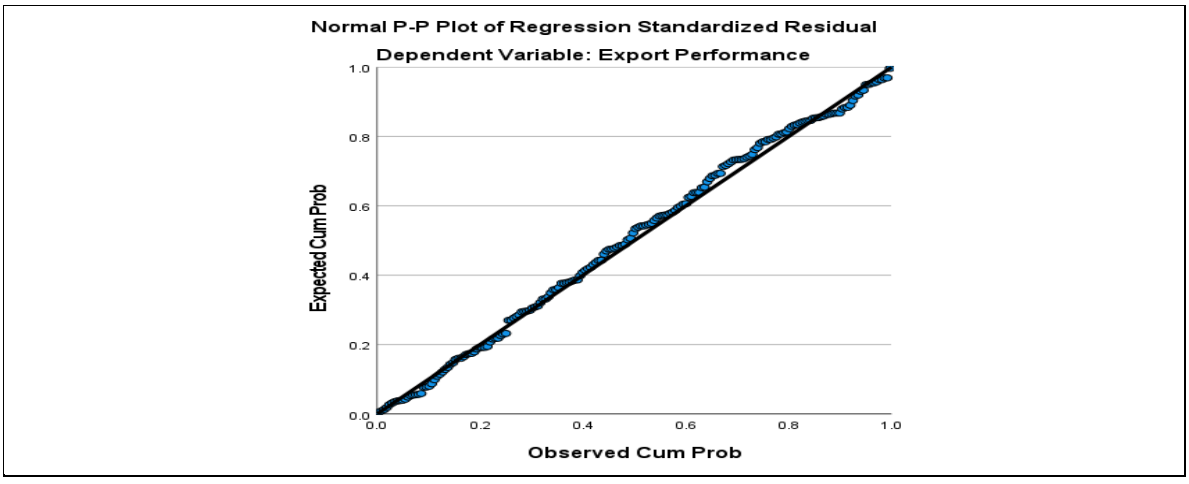
#### 4.2.1.2. Linearity Test

The word linear indicates that there should be a straight-line relationship between two variables. As it is proposed by Hair et al. (1998) linearity relationship between the dependent and independent variables represents the degree to which the change in the dependent variable is associated with the independent variable.

Accordingly, in SPSS software a graphical method for determining whether or not a data set is roughly normally distributed is the normal probability plot. Based on the results obtained from the software it is revealed that there is a leaner relationship between the independent and dependent variables and the same has been shown in the below figure.

Generally, the data is observed against a theoretical normal distribution in such a way that the points should form an approximate straight line. Departure from this straight line indicates departures from normality. Hence, the study has met this assumption.

Figure 2. Linearity Test



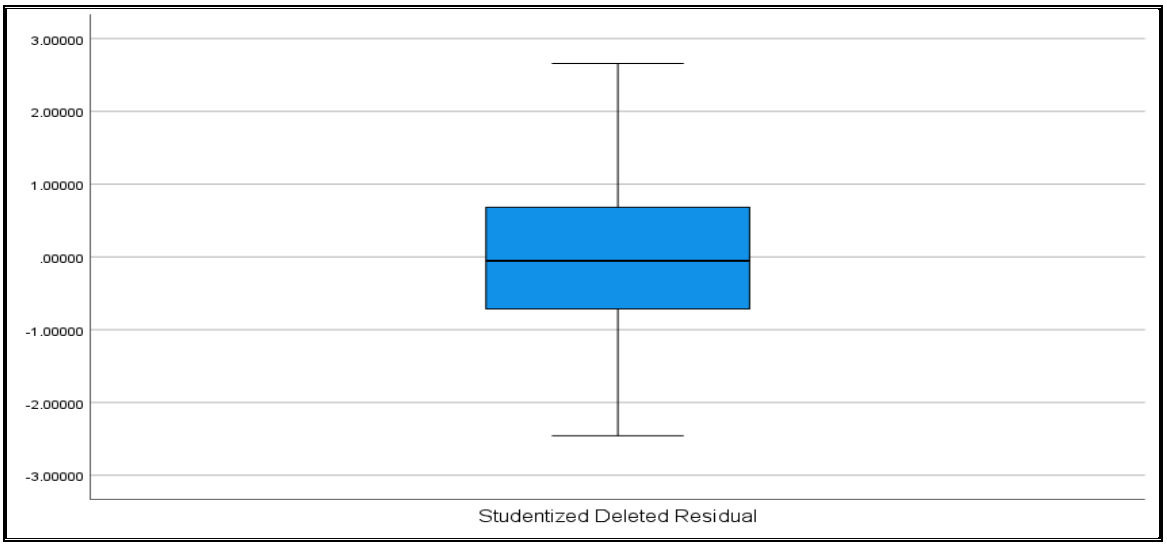

(Source: SPSS Regression Result, 2023)

#### 4.2.1.3. Outliers Test

The other important assumption in linear regression analysis is the outlier's test. These are data points that are far from other data points. In other words, they're unusual values in a dataset. Outliers are problematic for many statistical analyses because they can cause tests to either miss significant findings or distort real results (Hawkins, 2014).

The study has been checked and evaluated in the SPSS system, and it was found that there is no outlier detected in the system. The figure displayed below justified the same, and here the researcher has confirmed that the outliers have been checked in the system and there are no circles or asterisks on either end of the plot, which is an indication that no outliers are present.

Figure 3. Outliers Test




(Source: SPSS Regression Result; 2023)

#### 4.2.1.4. Autocorrelation

This assumption declares that errors are independent and there is no relationship between the independent variables and the residual variable. The values of the residuals must be independent.

Many researchers have noted that the result of the Durban Watson, which is obtained from the SPSS system, should fall between 0 <1.920<4. Brooks (2008) explains that this is an assumption

that the covariance between the error terms over time is zero. Meaning that the errors are uncorrelated with one another. If the errors were not correlated with one another, it would be stated that they are auto-correlated or that they are serially correlated. If the Durbin-Watson test statistics have a p-value closer to two, there is no autocorrelation problem.

The study carried out the Durbin-Watson test to detect or check the presence of autocorrelation problems. Based on the details as indicated in the below table, the system reveals a Durban Watson value of 1.905. Thus, the result lies between 0 <1.905<4, assuring that there is no violation of autocorrelation. Therefore, there is no relationship between the residual variable and the independent variable, and the assumption here is satisfied.

Table 7. Durban-Watson Result

| Model | R | R Square | Adjusted R Square | Std. Error of the Estimate | Durbin-Watson |
|---|---|---|---|---|---|
| 1 | .850[a] | .722 | .715 | .20145 | 1.905 |
| a. Predictors: (Constant), Macro-Environment Factors, Marketing Factors, Company Factors, Product Factors, Industry Factors. | | | | | |
| b. Dependent Variable: Export Performance | | | | | |

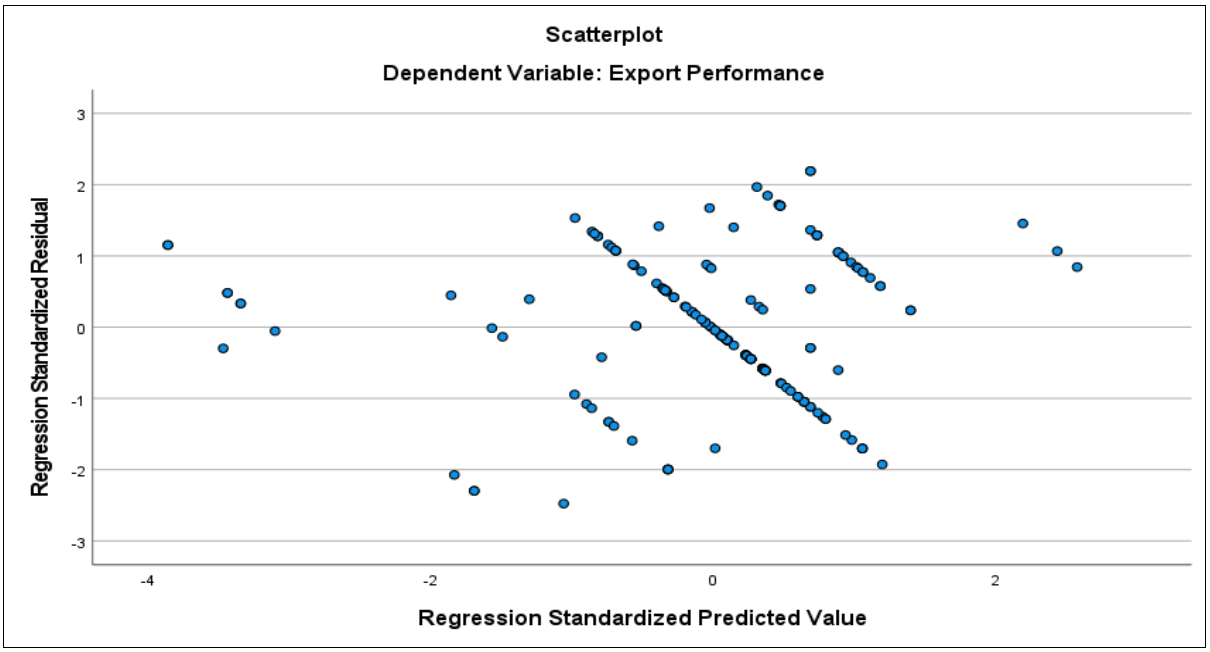
(Source: Own Survey Regression Result, 2023)

#### 4.2.1.5.Homoscedasticity

As stated by William (2015), when the linear regression assumption of homoscedasticity is broken or the error term's variance is not constant, it is referred to as heteroscedasticity.

The general concept of homoscedasticity explains that the dependent variable has the same variance for all the values of the independent variables, or that the variance of residuals is constant. Thus, the study performed a homoscedasticity test in the system, and based on the scatterplot output as indicated below, it appears that the spots are diffused and do not form a clear specific pattern, so it can be concluded that the regression model does not cause a heteroscedasticity problem.

Figure 4. Homoscedasticity Test

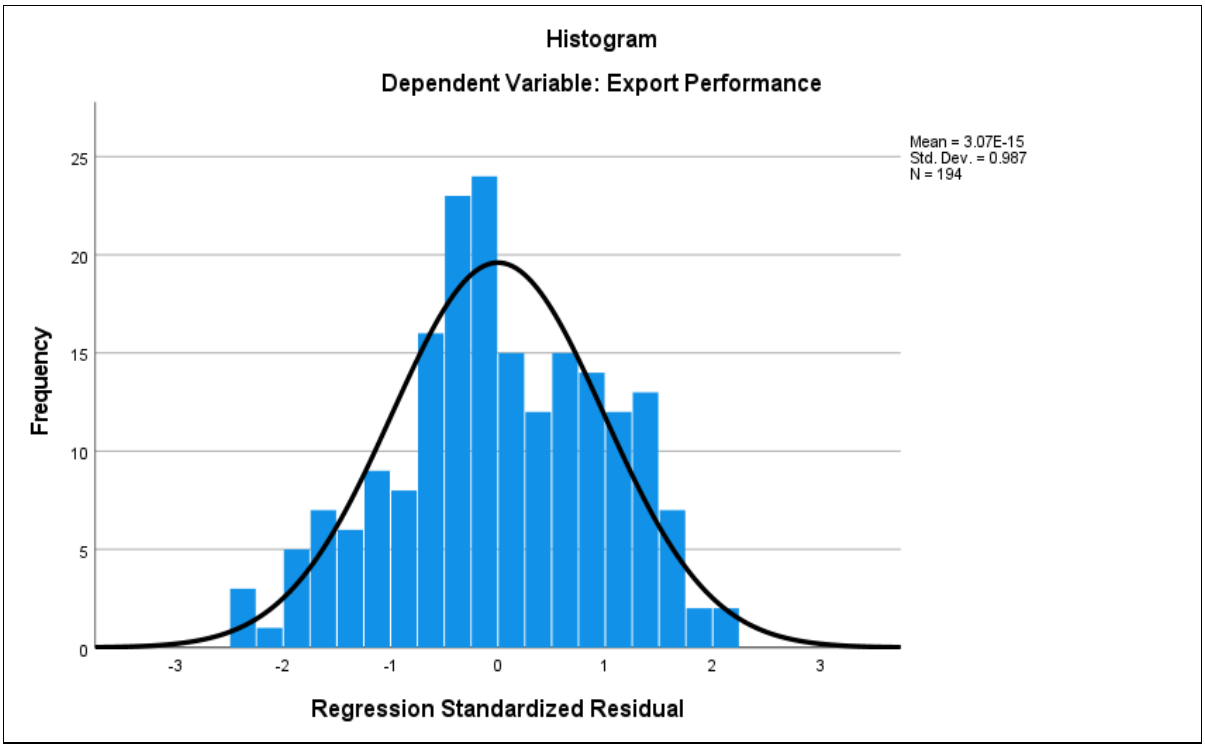



(Source: SPSS Regression Result, 2023)

#### 4.2.1.6.Normality Test

This assumption stresses that the residual values are approximately normally distributed. Based on Gujarat (2004), the normal distribution of the error term is among the ordinary least square's regression model assumptions. It's critical to determine whether or not the residuals are skewed in order to evaluate the normalcy assumption. The assumption of normalcy has been met if the residuals are not skewed. The researcher has conducted normality assumption testing using the SPSS system, and the histogram shown below appears to be a bell-shaped covering of all the data being studied. Based on the graph, the assumption of normality has been met.

Figure 5. Normality Test




(Source: SPSS Regression Result, 2023)

Further, to enhance the accuracy of normality testing, the researcher has done additional normality testing using the Shapiro-Wilk method through the SPSS system, and the result obtained as indicated below shows that every variable in the study had a p-value larger than 0.05, indicating that the variables followed a normal distribution. As a result, it is possible to conclude that the residual value is normally distributed and that the regression analysis processes were successful.

Ho: Errors that are normally distributed

Ha: Errors not normally distributed

Table 8. Normality Test

| | Kolmogorov-Smirnov[a] | | | Shapiro-Wilk | | |
|---|---|---|---|---|---|---|
| | Statistic | Df | Sig. | Statistic | Df | Sig. |
| Studentized Residual | .068 | 194 | .029 | .989 | 194 | .135 |
| a. Lilliefors Significance Correction | | | | | | |

(Source: Own Survey Regression Result, 2023)

#### 4.2.1.7.Multicollinearity Test

This assumption is highly stressed because the independent variables are not strongly correlated with one another. According to Andy (2013), a tolerance value of less than 0.1 most likely denotes a significant collinearity issue. Burns (2008) clarifies that a VIF value higher than 10 is similarly a cause for alarm. Based on the idea given, the researcher has made a multicollinearity test using the SPSS system and found that each of the independent variables has a VIF value below 10 and a tolerance of over 0.1, indicating that there is no influence of multicollinearity among the explanatory factors. Consequently, the null hypothesis is rejected.

Ho: There is a multicollinearity problem

Ha: There is no multicollinearity problem

Table 9. Multicollinearity Test

| Model | | Collinearity Statistics | |
|---|---|---|---|
| | | Tolerance | VIF |
| 1 | (Constant) | | |
| | Company Factors | .626 | 1.597 |
| | Product Factors | .545 | 1.836 |
| | Industry Factors | .328 | 3.046 |
| | Marketing Factors | .514 | 1.944 |
| | Macro-Environment Factors | .606 | 1.649 |

(Source: Own Survey Regression Result, 2023)

### 4.2.2. Multiple Linear Regression Analysis

The researcher has applied multiple linear regressions since there is one dependent variable, i.e., the export performance of oilseeds, and more than two independent variables. The independent variables were conducted to determine the explanatory influence of the independent variables called company, product, industry, marketing, and macro- environmental factors. The study has been conducted to rectify the relationship between dependent and independent variables as well

as to determine the major variables that influence dependent variables. Here, the 95% confidence interval along with the significance level of 0.05 was used. In addition, the researcher has used multiple regression analysis because the characteristics of the data are continuous.

#### 4.2.2.1.Model Summary

The most important table generated in a linear regression test in SPSS is the model summary. It provides details about the characteristics of the model. In the present study, company, product, industry, marketing, macro- environment, and export performance of oilseeds were the main variables considered. The model summary table looks like below:

Table 10. Model Summary Test

| Model | R | R Square | Adjusted R Square | Std. Error of the Estimate | Durbin-Watson |
|---|---|---|---|---|---|
| 1 | .850[a] | .722 | .715 | .20145 | 1.905 |
| a. Predictors: (Constant), Macro- Environmental Factors, Marketing Factors, Company Factors, Product Factors, Industry Factors | | | | | |
| b. Dependent Variable: Export Performance | | | | | |

(Source: Own Survey Regression Result, 2023)

**The R-value** represents the correlation between the dependent and independent variables. According to Pedhazur (1982), it is the value of the multiple correlation coefficient between the predictors and the outcome, with a range from 0 to 1, a larger value indicating a larger correlation, and 1 representing an equation that perfectly predicts the observed value. As it is clearly shown in the model summary above, the value of R is 0.850, which entails that the linear combination of the five independent variables highly predicted the dependent.

**R-square** shows the total variation for the dependent variable that could be explained by the independent variables. The linear combination of the predictor variables (independent variables) including company, product, industry, marketing, and macro- environment

describes 72.2 % of the variance in oilseed export performance, and the remaining 27.8% is found to be superfluous variables, yet not been studied in this regression model.

**Adjusted R-square** shows the generalization of the results, i.e., the variation of the sample results from the population in multiple regression. It is required to have a difference between the R-square and adjusted R-square minimums (0.722-0.715=0.007). In this case, the value is 0.715, which is not far away from 0.722, so it is good. In general, it can be deduced that if the general population instead of a representative sample were used to create the model, it would account for about 0.7% which is very less variance in the outcome.

Based on the above information and explanations, it is found that the given model summary table is satisfactory to carry out the next proceedings. However, if the values are unsatisfactory, then there is a need to adjust the data until the desired results have been attained.

#### 4.2.2.2. ANOVA Analysis

ANOVA, stands for analysis of variance, is a test used to determine the difference between research results from three or more unrelated samples or groups.

Table 11. ANOVA Test

| Model | | Sum of Squares | Df | Mean Square | F | Sig. |
|---|---|---|---|---|---|---|
| 1 | Regression | 19.812 | 5 | 3.962 | 97.637 | .000[b] |
| | Residual | 7.630 | 188 | .041 | | |
| | Total | 27.442 | 193 | | | |
| a. Dependent Variable: Export Performance | | | | | | |
| b. Predictors: (Constant), Macro- Environmental Factors, Marketing Factors, Company Factors, Product Factors, Industry Factors | | | | | | |

(Source: Own Survey Regression Result, 2023)

From the table, the most significant part is the F-ratio, which is a test of the null hypothesis that the regression coefficients are all equal to zero. According to Pedhazur (1982), it is

highlighted that the ANOVA table shows the overall significance of the model from a statistical perspective.

Accordingly, elements of the above table for analyzing the result are:

- P-value/Sig value: Typically, a study will select a 95% confidence interval or 5% of the significance threshold. As a result, the p-value needs to be lower than 0.05. It is determined to be 0.000 in the table above. Therefore, the result is significant.
- F-ratio: It represents an improvement in the prediction of the variable by fitting the model after considering the inaccuracy present in the model. It is a null hypothesis. A value is greater than 1 for the F-ratio yield-efficient model. In the above table, the value is 97.637, which is good.

In a nutshell, the results estimate that since the ANOVA table's p-value is less than the acceptable significance level, the projected null hypothesis may be rejected in a subsequent analysis. Moreover, it can be concluded that the regression approach produced a far more accurate oilseed export performance estimate.

#### 4.2.2.3. The Regression Coefficient

The other important factor to be discussed in regression analysis is the concept of the regression coefficient. The strength of the relationship, or the importance of the variable in the model, and the degree to which it affects the dependent variable are displayed in the table below. This analysis facilitates a study's hypothesis testing. In addition, using a standardized beta coefficient, the degree to which each independent variable affected the state of the dependent variable was assessed. The average amount of change in the dependent variable brought about by a marginal (unit) change in the independent variable is explained by the regression coefficient. As a result, an independent variable's larger beta coefficient value demonstrates that it is a more significant predictor of the dependent variable.

Table 12. Summary of Coefficients

| Model | | Unstandardized Coefficients | | Standardized Coefficients | T | Sig. |
|---|---|---|---|---|---|---|
| | | B | Std. Error | Beta | | |
| 1 | (Constant) | .564 | .170 | | 3.313 | .001 |
| | Company Factors | .135 | .027 | .240 | 4.939 | .000 |
| | Product Factors | .109 | .039 | .147 | 2.813 | .005 |
| | Industry Factors | .156 | .065 | .162 | 2.411 | .017 |
| | Marketing Factors | .271 | .047 | .307 | 5.734 | .000 |
| | Macro-Environmental Factors | .238 | .047 | .251 | 5.080 | .000 |

a. Dependent Variable: Export Performance

(Source: Own Regression Result, 2023)

It is crucial to note that, as the table above makes clear, the variable with the highest Beta value makes the biggest contribution to the explanation of the variance of the dependent variable, which is determined by every other variable in the model and is displayed in the Beta column below the standard coefficients.

According to Pedhazur (1982), using the commonly used regression coefficient Beta (β) in multiple regression is helpful given that it lets us assess how strongly each of the independent variables has a relationship with the dependent variable. The Beta, as indicated in the above table, are values of regression coefficients for company, product, industry, marketing, and macro- environment.

Further, the coefficient table demonstrates the structure of the variables' constant beta value (β) and p-value to determine the hypothesis's level of relevance. Based on the displayed figures as shown in the above table, the significance level of each variable (P-value) is .000, .005, .017, .000, .000, along with their standardized coefficients (β) being .240, .147, .162, .307, and .251, respectively.

On the other side, the model's predictions for oilseed export accomplishments are generated by the table above employing the explanatory variables of company, product, industry, marketing, and macroenvironmental factors. Accordingly, the output reveals that all explanatory variables used in the study have a significant effect on the predicted variable of oilseed export performance. It further explains that all variables affect the outcome of the variable positively, i.e., if those influencing variables increase marginally (one unit), increasing the dependent variable by β (beta coefficient).

Following the overall results, the regression equation that predicts the factors that affect oilseed export performance as a function of a linear combination of company, product, industry, marketing, and macro- environmental factors is depicted below:

$$Y = .564 + .135x1 + .109x2 + .156x3 + .271x4 + .238x5 + U$$

Where: $Y$ = Oilseed's export performance
$x1$=Company
$x2$=Product
$x3$=Industry
$x4$=Marketing
$x5$=Macro- Environment
$U$= Error

Given the above, it is deduced that all the factors used in the study are affecting the level of oilseed export performance at different degrees of magnitude. It is seen that marketing is the main element influencing oilseed export performance (β=0.271, sig=0.000), followed by macro-environmental which is (β=0.238, sig=0.000). The others factor the industry (β=0.156, sig=0.017), the company (β=0.135, sig=0.000), and the product (β=0.109, sig=0.005) are affecting oilseeds export performance, respectively.

On top of the data collected from the main questions, the researcher also collected other important data from the exporters through short-answer questions as a supplement to the main questions. Hence, the exporters listed exhaustively those major factors and challenges hindering oilseed export performance in Ethiopia. Accordingly, current political situations, climate variability, high bureaucracy, frequent changes of policies, price, lack of awareness about the oilseeds industry, lack of working capital, fluctuation of the exchange rate, instability of the country, huge transportation costs, minimum government appreciation, international market volatility, weak government institutional support, lack of enough fertilizers, lack of working mechanization, macro-environmental factors, oilseeds export trends, international market deterioration, poor production capacity along with quality and quantity aspects, shortage of exportable items, complicated documents requirements, limited access for loan and credit services and all the like are considered the major challenges or problems for oilseeds export.

They explained that out of the major problems listed above price, as part of marketing is found to be the more determinant factor exporters are facing at the time. They added that there is an imbalance between the local price and the international price. The local costs or prices are set by a few centers organized by the government (ECX and MoTRI), which are very expensive and highly rigid as compared to the international market. This situation creates huge problems for the exporters, and due to such malfunctioning operations, they become incompetent in line with the international market.

Ultimately, they recommended that the government create a conducive environment to enhance the capacity of the exporters. They also added that the government should work closely with the exporters to solve all of the above-mentioned problems amicably.

#### 4.2.2.4. Hypothesis Test

Hypothesis testing is a statistical method used to determine if there is enough evidence in sample data to conclude a population. It involves formulating two competing hypotheses, the null hypothesis (Ho) and the alternative hypothesis (Ha), and then collecting data to assess the evidence.

Testing the significant variables, interpreting the regression's outcome, and drawing conclusions about the research questions all depend on the results of a hypothesis test. The researcher set the projected hypothesis, assuming all selected predictors are determined by the performance of the dependent variables, in order to simplify and improve the understanding of the investigation. The dependent variable is influenced by all of the variables in the model, according to the alternative hypothesis Ha, which is stated in full here under.

**$H_1$** - The study's primary hypothesis entails that the company has a significant influence on oilseed export performance.

Based on the results obtained from the study, the given hypothesis should be accepted because the computed p-value of the factor (0.000) is smaller than the critical value of p (0.05). This addresses the fact that in any export endeavor, the strength of the company in different business aspects is the most important requirement for the export success of the company. The company's possessions, such as having adequate working capital, experienced human resources, consistent working procedures, and a high capacity for management, have huge effects on oil seed export performance.

**$H_2$**- The second hypothesis of the study necessitates that the product has a significant influence on oilseed export performance.

According to the study output, product is another important factor for oilseed export performance. The result shows that the p-value of the product factor (0.005) is less than the critical p-value of 0.05. Hence, product is one of the most important determinant factors for oilseed export performance. The great integration of quality and quantity aspects of the product, fulfilling the minimum quality requirements and standards, as well as appropriate product design and image, create positive effects on the oilseeds export performance.

**$H_3$** The third projected hypothesis stated that industry has a significant influence on oilseed export performance.

Hence, the calculated p-value is 0.017, which is less than the critical p-value of 0.05. According to GAIN (2020), even though Ethiopia is one of the major global producers and exporters of sesame seed, the country faces increasing challenges related to both supply-side and demand-side constraints. Some of the major supply side constraints are diminishing productivity levels, pests and diseases, and poor access to modern technology.

Thus, industry factors regulate export situations, and it is also the most important element that all exporters should address at large. Further, there should be a need to understand and implement the technology, processing, and necessary to acquire the expected oilseed export performance. In every aspect of the industry, technology is playing a major role in facilitating export performance.

**$H_4$**- Marketing has a significant influence on oilseed export performance.

In light of the hypothesis projection, the result obtained from the study demonstrated that the p-value of the given factor is 0.000 smaller than the critical value of 0.05. This suggests that exporters should critically know about foreign as well as domestic market situations. Information about demand and supply relationships, the international market, the payment aspect, the structure of the marketing mix, and the like are important aspects of oilseed export performance. It is anticipated that understanding all of the market-related information will improve the performance of oilseed exports. Tewodros (2012) revealed that there is a lack of marketing communication problems for export.

**$H_5$**- The last hypothesis of the study neccessiates that the macroenvironment has a significant influence on oilseed export performance.

In view of the given statement, the study result supports the concept positively, and it has been seen that the p-value (0.000) is smaller than the critical value of 0.05. Thus, macroenvironmental has also had favorable and noteworthy influences on oilseed export capabilities.

FAO's (2015) research emphasized that despite the government's efforts, the export performance of the nation is still quite low, and the export structure is inflexible. Furthermore, because private sector banks are prohibited by the National Bank of Ethiopia (NBE) from receiving foreign currency credit lines from international banks, exporters have restricted access to trade financing facilities.

Those macro-environmental factors are affecting the oilseeds industry and its export practices. The macro-environmental factors are highly volatile, and the change in each element is directly affecting oilseed export performance. Out of the total macro-environmental factors, gross domestic product, inflation, exchange rate, economy, government support, transportation, and infrastructure are the major factors that affect the oilseed export performance. All of the exporters should be focused on the changing aspects of those factors to manage their export activities efficiently.

Given the above explanations as well as the results obtained from the study, all of the proposed hypotheses for the five independent factors (company, product, industry, marketing, and macro-environment) have been accepted because the p-value for each factor is less than the critical value, i.e., 0.05. A summary of each projected hypothesis is portrayed as follows:

Table 13. Summary of Hypothesis Test

| **Hypothesis** | **Sig. (P<0.05)** | **Result** |
|---|---|---|
| **H1**: The company has a significant influence on oilseed export performance | .000 | Accepted |
| **H2**: Product has a significant influence on oilseed export performance | .005 | Accepted |
| **H3**: Industry has a significant influence on oilseed export performance | .017 | Accepted |
| **H4**: Marketing has a significant influence on oilseed export performance. | .000 | Accepted |
| **H5**: Macroenvironment has a significant influence on oilseed export performance. | .000 | Accepted |

(Source: Own Survey Regression Result, 2023)

# CHAPTER FIVE

## 5. SUMMARY, CONCLUSION AND RECOMMENDATION

Based on the study's overall contents, this chapter provides an overview of the main results, suggestions, and conclusions. The results are further explained in addition to the consequences and contributions. The section also tries to explain and provide hints on areas for further research direction.

### 5.1. Summary of Major Findings

Data for the study was collected using both primary and secondary sources. The researcher gathered the basic primary data obtained through the use of structured questionnaires. The secondary data for the literature as well as other parts of the study was collected from articles, books, and internet sources. The questionnaire was organized and categorized into three major types: demographic profile, main questions, and short answer. The main part of the questions was constructed according to the Likert scale type with methods for measuring data extended from strongly disagree to strongly agree to evaluate the insights of oilseed exporters. There were about 194 questionnaires distributed, and through careful follow-up and management, all of the questionnaires were filled out and returned. Moreover, the whole gathered data was examined using a linear multiple regression model after accomplishing all of the essential tests. The hypothesis tests have been performed. To determine the best-estimated beta coefficient of population parameters, the study's final data were examined and interpreted.

Subsequently, the research grasped those important elements affecting Ethiopia's oilseed export industry's success by applying the primary data collected from the respondents. It has been learned that all of the variables were affecting oilseed export performance in Ethiopia positively, but at a different level of degree (coefficient). The individual variable taken into account for the study has its own contribution towards oilseed export performance in Ethiopia. Given all of the explanations, here is a summary of some of the major findings:

- The majority of the respondents were degree holders, categorized as 26-35, with 5 to 10 years of working experience. Both females and males participated.

- Company factors are the most important factors in determining the dependent element, as company factors increase by 1% and the dependent variable increases by 13.5%. Here, company factors have a positive relationship with the dependent variable. (Ceteris paribus).
- As product variables rise by 1%, oilseed export performance also increases by 10.9%. Product is found to be the most significant determinant factor for oilseed export performance in Ethiopia, and it is also favorably correlated with oilseed export results. (Ceteris Paribus)
- As industry factors increase by 1%, oilseed export performance increases by 15.6%. It is a significant determinant factor as well as having a direct or positive relationship with oilseed export performance.
- Marketing factors are one of the important factors in ascertain the dependent variable. As marketing factors increase by 1%, the dependent variable increases by 27.1%. Marketing factors have a positive relationship with the dependent variable. (Ceteris Paribus).
- Macroenvironmental factors are one of the crucial elements in determining the dependent variable. As macroenvironmental factors increase by 1%, the dependent variable increases by 23.8%. Macroenvironmental factors have a positive relationship with the dependent variable. (Ceteris Paribus)
- The five independent variables (company, product, industry, marketing, and macro-environment) affect oilseed export performance significantly, with a 95% confidence interval and a significance value of 0.000, 0.005, 0.017, 0.000, and 0.000, respectively. Based on this fact, the study model fits the regression equation written as below:

$$Y = .564 + .135x1 + .109x2 + .156x3 + .271x4 + .238x5 + U$$

- Some of the key determinant factors for oilseed export performance are identified. Among the many current political situations, climate variability, high bureaucracy, frequent changes of policies, unattractive pricing structure, lack of working capital, huge transportation costs, international market volatility, weak government institutional support, lack of enough fertilizers, lack of working mechanization, macro-environmental factors, oilseed export trends, international market deterioration, poor production capacity in terms of quality and quantity aspects, shortage of exportable items, complicated document requirements, and limited access are the key determinant factors for oilseed export performance in Ethiopia.

- The relationship between the independent variable and export performance as dependent variable is positive and significant.
- Finally, the regression model summary (R = 0.850) shows the linear combination of the five independent variables (company, product, industry, market, and macroenvironmental). It declares that oilseed export performance is a function of company, product, industry, marketing, and macroenvironmental variables. They are predicting the dependent variable strongly. It further explains that the linear aggregation of the independent variables explains 71.5% of the variance of oilseed export performance, and the remaining 28.5% is explained by extraneous variables.

## 5.2. Conclusion

As it is mentioned in the literature part, exporting creates a balance of trade, economic growth, job opportunities, and foreign exchange, and ultimately it provides huge development for the country at large. Unlike the benefits the country has achieved so far through exporting, the industry has still encountered a lot of problems, and the same has been confirmed based on the responses of the exporters.

The focal point of the study was to investigate those major factors influencing oilseed export performance in Ethiopia by examining and interrelating the five independent variables with that of one dependent variable. The independent variable is composed of macroenvironmental factors, marketing factors, industry factors, company factors, and product factors, whereas, the dependent variable is oilseed export performance. The study includes those oilseed exporters who are working in Ethiopia, and questionnaires were distributed to the selected sample size to collect pertinent information from the exporters to attain the final goal of the study. Data analysis has been carried out by applying a multiple linear regression analysis.

The following inference is made from the data analysis and study objectives in light of the findings:

- Based on the findings, company, product, industry, marketing, and macroenvironmental factors have positive effects on oilseed export performance. All of the factors used in the research are positively and significantly related to the regressed dependent variable.

- Among the many explained by the respondents, the key determinant factors affecting oilseed export performance are high bureaucracy, lack of working capital, irregularity of export rule and policy, lack of government support, macro-environmental factors, fluctuation of price, limited sources of pricing setting centers, market volatility, huge transportation costs, etc.

- The relationship between the independent variable and export performance as dependent variable is positive and significant.

- Based on the research result, it is observed that marketing factors significantly affect oilseeds export performance, and the second most important factors influencing oilseeds export

performance are the macro- environmental factors, followed by industry factors, company factors, and product factors, respectively.

### 5.3. Recommendation

In today's business effort, exporting a product to a given country is one of the important trade facilitations among many countries. Exporting to countries like Ethiopian countries which are facing a shortage of huge hard currencies, is highly important, and hence it should be thoroughly monitored by all concerned parties as well as authorities. It generally creates so many benefits for any country.

Considering many research results, it has been revealed that the Ethiopian exporting industry is not providing all of the needed output as expected. It is noted that the country earns some of its hard currency through the export of agricultural products. According to 2022 National Bank Report, oilseed exports are the second most commercial product, providing the highest foreign currency to the country. This ascertains that all the concerned bodies should work hand-in-hand to enhance the required benefits of oilseed exporting. Based on the findings, the exporters' suggestions, and the overall study, here are some of the recommendations that may help to diminish or control the existing setbacks.

- The whole variables taken into consideration for the study affects the export performance positively and significantly. Working on the stated factors enable the export performance more productivity and profitable. Hence, all who involve in the export operations should give attention on the same so as to rising the export performance as expected.
- The local price of the goods maintained by ECX and the Ministry of Trade and Regional Integration. The result found that it is so rigid and expensive compared to the international market price. Hence, it needs to revise the pricing method in order to develop fair and competitive price.
- The government should study and review the current export policies and regulations to determine the needs and requirements of the exporters. This revision could be taken as one of the needed aspects for the exporters as it gives them support to enable compete in the global market.

- The government offices that are working on oilseed export process, should work closely each other to avoid unnecessary procedures, document requirements, and waste of time.
- Most of the exporters proposed that the share of foreign currency they are obtaining after the sale or export of oilseeds is found to be very minimal. They asked the government to work hard on the same to increase the allotment or percent to be given to the exporters.
- The government should create a conducive working environment to provide one-shop window services to exporters. The process should be supplemented by modern technology to facilitate export activities. This finally helps them avoid unnecessary waste of time.
- In a nutshell, based on exporters' feedback, the majority of the issues of oilseed export rely on the government, and it is good for the government to work hard to strengthen and grow the oilseed export industry in a better advancement. Exports are the main resource for acquiring a country's hard currency, they should be well monitored and integrated with high-level standards. The government works to improve credit facilitation, infrastructure, revision of macro-environment factors, training, etc. The exporters also work on their internal capacity to improve those key elements mentioned in every factor covered in the study and should also work intensively with high-level government policymakers to avoid the existing problems as well as to achieve the required results mutually and as expected.

### 5.4. Limitations and Direction for Future Research

To uplift the result obtained from the study as well as to limit the existing gaps, the need for ongoing research is unquestionable. Given the scope, limitations, and findings of the study, it is better to suggest the following points for future research accomplishments:

As noted above, the study has been performed based on those limited variables to investigate the major factors affecting the performance of oilseed exports in Ethiopia. In addition, the study only focused on oilseeds with limited independent factors, despite certain commercial items exported from the country. In general, the independent variables covered in the study only explain 71.5% of the dependent variable, whereas the remaining 28.5% of the variance is accounted for by extra factors not examined in the research. This indicates that there is room to conduct further research to fill the existing gaps because there are 28.5% of some of the variables to be included in future research. Thus, the researcher suggests that future researchers should conduct continuous research by including additional factors about the given topics to limit the existing problems and also to generate fruitful results. Marketing channels, shipping vessel schedules, competency of forwarders, warehousing issues, and other related factors are some of the indications the researcher intends to recommend to be deeply studied by future researchers.

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## Appendixes

Addis Ababa University

College of Business and Economics

School of Graduate Studies

Department of Management

Questionnaires Prepared for Oilseeds Exporters

Dear Respondents,

This questionnaire is designed to collect data for thesis work on the topic of 'Factors Affecting Export Performance: in the Case of Oil Seeds Export in Ethiopia''. The study is to be undertaken for the partial fulfillment of the requirement for an MSC in International Business specializing in Import-Export Management. For the successful accomplishment of the study, your pertinent response on the subject will be used as valuable input. I would like to assure you that the information you are going to provide will be used only for academic purposes and should be kept confidential. Therefore, I request that you fill out the questionnaire genuinely and without any bias.

Thank you in advance for your cooperation.

General Directions:

- There is no need to write your name.
- Please place a tick mark as per the questions required in the box and write your short and precise answer in the space provided.

Researcher address email mulefikre2012@gmail.com; cell hone: +251929 905756, A.A., Ethiopia.

**A. Demographic Information**

1. Gender

Female ☐ Male ☐

2. Age

25 Years and Lower ☐ 26-35 Years ☐ 36-45 Years ☐

46-55 Years ☐ 56 Years and Above ☐

3. Educational Level

Diploma ☐ Degree ☐ Master ☐ PhD ☐

4. How long have you been exporting oilseed?

Less than 2 years ☐ 2-5 Years ☐ 6-10 Years ☐ Above 10 Years ☐

5. Please specify your current position in the firm. _____

**B. Main Questions**

Please mark what you feel most appropriate, using a scale from 1 to 5 (where 1 = strongly disagree, 2 = disagree, 3 = moderately agree, 4 = agree and 5 = strongly agree).

| **Company Factors** | | **5** | **4** | **3** | **2** | **1** |
|---|---|---|---|---|---|---|
| 1 | There is a lack of adequate working capital, which endangers the entire production operation and increases cost. | | | | | |
| 2 | There is a lack of trained and experienced human resources, particularly for its managerial and professional employees, better in the export market. | | | | | |
| 3 | There is a lack of knowledge of foreign markets, business practices, and competition. | | | | | |
| 4 | There is an incapacity of management to generate foreign sales. | | | | | |
| 5 | There is a lack of expertise procedure and negotiation power among exporters. | | | | | |
| **Product Factors** | | **5** | **4** | **3** | **2** | **1** |
| 6 | There is no problem with the quality and quantity of oilseed seed production. | | | | | |
| 7 | The exported oilseed cannot fulfill the required quality. | | | | | |
| 8 | There is a failure to meet importers' quality standards. | | | | | |
| 9 | There is an inability to establish a suitable design and image for export markets. | | | | | |
| **Industry Factors** | | **5** | **4** | **3** | **2** | **1** |
| 10 | There is a lack of new technology that facilitates oilseed exports. | | | | | |
| 11 | There is a lack of awareness of the use of technology in marketing. | | | | | |
| 12 | There is low access to technology for processing. | | | | | |
| 13 | There is an inability to compete with aggressive competition in the foreign market. | | | | | |
| **Marketing Factors** | | **5** | **4** | **3** | **2** | **1** |
| 14 | Poor image of the exporter's country. | | | | | |
| 15 | The bad image of products in the foreign market. | | | | | |
| 16 | There is insufficient foreign demand for oilseed. | | | | | |

| | | | | | | |
|---|---|---|---|---|---|---|
| 17 | There is a lack of information about the export procedure for oilseed. | | | | | |
| 18 | International trade procedural complexity for oilseed export. | | | | | |
| 19 | There is a delay in payment to the exported oilseed buyers. | | | | | |
| **Macro Environmental Factors** | | **5** | **4** | **3** | **2** | **1** |
| 20 | There is a lack of export promotion and assistance from the government. | | | | | |
| 21 | There is the inefficient promotion of government exports abroad. | | | | | |
| 22 | There is a high transportation cost. | | | | | |
| 23 | The exporting process is costly. | | | | | |
| 24 | There is inadequate infrastructure (transportation, electricity, telecommunication, etc.) available for oilseed export. | | | | | |
| 25 | The foreign exchange policy is not efficient for oilseed exporters. | | | | | |
| **Trends in Export Performance Factors** | | **5** | **4** | **3** | **2** | **1** |
| 26 | Your company's oilseed export volume is increasing. | | | | | |
| 27 | The company's market share in line with the international market is increasing. | | | | | |
| 28 | The profit gained from oilseed export throughout the country is increasing. | | | | | |
| 29 | The supply of oilseed in quantity is increasing. | | | | | |
| 30 | The supply of oilseed in quality is improving. | | | | | |
| 31 | The company's profit from exported oilseed is increasing. | | | | | |

**C. Short-Answer Questions.**

1. As per your day-to-day observations, what do you think are the **main determinant factors, or challenges** related to oilseed exports in Ethiopia?

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2. What is your possible recommendation to upgrade oilseed export performance?

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Thank you for your usual cooperation!!!!