FIRM LEVEL DETERMINANTS OF EXPORT PERFORMANCE: THE CASE OF ETHIOPIAN TEXTILE AND GARMENT INDUSTRY

BY

Sintayehu Hailemariam

Research Thesis Submitted to Addis Ababa University, School of Commerce in partial fulfillment of the requirement of the degree of Masters of Arts in Marketing Management

Advisor

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Addis Ababa University School of Commerce

June, 2020

Addis Ababa, Ethiopia

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DECLARATION

I Sintayehu Hailemariam the undersigned, hereby declare that this thesis paper entitled “firm level determinants of export performance: the case of Ethiopian textile and garment industry” is my original work and that it has not been submitted partially; or in full, by any other person for the award of a degree in any other university or institution. And all sources used for the study have been duly acknowledged.

Name: Sintayehu Hailemariam

Date: June,2020

Place: Addis Ababa University

Signature: _____

LETTER OF CERTIFICATION

This thesis has been submitted to Addis Ababa University, College of Commerce and Department of Marketing for examination with my approval as a university advisor.

Name: Hailemariam Kebede (Ph.D)

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APPROVAL SHEET

ADDIS ABABA UNIVERSITY

SCHOOL OF COMMERCE

This is to certify that the research prepared by Sintayehu Hailemariam, entitled: *Firm Level Determinants of Export Performance: The Case of Ethiopian Textile and Garment Industry*, is submitted in partial fulfillment of the requirements for the award of Degree of Master of Art in Marketing Management complies with the regulations of the University and meets the accepted standards with respect to originality and quality.

Signed by the Examining Committee:

Advisor: - Dr. Hailemariam Kebede

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Date:-_____

Abstract

The objective of this study was to examine the firm level determinants of export performance of textile and garment firms in Ethiopia. A quantitative research design and explanatory research approaches were used. Primary data was collected using a five-point Likert scale. The study had 83% response rate. Statistical Package for the Social Sciences (SPSS) version 21 was employed to analyze the data. The model assessment was done using Partial least square structural equation modeling (PLS-SEM). Further the analysis extends the application of partial least squares structural equation modeling (PLS-SEM) using an importance-performance map analysis (IPMA). And it was found that the overall mean score of firm characteristics, firm capabilities, management characteristics, export marketing strategy and export performance ranges between 4.016 and 4.456 which show the higher level of agreement of respondents. the correlation result indicates high level of association of the independent and dependent variables. Through the measurement model analysis the factor loadings, Convergent validity, internal consistency reliability and discriminant validity was checked against the underlined assumptions before proceeding to structural model analysis the R2 value of export marketing strategy and export performance found 0.511 and 0.768. The result suggested firm's capabilities, management characteristics and export marketing strategy are good direct predictor of export performance. Whereas firm characteristics and firm capabilities are good predictor of export marketing strategy. It was found that export marketing strategy has full mediation, partial mediation and no mediation effect in the case of firm characteristics, firm capabilities and management characteristics respectively to influence export performance of firms. Ultimately, the relative higher importance of the factors assumed to be export marketing strategy and firm capabilities in the first order followed by management characterizes and firm characteristics sequentially.

***Key words**: Export Performance, firm characteristics, management characteristics, firm capabilities.*

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I refrain to express my feeling and grief to you as you are beyond mother in my life. Simply it is my pray that "May GOD Mercy your Soul and Rest in Peace at Heaven"

CONTENTS

ACRONYMS

FDI - Foreign direct investment

US- United States

EU -European Union

AGOA- African Growth and Opportunity Act

GSP- General System of preferences

EBA- Everything but Arms

ETIDI- Ethiopian Textile Industry Development Institute

GTP- Growth and Transformation Plan

PASDEP- Plan for Accelerated and Sustained Development to End Poverty

CAGR- Compound Annual Growth Rate

NBE- National Bank of Ethiopia

FTA-Free Trade Agreements

COMESA- Common Market for Eastern and Southern Africa

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CHAPTER ONE

INTRODUCTION

1.1 Background of the study

Export can play a vital role in contributing to a nation's economic wealth. It provides a way to assist nations improve their balance of payment, trade deficit, employment rate and overall standard of living. In order to develop and increase export performance it is important for government and industry to understand the antecedents and moderators of export performance.

Besides, due to the rapid globalization of markets, the pace of technological change and the decline of government imposed barriers; it is becoming increasingly difficult for domestic marketers to isolate themselves from export markets and foreign competition. Fundamentally, all firms, irrespective of size, industry or national origin, are now challenged with the consequences of this new commercial reality, and have realized that choosing not to participate in global markets may no longer be an option (Katsikeas, and Theodosiou, *et. al*., 2005). Hence, an assessment of the determinants of export performance is a significant step toward achieving sustainable economic growth of a nation. Export performance has been a construct of central interest in the international marketing literature for decades. A constructive progress of the study of export performance over the last half century has suggested the accumulation of experience in the subject. (Chen and Sousa *et. al*, 2016) Although a wide collection of studies are undertaken, and excessive number of antecedents developed in various conceptual models but few in-depth studies are indicated by considering the firm level factors separately. It was Bilkey (1976) who first recognize the importance of internal and external change-agents, to determine export performance. Aaby and Slater (1989) develop a strategic export model which encompasses external and internal influencing factors. Even though strategy becomes one constituent of the model but still distinct a view of firm and management characteristics was not well differentiated. Zou and Stan (1998) alteration of the model brings a new approach with the category of controllable and uncontrollable factors. But this review is criticized for its leaving out the influence of control and moderating variables. The other work by Francisco and Sousa's (2008) conveys the significance of market orientation to determine export. A comprehensive

model was developed by J. Chen and C. Sousa (2016) which was developed based on the underlying assumptions of resource based view, organizational learning theory, contingency theory and institutional base view. With these all efforts, as such, a systematic theoretical basis and framework that could comprehensively explain the complete firm level determinants of export performance remains uncommon. Besides, even though several researches have been done in Ethiopian industry cases, almost all researches fail to look the in-depth firm level export performance determinants factors separately. No researches have been done regarding the firm level export performance determinants in garment industry particularly in Ethiopian case. Hence, knowledge on how to make firms effective exporter is underdeveloped.

Therefore, the study investigated the firm level export performance determinants of textile and garment exporters of Ethiopia specifically, by examining the statistical estimate on how each of the firm level determinants influences the export performance of the industries in the global market to fill the gap. Further, the research also finds out empirical evidences regarding the factors.

1.2 Statement of Problem

Nowadays, the international marketing environment is dynamic, changeable, and essential, as soon as the competition is intensive. This intensification of competition on a global scale has led to an increasing number of firms seeking opportunities in international markets to achieve their objectives, as well as to safeguard their market position and survival (Leonidas and Leonidou, 2002). These circumstances compel the exporting firms to adopt certain business concepts, policies, and practices in order to attain their goals and to get prominent results. In its most basic form, exporting requires commitments, involves greater structural and strategic flexibility in the market (Young, 1989). To have a success in international markets the key is attaining greater competitiveness through a more and more firms strives to internationalize their operations (da Rocha Vencato, 2014). Hence, foreign environment brings new challenges to the firms through its multiple and diverse nature (Samiee, 1991). In Ethiopia mass effort is mobilized that focus on expanding exports with a priority set for strategic sectors like textile and garment manufacturing. Just as the present proves, it is clear that the efforts that took place in the export business over the past few years have not passed without outcomes in manufacturing firms and in the sector as a whole.

During the PASDEP period textile and garment industries were expected to generate export earnings of USD 500 million. At the end of the plan period, the sub sector however, only generated export revenues amounting to USD 21.8 million, which is far lower than the target. In GTP I it has been given special emphasis for the development of large and medium scale manufacturing industries. Though it has seen improvements as compared to the previous plan periods, the achievements are still far below the targets set, which stood at USD 98.1 million that shows significant improvement compared to the base year while it is still far below the USD 1 billion target set by the end of 2014/15. Further, in GTP II the goal is to manufacture USD 2.18 billion worth of production and earn USD 779 million in export revenue by the end of 2019/20. As 2018/19 annual report by ETIDI revealed, so far the achievements are still far below the targets set, that is USD 153.5 million which is 27.5 per cent of the target set for the plan year. The expected average annual growth rate in GTP II is 115.7 per cent but in reality it amounting 11.3 per cent and it remains only one year for the plan period to end (ETIDI , 2018/19) (NBE, 2018). This spectacle that even if the export performance of the sector increases from year to year, comparing to the targets set was not promising, the export earnings clearly shows the underachievement during the planning period, irrespective of the potential of the sub-sector as a source of export growth. Hence, it is very imperative to comprehend well the reason why the export performance is far behind from the target.

In order to provide a comprehensive consistent approach to classify the factors, it is found that the absence of systemic theoretical basis remains a major challenge in the earlier researches even although several models were presented in the literature. Further for the aforementioned export performance target gap most of the findings of the previous studies consider the general factors than the detail of each internal and external factor separately. To the best knowledge of the researcher, no researches have been done regarding the firm level export performance determinants in Ethiopian garment industry. Hence, knowledge on how internal capabilities can be placed to make the firms effective exporter is underdeveloped. Thus an effort is made to take into account the specific firm level factors that can affect the export performance. Hence, this research made an effort to find the empirical and statistical evidence on the issue by examining the firm level determinants of export performance; and it therefore bridges the gap in the literature regarding firm level export determinants and its attitude towards export earnings growth in the Ethiopian garment industry.

1.3 Research Question

The main purpose of the study was to examine the firm level determinant factors that influence the export performance of Textile and Garment industry in Ethiopia. Therefore, the study addressed the following key seven research questions:

1. Do the firm level factors have a significant direct effect on export performance of Ethiopian garment and textile firms?
    1.1 Do firm characteristics have a significant effect on export performance of Ethiopian garment and textile firms?
    1.2 Do management characteristics have a significant effect on export performance of Ethiopian garment and textile firms?
    1.3 Do firm Capabilities have a significant effect on export performance of Ethiopian garment and textile firms?
    1.4 Do export marketing Strategies have a significant effect on export performance of Ethiopian garment and textile firms?
2. Do export marketing strategies have a significant mediating effect in the relationship between firm level factors and export performance of Ethiopian garment and textile firms?
    2.1 Do export marketing strategies have a significant mediating effect in the relationship between firm characteristics and export performance of Ethiopian garment and textile firms?
    2.2 Do export marketing strategies have a significant mediating effect in the relationship between Management Characteristics and export performance of Ethiopian garment and textile firms?
    2.3 Do export marketing strategies have a significant mediating effect in the relationship between Firm Capabilities and export performance of Ethiopian garment and textile firms?

1.4 Objectives of the Study

1.4.1 General Objective

The study was aimed at examining the firm level determinant factors that influence the export performance of Textile and Garment Companies in Ethiopia.

1.4.2 Specific Objectives

In light with the above general objective, the specific objectives were:-

1. To investigate if the firm level factors directly influence export performance of Ethiopian garment and textile firms.
    1.1 To investigate if the firm characteristics influence export performance of Ethiopian garment and textile firms.
    1.2 To test if management characteristics influence export performance of Ethiopian garment and textile firms.
    1.3 To investigate if firm Capabilities influence export performance of Ethiopian garment and textile firms.
    1.4 To investigate if export marketing Strategies influence export performance of Ethiopian garment and textile firms.
2. To investigate if export marketing strategies have a mediating effect in the relationship between firm level factors and export performance of Ethiopian garment and textile firms
    2.1 To investigate if export marketing strategies have a mediating effect in the relationship between firm characteristics and export performance of Ethiopian garment and textile firms.
    2.2 To investigate if export marketing strategies have a mediating effect in the relationship between management characteristics and export performance of Ethiopian garment and textile firms.
    2.3 To investigate if export marketing strategies have a mediating effect in the relationship between firm Capabilities and export performance of Ethiopian garment and textile firms.

1.5 Significance of the Study

It is the well-founded fact that the global marketing environment is altering faster; competition between business firms is increasing especially for manufacturing industry. With the increasing competitive and dynamic customer-oriented environment, successfulness of export performance has been still recognized as one of the vital question and generated a substantial amount of interest among managers and researchers. Recent research interest in firm level analysis of export performance are at least in part motivated by the understanding that while the governments are able to give effect a broad range of policy measures that will facilitate trade, the real action needed to achieve export goal rests in the exporting firm (Iyer, 2010).

Ethiopian garment industry has been identified as key engine for economic growth since it has a potential to provide employment opportunities and can contribute to gross domestic production as well as poverty reduction scheme of the country. Hence, much has been studied about the determinants of export performance. Nevertheless, most of the assessments are mainly attached to the external macro environmental factors and policy related issues that failed to investigate underlined firm level root factors determining export performance remarkably. Further, understanding a far more detail of the firm level determinants of export performance can be regarded as one of effective means to pave the way for firms to create competitive advantage from internal resources. The result of this study could be taken as a necessary input for the internal stakeholders in the sector to enhance export performance and global competitiveness of the industry.

1.6 Scope of the Study

It is undeniable that those garment industries bearing their products to the domestic market have also a potential of in improving the overall apparel industry performance and in developing the country's economy. However, this study was not emphases on these domestic market-focused factories. The study mainly devoted on those garment industries engaged in export market only. The research covered all the fifty seven exporters across the country which was actively exporting at least for six months and above in the year 2018/19. The study is limited to the assessment of the firm level export performance determinants; and it is assumed that the export performance firm level perspectives are mainly understood and practiced by the management

staffs of the factories; hence, the research only considered the industry's top management members, who have a closed affiliation with marketing practices as a target respondent.

1.7 Conceptual Definitions

Firm level determinants: are all physical and intangible resources, which are controlled by a firm's administration with point of making strides effectiveness and adequacy. (Barney, 1991) (Wernerfelt, 1984)

Textile and garment Industry: the industrial sector which locked in in investigate, plan, improvement, fabricating and dissemination of materials, textures and clothing [1].

1.8 Organization of the Paper

The research study is organized in to five chapters. The first chapter deals with the introduction part which encompasses the background of the study, the research problem statement, objectives of the study, research hypothesis, significance of the study, and scope of the study. The second chapter deals with the review of related literature. Chapter three focuses on the research design, methodology, data collection and procedures, sample and sampling techniques, whereas the fourth chapter presents the detailed result analysis and discussion of the data. Finally, conclusions and recommendations are forwarded based on the research results under the fifth chapter.

[1] https://textileapex.blogspot.com/2015/11/what-is-textile-industry-definition.html

CHAPTER TWO

REVIEW OF LITRATURE

2.1 Introduction

This literature review is aimed at describing the fundamental concepts and principles that the research is based upon, and find out the gaps and limitations in the body of knowledge of firm level determinants with respect to export performance. Starting from the historical development of the concept, the review includes importance of conceptualizing firm level determinants of export performance, empirical evidences and finally the conceptual framework of the research.

2.2 Theoretical Background

2.2.1 International Trade Theory

Trade is the concept of exchanging goods and services between two individuals or firms. International trade is then the idea of this exchange between people or firms in two separate countries. To well comprehend how modern global trade has evolved, it's imperative to understand how countries merchandized with one another. The main ancient theories are called classical and are from the viewpoint of a country, or country-based. By the mid-twentieth century, the philosophies initiated to shift to elucidate trade from a firm, rather than a country, standpoint. These theories are denoted to as modern and are firm-based. Both of these groups, classical and modern, consist of several theories (Nahanga Verter , 2015).

Classical or Country-Based Trade Theories

A. Mercantilism

This theory specified that a country's wealth is determined by the amount of its gold and silver assets. Simply, mercantilists assumed that a country should increase its holdings of gold and silver by supporting exports and depressing imports (Paul. J. , 2008). The objective of each country was to have a trade left-over, or a circumstances where the value of exports are larger than the value of imports, and to evade a trade shortfall (Sunanda S., 2005).

B. Absolute Advantage

This theory was settled by Adam Smith and it emphases on the capability of a country to produce a good more proficiently than another country. It articulate that trade between countries shouldn't be regulated by government interference (Sunanda S., 2005). It states that trade should stream naturally according to market forces. Production would also become more competent, because there would be an encouragement to create more rapid and better production approaches to increase the specialization (Nahanga Verter , 2015).

C. Comparative Advantage

The encounter to the absolute advantage theory is that some countries may be superior at producing both goods and, therefore, have an advantage in numerous areas. Differently, another country may not have any valuable absolute advantages (Sunanda S., 2005). To answer this challenge, David Ricardo, announced the theory of comparative advantage. Ricardo reasoned that even if Country A had the absolute advantage in the production of products, specialization and trade can still happen between two countries (Nahanga Verter , 2015).

D. Heckscher-Ohlin Trade Theory

In the early 1900s, two Swedish economists, Eli Heckscher and Bertil Ohlin, dedicated on how a country could gain comparative advantage by manufacturing products that exploited factors that were in plenty in the country (Berkum & Meij , 2000). Their theory is grounded on a country's production factors—land, labor, and capital, which deliver the funds for investment in plants and equipment. They determined that the cost of any factor is a function of supply and demand. Factors that are in great supply relative to demand would be inexpensive; factors in great demand relative to supply would be more costly (Sunanda S., 2005).

Modern or Firm-Based Trade Theories

A. Country Similarity Theory

Swedish economist Steffan Linder established the country similarity theory in 1961, as he tried to clarify the concept of intra-industry trade. Linder's theory suggested that consumers in

countries that are in the same or similar stage of development would have identical preferences. In this firm-based theory, Linder recommended that companies first produce for local consumption (Bergstrand, J. H. , 1990). When they explore exporting, the companies often find that markets that look comparable to their domestic one, in terms of buyer preferences, offer the most potential for accomplishment. Linder's country similarity theory states that most trade in manufactured goods will be among countries with alike per capita incomes and intra-industry trade will be common (Nahanga Verter , 2015).

B. Product Life Cycle Theory

Raymond Vernon, a Harvard Business School professor, established the product life cycle theory in the 1960s. The theory, introducing in the field of marketing, specified that a product life cycle has three separate phases: (1) new product, (2) maturing product, and (3) standardized product. The theory supposed that production of the new product will happen entirely in the home country of its novelty. In the 1960s this was a valuable theory to explain the manufacturing achievement of the United States. The product life cycle theory has been less able to explain present trade patterns where innovation and manufacturing occur around the world (Nahanga Verter , 2015).

C. Global Strategic Rivalry Theory

Global strategic rivalry theory materialized in the 1980s and is based on the work of economists Paul Krugman and Kelvin Lancaster. Their theory concentrated on international companies and their exertions to gain a competitive advantage against other global firms in their industry. Firms will come across global competition in their industries and so as to prosper, they must improve competitive advantages. The critical ways that firms can get a maintainable competitive advantage are called the barriers to entry for that industry (Nahanga Verter , 2015).

D. Porter's National Competitive Advantage Theory

In the ongoing development of international trade theories, Michael Porter of Harvard Business School established a new model to elucidate national competitive advantage in 1990. Porter's theory stated that a country's competitiveness in an industry rest on the capacity of the industry

to invent. His theory concentrated on explaining why some nations are more competitive in some industries (Grant, R. M. , 1991). To explain his theory, Porter acknowledged four elements. The four factors are local (1) market capabilities, and resources (2) market demand, (3) complementary industries and suppliers, and (4) characteristics of firms.

2.2.2 Export performance determinants

Historical reviews

The two main constructs that have been of particular interest for academic researchers are export performance determinants and export performance measures (Beleska S, 2014).

The founding work was done by Tookey (1964) who was the first to identify export success factors, subsequent to his finding relationship among export performance determinants and export outcomes has been become the subject of analysis in many studies. This large volume of publications is a strong testimony of the importance of the issue. Several publications have already reviewed the literature of export performance comprehensively and revealed the achievements and limitations. (Bilkey, 1978, Aaby and Slater 1989, Zou & Stan, 1998), (Chen and Sousa *et al*, 2016) so far, the latest integrative literatures review of export performance includes the publications until 2014 (Chen and Sousa *et al*, 2016). Next to Tookey, Bilkey (1978) was conducted a comprehensive review of literatures on export performance. The study reviewed forty three studies from eleven countries, come up with a conclusion that exporting firm tend to have better management that non-exporting firms. And the frequent obstacles of exporting firm includes insufficient finances, foreign government restriction, insufficient knowledge, inadequate product distribution abroad and lack of foreign connections (Bilkey, 1978). The other significant work was done by Madsen (1987), who reviewed seventeen studies in the 1964-1985 periods. He comes up with the conclusion that any firm should be able to compete successfully in international markets, regardless of its general resources; the technological intensity of its product, and the type of market in which it operates. And he said that, firms with large resources and high technological intensity might expect a slightly better export performance. He regarded top management support, export market knowledge, physical distance, market research and planning, local market condition, and good personal contact as export success factors (Madsen, 1987). But no clear conclusions can be drawn concerning:

optimal degree of internalization of the marketing function; optimal price policy; optimal degree of marketing concentration; optimal organization of internal export unit and the impact of domestic market attractiveness.

After two years a substantial review was done by Aaby and Slater (1989) that reviewed fifty five studies in the 1978-1988 periods. Under this review a strategic export model that comprise external level and the firm business and functional level factors where determined. Hence the focus was to determine management influences the study underline company size, financial strength, management commitment and systems, plan export, export experience, competencies, firm characteristics, and willing to take risks are the determining factor of export performance (Aaby and Slater, 1989).

Years after, other authors Zou and Stan (1998) who reviewed fifty studies in the 1987-1997 periods carried out a meta-analysis and they stress that the most important set of determinants of export performance are internal-controllable factors. The study underline that export performance is influenced by controllable internal determinants, i.e. export marketing strategy, management attitudes and perceptions. It is also impacted by uncontrollable determinants which can be internal (management characteristics, firm's characteristics and competencies) or external (industry characteristics, foreign and domestic market characteristics) (Zou & Stan, 1998). The study focused on assessing the impact of independent factors on export performance, leaving out the influence of control and moderating variables.

The other authors Sousa et al. (2008) proposed two distinct aspects of determinants, i.e., internal variables and external variables. Specifically, internal variables consist of firm-level factors which refer to the export marketing strategy, firm characteristics/capabilities and management characteristics. External components, on the other hand, are sorted into industry-level characteristics and country-level characteristics. The key motive for this renaming is the diverse centers of the basic hypotheses (Sousa *et al* , 2008).

The recent article by the same scholars Sousa et al. (2016) proposed a simplified export performance model based on four underlying theories which talked about underneath:-

(i) Resource-based view

This view considers a firm as a unique parcel of valuable tangible and intangible resources and determines the competitive advantage and performance of a firm in the export market (Katsikeas, et al, 2000). The fundamental premise is that the commodity markets are robust and persistent, because resources can't be imitated and transferred perfectly (Barney *et al.* 2001). .

(ii) Contingency theory

Contingency theory emphasizes the strategic fit among influences, including marketing strategies, and the context as a whole. This theory uncovers that predominant export output is generated by contingent compatibility that can be modified and individualized for each export company. (Harrigan, 1983). In expansion to this theory, Hultman et al.(2011) consider that success in export promotion strategy depends on a dynamic interface between export experience and socio-cultural external distance, where export success is defined by aligning strategic decisions, perceptions and socio-cultural contexts. Nevertheless, the contingency analysis only makes clear information about the separate case of export performance in particular situations, restricting its generalizability and use.

(iii)Institutional-based view

The institutional view emphasizes the importance of the institutional environment and implies that structural factors shape and decide the success of strategic decisions of firms (Dacin, et al., 2002). To exporting firms this is most relevant, as export operations are subject to specific structural powers in the host and export markets (M. Wang, *et al*., 2008). LiPuma et al. (2013) show, for example, the importance of institutions in export efficiency, because high quality institutional environment leads to superior export output. This direction of study suggests wider understanding into determinants of export success through considering the impact of structural powers.

(iv) Organizational learning theory

The theory of organizational learning describes the encoding process between previous organizational activities and the potential actions and outcomes of the organization (Wei et al. 2014). Export managers learn from past exporting activities in an export sense and gain a clearer

understanding of the causality between export approaches, environmental factors and subsequent export performance (Lages et al., 2008). These insights therefore optimize strategic decisions, and will influence future export efficiency. Lages et al. (2008), for example, demonstrate that export performance of the previous year plays an important role in influencing the export marketing strategy and export performance of the subsequent year through the learning cycle. Nevertheless, irrespective of these developments, most researchers agreed on the latest research initiatives that findings remain scattered, and inconsistent. And, while a large number of antecedents are being studied, a systematic framework has yet to be developed that would trigger an inclusive and general conceptual structure (Chen and Sousa *et al*., 2016) (Beleska, 2014).

2.2.3 Measurement of Export performance

The focus of the strategic decision-making process for both the company and the decision-makers in public policy is achieving successful export performance. The efficiency of the export success describes the degree to which the company's goals are accomplished at a particular time in a global market and represents the suitability of the export strategy chosen in adapting successfully to the market and external situations (Beleska, 2014).

Exporting is a strategic choice for a firm, the purposes can vary extensively between firms, industries, national contexts and time horizons. Even if research on the subject of export performance is abundant, evidence on the measures of export performance is fundamentally fragmented.

For instance, Katsikeas et. al. (2000), in their analysis of hundred export-related articles, identified forty two different performance indicators. More lately Sousa (2004), in his analysis of export performance related articles published between 1998 and 2004, identified fifty different performance indicators (Sousa, 2004). This extensive array of indicators used in the export performance literature is a reflection of the complications in accessing export performance data, as well as the on-going search for consistent and comprehensive measures (Beleska, 2014).

Diamantopoulos *et al.(*2007) noted that a conceptually sound and reliable export performance measure should fulfill the following criteria:

i) It has to be composite and multidimensional, i.e. include both objective and subjective measures;

ii) It has to have a frame of reference, i.e. benchmarked against domestic market performance, competitors performance or prior performance;
iii) It has to be assessable over time, i.e. expressed in absolute, as well as relative terms;
iv) It has to reflect the firm's strategic goals at the appropriate level and for an appropriate time horizon.

a) Subjective (perceptual) versus objective (empirical) measures

The objective indicators are mainly supported on absolute values include: - export sales volume, export profit margin, export market share, etc. Subjective indicators are supported with perceptual values which include: - manager's perception of success and satisfaction with export sales (Sousa, 2004). Export intensity is one among objective measure of export performance, expressed as the magnitude relation of export sales to total sales. It measures the degree of firm participation in export markets relative to total sales and is consequently viewed the most common measure of export accomplishment (Maurel, 2009). The subjective measures concentrate on the perception of respondents on how well their firm is performing in the direction of achieving their export objectives (Flor & Oltra, 2005). The two key subjective measures of export performance embrace management's perception of export gain and management's satisfaction with export performance typically compared to that of its major competitors or relative to a company's expectations (Diamantopoulos *et al*. 2007)

b) Financial/economic and non-financial/non-economic measures

Financial/economic measures are used as means for capturing the strategic outcome of exporting. Faced with the difficulties of obtaining financial data from the firms, some scholars resort to the use of non-financial/non-economic measures of export performance. This advocates the use of perceptual/attitudinal or generic measures of performance, including: Presumed export success, export targets met, export performance satisfaction or strategic export success (Katsikeas, *et al.*, 2000).

2.2.4 Exporting firm

An enterprise's export output shows a firm-specific activity in taking advantage of its resources and capabilities in an international context. Company export efficiency is as being one of the

primary indicators of the progress of the internationalization steps, and as such, the topic has been widely examined.

Firms Internationalization

Exporting represents a worthwhile strategic route for firms to internationalize and has remained the most chosen mode of entry in foreign markets (Sousa et al , 2008). According to the definition given by Calof & Beamish (1995) internationalization is a process of increasing a company's international involvement because of different types of organizational capabilities. Scholars believed that the degree of internationalization of the firm, improves its export performance (Beamish and Dhanaraj, 2003). The other definition signifies internationalization as the process of adapting firms' operations to the international environments. Jan and Janerik (1977) also noted that internationalization is efforts on the development of the individual firm, and particularly on its gradual acquisition, integration, and use of knowledge about foreign markets and operations, and on its successively increasing commitment to foreign markets. It is also prominent that the importance of various export performance measures may differ depending on a firm's level of international development (Shoham, 1998).

Firm level export performance determinants

The importance of firm factors in the export performance is from the background that exporting is a firm strategy and thus under the control of the firm and its management (Zou & Stan, 1998).

Warren J. Bilkey's Internal/External change-agent: 1976

A review on later empirical evidence on the firm level export determinants factors was provided by Warren J. Bilkey(1976). This general summary provides analysis concerned with the initiation of the export process have focused on the effects of change-agents, both external and internal. The review regarded external change-agents as chambers of commerce, industrial associations, banks, government agencies, and other firms. And the importance of internal change-agent that tends to be a member of the firm's top management, who is interested in and enthusiastic about exporting. This traditional explanation proposed that internationalization occurs in stages that firm internationalize gradually, first responding to unsolicited orders, and then experimentally exporting in physically close markets to become regular exporters, thereafter entering geographically distant markets or employing higher entry modes. Such expansions are typically determined by firms' resources, including experiential knowledge and networks

(Johanson & Vahlne, 2009). Subsequently, the emergence of internal perspectives placed a greater emphasis on the role played by firms' resources and capabilities in driving export activities.

Aaby and Slater's Strategic Export Model: 1989

After the first study done by Bilkey's (1978) on successful export practices, many literatures have been identified numerous variables as determinants of export performance (Farshid *et al.*, 2012). Later, researchers Aaby and Slater (1989) aimed at organizing and focusing export fifty five research efforts published between 1978 and 1988, in their final conclusion they argue that export knowledge should be synthesized at two broader external environmental and firm business strategy and functional level. The study includes all key business policies and capabilities which are under the control of the firm as business strategy level determinants. Their conceptual frame work involving firm characteristics, firm competencies and firm strategy as management controllable factors. Such classification and knowledge appears to be a foundation for further export research advancement particularly from firm's level perspectives to enhance firms export performance and for establishment of sound firm level export policy. After all, they did not discover solid support for any relationships which have been represented in their approach (Chetty and Hamilton, 1993). Unfortunately, two weaknesses in these reviews observed. First, their studies deal with a variety of export dimensions which conceptually wider than export performance.

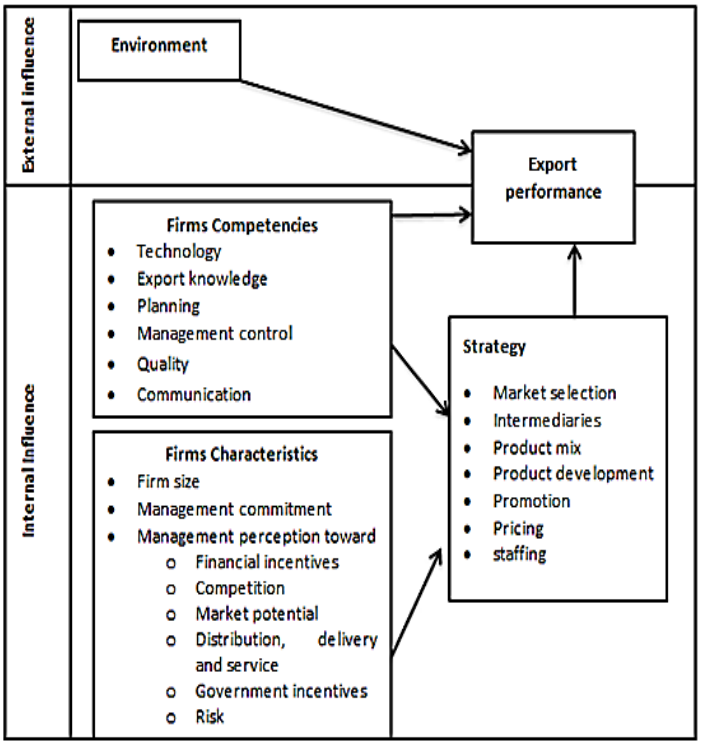


Figure 1 A strategic export model produced by Aaby and Slater (1989, p 9)

So as to avoid confusion, a more focused review on the determinants of export performance needs to be conducted. Second, both reviews are limited to management influences, excluding the external environment.

However, since external forces are recognized to affect export performance, a review is not complete unless the external environment is included (Cavusgil and Zou, 1994) (Zou & Stan, 1998).

Zou and Stan's Controllable/Uncontrollable factors: 1998

Among other previous literature is a meta-analysis that covers fifty international articles published between 1987 and 1997 was done by Zou and Stan (1998).

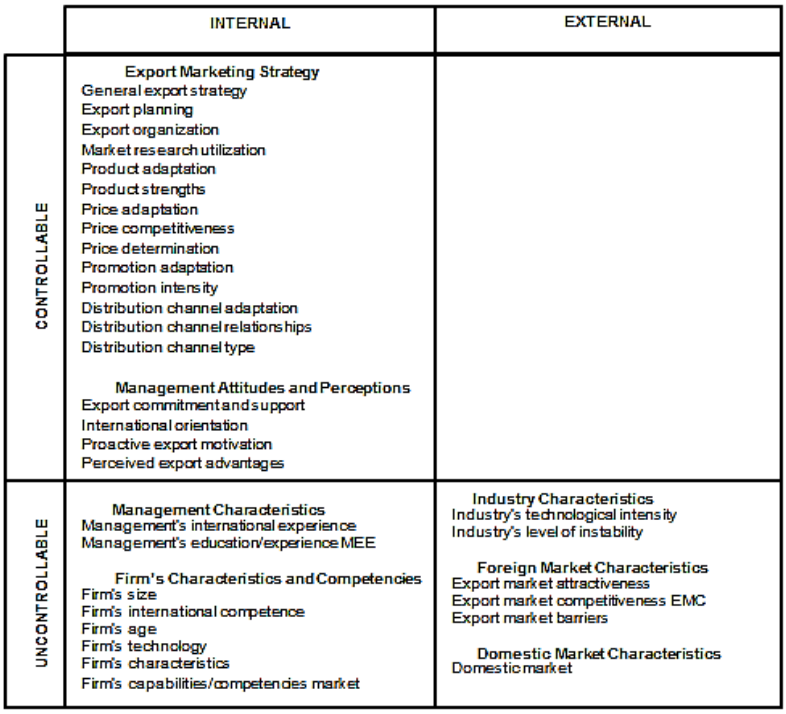


Figure 2 Zou and Stan's (1998) controllable/uncontrollable factors

It argues the division of the export success causal factors into internal and external factors is logically supported by separate theoretical bases. Pointedly, the industrial organization theory advocates external determinants and the resource-based theory defends the internal determinants, while (Zou & Stan, 1998)

The resource-based philosophy views a company as a complex package of tangible and intangible resources managed by a corporation allowing it to develop and execute plans to boost its productivity and effectiveness (Barney *et al.*, 2001) (Wernerfelt, 1984).

The resource-based hypothesis claims that internal organizational capital is the key determinants of the export success and policy of a business (Collis, 1991). In contrast, the industrial

organization theory argues that the external factors determine the firm's strategy, which in turn determines economic performance (Scherer and Ross, 1990).

Furthermore, for Zou and Stan (1998), export performance is influenced by controllable internal determinants, i.e. export marketing strategy, management attitudes and perceptions. It is also impacted by uncontrollable determinants which can be internal (management characteristics, firm's characteristics and competencies) or external (industry characteristics, foreign and domestic market characteristics). This classification of determinants of export performance into controllable and uncontrollable factors, while lacking theoretical foundation, has strong practical relevance to both researchers and management (Zou & Stan, 1998).

According to the three categories the internal controllable factors are which the firms have the ability to control or adjust these factors in the short run including export marketing strategy, and management attitude and perception. The internal-uncontrollable factors are those characteristics of a firm and its management that can't be readily changed in the short run. It includes management characteristics, the firm's characteristics and competencies. They can be managed internally by the firm to maximize the exporting activity results. However, over time these factors may of course change (Yudi *et al.* 2017). The last factor is the external and uncontrollable factors, which are associated to either the domestic or the export market, and the business environment. In the review there are no external factors that could be controlled by a firm, therefore they exempted the external controllable factors that have influence in the exporting activity results.

However, this review is criticized for its leaving out the influence of control and moderating variables. On the other hand, as control and moderating variables are recognized in the literature as playing an important role in export performance studies, a review is not complete unless these variables are also taken into consideration (Cadogan *et al*., 2003) (Katsikeas, *et al*., 2000).

Francisco and Sousa's Internal/external factors: 2008

This meta-analysis covers fifty two international journal articles published between 1998 and 2005. This extensive research was conducted out by Sousa and Francisco (2008), which offers the basis for the classification of the export determinants into internal and external variables. That based on the two validated specific hypothetical frameworks, the resource-based paradigm and the contingency model,

The same way to the previous review, internal determinants are justified by resource-based theory, while external determinants are supported by contingency theory (Sousa *et al*, 2008). The central focus of resource-based theory is on how sustained competitive advantage is created by the unique bundle of resources at the core of the firm. It addresses the issue of how superior performance can be attained relative to other firms in the same market and suggests that superior results on performance can be acquired with exploiting the unique resources of the firm (Dhanaraj and Beamish, 2003).

However, comparing this with earlier analyses, this review notices the appearance of a new key determinant of export performance in this category: market orientation as firm characteristics.

Internal (INT)	External (EXT)
Export marketing strategy Product strategy Price strategy Promotion strategy Distribution strategy Pro activeness/reactiveness Market research Market expansion Service strategy General export strategy Innovation Risk taking Export planning Distribution channel relationship Control Process Co-operative strategy	***Foreign market characteristics*** Legal and political Cultural similarity Market competitiveness Environmental hostility Economic similarity Channel accessibility Customer exposure
Firm characteristics Firm size International experience Market orientation Firm capabilities/competencies Degree of internationalization Firm age Organizational culture Production management Connectedness Conflict Firm performance	***Domestic market characteristics*** Export assistance 55 Environmental hostility
Management characteristics Export commitment and support Education International experience Innovative	

Figure 3 Francisco and Sousa's Internal/external factors: 2008

A possible explanation for this is that market orientation provides an integrated perspective for determining export performance by assessing the ability of an organization to predict, react and capitalize on changes within its environment (Rose and Shoham, 2002). To present concisely the assessment, compared with earlier studies reviewed a significant progress has been made in the development of clear conceptual domains and sound schemes to measure the independent variables. Further the level of statistical sophistication has improved the use of control and moderating variables in export performance studies introduced. Finally, the emergence in this review of market orientation as a key determinant of export performance is also a noteworthy development.

J. Chen and C. Sousa: 2016

This meta-analysis has compiled one hundred and twenty-four reviews of studies conducted between 2006 and 2014 relating to export results. Such new literatures on export success indicate considerable improvement compared with the studies reviewed in earlier analyses.

This analysis essentially points out that while commonly accepted in the literature the resource-based views are still subject to certain serious limitations. In specific, its ability to articulate variances in the export output of companies that have similar resources (Kraaijenbrink, *et al.* 2010).

Furthermore, owing to the underlying premise of immutability the resource-based ideas, it poses two problems. Firstly, the resource-based perspective cannot clarify well why or how those businesses have retained comparative edge in uncertain markets (Peng *et al.* 2008) (Villar *et al.* 2014).

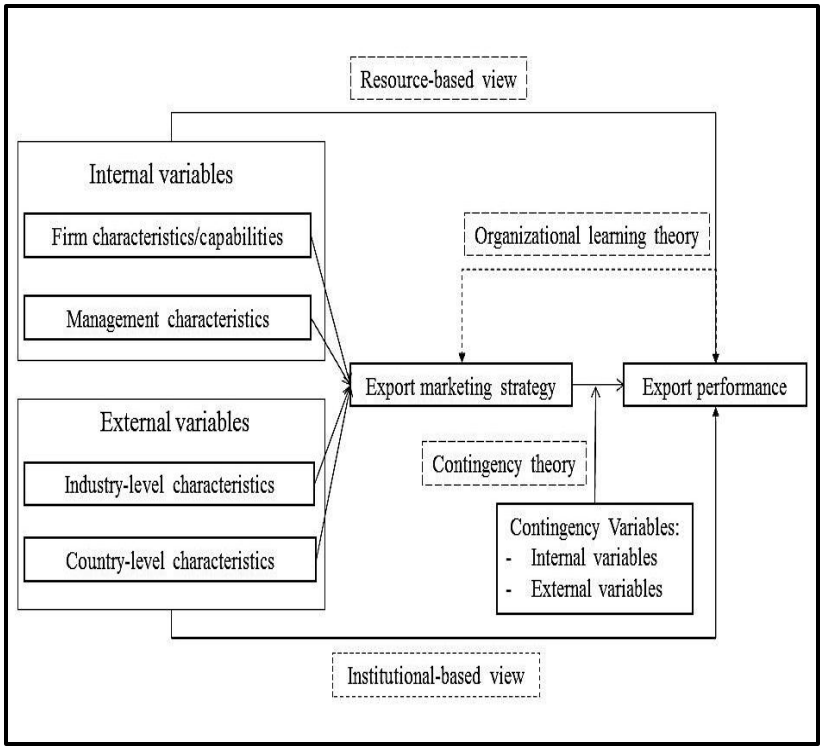


Figure 4 A conceptual framework developed by J. Chen and C. Sousa: 2016

Second, the resource-based perspective can't explain the non-resource-produced transition process that later turned a prior resource result into a sustainable competitive advantage (Kraaijenbrink *et al.* 2010). To overcome these limitations, the reviewer introduces new insights that should be viewed as a means to advance beyond existing conceptual debate and contribute to theoretical growth. Furthermore, the author used a dynamic capability theory that extends the resource based view in addressing the first shortcoming of the resource based view (Eisenhardt and Martin, 2000).

The study also explored some new export performance analyses which reflect past export performance mostly as context to strategic change and managerial actions (Lages and Griffith, 2008). In response to past results, this sort of strategic adaptation is difficult to predict for the resource-based view (Tsinopoulos *et al.*, 2014). In addition, the analysis stresses the integration of several concepts provides an useful integration of the opinions held in individual theories, and allows more feasible hypotheses to be formulated. Additionally, the resource-based view by itself is incapable of explaining the inadequate export performance of several resource-rich exporting firms. This theoretical synthesis can therefore provide new ways for scholars to tackle previously problematic concerns (Chen and Sousa, 2016). Generally speaking; these advances have greatly improved the conceptual underpinning of export performance analysis, endorsing the empirical investigation in the export sector.

Despite the encouraging progress in theory development, the export performance literature is still plagued by several major problems. First, several conceptual frameworks developed so far are opposing explanations for export performance (Beleska, 2014). Another big concern in the literature has been the lack of consensus on the conceptual framework and assessment of export performance that makes it extremely hard to connect the outcomes of various studies (Chen and Sousa, 2016).

2.2.5 The construct of Firm Factors

Among the articles analyzed, the most researched antecedents for export success are firm level variables (Pawan et al. 2014). Early research shows that the firm-level factors are categorized into four subgroups: discussed below, although many intersections have seemingly been disordered.

(i) Firm Characteristics

Even though Zou and Stan (1998) described firm characteristics in terms of demographic and managerial characteristics of the firm, the new research updates identify managerial firm characteristics as a separate determining factor of export performance (Sousa *et. al*, 2016). The firm's characteristics are extensively considered. Specifically, firm size, firm age, firm export experience, degree of internationalization, and organizational culture are the most commonly studied variables (Sousa *et. al*, 2016) (Bertrand, 2010) (Beleska, 2014).

(ii) Management Characteristics

Management characteristics are also critical for successful export business. Export managers make decisions to enhance the international market which will eventually affect the export output of the business. Specifically, international experience, cross-cultural skills, foreign language skills, education, managerial commitment, and International knowledge are the most commonly studied variables (Katsikeas, *et al,* 2000) (Lages *et al.,* 2008) (Beleska, 2014).

(iii) Firm Capabilities

Firm capabilities have been a central theme of global business analysis, acknowledged as one of the core elements in maintaining competitive edge and defining export success (Lages *et al.* 2009). Even though, the task of identifying competencies that comprise a firm's export capability remains an elusive academic endeavor, with a most recent apprise of Sousa's (2016) review relationship capability, market research capability, manufacturing flexibility , human resource development capability, innovative capability, research & development expenditure, technological capability, communication capability are key determinant of export performance identified (Sousa *et. al,* 2016) (Peyman *et al.*, 2013).

(iv) Export Marketing Strategies

This describes the process whereby a firm reacts to market forces through developing the marketing program to accomplish its objectives. (O'Cass and Julian, 2003). Export marketing strategy has been viewed as a means whereby a company reacts to the interaction among intrinsic and extrinsic factors to reach the export targets (Lee & Griffith 2004).

Export Marketing Strategies are extensively considered. Specifically, price strategy, promotion strategy, product strategy, distribution strategy, strategic fit, and implementation effectiveness are the most commonly studied variables (Sousa *et. al,* 2016).

2.3 Empirical Evidences and Research Hypothesis

2.3.1 Firm level factors and export performance

Firms with a distinctive mix of resources (including tangible and intangible) are able to select suitable export markets as well as design and implement export marketing strategy suitable for the chosen markets to attain the desired objectives (Karelakis *et al*, 2008) (Cavusgil and Zou, 1994). Though, given the perception that the company's internal assets are the critical indicators of the export success and strategy of a firm (Zou & Stan, 1998; Barney, 1991), empirical findings on the performance effects of individual firm factors remain mixed. Consequently, it is empirically supported that firm factors have a positive effect on export performance (Doole *et al.*, 2006).

2.3.2 Firm Characteristics and export performance

Firm size is taken as controllable firm Characteristics and is an important determinant of export performance. Zou and Stan (1998) has found mixed affects that firm size has positive effect on export performance if measured in terms of total sales and has negative effects are found on export profits if measured by number of employees a firm have (Williams, 2011) (Majocchi, et al. , 2005). Therefore, it can be concluded that different ways of measuring the firm size results in different impacts in export performance whatever it is measured by the Export intensity, Export growth or Export market coverage (Tatiana et al., 2012). Firm size, the studies examined the relationship among foreign experience and export output reveal a mixed findings. The first is the firm's international experience has appeared as a positive determinant factor of export performance. The decision to export is has a considerable amount of uncertainty, which results from the lack of knowledge about foreign markets which is acquired mainly through experience from practical operations abroad (Forsgren and Johanson, 1992) (Lado, et al. 2004). Thus, a business recognizes the variations in market conditions for its foreign experience and is much more likely to choose the most appealing markets and also to adapt the marketing strategy to meet the unique needs of those markets (Cavusgil and Zou, 1994). While other studies have proposed that international experience is negatively related to export performance (Brouthers and Nakos, 2005). The explanation for this is that younger firms are forced to go abroad because of cost advantages and limited access to resources in their domestic

markets (Ursic and Czinkota, 1984). The resource and effort commitment undertaken in the firm, i.e. the degree of internationalization of the firm, improves its export performance (Beamish and Dhanaraj, 2003) (Erdil, 2012). Organizational culture strongly influences export efforts and outcome performance of companies (Dosoglu-Guner, 2001) (Aaby and Slater, 1989) (Zou, & Stan, 1998). Relationship performance has shown considerable growth in recent years, becoming a vital strategy for many organizations (Coviello and Munro, 1997). The topic has also been extensively studied and determined as significant, even though terms like collaborative/cooperative arrangements, and strategic alliances are often used interchangeably (Haahti and Babakus, 2005).

H1: Firm characteristics have a significant effect on export performance of Ethiopian garment and textile firms.

2.3.3 Management Characteristics and export performance

Management characteristics were often mentioned as significant determinants of export success. Export commitment by managers has evolved as among the primary factors of export success, irrespective of performance dimension (Sousa et al , 2008).

This finding is reliable with all previous studies inference that high management commitment enables a company to actively be with the export business opportunities and implement successful export marketing strategies that boost export efficiency (Cavusgil, and Zou, 1994).
Other authors also support this result: The export commitment of the manager often plays a crucial role in export success (Maurel C., 2009). The explanation for this view would be that they prepare the entry carefully when managers are dedicated, and assign ample managerial and financial resources. This eliminates confusion and can efficiently execute marketing strategy (Sousa *et al*, 2008). Based on these results, management commitment in exporting appears to be a necessary organizational factor to determine export success.
Researchers have shown that firms that have managers with wide overseas experience are more likely to engage in export. Overseas experience conceptualizes the exposure of management to foreign cultures and business practices being evaluated by aspects such as time spent abroad and international business knowledge (Stoian *et al.*, 2011). However, mixed results were obtained for the impact of the manager's international experience on the export performance of the firm. A

few other analyses demonstrated negligible impact on export performance from manager experience (Lages, 2008). Such incoherent results about management factors illustrate the need for more in-depth studies (Sousa *et. al*, 2016).

It is also found that there is a link between export propensity and language proficiency and the frequency of business trips, that makes the communication with foreign partners easier (Maurel, 2009). (Leonidou, *et al.*, 1998) Numerous studies have recognized a positive relationship between the educational level of the manager and the degree of export involvement of the firm (Stoian, M. C., 2007) (Dean *et al.* 2000) (Niringiye *et al.* 2010).

Studies also recognize the importance of ownership structure in a firm's export capability. The authors claim firms that are foreign possessed have proprietary information and enjoy special access to foreign markets through foreign marketing networks (Awuah & Amal 2011). Managers international orientation (Aaby and Slater (1989), (Zou and Stan, (1998) are considered to be factors of export performance.

H2: Management characteristics have a significant effect on export performance of Ethiopian garment and textile firms.

2.3.4 Firm Capabilities and export performance

Firm capabilities have also been a hugely important topic of global business studies, recognized as one of essential aspects in cruising sustained competitive edge and influencing exports (Sousa et al, 2016). Regarding firm capabilities, in spite of the fact that researches about firm's market orientation and export performance is still in an early stage of development, Sousa's review indicate that this construct has appeared as one of the key determinants of export performance. It has been found that firms that are market oriented are better able to identify and respond to global changes and opportunities (Rose and Shoham, 2002). In addition, strategic capabilities such as innovative and technical capabilities were mostly studied. The results showed to have a major impact on the foreign behavior of an organization and its subsequent export performance (Hortinha et al . 2011). Consequently, firm capabilities are a substantial source of competitive advantage for the company and vital to the persistent sustainability of the firm (Knight and Cavusgil, 2004, Yalcinkaya *et al.*, 2007).

Relationship capability is also frequently captured in relational or network research streams (Fung *et al*. 2007). Export firms are strongly dependent on building relationships to enable the attainment of information, the discovery of market opportunities and the testing of new product and marketing ideas (Lee *et al.* , 2001) (Crick & Spence, 2005). The significant positive effect of relationship capability has observed with the advantage of inter-firm collaboration to facilitate knowledge sharing at the international level and thus interactive leaning processes among the participating firms (Capaldo, 2007).

Information capability has been also accepted in the literature as a critical constituent in making effective and efficient export market decisions (Toften, 2005). Furthermore, new product development capability encourages firms to extend their current technological, marketing and managerial capabilities in preparedness to adapt to changes and create value in export markets (Wolff & Pett, 2000). Resource capability also has been identified in the literature as important capabilities and competencies that have an influence on the export performance of the firm (Haahti *et al.* 2005). Pricing capabilities of a firm as to penetrate price and to be able to adapt the prices according to the market demands have been positively correlated to export performance (Leonidas, 2002).

The ability of a firm to exploit marketing research capability has been found that it has positive relationship with export performance (Madsen, 1987) (Zou & Stan, 1998).

H3: Firm Capabilities have a significant effect on export performance of Ethiopian garment and textile firms.

2.3.5 Export Marketing Strategies and export performance

Amongst those predictors indicated for affecting export performance, the most widely mentioned aspects in the literature were factors related to the export marketing strategy of the firm. Several studies have highlighted the importance of the export marketing strategy on export performance, in particular the degree that the marketing program components are clearly defined or tailored along all the markets. Strategic marketing decisions are guided by the internal resources and capabilities of a firm, the characteristics of its managers and the outside environment (Sousa *et. al,* 2016).

The export strategy is a determinant that varies within the different nature of firms, markets and industries, fact that may lead to inconsistent and even contradictory results when studying its impact on export performance (Cooper *et al*.1985).).

Numerous research results observed about extent of adaptation of the marketing mix variables and its significance with export performance. Adaptation is a strategy that seeks the goal achievement of firm which involves changing the elements or components of the marketing mix used in domestic country to suit specific targeted market needs, (Aulakh, *et al.,* 2000) that conduct company to create greater competitive advantage (Peyman *et al.,* 2013). Researches on the impact of strategy adaptation and firm's performance have pointed out to inconsistent results (Zou & Stan,1998). Some researchers defend that adaptation brings enhanced chances of success to the company (Styles and Ambler, 1994) and export performance (Lee & Griffith, 2004). Though, others argue that adaptation works for some but not all components of a firm's marketing strategy. Firm's adapt their products in order to fight strong competitive pressure (Cavusgil and Zou, 1994) (O'Cass and Julian, 2003), to meet cross-border dissimilarities of customer's needs and subsequently to increase customer satisfaction and overall performance (Shoham, 1998). Pricing adaptation allows a firm to adjust to the competitive conditions that result in better export performance (Lee, & Griffith, 2004) (Leonidas and Leonidou, 2002). Promotion adaptation is encouraged largely by market pressures and has been shown as enhancing greater international performance (Moghaddam *et al.,* 2011). The same way, when the export market is competitive, distribution adaptation is particularly important to ensure timely delivery (O'Cass and Julian, 2003). Research acknowledged that higher export performance is guided not only through strategies, but also by strategic fit and strategic implementation effectiveness (Ramaseshan *et al.* 2013) (Dow, 2006).

H4: Export Marketing Strategies have a significant effect on export performance of Ethiopian garment and textile firms.

2.3.6 Firm Characteristics, Management Characteristics, Firm Capabilities and Export Marketing Strategies

Firm characteristics represent the resources available to the firm. Consequently, a firm's export marketing strategy largely depends on the resources and abilities it possesses (Cavusgil and Zou, 1994). Factors on which strategic exporting decisions are based on are the resources, management characteristics and external forces of the firm. (Sousa *et. al*, 2016)

H5: Export marketing strategy has a significant mediating effect in the relationship between firm characteristics and export performance of Ethiopian garment and textile firms.

H6: Export marketing strategy has a significant mediating effect in the relationship between Management Characteristics and export performance of Ethiopian garment and textile firms.

H7: Export marketing strategy has a significant mediating effect in the relationship between Firm Capabilities and export performance of Ethiopian garment and textile firms.

2.4 Conceptual Framework of the research

Based on the above literature review the conceptual framework of this study is developed and illustrated below. The model demonstrates the firm level export determinant factors through exploring the combined direct and indirect effects of three identified independent and one mediator variable on the dependent variable.

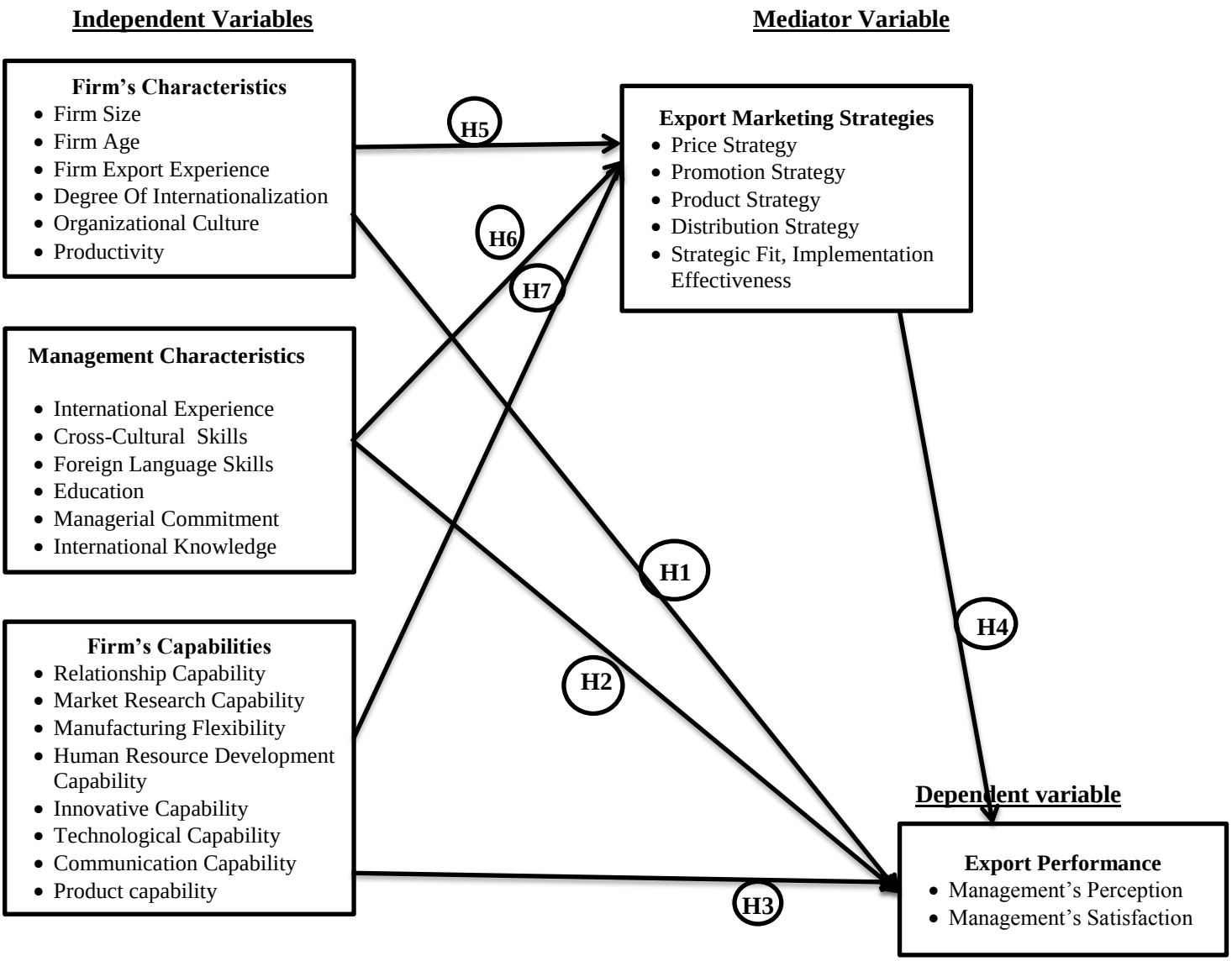


Figure 5 Conceptual framework of the study

(Source: adopted from Sousa *et. al,* 2016 and modified by the researcher)

CHAPTER THREE

RESEARCH DESIGN AND METHODODLOGY

This part of the research primarily presents the methodology that was employed in the paper. The research methods & the reason for selecting the technique are discussed in detail. It fundamentally focused on the research design, population and sampling, data source & collection method, procedure of data collection & lastly the methods of data analysis.

3.1 Research Setting

The main area of concern of this research is to understand the firm level determinants of Ethiopian textile and garment industry. Thus, the research addressed the garment factories of Ethiopia which engaged in export business. Thus, management members of those garment manufacturing firms were the vigorous participants of this research without geographical limitation.

3.2 Industrial context

The Government of the Federal Democratic Republic of Ethiopia (FDRE) has been working to realize a developed and prosperous Ethiopia through its Agricultural Development Led Industrialization Economic policy. The economy is primarily based on agriculture but over the years the government has been determined to diversify the exports with a priority set for strategic sectors like textile and garment manufacturing. The fact that the garment sector is capital saving and labor intensive would contribute a lot towards reducing unemployment by creating job opportunities for a number of citizens which in turn boost up the economy of the country. Besides, Ethiopia has a long history of textile manufacturing for the local market. In recent years, the sector has undergone rapid growth, with a number of new players often foreign-owned textile and garment manufacturers establishing production facilities with the aim of supplying to foreign markets. In an effort to diversify a dominantly agricultural economy, the Ethiopian government has contributed to the growth of the textile and garment industry by prioritizing the industry as a strategic sector. The government has been working to improve, support and expand the garment industry, both in serving the domestic market but mainly with the aim to export and be

competitive at the global market. This is supported by the creation of various company policies and incentives to attract foreign direct investment (FDI). Ethiopian textile and garment products have duty free access to the European Union (EU) and the United States (US) market through the African Growth and Opportunity Act (AGOA) and are part of the General system of preferences (GSP) and Everything but Arms (EBA). GSP is one of several trade preference programs through which the United States seeks to help developing countries expand their economies (Yared Mesfin, 2010). Nowadays, there are a number of textile and garment companies in Ethiopia including the newly established Industry Parks at Bole Lemmi, Eastern Industrial Zones, Hawasa and Kombolcha. According to 2018/19 annual reports given by Ethiopian Textile Industry Development Institute the total number of medium and large scale textile and garment manufacturing exporters in the country is 105 (ETIDI , 2018/19). With this determination, during the PASDEP period textile and garment industries were expected to generate export earnings of USD 500 million. In GTP I it has been given special emphasis for the development of large and medium scale manufacturing industries and the government set a USD 1 Billion target of export earning form the sector. Further, in GTP II the goal is to earn USD 779 million in export revenue by the end of 2019/20. Report from National Bank of Ethiopia has revealed the export share of textile and garment industry from total export, and GDP of the country has reached 5.4% and 0.19% respectively in 2017/18 with a CAGR[2] of 13.2% (NBE, 2018). Even if, most of the researchers come to an agreement that, Ethiopia can be placed in a comparative advantageous position in garment production due to different reasons including low labor cost, inexpensive row material and government privileges to exporters, they also commonly agreed that, problems like poor market orientation and management capabilities in terms of global marketing experience as major challenges of the industry. (Yared Mesfin, 2010) The question arises then which specific firm level factors affect the export performance of textile and garment manufacturing companies under the conditions and circumstances in Ethiopia? Therefore, this research focused on identifying factors that significantly affect the export performance of these companies.

[2] CAGR is particularly useful to compare growth rates from various data sets of common domain such as revenue growth of companies in the same industry.

3.3 Research Approach

The research followed deductive approach. The reason for occupying the deductive approach is that it emphasizes generalization and replication by analyzing variables. While it is also most appropriate for large samples that produce quantitative data. Therefore, the study used quantitative research method, and for this purpose, a questionnaire is prearranged and used. Quantitative research comprises the collection of data so that information can be quantified and subjected to statistical analysis in order to support or refute alternate knowledge claims (Creswell, 2003).

3.4 Research Design

Considering the purpose of the research & the nature of the phenomenon, both descriptive and explanatory research method was applied. In the first part descriptive analysis of the firms is used to understand characteristics of the firms included both those related the respondents as well as the firms. Descriptive research was used to obtain information concerning the current status of the phenomena and to describe "what exists" with respect to variables or conditions in a situation. Descriptive studies are often designed to collect data that describe characteristics of objects, events, or situations (Uma and Roger, 2016). Secondly explanatory method was used with the purpose reliant on the fact that, the study is intended to examine the relationship between independent firm's characteristics, management's characteristics, firm's capability and market export strategies & dependent variable export performance. Explanatory research is the investigation of cause-and-effect relationships. An explanatory research is conducted in order to discover and report relationships among different aspects of the phenomenon under study (Uma and Roger, 2016). With respect to the time horizon, this study used both cross-sectional & time series data. A cross-sectional data is referring to a data on a particular event at a specific point of time. Thereby, in this particular study the cross-sectional data denotes the opinions of the management groups of factories with respect to export performance. Further, a time series data on the ten years trend of export performance of the factories was used to guide the result by aligning with the actual achievements. The units of analysis used in this study were exporting firms which have a service life of at least one year in the industry.

3.5 population and sampling

Even though, all of the textile and garment sector in Ethiopia have been exposed to the same macro and micro level impacts in Ethiopia, all exporters may not have equal experience to the present situational factors.

According to the Ethiopian Textile Industry Development Institute 2018/19 annual report there are fifty seven medium and large scale textile garment manufacturing exporters who are privileged with export incentives and actively exporting at least for six months and above in the year. As a result, the population of the study is defined as those Ethiopian Textile and Garment exporting firms who are actively exporting at least for six and above months in the year 2018/19. And consequently, the sample included all these fifty seven exporters. This would mean it is a census survey that data is collected from all members of the population.

According to the preliminary assessment done by the student researchers it is found that the number of management members of the factories are averagely five, namely, the general manager, human resource, finance and account, production and, marketing and commercial department managers, even though some factories customize themselves to have extra departments according to their work interest. Rajesh (2010) also asserts that the most vital departments of garment industry are assumed to be general manager, production, finance and account, marketing and human resource (Rajesh, 2010). Therefore, based of the above assumption a judgmental sampling technique was implemented, and a firm's management members who best meets the purpose of the study comprises the general manager, and the marketing manager of the exporting firms. Therefore, a total of 114 respondents were expected to participate for this study.

3.6 Data source & collection Technique

The study used primary data sources. Primary source of data is expected to be collected via a structured questionnaire. The type of questionnaire that was applied is the five scale graded Likert scale questionnaire. This helps to make questions interesting to respondents and, thereby, enhance their cooperation, ultimately to ensure maximum response rate. The questionnaire statements established and scored from 1 up to 5 scale, where "1" indicates "strongly disagree" , "2" "disagree", "3" neutral, "4" "agree" and "5" refers to "strongly

agree" with the statement to indicate different opinion of respondents. The questionnaire has five main sections, the first section covers the general information of the respondents and on the company, and the second section is arranged to check the perception of the management on the firm level determinants using the four critical perspectives. Lastly, the fifth section is organized to understand the export performance perception of the respondents. Besides, the time series data is composed to understand the ten years trend of export performance of the factories in terms of export intensity, so that, it guides the result by aligning with the actual achievements.

3.7 Methods of Data Analysis

To provide consistent reliable and valid result the study employed Crobach's Alpha test to assessing the reliability of the instrument. The data gathered using questionnaires was coded, enter into computer and, analyze and presented by using SPSS software version 21. The data analysis for the research was both descriptive and inferential type. Descriptive statistics was applied for the presentation, interpretation and discussion parts on various dimensions of the evaluation system. Descriptive analysis denotes to statistically describing, aggregating, and presenting the constructs of associations between these constructs, while, inferential analysis refers to the statistical testing of hypotheses for quantitative data analysis. Frequency tables, charts, graphs, figures, percentages, multiple regression and Pearson correlation was used to analyze, interpret, tabulate and present the result of the study. The vital output in the model summary is R2. This is the proportion of variance in the dependent variable which can be explained by the independent variables. It is clearly specified in the conceptual framework that there are theoretical and empirical evidences that support the relationship between firm characteristics and export performance, management characteristics and export performance, firm capability and export performance, and finally export market strategies and export performance. Export market strategy is a mediator variable through which firm characteristics, management characteristics and firm capability decisions are made on to indirectly influence export performance.

Structural equation modeling (SEM)

Structural equation modeling (SEM) is a multivariate[3] statistical framework that is used to model complex relationships between directly and indirectly observed (latent) variables (Hair, J. F., Sarstedt, M., & Ringle, R. M., 2018). The ties between a structural equation model's constructs can be estimated with separate regression equations. They often invoke a measurement model that defines latent variables using one or more observed variables, and a structural model that imputes relationships between latent variables. Two approaches are recommended to estimate the relationships in a structural equation model the CB-SEM (Covariance-based) and PLS-SEM (Variance based- Partial Least Square) approach (Hair, J.F., et al., 1998).

In this particular research PLS-SEM (Partial Least Square- Structural Equation Modeling) was selected because:-

a) It is suitable for analyzing small samples and it tests both the measurement model and the structural model simultaneously (Henseler, et al., 2012)
b) It makes practically no distributional assumptions about the underlying data (Lohmoller, J. B. , 1989).
c) It emphases on explaining the variance in the dependent variables when examining the model (Hair, J.F., et al., 1998).
d) Theories are less developed in the area. Thus the absence of systemic theoretical basis remains a major challenge in the earlier researches (Hair, J.F., et al., 1998).
e) The primary objective of applying structural modeling in this research was explanation and prediction of target constructs (Hair, J.F., et al., 1998).

PLS-SEM is used for structural equation modeling which allows estimating complex cause-effect relationship models with latent variables (Hair, J.F., et al., 1998). Smart PLS 3 is a statistical package that was used to do the PLS-SEM analysis.

[3] Multivariate analysis refers to the application of statistical methods to analyze multiple variables simultaneously. (Hair, J.F., et al., 1998)

i) Measurement Model Analysis

The measurement model analysis specifically emphasizes in the relationships among the constructs and their corresponding indicator variables. According to the assessment procedures in the measurement model:-

1) Indicator loadings were assessed to confirm the item's absolute contribution to its assigned construct.
2) Convergent validity was assessed to check whether the construct converges to explain the variance of its items.
3) Internal consistency reliability was assessed to check whether the items within an instrument measure various aspects of the same characteristic or construct.
4) Discriminant validity was assessed to check whether the construct is actually distinct from other constructs by empirical standards.

ii) Structural Model Analysis

The structural model analysis shows how the latent variables are related to each other. R2 value, path coefficients and predictive relevance metrics (Q2) was used to analyze structural model.

iii) Mediation analysis

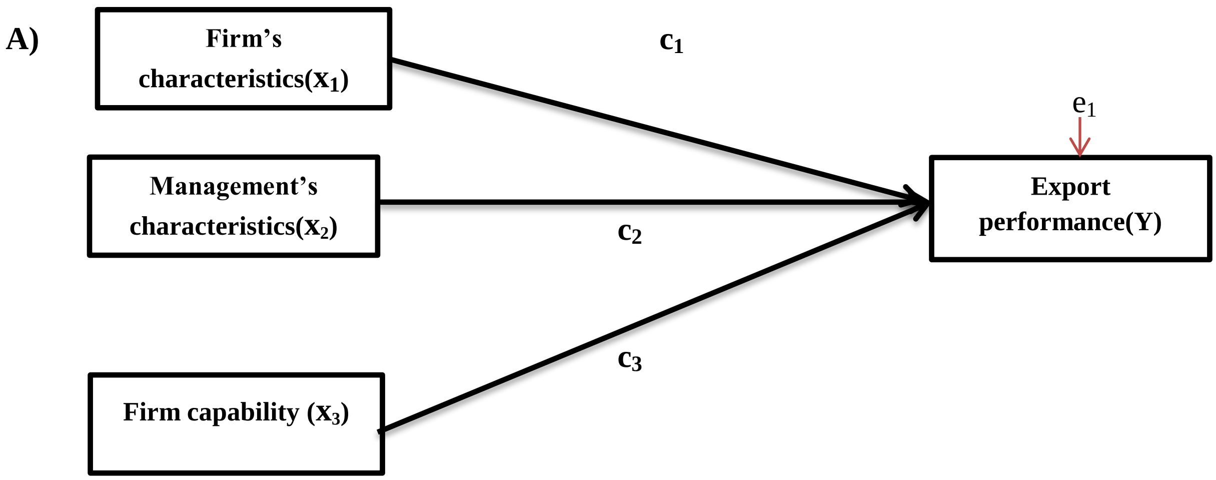
The, a mediation model is appropriate to examine the direct and indirect effects. In order to examine the mediation effect of export market strategy in the relationship between firm characteristics, management characteristics and firm capability and export performance, the three step Baron and Kenny (1986) method was followed:-

1) The first equation was regressed export performance (Y) on independent variables separately (X1, X2, and X3).
2) The second equation was regressed export market strategy (M) on independent variables separately (X1, X2, and X3)., and
3) The last equation was regressed export performance (Y) on both marketing resources (M) and independent variables separately(X1, X2, and X3).

As suggested by David and Amanda (2007), if the direct relationship between independent variables (X1, X2, and X3) and dependent variable (Y) reduced when mediator (M) is in the

model, it would support the hypotheses that M is mediators of the relationship between dependent and independent variables (David *et al.* 2007).

The detail is described as follows:-



$Y = i_1 + c_1 x_1 + c_2 x_2 + c_3 x_3 + e_1$ ……………………………………………………………. (1)

Figure 6 direct effect of firm's characteristics(X1), Management's characteristics(X2) and Firm capability (X3) export performance

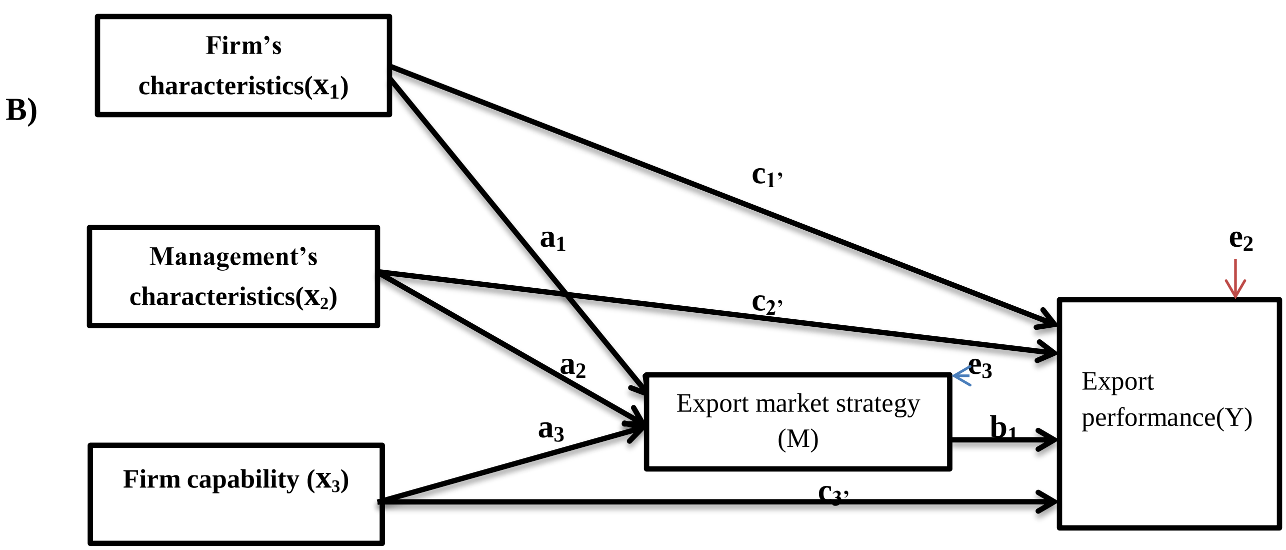


Figure 7 The Indirect effect of firm's characteristics(X1), Management's characteristics(X2) and Firm capability (X3) through export market strategy on export performance

$Y=i_2+c'_1x_{1+}c'_2x_2+c'_3x_3+Mb_1 + e_2$…… *(2)*

$M = i_3 + a_1x_1 + a_2x_2+a_3x_3+ e_3$…… *(3)*

where *i1* and *i2* and *i3* are intercepts, Y1 is the dependent variable (Export performance), X1,X2 and X3 are the independent variables (Firm's characteristics, Management's characteristics and Firm capability respectively), M is the mediator (Export market strategy), c1,c2 and c3 are the coefficients relating the independent variable and the dependent variable, c'1,c'2 and c'3 are the coefficient relating the independent variable to the dependent variable adjusted for the mediator, b1 is the coefficient relating the mediator to the dependent variable adjusted for the independent variable, a1, a2 and a3 are the coefficient relating the independent variables to the mediator, and *e1*, *e2*, and *e3* are residuals. Therefore, as mentioned by MacKinnon the mediated effect in the single-mediator model can calculated in two ways, as either $a_1 * b_1 / a_2 * b_1 / a_3 * b_1$ *or* $c_1 - c'_1 / c_2 - c'2 / c_3 - c'_3$ (MacKinnon DP., 1994).

3.8 Ethical considerations

Regarding ethical consideration an attempt was made to ensure all respondents to keep their identity and responses as confidential; so that all the information that was given by the respondents were in full confidence. The questionnaire was distributed based on willingness of each respondent. In addition, the purpose of the questionnaire was clearly indicated beforehand within questions.

CHAPTER FOUR

DATA ANALYSIS AND RESEARCH FINDINGS

4.1 Introduction

The purpose of this study is to examine the firm level determinants of export performance in the case of Ethiopian textile and garment industry. This chapter presents the central part of the study. Coded responses were entered into Statistical Package for the Social Sciences (SPSS) version 21, for descriptive analysis. Further Smart PLC version 3 was employed to do measurement model analysis, structural model analysis and mediation analysis. In general speaking this chapter entails five sections. The first section briefly describe about the respondent's demographic features. The second section describes the measurement model analysis to examining the reliability and validity of the constructs. The forth section structural equation model and mediation analysis and lastly, the main findings of the research are summarized.

4.1.1 Questionnaire Response Rate

To conduct this study a total of 114 questionnaires were distributed to management member of factories; among these questionnaires 97 were returned. Among which 2 of them were incomplete and excluded from the study. The response rate of all the questionnaires stood at 83%. Therefore, the analysis is done on the 83% of response rate which is considering satisfactory to conduct the study.

4.1.2 Demographic profile

This section provides a demographic profile of the target respondents and firms under the study. The information generated to address the stated research objectives is solicited from respondents with diverse demographic characteristics. This part of the questionnaire requested a limited amount of information related to personal and professional characteristics of respondents. Accordingly, the demographic variables about the respondents were summarized and described in the next table. Notable units of enquiry include: gender, age, the highest educational level achieved, experience in export business, foreign language abilities, the firms year of existence and export business experience.

Items	Description	Frequency	percentage
Gender Category	Male	61	64.2
	Female	34	35.8
Age	Under 25	1	1.1
	25-30	26	27.4
	31-36	39	41.1
	37-42	16	16.8
	43-48	11	11.6
	49 and above	2	2.1
Experience of Respondent in export business	less than 1 year	11	11.6
	1-3 years	20	21.1
	4-6 years	36	37.9
	7-9 years	21	22.1
	10 and more years	7	7.4
Educational background of the respondent	College Diploma	8	8.4
	BA/BSC Degree	78	82.1
	MA/MSC	9	9.5
Foreign language ability other than English	Yes	4 (1 Chinese and 3 Arabic)	4.2
	No	91	95.8

Table 1 the demographic profile of the respondents **Source: survey result: 2020**

As shown in table 2, 64.2% of the respondents are male and 35.8% were female. This tells the majority managers are males. In terms of age of the respondent, the highest category of respondents (41.1%) was under the category of 31-36. This evidently designates that the workforce composition of the management of the industry are young and middle age group. Respondents were asked about their previous export business experience, and accordingly, 60.7% of them replied as they have been involved at least for 4 Years and above in the export business. Further, results point out that the most common education level possessed by respondents (i.e., 82.1%) was a first degree while 9.5% of the responses possessed a Master's degree. This entails most of the respondents have good educational background that assures their ability at list to understand the firm level market environment and its significance in the export business in achieving the intended objectives.

In terms of whether the respondents spoke any foreign language apart from English; While 95.8% indicated that they could not speak any other foreign language (other than English), 4.2% indicated that they can spoke other foreign languages in addition to English, like Arabic and Chinese.

Items	Description	Frequency	percentage
Firm's Year of existence	Less than 3 years	9	19
	3-6 Years	25	53
	7-10 Years	8	17
	More than 10 Years	5	11
Firms Year of involvement in exporting	Less than 3 years	9	19
	3-6 Years	30	65
	7-10 Years	4	8.5
	More than 10 Years	4	8.5
Ownership of the company	Privet Limited company	43	91.4
	Public Enterprise	4	8.6

Table 2 Firms profile **Source: survey result: 2020**

Further, the analysis showed that the mean age of firms was 5.6 years. Although it varied across firms, it suggests that the firms surveyed were young in the industry.

Only 74% of the firms surveyed had exporting experience of less than six year, an indication that most firms studied had medium experience in exporting business. 72% of firms have a year of existence of less than six year.

The result also shows that 91.4% of the firms surveyed indicated that they are private limited companies. These forty seven exporting firms have different product mixes. Accordingly, 70% of the factories selected were garment producers, and the remaining 30 % were integrated, semi-integrated factories producing semi processes products and traditional cloth.

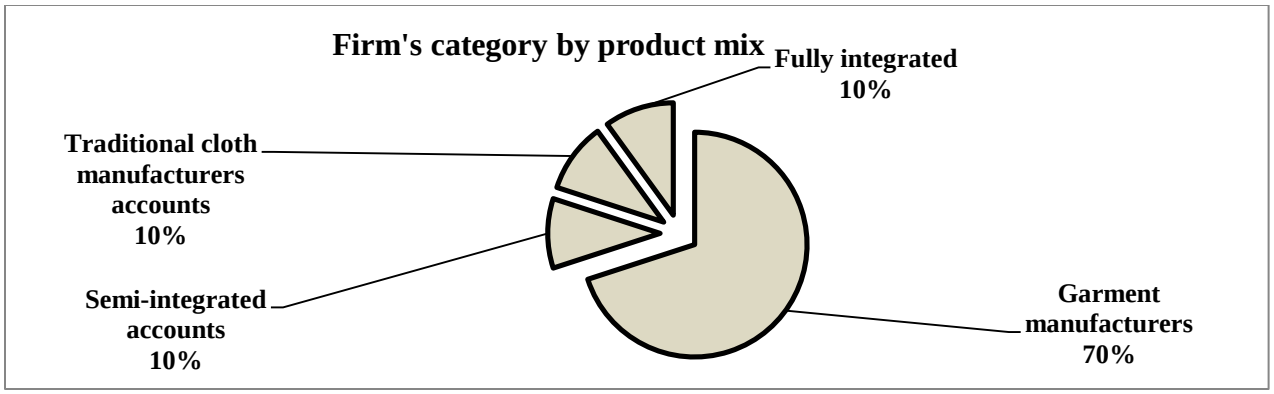


Figure 8 Firm's product mix and level of integration **Source: survey result: 2020**

4.2 Descriptive analysis of the construct

Descriptive statistics was employed to examine the mean & standard deviation of the responses of respondents with respects to the influence of firm's characteristics (FCH), management characteristics (MCH), firm's capabilities (FCP) and export marketing strategy (EMS) on export performance (EP). Mean value is a scale that indicates the central tendency of the values of a variable, whereas, the standard deviation gives the idea about the dispersion of the values of a variable from its mean value.

Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
FCH	95	1.83	5.00	4.139	0.599
MCH	95	1.33	5.00	4.316	0.603
FCP	95	1.89	4.89	4.016	0.630
EMS	95	1.50	5.00	4.423	0.640
EP	95	1.43	5.00	4.456	0.676

Table 3 descriptive result of the variables **Source: survey result: 2020**

Table 4 presents a general descriptive summary of the construct designated by minimum, maximum values, mean and standard deviations. In general the data are clustered around the mean which showed the reliability of the data. Out of the four independent variables, export marketing strategy (EMS) was the highest in rating (M = 4.423, SD = 0.630), while firm's capabilities (FCP) was with lowest (M = 4.016 *SD* = 0.630). The dependent variable's (Export Performance) with mean value of M=3.89, SD = 0.33. The management had a moderate opinion of the effect of firm's characteristics (FCH) and firm's capabilities (FCP) in enhancing export performance.

The study result suggests that firm's characteristics including production efficiency (M = 4.52, SD = 0.770), organizational culture (M = 4.41, SD= 0.792), the firm's level of internationalization (M = 4.400, SD = 0.659) and export experiences (M = 4.26, SD = 0.0.788) had a key favorable role in export performance enhancement. However, the management had lower level of agreement on the firm's size (M = 3.99, SD = 0.940) and age of the firm (M = 3.25, SD = 1.466) to affect the export performance of their firm.

In terms of the management characteristics like the managements extensive knowledge about the foreign market demand (M = 4.54, SD = 0.783), commitment (M = 4.48, SD = 0.713, sensitivity to the cross culture (M = 4.400, SD = 0.706) had a higher mean score and the result suggests the indispensable role of these indicators in achieving the export targets. However, experience in the foreign market (M = 4.220, SD = 0.671) and the management educational background had a relatively moderate level of agreement to affect the export performance.

Related to firm's capabilities, the management had a relatively higher level of agreement regarding developing new products to the foreign markets (M = 4.220, SD = 0.671), capturing important market information (M = 4.39, SD = 0.734), forming alliance arrangements with foreign entities (M = 4.40, SD = 0.749) and constantly adopting new methods in the production process (M = 4.00, SD = 0.911) to enhance export performance of the firms. Conversely, lower level of agreement was observed with budget allocation for research and development tasks (M = 3.54, SD = 1.119), adopting innovative export techniques (M = 3.87, SD = 0.0.97), and technology advancements (M = 3.27, SD = 1.324) were the underlined capabilities to export successfulness.

In terms of export marketing strategy, the result suggested that price adaptation (M = 4.27, SD = 0.721) and a non-cost related price adjustment (M = 4.62, SD = 0.671) were high mean score indicators of price strategy to achieve export target. Significantly higher agreement was observed in social medial usage (M = 4.65, SD = 0.835), product tailored advertisements (M = 4.44, SD = 0.908) and international trade fair participation (M = 4.55, SD = 0.782) as a promotional means for the successfulness of export performance. Also a remarkable agreement was seen in firms adaptation of its product to the international market (M = 4.59, SD = 0.692) and determining and developing products for a specific target market (M = 4.23, SD = 0.660) were a well fitted product strategies to achieve their export target. Further, timely delivery of products (M = 4.42, SD = 0.952) and channel design adjustments (M = 4.38, SD = 0.877) were a well suited

distribution strategic directions to meet the export target of the firm. Related to the strategic fit, implementation and effectiveness, the management showed a remarkable agreement on that the strategic need of the firms were meet through the strategy developed by the firm (M = 4.15, SD = 0.945), appropriate resource deployment (M = 4.41, SD = 0.951), and effective execution of the strategy (M = 4.45, SD = 0.998) to achieve the target set of export. Lastly related to export performance, the result further shows that the level of export performance, measured by extent of achievement of strategic goal was higher *(M* = 4.63. *SD* = 0.773). In all indicated scale measures that export decision makers in firms surveyed believed their firms had achieved much of their exporting objectives, though the response varied markedly across firms, even though the aggregate export target at the country level were not reached.

4.3 Correlation analysis

Correlation analysis is a statistical method used to evaluate the strength of relationship between two quantitative variables. These were carried out using Pearson correlation coefficient (r) to determine the level of association. Strength and direction of the relationship existing between the two variables can be determined though the computation of Person correlation.

Correlations[b]

		FCH	MCH	FCP	EMS
FCH	Pearson Correlation	1			
	Sig. (2-tailed)				
MCH	Pearson Correlation	.569**	1		
	Sig. (2-tailed)	.000			
FCP	Pearson Correlation	.365**	.629**	1	
	Sig. (2-tailed)	.000	.000		
EMS	Pearson Correlation	.541**	.569**	.654**	1
	Sig. (2-tailed)	.000	.000	.000	

***. Correlation is significant at the 0.01 level (2-tailed). b. List wise N=95*

Table 4 correlation analysis between mediator and independent variables source: survey result: 2020

To start with the mediator variable level of association with the independent variables, as indicated in Table 5, export marketing strategy was found to have a significant and positive relationship with firm characteristics (r =0.541, p<0.01), management characteristics (r = 0.569, p<0.01) and firms capabilities (r = 0.654, p<0.01). In addition, these results suggest that firms

capabilities (FCP) was found to be more positively & significantly related to export marketing strategy (EMS) when compared with the other variables.

Correlations[b]

		FCH	MCH	FCP	EP
FCH	Pearson Correlation	1.000			
	Sig. (2-tailed)				
MCH	Pearson Correlation	.569**	1.000		
	Sig. (2-tailed)	0.000			
FCP	Pearson Correlation	.365**	.629**	1.000	
	Sig. (2-tailed)	0.000	0.000		
EP	Pearson Correlation	.592**	.675**	.689**	1.000
	Sig. (2-tailed)	0.000	0.000	0.000	

***. Correlation is significant at the 0.01 level (2-tailed). b. List wise N=95*

Table 5 correlation analysis between dependent and independent variables source: survey result: 2020

Further, the level of association of the firm characteristics (FCH), management characteristics (MCH), firms capabilities (FCP) and export performance (EP) without the intervening effect of export marketing strategy (EMS) was investigated, the result show export performance, was found to have a significant and positive relationship with firms capabilities ($r = 0.689$, $p<0.01$), with firm characteristics ($r = 0.592$, $p<0.01$), management characteristics ($r = 0.675$, $p<0.01$) and firms capabilities ($r = 0.689$, $p<0.01$). The results suggest that firms capabilities (FCP) was found to be more positively & significantly related to export performance (EP) when compared with the other variables.

Correlations[b]

		FCH	MCH	FCP	EP	EMS
FCH	Pearson Correlation	1				
	Sig. (2-tailed)					
MCH	Pearson Correlation	.569**	1			
	Sig. (2-tailed)	.000				
FCP	Pearson Correlation	.365**	.629**	1		
	Sig. (2-tailed)	.000	.000			
EP	Pearson Correlation	.592**	.675**	.689**	1	
	Sig. (2-tailed)	.000	.000	.000		
EMS	Pearson Correlation	.541**	.569**	.654**	.832**	1
	Sig. (2-tailed)	.000	.000	.000	.000	

***. Correlation is significant at the 0.01 level (2-tailed). b. List wise N=95*

Table 6 correlation analysis between mediator, dependent and independent variables source: survey result: 2020

Further, the level of association of the firm characteristics (FCH), management characteristics (MCH), firms capabilities (FCP) and export performance (EP) with the presence of the mediator export marketing strategy (EMS) was investigated, the result show export performance, was found to have a more significant and positive relationship with export marketing strategy ($r = 0.832$, $p < 0.01$). Additionally, the result show export performance was found to have a significant and positive relationship with firms capabilities ($r = 0.689$, $p < 0.01$), with firm characteristics ($r = 0.592$, $p < 0.01$), management characteristics ($r = 0.675$, $p < 0.01$) and export marketing strategy ($r = 0.832$, $p < 0.01$).

4.4 Empirical Testing

Model estimation delivers empirical measures of the relationships between the indicators and the constructs (measurement models), as well as between the constructs (structural model). The empirical measures enable us to compare the theoretically established measurement and structural models with reality, as represented by the sample data. In other words, we can determine how well the theory fits the data.

Therefore to empirically evaluate the research model, a two-stage PLS SEM–specific assessment procedure was essential. The stages are as follows:

(1) The measurement model assessment to examining its reliability and validity; and

(2) A structural model assessment to investigate the variance explanation of the endogenous construct and predictive relevance

4.4.1 Measurement model

The first step in evaluating PLS-SEM results comprises examining the measurement models. If the measurement models meet all the required criteria, researchers then need to assess the structural model (Hair, J.et al., 2017a).

Assessment of measurement models includes individual indicator reliability, composite reliability, convergent validity and discriminant validity. In the following sections, the study addressed each criterion for the evaluation of measurement models.

latent Variables (Abbreviations)	Indicators	Abbreviations
Firm's characteristics (FCH)	The firm size has helped you to increase your export sales	FCH1
	Due to the age of the firm, export marketing capability is not flexible	FCH2
	The firm is experienced in exporting.	FCH3
	The firm's level of Internationalization significantly affects access to export market	FCH4
	The firm's organizational culture is favorable to exporting	FCH5
	The firm's production efficiency is favorable to exporting	FCH6
Management characteristics (MCH)	Having an experience in the foreign market is a key success factor to the Company.	MCH1
	Firm's management is sensitive to cross cultural knowledge	MCH2
	Firm's management has proficiency in foreign languages	MCH3
	Firm's management has good educational background	MCH4
	Management commitment is a key success factor to the company in export market.	MCH5
	Firm's management has extensive knowledge of foreign market demand.	MCH6
Firm's Capabilities (FCP)	The firm has alliance arrangement with a foreign entity from abroad to	FCP1
	The firm allocates sufficient budget for research and development	FCP2
	The firm is constantly adopting new methods in the production process.	FCP3
	The workers have accumulated skills that gives your factory a competitive advantage	FCP4
	The firm is constantly adopting innovative export marketing techniques.	FCP5
	Technology level of your factory is lowering your export performance	FCP6
	The firm possesses modern production technology and equipment for exporting	FCP7
	Our firm capture important market information	FCP8
	The firm is constantly developing new products for foreign markets.	FCP9
Export Marketing Strategies (EMS)	***Price strategy (EMSprice)***	
	The firm is capable of adapting the prices to its customers	EMS1
	The firm manipulates cost to meet customer's target price irrespective of actual costs	EMS2
	Pricing of the firm is competitive compared to competitor's price	EMS3
	Promotion strategy (EMSprom)	
	The firm undertakes an intensive promotion in overseas markets	EMS4
	The firm participates in international trade fair and exhibitions	EMS5
	The firm conducts product tailored advertisement	EMS6
	The firm promotes its products through social media	EMS7
	Product strategy(EMSproduct)	
	The firm adapts its products to its international market conducts	EMS8

	The firm's products have a strong brand image in foreign market	EMS9
	The firm determine products for the specific segments	EMS10
	The firm factory produces common and basic items with no uniqueness	EMS11
	Other than those provided by our buyers, the firm designs & develops its own styles, specification & features of a product for export market	EMS12
	Distribution strategy (EMSdist)	
	The firm has established its own/direct distribution channel	EMS13
	The firm adjusts its channel design to export market efficiently	EMS14
	The firm achieved product delivery time without date extension	EMS15
	Strategic fit, implementation effectiveness (EMSstrategy)	
	The strategy developed meet the strategic need of the firm	EMS16
	The firm deployed the resources needed to make this export marketing strategy work	EMS17
	The firm effectively executed the actions detailed in the export marketing plan	EMS18
Export performance (EP)	**Management's perception**	
	Exporting improve our company's market share position	EP1
	Exporting improve strategic expansion into foreign markets	EP2
	Exporting increase the profitability of the company	EP3
	Management's satisfaction	
	The relative profitability from exporting is satisfactory	EP4
	Results from firm's international experience is satisfactory	EP5
	The percent total sales attributable to Foreign sale is satisfactory	EP6
	The firm's performance in terms of strategic goals achieved.	EP7

Table 7 Measurement items **Source: survey result: 2020**

Convergent validity

Convergent validity is the extent to which the construct converges to explain the variance of its items. It is the extent to which a measure correlates positively with alternative measures of the same construct (Hair, J.et al., 2017a). Indicators of a reflective construct are treated as distinct approaches to measure the same construct. The items of a particular reflective construct should therefore converge or share a high proportion of the variance. To evaluate convergent validity of reflective constructs, the study considered the outer loadings of the indicators and the average variance extracted (AVE).

In reflective measurement model examining indicator loadings is the first footstep to determine the indicators reliability. The outer loadings indicate the item's absolute contribution to its assigned construct (Hair, J.et al., 2017a). High outer loadings on a construct indicate that the associated indicators have much in common, which is captured by the construct. The rule of

thumb is that a latent variable should explain a substantial part of each indicator's variance, at least 50%. This also implies that the variance shared between the construct and its indicator is larger than the measurement error variance. This means that an indicator's outer loading should be above 0.708 since that value squared (0.7082) equals 0.50. Therefore, the outer loadings above 0.708 are recommended. Indicators with less than 0.708 outer loadings should be eliminated from the construct (Bagozzi, R. & Philipps, L. W., 1991).

FCH1, FCH2, FCH3, MCH4, FCP1 and FCP2 put out from the analysis since the loadings were below 0.708. Thus, the items loading of FCH observed the 0.797 to 0.942 range, in respect of MCH items loading observed between 0.734 and 0.860. The FCP items loading shows the values from 0.759 to 0.818, EMS items loading was found within range of 0.796 to 0.921, and dependent variable (EP) items loading recorder from 0.825 to 0.918, these values are found more than the threshold criteria.

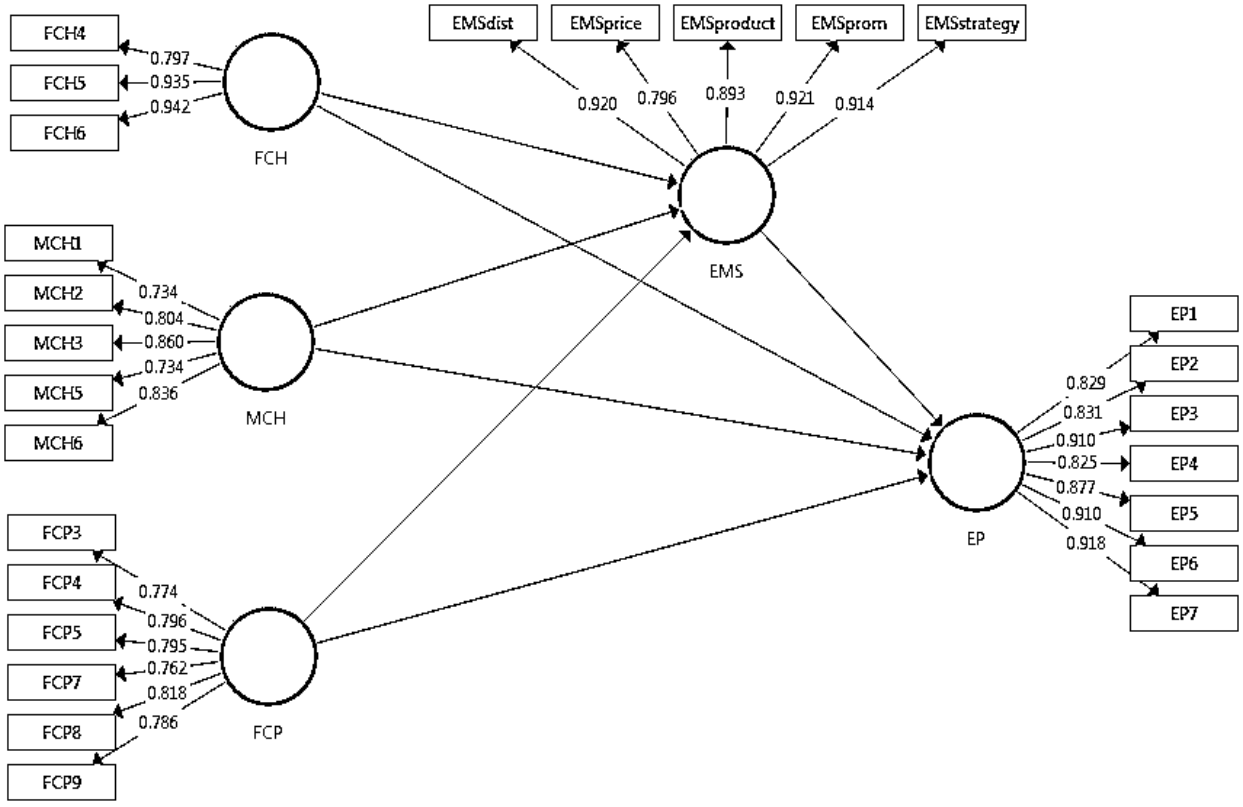


Figure 9 Indicators factor loading **Source: survey result: 2020**

The other metric used for evaluating a construct's convergent validity is the average variance extracted (AVE) for all items on each construct. AVE is equivalent to the communality of a construct (Hair, J.et al., 2017a). To calculate the AVE, the study squared the loading of each

indicator on a construct and computes the mean value. An AVE value of 0.50 or higher indicates that, on average, the construct explains more than half of the variance of its indicators. Conversely, an AVE of less than 0.50 indicates that, on average, more error remains in the items than the variance explained by the construct. Accordingly, the study found that all constructs AVE values are greater than 0.50 that in a range between 0.622 and 0.799 which more than the threshold values and meeting the AVE values of all constructs. ***(Refer to annex 3)***

Internal consistency reliability

Internal consistency reflects the extent to which items within an instrument measure various aspects of the same characteristic or construct (Hays, R., & Revicki, D. A. , 2002). If all items on a test measure the same construct or idea, then the test has internal consistency reliability. The common metrics used to measure internal consistency reliability are Cronbach's alpha and composite reliability (CR). In general higher values indicate higher levels of reliability. For both composite reliability and Cronbach's alpha, values greater than 0.70 is acceptable. In terms of the composite reliability, the study constructs scored from 0.896 to 0.957, and the Cronbach's alpha scores were from 0.855 to 0.947, as seen in Table 10. The values satisfied the threshold. Therefore, they denote a higher level of indicator reliability.

latent variables	Cronbach's alpha	Composite Reliability(CR)	rho A
FCH	0.871	0.922	0.880
MCH	0.855	0.896	0.881
FCP	0.878	0.908	0.881
EMS	0.933	0.950	0.934
EP	0.947	0.957	0.949

Table 8 Internal consistency reliability **Source: survey result: 2020**

Discriminant validity

Discriminant validity is the degree to which a construct is essentially distinct from other constructs by empirical standards (Hair, J. F., Sarstedt, M., & Ringle, R. M., 2018). And hence, establishing discriminant validity signifies that a construct is distinctive and describes concepts which are not represented in the model by other construct (Fornell, C.et al., 1981). Two measures of discriminant validity were employed the discriminant validity of the measurement model.

The first method used for assessing discriminant validity was the cross loadings test. Precisely, an indicator's outer loading on the associated construct should be greater than the cross loadings

(Fornell, C.et al., 1981). The occurrence of cross loadings that exceed the indicators' outer loadings represents a discriminant validity problem. The research model meets the cross-loading requirements. Thus the indicator's outer loading on the associated construct was greater than the cross loadings. ***(Refer to Annex 4)***

The Fornell-Larcker criterion was the second approach to assessing discriminant validity. It compares the latent variable correlations with the square root of the Average Variance Extracted values (Fornell, C.et al., 1981). The criterion put that the square root of each construct's Average Variance Extracted should be larger than its uppermost correlation with any other construct (Hair, J.F., et al., 1998). The logic of this method is based on the idea that a construct shares more variance with its associated indicators than with any other construct (Hair, J.et al., 2017a).

	EMS	EP	FCH	FCP	MCH
EMS	**0.890**				
EP	0.836	**0.872**			
FCH	0.579	0.577	**0.894**		
FCP	0.632	0.679	0.483	**0.789**	
MCH	0.574	0.674	0.585	0.612	**0.795**

Table 9 Discriminant validity based on Fornell-Larcker criterion **source survey result: 2020**

The square roots of the AVEs for the reflective constructs EMS (0.890), EP (0.872), FCP (0.789), and MCH (0.795) are all higher than the correlations of these constructs with other latent variables in the path model, thus indicating all constructs are valid measures of unique concepts. Hence, there is no discriminant validity problem in the measurement model.

4.4.2 Structural model analysis

Since the measurement model assessment was satisfactory, the next step in evaluating PLS-SEM result was assessing the structural model. The five step approach introduced by Hair et al. (2017) was used by the study in measuring the structural model (Hair, J.et al., 2017a). Accordingly the following steps were followed:_

(1) Collinearity issue between constructs were assessed
(2) The significance and relevance of path coefficients were assessed
(3) The level of $\boldsymbol{R^2}$ were assessed
(4) The effect size ***f2*** were assessed
(5) The predictive relevance ***Q2*** were assessed

Collinearity

Before assessing the structural relationship between latent variables it was first examined for possible collinearity. Hair et al. (2017) recommends if a possible collinearity occurs, the researcher should eliminate or merge predictors in to a single construct or creating high order construct. Variance Inflation Factor (VIF) value was a metrics used for all latent variables to assess colinearity. VIF value above 5 are indicative of probable collinearity issue the constructs.

The result table shows the VIF values of all combinations of endogenous construct (EMS and EP) represented by columns and the corresponding exogenous constructs (EMS, FCH, FCP and MCH) represented by the rows.

The first set of construct assessed for collinearity was composed of FCH, FCP and MCH as a predictor of EMS, and the second set of construct assessed for collinearity was composed of EMS, FCH, FCP, and MCH as a predictor of EP.

	EMS	**EP**	FCH	FCP	MCH
EMS		**2.045**			
EP					
FCH	**1.579**	**1.759**			
FCP	**1.663**	**1.975**			
MCH	**1.937**	**1.990**			

Table 10 Collinearity statictics (VIF): Inner VIF values source: survey result

As can be seen from the result table indicated above all VIF values are below the threshold of 5. Therefore, collinearity among the predictor construct is not an issue in the structural model.

Coefficient of determination (R2)

The coefficient of determination represents the amount of explained variance of the endogenous constructs in the structural model. A well-developed path model to explain a certain target constructs should deliver sufficiently a high R^2 values. In this study result the R^2 value of the export marketing strategy (EMS) is 0.511 and while that of export performance (EP) is 0.768. Management Characteristics (MCH), Firm Capabilities (FCP), and firm characteristics (FCH) could explain 51.1% of variance of Export Marketing Strategy (EMS), and considering export performance (EP), management characteristics (MCH), firm capabilities (FCP), firm characteristics (FCH) and Export Marketing Strategy (EMS) could explain 76.8 % of variance of export performance.

Generally R^2 value greater than (or equal to) 0.75 are substantial, greater than (or equal to) 0.5 are moderate and greater than (or equal to) to 0.25 are weak. Therefore, the R2 value was substantial in the case of export performance whereas, it was moderate when considering export marketing strategy.

	R Square	R Square Adjusted
EMS	0.511	0.495
EP	0.768	0.758

Table 11 R square values **source: survey result**

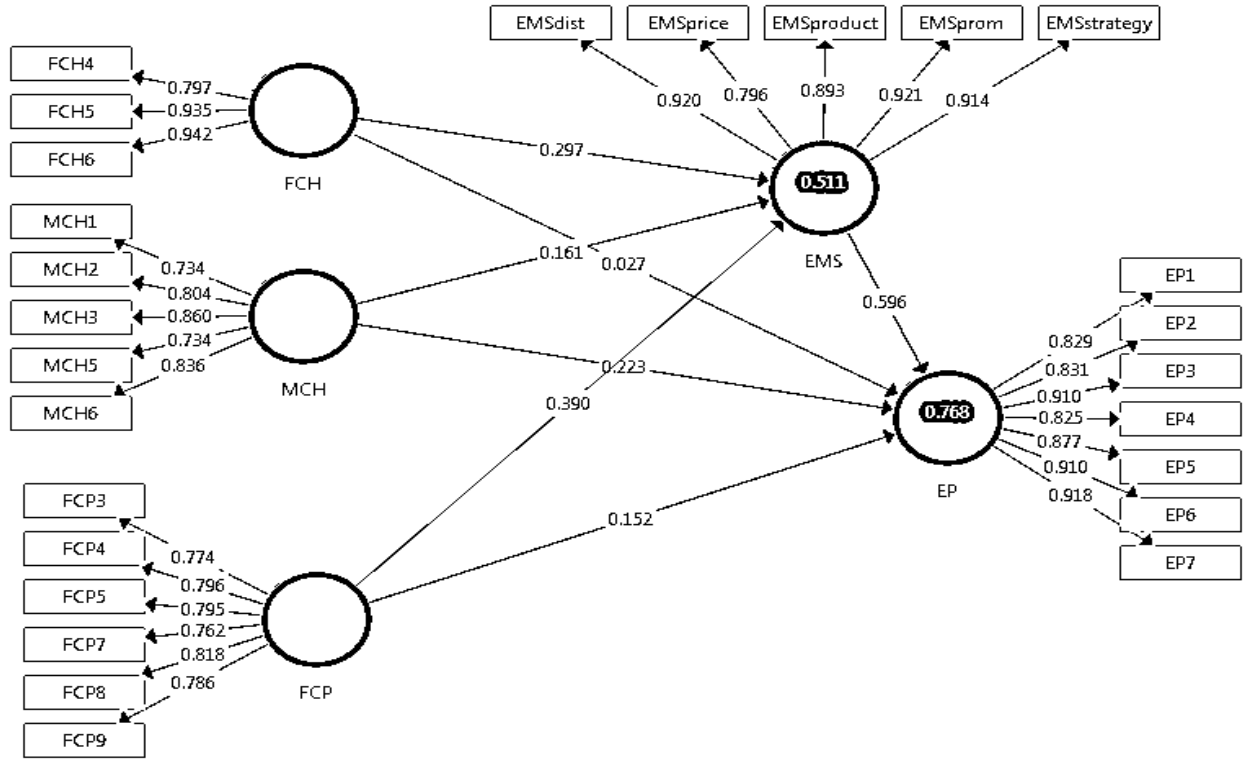


Figure 10 path coefficient and R2 values **source: survey result: 2020**

Path coefficients

Path coefficients represent the hypothesized relationship among the construct (Hair, J.et al., 2017a). PLS-SEM does not assume the data are normally distributed, which entails that parametric significance tests used in regression analyses cannot be applied to test whether path coefficients are significant. In its place, it relies on a nonparametric bootstrap procedure to test coefficients for their significance (Davison, A. C., & Hinkley, D. V. , 1997).

The bootstrap is a non-parametric inferential technique which rests on the assumption that the sample distribution conveys information about the population distribution. Bootstrapping is the

process of drawing a large number of re-samples with replacement from the original sample, and then estimating the model parameters for each bootstrap re-sample. This process allows calculating standard errors, constructing confidence intervals, and performing hypothesis testing for numerous types of sample statistics. The bootstrapping method generates re-samples of the sample with replacement so that the newly constructed resample is an empirical representation of the mediated effect with a larger sample taken from the original population (Hayes, A.F. , 2009). Both bootstrapping method use re-samplings to draw inferences about populations. It uses the sampling distributions as the foundation for confidence intervals and hypothesis testing.

As recommended by hair et al. (2017a) the study were constructed 5000 bootstrap samples, along with each bootstrap sample comprising the identical observation amount with the original sample (i.e. 96 cases). The path estimated relationship among the latent variables in the model was evaluated in the study using the path coefficient's sign and magnitude.

	Path Coefficients	**t Values**	**p Values**	**95% CI**	**Significance (p<0.05)**
EMS----->EP	0.596	5.371	0.000	(0.349,0.774)	Accepted
FCH----->EMS	0.297	3.458	0.001	(0.115,0.447)	Accepted
FCH----->EP	0.027	0.428	0.668	(-0.095,0.156)	Rejected
FCP----->EMS	0.390	4.705	0.000	(0.222,0.548)	Accepted
FCP----->EP	0.152	1.963	0.050	(0.016,0.324)	Accepted
MCH---->EMS	0.161	1.848	0.065	(-0.004,0.348)	Rejected
MCH--->EP	0.223	3.229	0.001	(0.103,0.371)	Accepted

Table 12 Path coefficient values source: survey result: 2020

Further, the bootstrap confidence intervals were also used to tests whether path coefficients were significantly different from zero. As can be seen from the histogram and table indicated the relative importance of Export Marketing Strategy (0.596) much higher than Management Characteristics (0.223) and Firm Capabilities (0.152), for Export Performance. ***(Refer to Annex 5)***

A firm characteristic (FCH) is rejected for the reason that the path coefficients weren't significantly different from zero, the lower t value (0.428) and the higher p value (0.630), hence it is statistically insignificant. Considering export marketing strategy (EMS) as a dependent variable the relative importance of firm capability (0.390) was higher than firm characteristics (0.279), whereas MCH was rejected for the reason that the path coefficients weren't significantly

different from zero, the lower t value (1.848) and the higher p value (0.087), hence it is statistically insignificant.

Effect size (f^2) and Predictive Relevance (Q^2)

In addition to evaluating the R^2 values of endogenous constructs (EMS and EP), the effect size (f^2) which is the change in the R^2 value when a specified exogenous construct (FCH, MCH, and FCP) omitted from the model was used to evaluate whether the omitted construct has a substantive impact on the endogenous constructs EMS and EP. As a rule of thumb, values higher than 0.02, 0.15 and 0.35 depict small, medium and large f^2 effect sizes (Cohen, 1988).

	EMS	EP
EMS		0.751
EP		
FCH	0.114	0.002
FCP	0.187	0.051
MCH	0.027	0.108
R^2	***0.511***	***0.768***
Q^2	***0.336***	***0.501***

Table 13 Measurement of Interaction through Effect Size f2and Q2 source: survey result: 2020

In the rank order of the construct's relevance, when explaining export marketing strategy (EMS) as a dependent construct in the structural model, comparing the effect sizes (f2), firm capability (FCP) has medium relevancy than firm characteristics (FCH). And when explaining export performance (EP) as a dependent construct in the structural model, comparing the effect sizes (f2), export marketing strategy (EMS) was more relevant and larger than management characteristics (MCH) and firm characteristics (FCP).

Remarkably, the rank order of the predictor construct's (MCH, FCH, and FCP) relevance in explaining EMS and EP construct in the structural model was the same when comparing the size of the path coefficients and the f^2 effect sizes.

Further also the study examined Stone-Geisser's Q^2 value or the Predictive Relevance (Q^2) (Stone, 1974). In the structural model, Q^2 values larger than zero for a certain endogenous latent variable indicate the path model's predictive relevance for this particular construct (Geisser, 1974). The Q^2 value is obtained by using the blindfolding procedure. The procedure that removes single points in the data matrix imputes the removed points with the mean and estimates the model parameters (Rigdon, 2014a). Using these estimates as input, the blindfolding procedure

predicts the data points that were removed for all variables. Small differences between the predicted and the original values translate into a higher Q^2 value, thereby indicating a higher predictive accuracy. As a guideline, Q^2 values should be larger than zero for a specific endogenous construct to indicate predictive accuracy of the structural model for that construct. As a rule of thumb, Q^2 values higher than 0, 0.25 and 0.50 depict small, medium and large predictive relevance of the PLS-path model (Hair, J.et al., 2017a).

Following the use of the blindfolding technique at omission distance 7, the above table shows the Q^2 value for export performance was 0.501 and that of export marketing strategy (EMS) was 0.336, which were large and medium respectively. The results indicated were stable and noticeably higher than zero, and a good predictive relevance of the model.

In general, as R^2 and Q^2 results are positive and significant, the structural model can be regarded as strong and good quality (Ali, M. & Park, K. , 2016).

Model fit

The study conducted the model goodness of fit tests, and its values are presented in the table below with their threshold values. In structural equation modeling technique one does not have any single statistical test applicable for evaluation of model goodness fit (Hair, J.F., et al., 1998).

To test the model fit of the research model, the standardized root mean square residual (SRMR) together with the normed fit index (NFI) were used. These fit index statistics indicate the consistency between the predicted and observed data matrix by the equation (Keith, 2006).

The Standardized Root Mean Square Residual (SRMR) is an absolute measure of fit and is essentially the average difference between the observed correlation and the model predicted correlation. Because the SRMR is an absolute measure[4] of fit, a value of zero indicates perfect fit (Hu, 1999). According to Henseler et al. (2016), for PLS-path model fit, a value that is lower than 0.08 is a passable cut-off threshold (Henseler, J., Hubona, G. & Ray, P. , 2016). A large value SRMR is sign of the presence of one or more very large residuals that indicate misspecification in a particular part of the model. The value obtained by SRMR is 0.068, confirming the overall fit of the model. Hence, it indicates the sufficient fit between the data set and the theoretical model (Henseler, J., Hubona, G. & Ray, P. , 2016).

[4] An absolute measure of fit presumes that the best fitting model has a fit of zero. The measure of fit then determines how far the model is from perfect fit.

The normed fit index (NFI) is a relative fit index[5] analyzes the discrepancy between the chi-squared value of the hypothesized model and the chi-squared value of the null mode. NFI generated values between 0 and 1 (Ringle, C.M. & Sarstedt, M. , 2016). As mentioned by Ringle et al. (2016), NFI closer to 1 denotes better fit. As can be construed by the results of the saturated model, the model has a good fit. Thus, based on the above mentioned assumptions the considered model has a good fit.

Metrics	Saturated model	Estimated model	threshold values
SRMR **(Standardized root mean squared residual)**	0.068	0.068	<0.08
NFI **(Normed fit index)**	0.768	0.768	>0.5

Table 14 Model fit result **source: survey result: 2020**

4.4.3 Mediation analysis

Mediation analysis tests a hypothetical causal chain where one variable X affects a second variable M and, in turn, that variable affects a third variable Y. A connection between two constructs with a single arrow designates direct effects. The direct effects of exogenous variables and endogenous variables have been elucidated below.

In terms of the direct effects, the study indicate export marketing strategy (β=0.596, p-value=0.000), firms capability (β=0.152, p-value=0.050) and management characteristics (β=0.0.223, p-value=0.001) have statistically significant and positive effects on the export performance of the firms.

	Path Coefficients	**t Values**	**p Values**	**95% CI**	**Significance (p<0.05)**
EMS----->EP	0.596	5.371	0.000	(0.349,0.774)	Accepted
FCH----->EMS	0.297	3.458	0.001	(0.115,0.447)	Accepted
FCH----->EP	0.027	0.428	0.668	(-0.095,0.156)	Rejected
FCP----->EMS	0.390	4.705	0.000	(0.222,0.548)	Accepted
FCP----->EP	0.152	1.963	0.050	(0.016,0.324)	Accepted
MCH---->EMS	0.161	1.848	0.065	(-0.004,0.348)	Rejected
MCH--->EP	0.223	3.229	0.001	(0.103,0.371)	Accepted

Table 15 Direct effects **source: survey result**

[5] A relative fit index interpretable when comparing two different models. (saturated model can be compared to non-saturated models)

However, the effect of firm's characteristics (β=0.027, p-value=0.668) was not statistically significant to affect export performance of the firm. Moreover, the effects of firm's characteristics (β=297, p-value=0.001) and firm capability (β=0.390, p-value=0.000) of a firm's were statistically significant positive effects on the export marketing strategy. Whereas, management characteristics (β=0.161, p-value=0.065) was not statistically supported to affect export marketing strategy. This revealed that those statistically significant variables meaningfully represented the export marketing strategy and export performance. Besides, management characteristics were found to be the key determinant factor which directly affects to achieve superior performance in export markets. Further, firm's characteristics and firm capability are vital considerations by the management in formulating the export, marketing strategy.

The next observation was the indirect effects of the firm's characteristics, firm capability and management characteristics on export performance through the mediator export marketing strategy. Relationships that contain a sequence of relationships with at least one intervening construct involved indicate indirect effects (Hayes, A.F. , 2009). As elucidated from the table export marketing strategy was found a significant mediator of firm's characteristics (β=0.177, p-value=0.002) and firm capability (β=0.233, p-value=0.000). Conversely, the export marketing strategy was not a statistically observed mediator of management characteristics to affect export performance of the firms.

	Path Coefficients	**t Values**	**p Values**	**95% CI**	**Significance (p<0.05)**
FCH-->EMS-->EP	0.177	3.052	0.002	(0.062,0.287)	Accepted
FCP-->EMS--->EP	0.233	3.853	0.000	(0.110,0.345)	Accepted
MCH-->EMS--->EP	0.096	1.643	0.100	(-0.002,0.226)	Rejected

Table 16 Indirect effects **source: survey result**

Considering that the effect of firm's characteristics (FCH) on export performance (EP) is full transmitted through export marketing strategy (EMS) therefore, is a full mediator of firm's characteristics (FCH) to affect export performance (EP). Thus, the firm's characteristics (FCH) have no direct effect on the export performance (EP); rather, its entire effect is indirect.

Observing the firms capability (FCP) it has both direct and indirect effects on export performance. The direct effect (β=0.152, p-value=0.050) was not mediated, whereas the indirect

effect (β=0.233, p-value=0.000) is transmitted through the mediator variables (EMS). Thus export marketing strategy (EMS) was a partial mediator of firm's capability (FCP) to directly or indirectly affect export performance (EP).

	Direct effect on EP		Indirect effect on EP		Type of mediation
	Path Coefficients	**Conclusion**	**Path Coefficients**	**Conclusion**	
FCH	0.027	Rejected	0.177	Accepted	Full mediation
MCH	0.223	Accepted	0.096	Rejected	No mediation
FCP	0.152	Accepted	0.233	Accepted	Partial mediation

Table 17 direct and indirect affects summery **Source: survey result; 2020**

No mediation effect was observed in the case of management characteristics (MCH) (β=0.096, p-value=0.100) which has a direct significant effect on export performance (EP) (β=0.233, p-value=0.001). The sum of direct and indirect effects is referred to as the total effect.

	Path Coefficients	t Values	p Values	95% CI	Significance (p<0.05)
FCH-->EP	0.204	2.850	0.004	(0.050,0.332)	Accepted
MCH-->EP	0.319	3.938	0.000	(0.173,0.492)	Accepted
FCP-->EP	0.385	4.474	0.000	(0.209,0.540)	Accepted

Table 18 total effect **Source: survey result; 2020**

4.4.4 Validation of hypotheses

To meet the study objectives, seven hypotheses were tested. The statistical tests employed together with their corresponding interpretations are highlighted. The resulting findings are discussed in line with the literature in order to establish the extent to which they relate to existing knowledge. The direct effects are summarized in table 18 for H_1, H_2, H_3 and H_4 testing whereas; the indirect effects are summarized in table 19 for H_5, H_6 and H_7 testing. The detail is described as follows:-

H_1: Firm characteristics have a significant effect on export performance of Ethiopian garment and textile firms.

The path coefficient for the firm characteristics was found to be 0.428 with a p-value of 0.668 showing insignificant direct effect on export performance. Thus H_1 is rejected.

H2: Management characteristics have a significant effect on export performance of Ethiopian garment and textile firms.

The result affirmed that the path coefficient for the management characteristics was found to be 0.223 with a p-value of 0.001 showed a significant direct effect on export performance. Thus H_2 is accepted.

H3: Firm Capabilities have a significant effect on export performance of Ethiopian garment and textile firms.

The result confirmed that the path coefficient for the firm's capabilities was found to be 0.152 with a p-value of 0.05 indicated a significant direct effect on export performance. Thus H_3 is accepted.

H4: Export Marketing Strategies have a significant effect on export performance of Ethiopian garment and textile firms.

The result confirmed that the path coefficient for the export marketing strategy was found to be 0.596 with a p-value of 0.000 showed a significant direct effect on export performance. Thus H_4 is accepted.

The relationship between export marketing strategies and export performance is consistent with other literatures (Dean D.et al., 2000) (Amine L., S. Cavusgil, 1986).

H5: Export marketing strategy has a significant mediating effect in the relationship between firm characteristics and export performance of Ethiopian garment and textile firms.

The study confirmed that the firm characteristics path coefficient to influence export performance through export marketing strategy mediation was found to be 0.177 with a p-value of 0.002 showed a significant effect on export performance. Thus H_5 is accepted.

H6: Export marketing strategy has a significant mediating effect in the relationship between Management Characteristics and export performance of Ethiopian garment and textile firms.

The study confirmed that the management characteristics path coefficient to influence export performance through export marketing strategy mediation was found to be 0.096 with a p-value of 0.100 showed a statistically insignificant effect on export performance. Thus H_6 is rejected.

H7: Export marketing strategy has a significant mediating effect in the relationship between Firm Capabilities and export performance of Ethiopian garment and textile firms.

The study affirmed that the firm capabilities path coefficient to influence export performance through export marketing strategy mediation was found to be 0.233 with a p-value of 0.000 showed a statistically significant effect on export performance. Thus H_6 is accepted.

Hypothesis test result		
H1:	Firm characteristics have a significant effect on export performance of Ethiopian garment and textile firms.	Rejected
H2:	Management characteristics have a significant effect on export performance of Ethiopian garment and textile firms.	Accepted
H3:	Firm Capabilities have a significant effect on export performance of Ethiopian garment and textile firms.	Accepted
H4:	Export Marketing Strategies have a significant effect on export performance of Ethiopian garment and textile firms.	Accepted
H5:	Export marketing strategy has a significant mediating effect in the relationship between firm characteristics and export performance of Ethiopian garment and textile firms**.**	Accepted
H6:	Export marketing strategy has a significant mediating effect in the relationship between Management Characteristics and export performance of Ethiopian garment and textile firms.	Rejected
H7:	Export marketing strategy has a significant mediating effect in the relationship between Firm Capabilities and export performance of Ethiopian garment and textile firms.	Accepted

Table 19 Results of Hypothesis Testing. **Source: survey result: 2020**

4.4.5 Important- performance map analysis (IPMA)

Important-performance map analysis (IPMA) also called importance-performance matrix is a two-dimensional grid based on importance and performance of the variables (Jaafar, N. A., Noor, Z. M., & Mohamed, M. , 2016). The objective of this analysis was to identify the (unstandardized) total effect of exogenous construct's importance (FCH, MCH, FCP) in anticipating a target endogenous construct (EMS, EP) (Hair, J. F., Sarstedt, M., & Ringle, R. M., 2018). The goal was to determine each predecessor construct's importance in terms of its total impact on each target endogenous construct (performance). The first column indicates the

importance of apparent variables, whereas the mean value of their scores (ranging from 0, which is considered the lowest, to 100, the highest) reflects their relative performance (Höck, C., Ringle, C. M., & Sarstedt, M., 2010). The interpretation is that a one unit increase in the predecessor's performance increases the performance of the target construct by the size of the predecessor's unstandardized total effect (Hair, J. F., Sarstedt, M., & Ringle, R. M., 2018).

It should be noticed that a score closer to 100 indicates a higher performance latent variable it assist management in improving low performance by focusing on high importance (Höck, C., Ringle, C. M., & Sarstedt, M., 2010).

	Importance (Unstandardized total effect)	**Performance**	Remark
EMS	0.640	83.685	consistent
FCH	0.208	81.418	inconsistent
FCP	0.405	76.591	inconsistent
MCH	0.358	83.630	inconsistent

Table 20 IPMA matrix **Source: survey result: 2020**

Table:

Before getting in to the application it was confirmed that whether the two requirements of IPMA approach were meet:

(a) All indicators have the same orientation, and

(b) The outer weights were having positive value (Hair, J.et al., 2017a).

In the matrix, the analysis was concentrated on the lower right area to enhance improvement because items in that area have high importance with low performance. Focused useful action in this area will produce maximum results (Martilla, J. A., & James, J. C. , 1977).

It is evident from the above table that the export marketing strategy (EMS) had a large impact on the export performance (EP) of firms, and thus represents a major opportunity for improvement that could have been addressed by firm's activities. The result was consistent with higher importance score of 0.640 and higher performance score of 83.685. A one unit improvement in export marketing strategy (i.e. from 83.685 to 84.685) will increase the export performance by 0.640 units.

Firm's capability (FCP) had the next higher importance score of 0.405 followed by management characteristics (MCH) and firm's characteristics (FCH) with importance of 0.358 and 0.208 respectively. This implies that firm's capability (FCP) performance score should be highest

among the three variables. Management characteristics (MCH) performance score was 83.63 which was the highest, while firm's characteristics (FCH) is the next 81.418 and firm's capability (FCP) performance score was the last (76.591). This indicates the actual performance score of management characteristics (MCH), firm's characteristics (FCH) and firm's capability (FCP) were not consistent with their importance. Therefore, the focus and attention priority should be for export marketing strategy, firm's capability, management characteristics and firm's characteristics sequentially to enhance export performance, which is based on their relative importance.

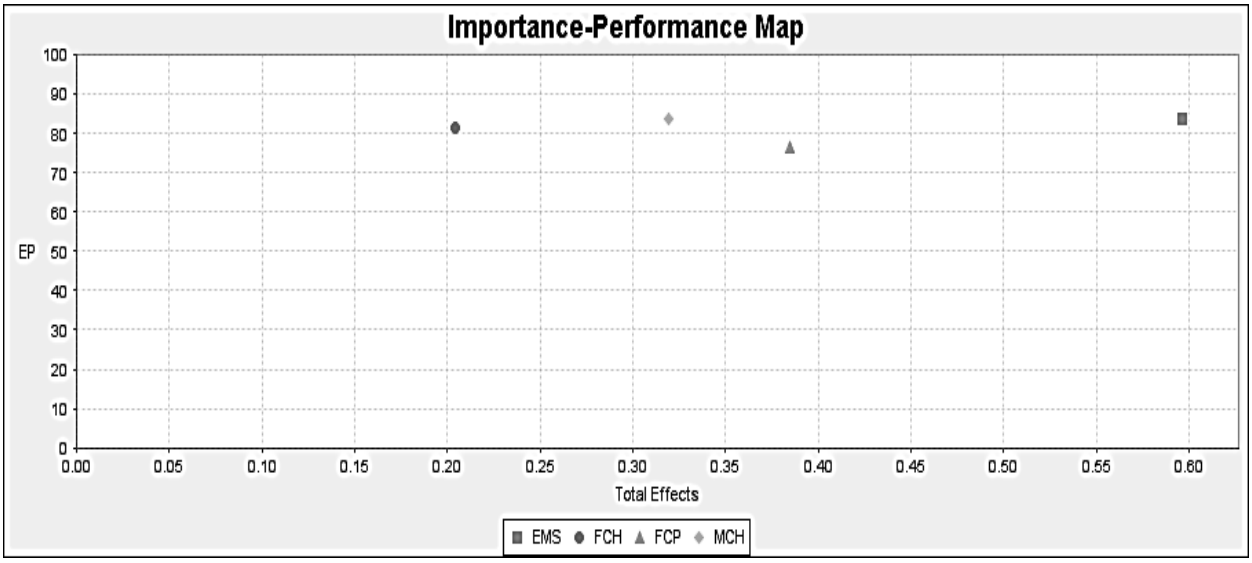


Figure 11 Importance-performance map of variables (IPMA) source survey result: 2020

4.5 Secondary data analysis

In addition to the above analysis, the ten years export performance of the sector indicates a decrease in export intensity. At the early years, there were a significant raise in export intensity till the year 2012/13; this might be due to a substantial growth in inward flow of foreign direct investment to the country. A steady decrement might indicate a decline in the competitiveness of the firms that have been forced them to focus on the local market than export.

The government has put extremely large ambitions on exports of textiles and clothing, and has been on a major media campaign directed at attracting investors inward. The sectors, however, achieved much less than export targets. The study result indicates growth is being hampered by a range of internal factors, like what has been studied and indicated for external factors.

	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19
Total sales/ in 000 USD/	825.50	993.50	985.20	977.60	1308.60	1466.70	1643.80	1752.60	2105.40	2564.50
export/ in 000 USD/	23.90	62.24	84.47	98.99	111.30	98.02	77.79	89.17	108.09	153.50
Export intensity	*0.03*	*0.06*	*0.09*	*0.10*	*0.09*	*0.07*	*0.05*	*0.05*	*0.05*	*0.06*

Table 21 Export intensity of firm's source: ETIDI reports

And hence, knowledge of how internal capabilities can be set in order to make companies successful exporters is being undermined. Thus, in addition to the external factors, considerable effort has still not been made to take into account the internal factors at the firm level that can have a significant effect on the export performance.

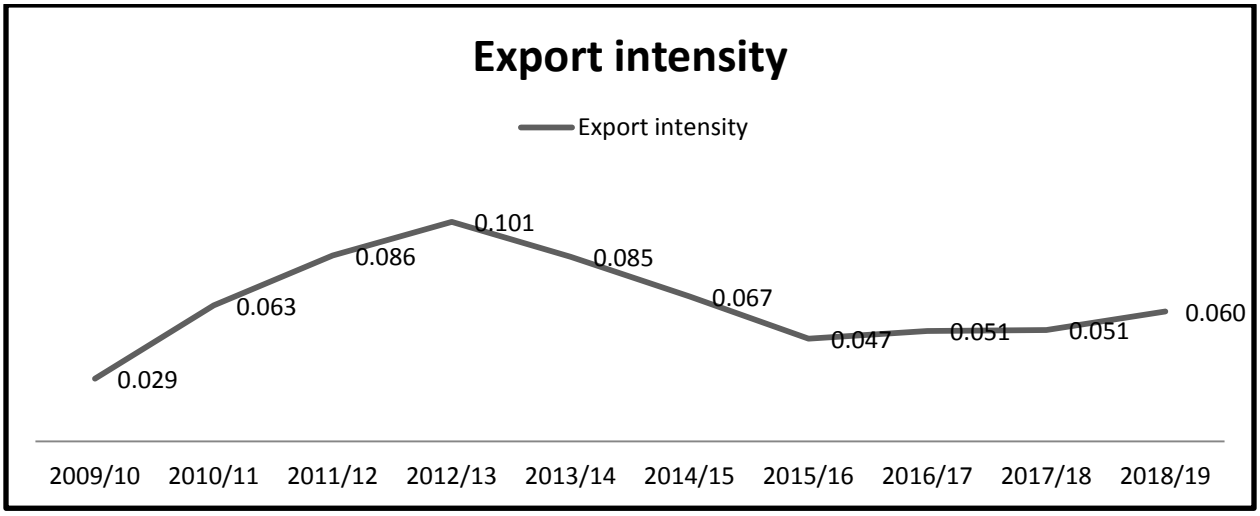


Figure 12 Export intensity of firm's source: ETIDI reports

4.6 Discussion of Findings

This part provides detailed discussion on the research findings in light of the theoretical foundations presented in the literature review section.

4.6.1 Firm characteristics and export performance

This research widely considered a firm's basic characteristics. Specifically, firm size and firm age, export experience, level of internationalization, organizational culture and production efficiency and the statistical findings broadly support the positive effect of the variables on export performance. Firm size (M = 3.99, SD = 0.940), firm age (M = 3.25, SD = 1.466) and

export experience (M= 4.26, SD = 0.788), were have a relatively low acceptance level by the respondents to affect export performance whereas, level of internationalization (M = 4.40, SD = 0.659), organizational culture (M= 4.41, SD= 0.792) and production efficiency (M = 4.52, SD = 0.770) were have a moderately high level of agreement to determine export performance. Thus, the three indicators were eliminated from the model due to the low loading factor values in the measurement model (0.542, 0.314 and 0. 694 respectively).

Considering the direct effects in the relationship between firm characteristics and export performance it was found a statistically insignificant (β = 0.027, p=0.668). However firm characteristics and export performance have a significant indirect and positive (β = 0.177, p=0.002) relationship when mediating role of export marketing strategy was switched on. The beta value here indicates that a one unit investment in firm specific characteristic results in an increase of export performance by 0.177 units, if it supported with export marketing strategy. Its relative importance is lower (0.208) compared to other variables while the performance score was 81.41 which was the moderately high. Therefore, having only an advanced firm characteristic is not enough to have a gain export performance unless it is supported by proper export marketing strategy. This result was consistence with other researches (Bertrand, 2010) (Lipuma et al., 2013), that said strategic export marketing decision - making are interconnected with firm characteristics. Thus the mediation role of export marketing strategy was very significant in the effectiveness of firm characteristics as a possible source of competitive advantage.

4.6.2 Management characteristics and export performance

In terms of the management characteristics like the managements extensive knowledge about the foreign market demand (M = 4.54, SD = 0.783), commitment (M = 4.48, SD = 0.713, sensitivity to the cross culture (M = 4.400, SD = 0.706) had a higher mean score and the result suggests the indispensable role of these indicators in achieving the export targets. However, experience in the foreign market (M = 4.220, SD = 0.671) and the management educational background (M = 3.95, SD = 0.972) had a relatively moderate level of agreement to affect the export performance. And thus, management educational background as an indicator was eliminated from the model due to the low loading factor value in the measurement model (0.698).

In view of the direct effects in the relationship between management characteristics and export performance found to be statistically significant at (β = 0.223, p=0.001). The beta value here indicates that a one unit investment in firm specific characteristic results in an increase of export performance by 0.223 units, without the intervening effect of export marketing strategy. However management characteristics and export performance have insignificant indirect relationship (β = 0.096, p=0.10) when the mediating role of export marketing strategy is turned on. Thus, the result suggests that export marketing strategy did not mediate the relationship between management characteristics and export performance. Rather, the effect of management characteristics on export performance appears to be a direct one and not through export marketing strategy. Its relative importance is medium (0.358) compared to other variables however the performance score (83.63) which was the highest. Management makes decisions to develop the global markets which will eventually impact the export. Likewise, other work suggests the characteristics of the manager of the relative export benefit as the most important predictor of firm export success (Axinn, 1988). The justification for this is that when managers are dedicated, they schedule the entry thoughtfully and assign enough resources. Thus, a management is the major force behind the beginning of development sustenance and prosperity in exporting. The management itself influences the strategy decided for export performance (Sousa et al , 2008).

Management characteristics (β= 0.223, p=0.001) have a higher direct influence on the export performance of the firm relative to firm capabilities (β= 0.152, p=0.05) and firm characteristics (which is insignificant with β= 0.027 at p=0.668). The strategic exporting decisions was made only based on the firm's characteristics (β= 0.297, p=0.001) and firm capabilities (β= 0.390, p=0.000) only, since management characteristics were not a part of the export marketing strategy (which is insignificant with β= 0.161 at p=0.065).

4.6.3 Firm capabilities and export performance

Related to firm's capabilities, the management had a relatively higher level of agreement regarding developing new products to the foreign markets (M = 4.220, SD = 0.671), capturing important market information (M = 4.39, SD = 0.734), and constantly adopting new methods in the production process (M = 4.00, SD = 0.911) to enhance export performance of the firms. Conversely, lower level of agreement was observed with budget allocation for research and

development tasks (M = 3.54, SD = 1.119), adopting innovative export techniques (M = 3.87, SD = 0.0.97), forming alliance arrangements with foreign entities (M = 4.40, SD = 0.749) and technology advancements (M = 3.27, SD = 1.324) were the underlined capabilities to export successfulness. And thus, the three indicators were eliminated from the model due to the low loading factor value in the measurement model (0.653, 0.597 and 0.453).

The direct effects in the relationship between firm capabilities and export performance found to be statistically significant at (β = 0.152, p=0.05). The beta value here indicates that a one unit investment in firm capabilities results in an increase of export performance by 0.152 units, without the intervening effect of export marketing strategy. In addition to that firm capabilities and export performance have significant indirect positive and relationship (β = 0.233, p=0.000) when the mediating role of export marketing strategy is turned on. The path coefficient observed in the case of the indirect relationship was higher than (β=0.233) the path coefficient observed in the case of direct (β=0.152) relationship. When both the direct and indirect effects are significant and point to the direction, the mediation type is referred as a complementary mediation (Hair, J.et al., 2017a). Thus, the result suggests export marketing strategy is a complementary mediator or a partial mediator between firm capabilities and export performance.

Consequently, firm capabilities are a key source of the performance advantage of the company and vital to the persistent survival of the company when it actually fits with the export strategy. Its relative importance is higher (0.405) than all other variables however the performance scores (76.591) was the lowest. The strategic exporting decisions contribution was higher in the case of the firm capabilities (β= 0.390, p=0.000) than the firm's characteristics (β= 0.297, p=0.001) and management characteristics (which is insignificant with β= 0.161 at p=0.065). Firm capabilities Company capacity has been a dominant focus of the export strategy, regarded as one of the key elements in supporting competitive edge and influencing export performance (Barney, 1991).

4.6.4 Export marketing strategy and export performance

Regarding to export marketing strategy, generally the result suggested that a significantly higher agreement were seen on price strategy (M = 4.512, SD = 0.580) and followed by the promotion strategy (M = 4.495, SD = 0.701) to influence export performance. Also a remarkable agreement was seen in firms product strategy to the international market (M = 4.415, SD = 0.606) to influence export performance. Further, moderate agreement were seen distribution strategy (M = 4.337, SD = 0.824) to influence export performance. Related to the strategic fit, implementation

and effectiveness, the management showed a remarkable agreement on that the strategic need of the firms were meet through the strategy developed by the firm (M = 4.33, SD = 0.912).

In exporting a strategic response to competitive conditions founded upon a firm's resources and its environment (Cavusgil, S.T. and Zou, S. , 1994). Thus the relationship between firm characteristics, firm capabilities, and export marketing strategy were found to be statistically significant at (β = 0.297, p=0.001) and (β = 0.390, p=0.000) respectively. Accordingly the beta values the study result indicated that a firm capabilities had a higher place than firm characteristics in determining the export marketing strategy. However management characteristics (β = 0.161, p=0.065) was statistically insignificant to support the relationship with export marketing strategy. Therefore, the study revealed a remarkable mediation role of export marketing strategy between firm capability, firm characteristics and export performance.

In the other side the research indicates that enhanced export performance can be achieved through the deliberate implementation of adaptive marketing strategies including the export price strategy, export promotion strategy, export product strategy and export distribution strategy respectively. Hence export marketing strategy positively affects export performance significantly with a value of β= 0.596 at p=0.000. The beta coefficient indicates one unit increment in implementation and effectiveness in export marketing strategy results an increase of export performance by 0.596 units. As an export marketing strategy, therefore, was a primary source of the company's performance advantage and vital to the survival of the company when it has a perfect fit with all other export determinants, especially firm capability and firm characteristics. Its relative importance is superior (0.640) than all other variables and consistently the performance scores (83.685) was the highest.

CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATION

This chapter presents a summary of major findings, relevant conclusions and recommendations. Further indicates future research directions on the topic and lastly indicates the major limitations of the research.

5.1 Summary of findings

This research was aimed at investigating the firm level export performance determinant factors in Ethiopian garment and textile industry. Both descriptive and explanatory analyses were conducted to achieve the objective of the research. Descriptive statistics was employed to examine the mean & standard deviation of the responses of respondents with respects to the influence of firm's characteristics (FCH), management characteristics (MCH), firm's capabilities (FCP) and export marketing strategy (EMS) on export performance (EP).

The explanatory assessment part was supported by Partial least square structural equation modeling. The PLS-SEM was applied because of its ability to model factors and composites by doing both measurement model and structural model simultaneously. Further, importance-performance map analysis (IPMA) was conducted to understand the relative importance and actual performance of endogenous variables.

Therefore, the following vital findings were determined and indicated below:-

The overall mean score of firm characteristics, firm capabilities, management characteristics, export marketing strategy and export performance ranges between 4.016 and 4.456 which show the higher level of agreement of respondents.

Further, correlation analysis was done to determine the level of association of the firm characteristics (FCH), management characteristics (MCH), firms capabilities (FCP), export performance (EP) , and export marketing strategy (EMS), the result show export performance, was found to have significant and positive relationship with export marketing strategy (r =0.832,

$p<0.01$), firms capabilities ($r = 0.689$, $p<0.01$), management characteristics ($r = 0.675$, $p<0.01$) and firm characteristics ($r = 0.592$, $p<0.01$) sequentially.

Before the structural model analysis undertaken the measurement model was first examined for:-

(i) Indicator loadings to check the item's absolute contribution to its assigned construct.

(ii) Convergent validity whether the construct converges to explain the variance of its items.

(iii) Internal consistency reliability to check whether the items within an instrument measure various aspects of the same characteristic or construct.

(iv) Discriminant validity to check whether the construct is actually different from other constructs by empirical standards.

Finally, based on the assessment findings the measurement model was satisfactory and valid to proceed to the structural model analysis.

In the structural model assessment the issue of collinearity among the latent variables was examined using VIF and all values were below the threshold.

Subsequent to this the of R square value for both endogenous variable was computed using PLS-SEM algorism and the result show R^2 value of the export marketing strategy is 0.511 and while that of export performance is 0.768. And accordingly management Characteristics, firm Capabilities, and firm characteristics explain 51.1% of variance of Export Marketing Strategy, and while considering export performance, management characteristics, firm capabilities, firm characteristics and export Marketing Strategy could explain 76.8 % of variance of export performance.

Following that path coefficients were determined using bootstrap method which works by resampling procedure to estimating the model parameters. The significance of the path coefficients were checked for bootstrap confidence interval, t values and p values. As a result the direct relationship between firm characteristics and export performance and that of management characteristics and export marketing strategy were statistically not supported.

Further the size effect of the exogenous variables were examined from both export performance and export marketing strategy point of view, accordingly firm capability and firm characteristics have the higher effect size value while considering export marketing strategy. Whereas export marketing strategy and management characteristics have a higher effect size value while considering export performance.

Further the predictive relevance of the model was examined using the predictive relevance metrics (Q^2), and the results indicate a stable value and noticeably higher than zero, and a good predictive relevance of the model. The study conducted the model goodness of fit tests using the two well-known indexes such as SRMR (Standardized root mean squared residual) and NFI (Normed fit index) and in both metrics, values indicate the sufficient fit between the data set and the theoretical model

Subsequent to all the above analyses mediation analysis was undertaken to determine the direct and indirect effect of the exogenous and endogenous variables.

The direct influence of firm capabilities (β = 0.152, p=0.05), management characteristics (β = 0.223, p=0.001) and export marketing strategy (β = 0.596 p=0.000) on export performance it were found a statistically significant. Whereas firm characteristics (β = 0.027, p=0.668) had insignificant direct effect on export performance.

Therefore a one unit investment in each of firm capability, management characteristics and export marketing strategy will increase export performance by 0.152, 0.223 and 0.596 respectively.

Similarly in terms of export marketing strategy, firm capabilities (β = 0.390, p=0.000), and firm characteristics (β = 0.297, p=0.001) were found statistically significant. Whereas management characteristics (β = 0.161, p=0.065) had insignificant effect. Thus a one unit investment in firm specific characteristic and firm capabilities results in 0.390 and 0.297 unit increase export marketing strategy fitness and implementation.

In terms of the indirect effects export marketing strategy was found a significant mediator of firm's characteristics (β=0.177, p-value=0.002) and firm capability (β=0.233, p-value=0.000). Conversely, the export marketing strategy was not a statistically observed mediator of management characteristics to affect export performance of the firms (β=0.096, p-value=0.100).

Finally, to influence export performance, full mediation, partial mediation and no mediation effect of export marketing strategy was found in the case of firm characteristics, firm capabilities and management characteristics respectively.

Accordingly, the hypothesis H_2, H_3, H_4, H_5 and H_7 were empirically supported by the study findings and thus the null hypothesis were accepted, whereas H_1 and H_6 were not empirically supported by the study findings and thus the null hypothesis were rejected.

Ultimately the importance-performance map analysis was conducted using the matrices that indicate the relative importance and actual performance of the latent variable. The findings illustrate the inconsistence fit between the importance and performance of the constructs. Sequentially looking export marketing strategy and firm capabilities have a relative higher importance and expected to have higher performance. However, management characteristics and firm characteristics have relatively lower importance but conversely having higher performance.

5.2 Conclusion

This study examined the effects of firm level export performance determinants that are aggregated under the constructs of firm's characteristics, management characteristics, and firm capabilities and export marketing strategic in Ethiopian textile and garment industry.

It was valuable in examining the effect of firm level determinant of export performance on the measures which is crucial in understanding outcomes of export performance. This study formulated seven hypotheses in determining the relationship of firm level determinants and export performance of firms with intervening role of export marketing strategy. Thus based on the major findings of this study, it is concluded that:-

- Management Characteristics, firm Capabilities, and firm characteristics explain 51.1% of variance of Export Marketing Strategy, the remaining variance could be explained by external export determinants. This indicates export success is not only dependent on external factors and policies but more importantly on the firm-level controllable factors.
- Firm characteristics and firm capabilities are good predictor of export marketing strategy. Thus a one unit investment in firm specific characteristic and firm capabilities results in 0.390 and 0.297 unit increase export marketing strategy fitness and implementation.
- A partial mediation role of export marketing strategy was significantly observed with the increase in path coefficient value of firm capabilities compared to the value observed in the direct effect.
- Full mediation role of export marketing strategy was significantly observed in the shift of firm's characteristics path coefficient from insignificant value observed in the direct relationship to a significant value.

- Export marketing strategy has no mediation role between management characteristics and export performance.
- Management characteristics, firm capabilities, firm characteristics and export Marketing Strategy could explain 76.8 % of variance of export performance.
- Firm capabilities, management characteristics and export marketing strategy are good direct predictor of export performance. Among which export marketing strategy and management characteristics have a higher effect size value on export performance. One unit investment in each of firm capability, management characteristics and export marketing strategy will increase export performance by 0.152, 0.223 and 0.596 respectively. Hence, marketing strategy being a means by which firms respond to competitive market conditions has a vital role in the strategic achievement of export target set by the firms.
- Firm characteristics have no direct role on export performance.
- Export marketing strategy and firm capabilities have a relative higher importance and hence expected to have higher performance. This was only valid in the case of export marketing strategy. However, despite the higher importance value observed, lower investment and exploitation of firm capabilities was observed. Conversely, irrespective of the lower importance values in the case of firm characteristics and management characterizes, relatively unnecessary higher investment was observed.

5.3 Recommendation

Based on the above conclusions of this study, the following recommendations are proposed

- The firms more importantly should consider the significant role of the firm level determinants of export performance such that it is not only dependent on external macro factors.
- It could be reasonable for the government to emphasis on building firm's internal capability auxiliary to the direct investment incentives.
- The firms should regard the role export marketing strategy as a vital devising tool in mediating the relationship between firm's internal resources, capabilities, and export performance.

- The firm characteristics by itself are not an important factor unless it is linked with the firms export marketing strategy properly. Therefore, the firms should confirm the strategic fitness of firm's characteristics with firms export goal.
- Experience, knowledge and commitment as a management characteristic can be regarded as input for the export marketing strategy and as well intermediating role between strategy and export performance.
- It is apparent that export managers take strategic decisions to improve and extend the export markets which ultimately influence the export. Thus experience, knowledge and commitment are crucial at the top management level for the export success of the firm marketing strategy can be implemented effectively. But the results revealed the less connection of export manager's characteristics with export marketing strategy. This might be due to the fact that most managerial positions are meaningfully under the full control of the owner acting as a manager. Thus it is common that managers are exceptionally in charge of export marketing strategy implementation than full assignment. Therefore, the key role of managers should be aligned properly with strategic need of the firm.
- The relative higher importance of the factors is an indication for strategic direction of the firm's intention and investment. Based on that the right order of concentration should be export marketing strategy, firm capabilities, management characterizes and firm characteristics sequentially.

5.4 limitations of the study

Due to the unexpected occurrence and spread of Covid-19 epidemic in our country, the Ethiopian government has been declared state of emergency that partially restricts the movement citizens as a consequence most business operations run out from their normal daily setups. Hence, it was a very hard time to get physically all the respondents. It was possible only to reach respondents from forty seven firms even though it was planned to reach the respondents from fifty seven firms.

5.5 Future Research area

Primary, the lack of a significant mediating effect of export marketing strategy in the relationship between management characteristics and export performance is somewhat unexpected and inconsistence with majority export marketing literature. Export marketing strategy has been described as a means by which a firm meets the export objectives. Thus, this incompatible result on management factors suggests the need for more in-depth analyses on managerial influences implying more analysis as a predictor on management characteristics. Future researchers can also give emphasis on a separate view of independent variables in their relation with export performance.

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ANNEX

ANNEX I

SCHOOL OF COMMERCE

DEPARTMENT OF MARKETING MANAGEMENT

QUESTIONNAIRE

Dear Respondent

The researcher is a student at Addis Ababa University, School of Commerce, and department of Marketing Management. The objective of this questionnaire is to gather firsthand information about the firm-level Determinant of export performance of Ethiopian Textile and garment factories. The result of this study is primarily essential for the garment industry in that, it will help the firms to enhance internal capabilities for better competitiveness in the global market.

This questionnaire will take approximately 20-25 minutes and considered your invaluable support in responding to this questionnaire genuinely is paramount importance to the success of this study.

I would like to assure you that all information you provide based on your voluntariness will be treated with great confidentiality and aggregated information is only used to meet the purpose.

If you have any questions about this survey, please do not hesitate to contact me at any of the below mentioned phone number or via my email addresses.

Thank you very much for your time and participation!

Sintayehu Hailemariam-----0911946232-----(sintayehu270@gmail.com)

GENERAL INSTRUCTIONS

- There is no need for writing your name.
- In all cases where answer options are available please tick (√) in the appropriate box.

PART I

Section I*: General Information*

1. Please specify your gender category. TICK as appropriate

Male	Female

2. Which of the following age categories describes you?

Under 25	25-30	31-36	37-42	43-48	49 or more

3. How long (in years) have you been involved in exporting business?

Less than 1	1-3 years	4-6 years	7-9 years	10 or more years

4. Educational Qualification:

College Diploma	BA/BSc Degree	MSc/MA Degree	PhD

5. Do you speak any foreign language, other than English?

Yes	No	If yes, list the foreign language(s) you speak.

6. How long (in years) has the company been in existence?

Less than 3	3-6 years	7-10 years	more than 10 years

7. How long (in years) has the company been exporting?

Less than 3	3-6 years	7-10 years	more than 10 years

8**.** Ownership of the firm

Private limited company	Public Ltd. company	Other specify

Section II- ***Based on your experience, please indicate, if the following firm level export determinant perspectives have been existed/ implemented in your factory.*** **(*Source: Tuba and Selcuk, 2005, Levi, 2012, Yudi et al, 2017)***

Where 1: strongly disagree 2: disagree 3: neutral 4: agree 5: strongly agree

	SD=1	D=2	N=3	A=4	SA=5
Firm's characteristics					
The firm size has helped you to increase your export sales					
Due to the age of the firm, export marketing capability is not flexible					
The firm is experienced in exporting.					
The firm's level of Internationalization significantly affects access to export market					
The firm's organizational culture is favorable to exporting					
The firm's production efficiency is favorable to exporting					

	SD=1	D=2	N=3	A=4	SA=5
Management characteristics					
Having an experience in the foreign market is a key success factor to the Company.					
Firm's management is sensitive to cross cultural knowledge					
Firm's management has proficiency in foreign languages					
Firm's management has good educational background					
Management commitment is a key success factor to the company in export market.					
Firm's management has extensive knowledge of foreign market demand.					

	SD=1	D=2	N=3	A=4	SA=5
Firm's Capabilities					
The firm has alliance arrangement with a foreign entity from abroad to promote the firm's export business					
The firm allocates sufficient budget for research and development					
The firm is constantly adopting new methods in the production process.					
The workers have accumulated skills that gives your factory a competitive advantage					
The firm is constantly adopting innovative export marketing techniques.					
Technology level of your factory is lowering your export performance					
The firm possesses modern production technology and equipment for exporting					

Our firm capture important market information					
The firm is constantly developing new products for foreign markets.					

	SD=1	**D=2**	**N=3**	**A=4**	**SA=5**
Export Marketing Strategies					
Price strategy					
The firm is capable of adapting the prices to its customers					
The firm manipulates cost to meet customer's target price irrespective					
Pricing of the firm is competitive compared to competitor's price					
Promotion strategy					
The firm undertakes an intensive promotion in overseas markets					
The firm participates in international trade fair and exhibitions					
The firm conducts product tailored advertisement					
The firm promotes its products through social media					
Product strategy					
The firm adapts its products to its international market conducts					
The firm's products have a strong brand image in foreign market					
The firm determine products for the specific segments					
The firm factory produces common and basic items with no uniqueness					
Other than those provided by our buyers, the firm designs & develops its own styles, specification & features of a product for export market					
Distribution strategy					
The firm has established its own/direct distribution channel					
The firm adjusts its channel design to export market efficiently					
The firm achieved product delivery time without date extension					
Strategic fit, implementation effectiveness					
The strategy developed meet the strategic need of the firm					
The firm deployed the resources needed to make this export marketing strategy work					
The firm effectively executed the actions detailed in the export marketing plan					

Section III- ***Based on your experience, please indicate, if the following major export performance perspectives have been implemented in your factory. (Source: Diamantopoulos and Kakkos, 2007)***

Where 1: strongly disagree 2: disagree 3: neutral 4: agree 5: strongly agree

	SD=1	**D=2**	**N=3**	**A=4**	**SA=5**
Export performance					
Management's perception					
Exporting improve our company's market share position					
Exporting improve strategic expansion into foreign markets					
Exporting increase the profitability of the company					
Management's satisfaction					
The relative profitability from exporting is satisfactory					
Results from firm's international experience is satisfactory					
The percent total sales attributable to Foreign sale is satisfactory					
The firm's performance in terms of strategic goals achieved.					

ANNEX II

OVERALL DATA DESCRIPTIVE STATISTICS SUMMARY

1. FIRM'S CHARACTERISTICS

Indicators	Maximum value	Minimum value	Mean	Std. Dev.
The firm size has helped you to increase your export sales	5	2	3.99	0.940
Due to the age of the firm, export marketing capability is not flexible	5	1	3.25	1.466
The firm is experienced in exporting.	5	1	4.26	0.788
The firm's level of Internationalization significantly affects access to export market	5	2	4.4	0.659
The firm's organizational culture is favorable to exporting	5	2	4.41	0.792
The firm's production efficiency is favorable to exporting	5	2	4.52	0.770

2. MANAGEMENT'S CHARACTERISTICS

Indicators	minimum value	maximum value	mean	Std dev.
Having an experience in the foreign market is a key success factor to the Company.	2	5	4.22	0.671
Firm's management is sensitive to cross cultural knowledge	1	5	4.4	0.706
Firm's management has proficiency in foreign languages	1	5	4.31	0.851
Firm's management has good educational background	1	5	3.95	0.972
Management commitment is a key success factor to the company in export market.	1	5	4.48	0.713
Firm's management has extensive knowledge of foreign market demand.	1	5	4.54	0.783

3. FIRM'S CAPABILITIES

Indicators	minimum value	maximum value	mean	std dev.
The firm has alliance arrangement with a foreign entity from abroad to promote the firm's export business	2	5	4.40	0.749
The firm allocates sufficient budget for research and development	1	5	3.54	1.119
The firm is constantly adopting new methods in the production process	1	5	4.00	0.911
The workers have accumulated skills that gives your factory a competitive advantage	2	5	4.25	0.757

The firm is constantly adopting innovative export marketing techniques.	1	5	3.87	0.970
Technology level of your factory is lowering your export performance	1	5	3.27	1.340
The firm possesses modern production technology and equipment for exporting	1	5	3.94	0.836
Our firm capture important market information	2	5	4.39	0.734
The firm is constantly developing new products for foreign markets.	2	5	4.48	0.742

3. EXPPORT MARKETING STRATEGY

Indicators	**minimum value**	**maximum value**	**mean**	**std dev.**
Price strategy (EMSprice)				
The firm is capable of adapting the prices to its customers	1	5	4.27	0.721
The firm manipulates cost to meet customer's target price irrespective of actual costs	1	5	4.62	0.671
Pricing of the firm is competitive compared to competitor's price	2	5	4.64	0.600
Promotion strategy (EMSprom)				
The firm undertakes an intensive promotion in overseas markets	2	5	4.34	0.820
The firm participates in international trade fair and exhibitions	1	5	4.55	0.782
The firm conducts product tailored advertisement	1	5	4.44	0.908
The firm promotes its products through social media	1	5	4.65	0.835
Product strategy(EMSproduct)				
The firm adapts its products to its international market conducts	2	5	4.59	0.692
The firm's products have a strong brand image in foreign market	1	5	2.55	0.884
The firm determine products for the specific segments	2	5	4.23	0.66
The firm factory produces common and basic items with no uniqueness	1	5	4.21	1.081
Other than those provided by our buyers, the firm designs & develops its own styles, specification & features of a product for export market	1	5	2.49	0.994
Distribution strategy (EMSdist)				
The firm has established its own/direct distribution channel	2	5	4.21	0.824
The firm adjusts its channel design to export market efficiently	1	5	4.38	0.877

The firm achieved product delivery time without date extension	1	5	4.42	0.952
Strategic fit, implementation effectiveness (EMSstrategy)				
The strategy developed meet the strategic need of the firm	1	5	4.15	0.945
The firm deployed the resources needed to make this export marketing strategy work	1	5	4.41	0.951
The firm effectively executed the actions detailed in the export marketing plan	1	5	4.45	0.998

3. EXPORT PERFORMANCE

Indicators	**minimum value**	**maximum value**	**mean**	**std dev.**
Management's perception				
Exporting improve our company's market share position	1	5	4.11	0.751
Exporting improve strategic expansion into foreign markets	1	5	4.44	0.795
Exporting increase the profitability of the company	1	5	4.51	0.824
Management's satisfaction				
The relative profitability from exporting is satisfactory	1	5	4.37	0.813
Results from firm's international experience is satisfactory	2	5	4.56	0.74
The percent total sales attributable to Foreign sale is satisfactory	2	5	4.58	0.738
The firm's performance in terms of strategic goals achieved.	1	5	4.63	0.773

ANNEX III: Evaluation Results of the Measurement Model

Latent Variables	Indicators	Factor Loadings	Average Variance Extracted (AVE)
FCH	FCH4	0.797	0.799
	FCH5	0.935	
	FCH6	0.942	
MCH	MCH1	0.734	0.633
	MCH2	0.804	
	MCH3	0.860	
	MCH5	0.734	
	MCH6	0.836	
FCP	FCP3	0.774	0.622
	FCP4	0.796	
	FCP5	0.759	
	FCP7	0.762	
	FCP8	0.818	
	FCP9	0.786	
EMS	EMSprice	0.796	0.792
	EMSdist	0.920	
	EMSproduct	0.893	
	EMSprom	0.921	
	EMSstrategy	0.914	
EP	EP1	0.829	0.761
	EP2	0.831	
	EP3	0.910	
	EP4	0.825	
	EP5	0.877	
	EP6	0.910	
	EP7	0.918	

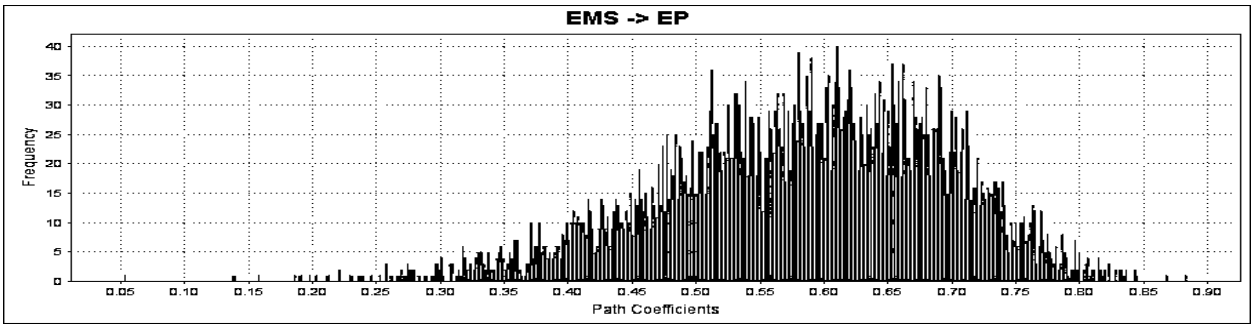
Source: survey result, 2020

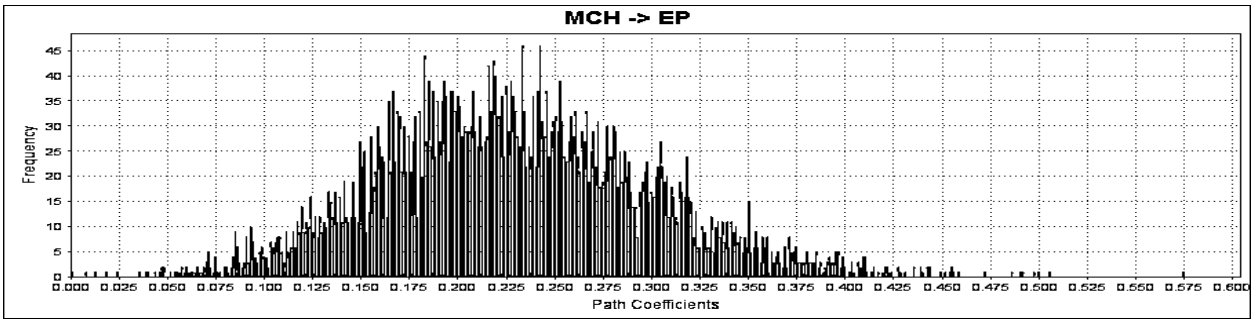
ANNEX IV: Discriminant validity based on the cross loadings test

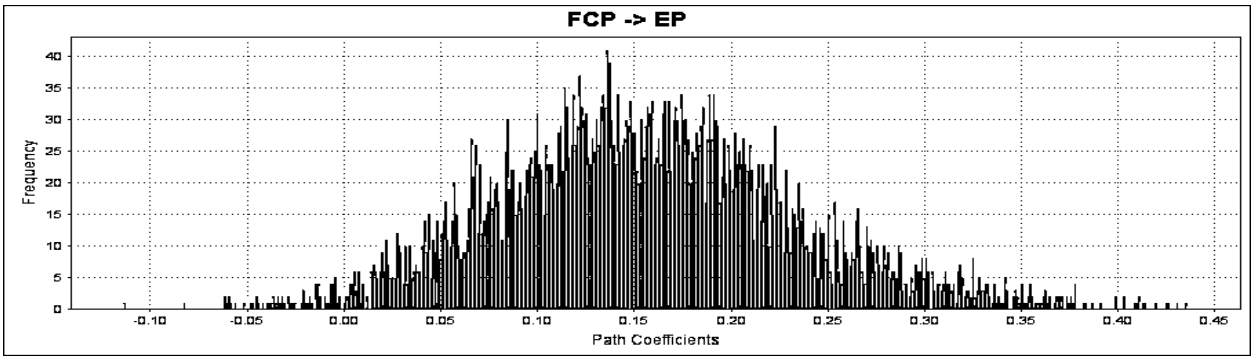
	EMS	EP	FCH	FCP	MCH
EMSprice	**0.796**	0.678	0.539	0.591	0.588
EMSdist	**0.920**	0.768	0.489	0.564	0.488
EMSproduct	**0.893**	0.761	0.503	0.553	0.488
EMSprom	**0.921**	0.725	0.542	0.570	0.468
EMSstrategy	**0.914**	0.783	0.504	0.534	0.519
EP1	0.655	**0.829**	0.447	0.590	0.553
EP2	0.718	**0.831**	0.405	0.619	0.589
EP3	0.711	**0.910**	0.489	0.630	0.580
EP4	0.690	**0.825**	0.548	0.541	0.561
EP5	0.724	**0.877**	0.503	0.605	0.578
EP6	0.783	**0.910**	0.522	0.578	0.621
EP7	0.810	**0.918**	0.598	0.585	0.627
FCH4	0.505	0.442	**0.797**	0.345	0.552
FCH5	0.516	0.541	**0.935**	0.451	0.527
FCH6	0.534	0.557	**0.942**	0.490	0.495
FCP3	0.469	0.546	0.339	**0.774**	0.490
FCP4	0.541	0.612	0.473	**0.796**	0.542
FCP5	0.510	0.549	0.351	**0.795**	0.450
FCP7	0.448	0.465	0.294	**0.762**	0.411
FCP8	0.513	0.521	0.350	**0.818**	0.497
FCP9	0.501	0.504	0.461	**0.786**	0.497
MCH1	0.309	0.451	0.486	0.411	**0.734**
MCH2	0.445	0.487	0.407	0.406	**0.804**
MCH3	0.537	0.696	0.468	0.513	**0.860**
MCH5	0.348	0.422	0.377	0.487	**0.734**
MCH6	0.571	0.561	0.576	0.598	**0.836**

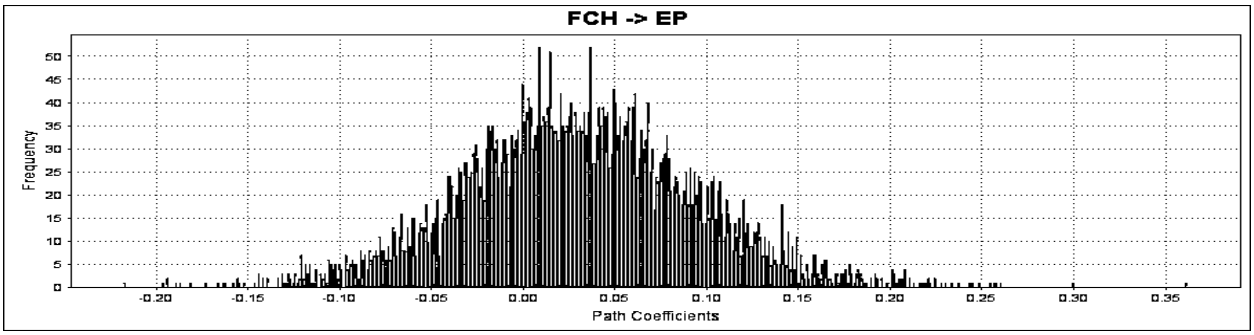
Source survey result: 2020

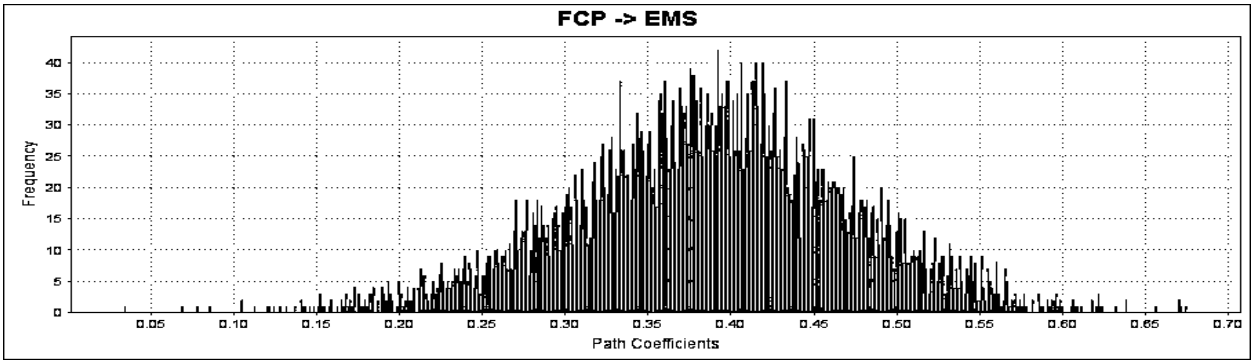
ANNEX V: Bootstrap Confidence Intervals test of path coefficients *(Source: survey result: 2020)*

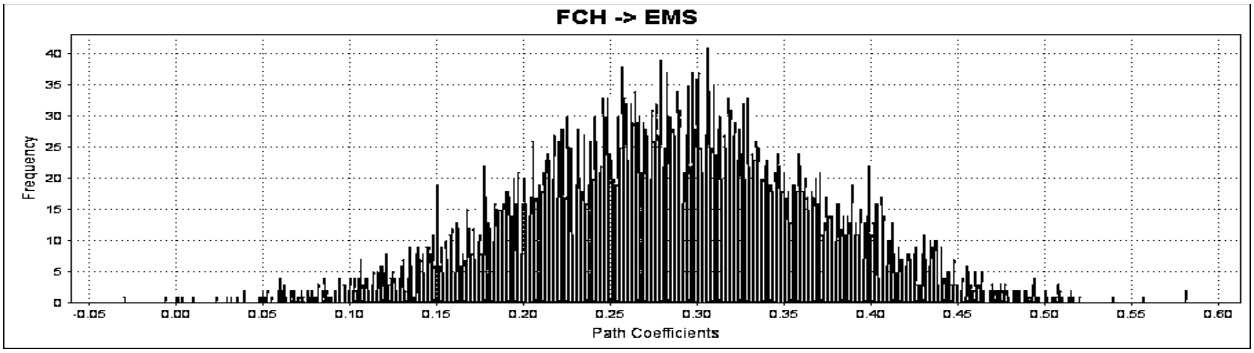


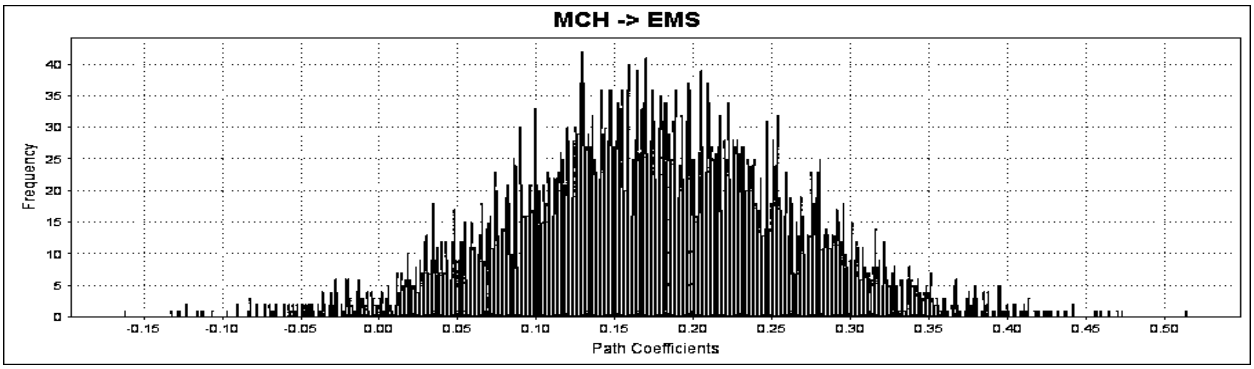







FCP -> EMS
Frequency
Path Coefficients


FCH -> EMS
Frequency
Path Coefficients


MCH -> EMS
Frequency
Path Coefficients