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

**FACTORS AFFECTING EXPORT PERFORMANCE
OF FIRMS OPERATING IN BOLE LEMI
INDUSTRIAL PARK**

By:Merkebu H/Mariam

August, 2021

**Addis Ababa
University
Addis Ababa, Ethiopia**

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INDUSTRIAL PARK**

**A THESIS SUBMITTED TO ADDIS ABABA UNIVERSITY COLLEGE OF
BUSINESS AND ECONOMICS IN PARTIAL FULFILLMENT OF THE
REQUIREMENTS FOR THE MASTER SCIENCE IN INTERNATIONAL
BUSINESS (IMPORT AND EXPORT MANAGEMENT)**

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**August, 2021
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Declaration

I declare that this thesis titled Factors Affecting the Export performance of firms operating in: in Bole lemi Industrial Park is my original work and that all sources of materials used for this thesis have been dully acknowledged. I have carried out the present study independently with the guidance and support of the research advisor Yetebark Takele (PhD). This thesis has been submitted in partial fulfillment of the requirement for in Addis Ababa University. I seriously declare that this thesis is not submitted to any other institution anywhere for the award of any academic MBA.

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Place: Addis Ababa

Statement of Certificate

This is to certify that the thesis proposal entitled “**Factors Affecting the Export Performance of firmsoperating in Bole lemi industrial parks in Ethiopia:** has been carried out by Merkebu H/mariam under my supervision. The advisee included comments and suggestions given by the advisor and I recommend this thesis report for oral defense.

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Associate Professor

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Date: -----

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OPERATING IN BOLE LEMI INDUSTRIAL PARK**

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ABBREVIATIONS AND ACRONYMS

BLIP	Bole Lemi Industrial Park
CBE	Commercial Bank of Ethiopia
EIC	Ethiopian Investment Commission
EIPDC	Ethiopian Industrial Park Development Corporation
EPZ	Export Processing Zone
EPZ	Export processing zone
FDI	Foreign Direct Investment
GDP	Gross Domestic Product
HIP	Hawassa Industrial Park
ICT	Information Communication Technology
ILO	International labor union
IP	Industrial Parks
IPD	Industrial Park Development
MoI	Ministry of Industry
TVET	Technical and Vocational Education and Training
UNDP	United Nations Development Program
UNIDO	United Nations Industrial Development Organization

Abstract

The main purpose of this study was to examine factors affecting export performance of firms operating in Bole Lemi industrial park developments. In this study the descriptive and explanatory research design method has been used. The study adopted a stratified random sampling technique to select the sample size. Both primary and secondary data sources were used. The study employed both descriptive and inferential analysis methods to arrive at the conclusion. Accordingly, the study has tried to assess the role of Labor Supply, Financing, Technology, Management, Raw Material, Marketing, Government Regulation and Incentive and Infrastructural variables in connection with the export performance of firms operating in Bole Lemi Industrial Park. Accordingly, based on the descriptive result of this study, there is lack of skilled manpower however trainable labor was sufficient., The findings of the study shows that that there is a technological advancement challenge in the park, as well as a lack of finance to acquire new technology because it requires huge investment, as well as the lack of skills and capability to handle new technology. Concerning management factor management's exposure for foreign trade was found low. The poor quality of locally produced raw material, unreasonable price of locally produced raw material, and high dependency on imported raw materials were found to be the major challenges in raw material supplies of the park. Based on the regression result, these variables explain 38.1% variability on the dependent variable (Export Performance). This study would like to recommend conducive working environment should be created to retain and motivate the existing skilled labor force. The companies of the park should play a crucial role in facilitating technological learning, innovation and catch-up process. The Park should focus on building upon the management's commitment for exporting to achieve superior performance in foreign markets.

eywords: *Legal Formation of Firm, Financing, Technology, Management, Raw material, Marketing, Government Regulation and Incentive, Infrastructure and Export Performance.*

CHAPTER ONE

1. INTRODUCTION

This chapter contains the background of the study, statement of the problem, objectives of the study, and research questions, the scope of the study and the significance of the study scope of the study limitation of the study and organization of the study.

1.1. Background of the study

Export is a vital tool for countries to achieve goals of economic growth and prosperity. Since export help to improve the balance of payments, employment rates and living standards; therefore, the number of governments seeking to expand exports encourage more exports (Doaei & Hassani Robot, 2010).

Improving the export performance of enterprises in the regional situation is important for governments and researchers. Export is a well-known way and has a long history of international trade. In an era that production conditions for industrial and commercial enterprises in developed countries were still favorable and restrictive rules and regulations didn't impose by the government, goods produced in this country and their export abroad was considered a reasonable and profitable method.

Industrial Park (IP) is, a geographic cluster of independent corporations that are assembled together to achieve economies of scale by sharing common infrastructures. Industrial parks play a great role for mass procurement and selling, training and related services. IPs will involve open production areas, controlled working environments, knowledge hubs and common research facilities that have an advantage to all members of the park. IP have modern infrastructure and general physical infrastructures which include: communications, roads, water, power, drainage, sewerage and its treatment plants among others.

The Industrial Parks Development Corporation was established in 2014 by the Council of Ministers. It has mandates to develop, operate, and administer wide ranges of industrial parks in the country through lease, transfer, and sale of land and constructions. (FDRE, 326/2014) The Corporation is also empowered to serve as an industrial land bank in accordance with the agreement concluded with the Regional States and the City Administrations. The IPDC works together with the stakeholders like the Ethiopian Investment Commission and the Ethiopian

Revenue and Customs Authority to provide a one-stop-shop service for investors investing in the industrial parks.

Industrial Park Development contributes to transform the structure of the Ethiopian economy. This outcome is measured in terms of the sectorial composition of the economy, in which the share of the manufacturing output and value-added in the industrial sector accounts for a higher proportion. Moreover, the manufacturing sector should also account for a higher share of the total employment within the next few decades. Moreover, IP should also contribute to the realization of an economy with higher and sustainable competitive capacity in the different sectors. The process requires innovative ways of implementing industrial park development in terms of developing and managing Parks, type of park to be developed, selecting types of enterprises to be placed within the park, attracting FDI, creating linkages between the park economy and the rest of domestic economy to transform and upgrading of the park at the 'right time.(Proclamation No. 886/2015.)

Bole Lemi is the first industrial park established by IPDC with a major role on exports. It is a large Export Zone which is located in Addis Ababa. Bole Lemi Phase 1 (156 hectares) has started operations in 2014. Several investors from Taiwan, China, India and South Korea invests on products such as textile, and garment, and could create about 10,000 jobs.

Preliminary observations show that industrial park development can boost Ethiopia's attractiveness for investment and business. The concept of industrial parks, effective and feasible policies and institutional arrangements are new to Ethiopia's regulatory processes. (Industrial Park development in Ethiopia Case study report 2018)

1.2.Statement of the problem

Industrial Park development faces strong competition from other parks within and outside of the country. Thus, park development should be supported by a proactive promotional strategy so as to attract enterprises and operate sustainably. This requires identifying and targeting both foreign and domestic tenants. The textile industry is highly sensitive to the cost and lead times of imports and exports. As such, the factory floor costs in products such as garments and other light manufacturing goods are lower than those in China and India. Heavy reliance on the port of Djibouti poses significant risks. Ethiopia's trade logistics constraints include inefficient trade finance and bank processes, long shipping times, high shipping costs, inefficient port operations, high freight transport cost, unregulated service under monopolistic practices; inadequate logistics service capacity, poor coordination, and lengthy customs and inland dry port clearance. Customs processes are unpredictable and that requirements and regulations are not clear.

Even though industrial parks' transformational role in Ethiopia's industrialization process is believed to be immense, the concept of industrial parks, effective & feasible policies and institutional arrangements are new to Ethiopia's regulatory processes. Lack of comprehensive regulatory framework (such as the absence of comprehensive legal, policy and organizational frameworks), makes its performance more challenging.

This study aims to analyze the export performance of Firms in Bole Lemi industrial park. The study focuses to answer six main research questions

- How labor Supply affects the export performance of bole Lemi industrial park?
- What are the effect finance factors for the export performance of firms in bole Lemi industrial park?
- To what extent do Technology affect the export performance of firms in bole Lemi industrial park?
- What are the influence of management for the export performance of firms in bole Lemi industrial park?
- To what extent do raw Material and Marketing affect the export performance of firms in bole Lemi industrial park?
- How government Regulation and Infrastructure affects for the export performance of firms in bole Lemi industrial park?

1.3.Objective of the Study

1.3.1. General Objective

- The general objective of the study is to assess the factors that affect the export performance of firms operating in Bole Lemi industrial park

1.3.2. Specific Objective

- ❖ To examine how Labor Supply affects the export performance of firms in bole Lemi industrial park
- ❖ To identify effect finance factors for the export performance of firms in bole Lemi industrial park?
- ❖ To examine how the technology affects the export performance of firms in bole Lemi industrial park
- ❖ To examine the influence of management for the export performance of firms in bole Lemi industrial park?
- ❖ To identify the major role of Raw Material and Marketing factors for the export performance of firms in bole Lemi industrial park
- ❖ To find out how the effect of government Regulation and Infrastructure on the export performance of firms in bole Lemi industrial park

1.4.Significance of the Study

The study had focused Bole lemi industrial park of Ethiopia by identifying factors affecting the export performance of Firms and may find a solution which helps to form adjustment supported on the results of the finding. Moreover, either individuals or groups of decision-makers or policy makers, investigator, different concerned bodies could use the results of their study. Generally, this study shall contribute to a combination of all of them that are typically used and future studies related to export performance. The importance of this research study would contribute to fill the main gap and to be essential to social policy.

1.5.Scope of the Study

The scope of this study is to assess factors affecting the export performance of firms operating in Bole lemi industrial park of Ethiopia which focuses on the year 1917 -2021. The study encompasses eight factors that affect export performance of firms operating in BLIP either positively or negatively. These are labor supply, finance, technology, management, raw material, marketing, government and infrastructure. The overall focuses include managers and employees working currently on Bole lemi industrial park who give service for the park are considered within the sample.

1.6.Limitations of the study

This study has used only eight factors affecting the export performance of firms operating in Lemi industrial park therefore; a further study could add some other related factors. On the other hand, this research faces other limitations such as limited access to data, time and money constraints.

1.7.Organization of the study

This study organizes into five chapters. Chapter one deals with the introduction, background, statement of the problem, objectives, significance, research question, and the scope of the study. Chapter two discusses the related literature reviews of the study. Chapter three examines the research methodology and methods of data collection for which it consists of the methods of data collection, sample design and procedure, tools of data collection and methods of data analysis. Chapter four presents the discussion, analysis, interpretation and findings of the study. Finally, chapter five deals with the conclusions, recommendations and policy implications drawn from the findings.

CHAPTER TWO

2. REVIEW OF RELATED LITERATURE

2.1. Export Performance

Export is among the critical sources of profits in every country (Mohsenzadeh, M., & Ahmadian, S., (2016). Even, there are countries that the economy relies on just one product, the vital source of international exchange and profits would be the export performance. Indeed, exporting is a remarkable way to overcome economic problems. Access to international markets will provide the chances to take advantage of gaining economies of scale. Hence, research on export perspective is vital because it is considered as a method to raise corporate growth, enhance competitive advantage, and ensure company endurance in a dynamic and competitive marketplace (Terpstra, V. and Sarathy, R. (2000). Previous research found that the construct of export performance has more than one dimension. Shoham (1998), building on an earlier conceptualization by Madsen (1987), presents the argument that export performance has a sale, profit, and change dimension. Operational definitions for each of these include export sales volume, export profitability, and changes in export sales or profitability. Export performance is determined by internal and external factors: former are the product and managerial and organizational characteristics such as planning abilities, technology, size etc. While the latter are domestic and target market characteristics.

Export performance is important for the firm to explore various ways to enter foreign markets. As firms become more involved in exporting, they become more committed to pursuing other international opportunities (Jee Su Lim, Thomas W. Sharkey and John H. Heinrichs, 2004).

There has been an understanding that performance is a multidimensional construct comprising effectiveness, efficiency, and adaptability to respond to environmental changes (Katsikeas, 2000).

In recent decades, there has been a gradual opening and interdependence of economic and political systems that have led to economic globalization. As a result, companies, and particularly SMEs (small and medium enterprises), are the main players in the international arena where exporting is central to their survival (Dejo-Oricain, et al, 2009).

Conceptual definitions of export performance are explicitly stated in only a very few studies and only a few researchers have developed conceptual definitions of export performance (Dejo-

Oricain1 et al, 2009). So, no yet agreement exists on which are the characteristics that determine the exporting profile (Dejo-Oricain et al, 2009). Some of the factors that affect export performance are reviewed below.

2.2.Labor supply

One potential way to improve labor skills in a firm is by training the current employees. For instance, Dearden, Reed and Van Reenen (2006) find that an increase in the proportion of workers in an industry who receive training leads to an increase in the industry's value added per worker and in the average wages. Using firm level data Konings and Vanormelingen (2015) find that trained workers exhibit a productivity premium and a wage premium of 23% and 12%, respectively. Flores-Lima, González-Velosa and Rosas-Shady (2014) find a positive association between the share of trained workers and the firm's total factor productivity.

2.3.Financial Development

The role of financial development on export has been discussed by many authors as a supply-side determinant. Empirical literature like Berman and Hericourt (2008) tried to study the role of financial development on export. Using a large cross-country firm-level database in developing and emerging economies, they found that financial constraints create a disconnection between firms' productivity and their export status. These two authors conclude that an increase in a country's financial development increases the number of exporters and hence countries overall export performance. Manova (2008) also developed a model to explain the role of financial development on trade flow with countries at different levels of financial development, credit-constrained heterogeneous firms, and sectors of varying financial vulnerability. The author showed that financially developed countries are more likely to export more.

2.4.Technology

Innovation goal is creation, transferring, changing and reaction to new ideas. Other researchers presented a similar definition. They believed that innovation is not only conscious innovation of new ideas, but also it is introducing and using these ideas and its general aim is improving organizational performance (Johnnessen, et al., 2004). Technological capability (TC) is a core for regional and economic change, (Ngoc Ca, 1999; Archibugi and Coco, 2004). Firms with a higher technological capability can secure greater efficiency gains by pioneering process

innovations and can able to innovate products in response to the changing market environment (Tsai, 2004).

The development of technological capability is very essential to overcome the fast-changing global markets. Significant attention having been given to the importance and understanding of technological capability, (Tsai, 2004). In Brooks, Weatherston, & Wilkinson (2010) reasoning, the use, or lack of use, of technology has a strong influence upon the competitiveness of firms, sectors and nations. Nevertheless, Seitz & Hite (2011) highlights that the inappropriate use of technology by the western, developed nations can cause harm to the globe, and the developing countries should consider an intermediate use of technologies. Both reasoning stresses the importance of technological development.

2.5. Management skills

Management is the major force behind the beginning of development, sustenance and prosperity in exporting. The focuses of many empirical researchers are the relationships between export performance and managerial characteristics (Sousa et al., 2008). Katsikea and Skarmeas (2003) noted that "management characteristics play a significant role in influencing export sales unit effectiveness". Export performance is usually controlled by organization and management, so it is responsible for poor or excellent performance of the firm's exporting (Nazar and Saleem, 2009; Zou and Stan, 1998). Management commitment is very important for export success because when the manager has commitments to export, they will plan carefully programs to enter the export markets and allocate financial and managerial resources sufficiently (Sousa et al., 2008; O'Cass and Julian, 2003). Management support has a direct impact on export performance and positive managerial attitudes and the level of management support have stronger positive impact while, the negative attitudes had negative influence on export performance (Cicic et al., 2002).

A firm's export commitment shapes attitudes and behaviors toward exporting (Navarro, Acedo, et al., 2010). and the ability to respond properly to environmental changes (e.g., Akman & Yilmaz, 2008). The level of a firm's resources and the way that managers successfully integrate and manage them strongly influence innovativeness (Neely, et al., 2001). Commitment is a strategic factor directing the resources assignment in the organizations. Lages and Montgomery (2004) found that the export commitment of managers to achieve international goals for the

company is increased and strategic guidance directing the decisions of the company in foreign markets are presented.

Commitment increases profitability and reduction of intention to turnover and by affecting employee's performance increases productivity and improvement and increasing the quality of services (Madani and Zahedi, 2005). A person committed to an organization determines his identity by the organization and participates in the organization and is involved in it and enjoys membership in the organization (Abtahi and MOalyi, 2006).

2.6. Marketing

The strategy of adaptation of export products is Associated with the degree that a company makes is products identical or adapt them to target market (hagighi et al, 2009). This strategy is defined by the characteristics of the company and external business environment (Calantone et.al, 2006) .modifying products are one of the adaptation methods in foreign markets of. This means that a good product should be adjusted to suit local conditions or needs change (Hosseini and Myrjhan Man, 2012).

Researchers understand the concept of marketing strategy as mixed elements of export marketing and mixed marketing (product, price, promotion and distribution) determines marketing strategy. (Movaghar Moghaddam et.al, 2011) adaptation analysis argues that despite the increased risks of international adoption procedures, differences between countries, the terms of buying power, business development, traditions, culture, laws, regulations, and technology development increases. Therefore, adaptation of marketing strategies of the firms with the specific requirements of each market is required. (Theodosius and Leonidou, 2003)

2.7. Government Regulation and Incentive

The gradual elimination of barriers to global capital and trade flows and the increasing mobility of international firms have stimulated competition among countries for foreign direct investment, often through the use of tax incentives (Morisset, 2003)

The other factor affecting export performance is the degree of openness to trade. Opening economic policies to trade with the rest of the world is needed for export and economic growth. This is because in recent decades there is no country achieving economic success in terms of substantial increases in living standards for its people without liberalizing itself to the rest of the world. Trade liberalization has generally taken place in LDCs as part of the structural adjustment

program. Trade liberalization implies a considerable reduction in tariff and non-tariff barriers, so as to establish a noticeable open market as compared with the pre-liberalization era. The empirical researches focusing on the impact of trade liberalization (openness) on export earnings have exhibited positive results. For example, literature shows that countries that get on liberalization programs have improved their export earnings (Ahmed, 2000). Similarly, Seyyed et.al (2011), using panel data evidence for 19 countries found that open trade policy enhances GDP and export growth. Using these results clearly prefer open trade policy over more trade barrier which enhance GDP and export growth. Conversely, Giovani and Levencko, (2007) argue that increased trade openness has contributed to rising uncertainty and exposed countries to external shocks and hence, adversely affects the country's export.

Export incentives be caused increase the company's export success. Export incentives help to companies for overcome these barriers. So, it plays central role in achieving goals of company. While the many export incentives such as providing adequate knowledge, fair trade, research, export and education insurance are essential for export companies. (Theingi 2011)

2.8. Infrastructure

Recent studies on export have been focused on the role of trade facilitation reforms on export performance. A study made by Portuga-Perez and S.Wilson (2010) tried to analyze the role of hard infrastructure (roads, ports, airports, rail infrastructure and information communications technology) and soft infrastructure (efficiency of customs and domestic transport and business regulatory measures and transparency) on export performance of 101 countries during 2004 -07. The results from their study revealed that an improvement in hard and soft infrastructure leads to more exports which ensure that investments in physical infrastructure have a positive impact on exports, but declining as per capita income increases, on the contrary investments in ICT and soft infrastructures were found to have more impact on richer countries. Therefore, improvements in transportation services and infrastructure can lead to improvements in export performance (Fugazza et.al, 2008). They argue that infrastructure directly affects transport costs by determining the type of transport used (for example, the type and quality of roads determine the maximum size of trucks) and delivery time for the goods.

Portugal-Perez and Wilson (2012) assessed the impact of four indicators related to trading facilitation—physical infrastructure, ICT, border and transport efficiency, and the business and regulatory environment—on the export performance of 101 developing economies. Unlike

previous studies that used principal component analysis, this study used factor analysis to derive the aggregate indicator. Accordingly, the physical infrastructure was found to have the greatest impact on exports. Other studies that have applied the gravity model also emphasized the crucial role of infrastructure on trade. Shepherd and Wilson (2009) discovered that bilateral trade flows in Southeast Asia were affected by transport infrastructure, mainly ports and ICT. Hoekman and Nicita (2008) found that poor roads and ports, poorly performing customs agencies and procedures, weakness in a regulatory capacity, and limited access to finance and business services affected trade.

Djankov, Freund, and Pham (2010) claimed that infrastructure directly affected transport costs by influencing the type of transport used and delivery time of the goods. By using data on time to export and import, they estimated the impact of delays on trade, showing that trade decreased by at least 1% for every extra day taken to move goods from the warehouse to the ship, comparable to an increase in the distance of an economy from its trading partner by 70 kilometers.

Francois and Manchin (2007), by using principal components to construct two indicators on infrastructure and institutional quality, found that institutional quality, along with transport and communications infrastructure was a significant determinant for an economy's export levels as well as for prospective exports.

CHAPTER THREE

3. RESEARCH METHODOLOGY

3.1. Research Design

The research design is the conceptual structure within which research is conducted; it constitutes the blueprint for the collection, measurement, and analysis of data(KOTHARI, 2004). In other ways, its plan specifying the methods and procedures for collecting and analyzing the needed information. In this study the descriptive and explanatory research design method has been used to describe, record, analyze, and interprets the nature of the problem understudy in its current status. In a descriptive research design the researcher has no control over the variables. Explanatory research attempts to simplify a relationship between two or more aspects of a condition or phenomenon. Explanatory research tries to seek out explanations of observed phenomena, problems, or behaviors. It attempts to identify causal factors and outcomes of the target phenomenon(Biset Amene & Yadessa, 2018).

3.2. Research Approach

This research focused on a mixed approach of using both quantitative and qualitative research for a better understanding of the contextual variables and their effects on the export performance of firms in Bole lemi industrial park of Ethiopia.

According to Biset Amene & Yadessa,(2018)(as cited in Moody/2002), Qualitative data was appropriate since meanings were based on expressions through words, and analysis was conducted through the use of conceptualization. The qualitative analysis aims to collect an in-depth understanding of human behavior and so reasons that govern such behavior. The researcher also uses this approach to fill the gap that has not been covered by the quantitative approach. Quantitative data is numerical data or data in the form of numbers that have been

analyzed by using statistical techniques. Quantitative research discusses the systematic empirical investigation of quantitative properties and phenomena and their relationship.

3.3.Sources of Data and Data Collection Method

Both primary and secondary data are used in this research. The primary data are collected through separate interviews and questionnaires with key informants in the organization. The researcher also conducted a structured interview with four concerned bodies (Ministry of Industry, Investment Board of Ethiopia, and Ethiopian Investment Commission, and the department managers and experts who are working in export departments of bole Lemi industrial park.) A total of 229 questionnaires were distributed to managers and employees working currently on BLIP out of which 219 questionnaires were returned.

The researcher used UNIDO Case study reports, books, journals, reports from government offices, newspapers and magazines, seminar and workshop papers, official websites, economic surveys, development plans, annual reports, regulations, procedures, and other research publications as secondary data.

3.4. Sampling Technique

Sampling techniques are broadly classified into ‘Probability’ and ‘Non-probability’ samples (Acharya et al., 2013). Probability sampling techniques are used in conclusive research. In probability sampling, each individual in the population has an equal chance of being selected in the sample. In the case of the non-probability sampling technique, the elements of the population do not have any know chance of being selected in the sample (Acharya et al.,2013). From the total population 534 a sample of 219 respondents were taken through the stratified random sampling technique.

3.5. The Sample Size

Sampling is related to the selection of a subset of individual from a large population to estimate the characteristics of the entire population (Singh & Masuku, 2014). Sampling refers to the procedure that we pick out from a set of units that make up the object of study (the population), the limited number of cases (sample) chosen according to criteria that modify the results obtained by studying sample to be extrapolated to the entire population (Corbetta, 2003).

Although there are no general rules, the sample size usually depends on the population to be sampled. The researchers accept a maximum sampling error of 5% with a 95% level of confidence. Following this, to get the exact number of respondents, the formula given by Yemane (1967) is used.

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

Where N= the total population for employees working in the park.

e = sampling error estimated

n = total sample size which is taken from the calculation

So, the researcher sample is $n = \frac{534}{1+534(0.05^2)} = 229$

Based on this formula, 229 respondents have been used as the sample for this study and the key information for this research was collected from 219 individual managers and employees through a questionnaire by a cross-sectional survey to admit the objective of the study.

3.6. Method of Data Analysis

To meet the specific research objectives, both qualitative and quantitative data analysis was examined for the study purpose. Descriptive statistics like frequency distributions, tables, and inferential statistics like multiple linear regressions have been used to elicit meaningful information. The data entry and analysis have been performed by using Statistical Package for Social Science (SPSS) version 23.0.

3.7. Model Specification

Inferential statistics like multiple regressions and Pearson correlation were used. Multiple regressions are used to determine the nature of the relationship between independent variables and the dependent variable (Azmah et al., 2012). Multiple regression analysis is described as a statistical technique that is used to analyze the relationship between one dependent variable and several independent variables (Uyanık & Güler, 2013). The objective is to predict the dependent variable from known independent variables. The coefficient of multiple correlations is symbolized by the correlation R which indicates the strength of the correlation between the combination of the predictor variables and criteria variables Abdi, (2015).

The required assumptions of this multiple regression model are; the error variable (ϵ) is normally distributed, the mean value of the error variable is zero, the variance of the error variable is a fixed but unknown value, the values of the error variable are independent of one another, a relationship between the factors affecting the export performance: in Bole lemi Industrial Park was linear.

Regression analysis was done by the utilization of an econometric model:

$$Y = \alpha + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \beta_5 X_5 + \beta_6 X_6 + \beta_7 X_7 + \beta_8 X_8 + \epsilon$$

Where: Y= is the dependent variable indicating the export performance.

α = may be a constant term the worth of Y when all Xs are zero

$\beta_1, \beta_2, \beta_3, \beta_4, \beta_5, \beta_6, \beta_7, \beta_8,$ = are the regression co-efficient or change introduced in Y by each X

ϵ = is that the random error term accounting for all other factors not captured within the model.

X1= Labor Supply

X2= Financing

X3= Technology

X4=Management skill

X5= Raw material

X6= Marketing

X7= Government Regulation and Incentive

X8= Infrastructure

The magnitude of the regression coefficient was to help the researcher know the direction and magnitude of the relationship between the independent variables and the dependent variable.

The coefficient of determination R^2 is evaluated to determine the explanatory power of the model and how well data fit into the statistical model. The F statistic is evaluated to determine the overall significance of the models.

3.8. Reliability and Validity

In the research, reliability is the degree to which the results of the research are consistent and repeatable. Researchers repeat research again and again in different settings to compare the reliability of the research. Theories are developed from the research inferences when it proves to be highly reliable. In experiments, the question of reliability can be overcome by repeating the experiments again and again. In social sciences, the researcher uses logic to achieve more reliable results.

Validity is the extent to which a concept, conclusion or measurement is well-founded and likely corresponds accurately to the real world. The validity of a measurement tool (for example, a test in education) is the degree to which the tool measures what it claims to measure. Validity is based on the strength of a collection of different types of evidence (e.g. face validity, construct validity, etc.).

Reliability and validity are closely related, but they mean different things. A measurement can be reliable without being valid. However, if a measurement is valid, it is usually also reliable.

In order to ensure reliability and validity, the researcher tried to use appropriate time scale, methodology, suitable sample method for the study besides the respondents are not be pressured in any ways to select specific choices among the answer sets.

Before distributing the real questionnaire to the selected respondents, the researcher needs to pre-test the questionnaires to other people such as friends and family members. It is important to ensure the respondents understand the questionnaires and to avoid misunderstandings occur in the future. The researcher distributes 20 questionnaires for this pre-test.

3.9.Ethical Considerations

Ethical considerations form a major element in research. The researcher needs to adhere to promote the aims of the research imparting authentic knowledge, truth and prevention of error. Furthermore, following ethics enables scholars to deal collaborative approach towards their study with the assistance of their peers, mentors and other contributors to the study.

This requires values like accountability, trust, mutual respect and fairness among all the parties involved in a study. This in turn depends on protection of intellectual property rights of all the contributors, established through implementation of ethical considerations. Other ethical considerations in research refer to accountability towards general public by protecting the human or animal subjects used in the study. Similarly appropriate usage of public funds and gaining of public support is also important. The researcher maintained ethical principles.

CHAPTER FOUR

4. DATA PRESENTATION, ANALYSIS AND INTERPRATION

In this chapter, the collected data has been analyzed and interpreted. The chapter consists of introduction, respondents' demographic characteristics, labor supply, financing, technology, management, raw material, marketing, government regulation and incentive and infrastructure as a factor. This section of the study contains the analysis of both quantitative and qualitative results.

4.1. Response Rate

A total of 229 questionnaires were distributed to managers and employees working currently on BLIP. Out of which 219 questionnaires were returned which constituted response rate of 95 percent. This response rate indicated very appropriate to conduct research. The researcher also conducted a structured interview with four concerned bodies (Ethiopian Industrial Park Development Corporation, Ministry of Industry, Investment Board of Ethiopia, and Ethiopian Investment Commission, and the department managers and experts who are working in export departments of bole Lemi industrial park.)

4.2. Reliability and validity test

As it is indicated below the table Cronbach's coefficient alpha was calculated for each field of the questionnaire and the entire questionnaire. The values of Cronbach's Alpha showed that all of the results are more than acceptable, which fall in the range between 0.7 and 0.95. The resulting range is considered high as the result ensures the reliability of each field of the questionnaire. More over Cronbach's Alpha for the entire questionnaire shows the value of .881 which falls in an excellent range and it indicates reliability of the entire questionnaire. Therefore, based on the test, the results for the items are reliable and acceptable.

4.2.1. Reliability of the questionnaire

Table 1: Reliability results

Sub scales	Number of items	Cronbach's Alpha
Labor supply	3	.812
Financing	4	.859
Technology	2	.799
Management	3	.725
Raw material	4	.766
Marketing	3	.727
Government Regulation and Incentive	3	.831
Infrastructure as a factor	3	.811
Export Performance	3	.723
Entire scale	27	.881

4.3. Demographic Characteristics of Respondents

Regarding the demographic variables of the respondents, their Gender, Age, Educational status, Jobs category and Experience were used for description. Accordingly, regarding the sex of the respondents, the majority of them 142(64.8%) were males while the remaining 77(35.2%) were female respondents from the park. This reflects the composition of employees in the park clearly showing the dominance of males in most positions. This sex compositions is also evident the lower number of female in the other areas of working environment in Addis Ababa.

Regarding the age composition of the respondents, 96(43.8%) and 89(40.6%) of them were in the age group 20 – 30 years and 31 – 40 years while the lowest concentration of the respondents found in the age range of 41 – 50 and above 50 years containing 28(12.8%) and 6(2.7%) of the total respondents. This result showed that most of the respondents which is above 80% were below the age 40 years.

Concerning the level of education of the respondents, the majority of 121(55.3%) them were first degree holders followed by 47(21.5%) of the respondent who had certificate and below level of education. Additionally, the remaining 28(12.8%) were diploma holders, and 23(10.5%) were second degree and above qualifications.

About the job category of respondents, 99(45.2%) of the respondents were senior while the remaining 92(42.0%) and 28(12.8%) of the total respondents were juniors and managerial employees. This indicates the general structure of respondents in terms of their job category which was dominated by senior and junior professionals while the managerial positions were found tiny. Lastly, concerning the experience level of respondents, 88(40.2%) of the respondent had 1 – 4 years of experience while 75(34.2%) of the participants had 4-6 of experience. The remaining respondent's 31(14.2%) and 25(11.4%) of the total respondents were 6 and above years of experience as well as less than a year of work experience.

Table 2: Demographic Characteristics of Respondents

Variables		Frequency	Percentage
Gender	Male	142	64.8%
	Female	77	35.2%
Age	20 - 30	96	43.8%
	31 - 40	89	40.6%
	41 - 50	28	12.8%
	above 50	6	2.7%
Educational status	Certificate and below	47	21.5%
	Diploma	28	12.8%
	First Degree	121	55.3%
	Second Degree and above	23	10.5%
Jobs category	Managerial	28	12.8%
	Senior	99	45.2%
	Junior	92	42.0%
Experience	less than a year	25	11.4%
	1 - 4 years	88	40.2%

4 - 6 years	75	34.2%
6 and above years	31	14.2%
Total	219	100%

4.4.Descriptive Statistics

This section represents the respondent's perception on the independent and dependent variables. Research participants were asked to indicate the extent to which they agreed and disagree to statements relating to the variables under the study of five-point Likert scale (5= strongly agree to 1= strongly disagree). A mean of 3.0 is considered to measure neutrality on the test of variables. Standard deviation was used to indicate variation from the mean. A low standard deviation indicate that points tend to be very close to the mean, whereas high standard deviation indicates that the data is spread over a large range of values.

Descriptive statistics in the form of mean and standard deviation were presented to illustrate the level of agreement of the respondents with their implications of the company. The responses of the respondents for the variables indicated below were measured on five-point Likert scale with: 1= strongly disagree, 2= disagree, 3 = neutral, 4= agree and 5= strongly agree. However, while making interpretation of the results of mean the scales were reassigned as follows to make the interpretation easy and clear. This formula is adapted from (Vichea, 2005), with 5-point scales, the interval for breaking the range in measuring each variable is calculated by $(5-1)/5 = 0.8$. It means items with scores fall between the ranges of: 4.20 – 5.00 are considered as strongly agreed; 3.40 – 4.09 as agreed; 2.60 – 3.39 as Neutral; 1.08 – 2.59 as disagree and 1.00 – 1.79 strongly disagree. Interview results are also presented along with the results of the questionnaire. Data from questionnaires were processed by SPSS program in terms of frequency, mean, and standard deviation (Descriptive statistics)

4.4.1. Labor Supply

Assessment of the labor supply condition in the industrial park was studied using the following questions. For that reason, the results of these items are presented as follow using descriptive statistics such as mean and standard deviation.

Table 3: Labor Supply

Items	N	Minimum	Maximum	Mean	Std. Deviation
There is good supply of unskilled and trainable work force for the park.	219	1.00	5.00	4.3562	.80200
There is adequate supply of skilled labor force in the market for the park.	219	1.00	5.00	2.4087	1.07978
The wages of labor force is cheap.	219	1.00	5.00	4.4064	.84275

Based on the above items the results were clear about the positions of the respondents, that is, all the items' responses fall in the agreement range (mean >3.4) such as; whether there is good supply of unskilled and trainable work force for the park (mean = 4.3562 and SD = .80200), whether there is adequate supply of skilled labor force in the market for the park (mean = 2.4087 and SD = 1.07978), and whether the wages of labor force is cheap (mean = 4.4064 and SD = .84275).

This result implies that the supply of unskilled but trainable labor was sufficient; however, there is lack of skilled labor in the companies of the park. With a supplementary advantage of low cost of labor in the study area, the export performance can be benefited from such advantage internationally.

4.4.2. Financing

Evaluation of financing activities in the park has been examined. Likewise, the aftereffects of these things are introduced as follow utilizing expressive measurements like mean and standard deviation.

Table 4: Financing

Items	N	Minimum	Maximum	Mean	Std. Deviation
There is difficulty in timely obtaining working capital from financial institutions	219	1.00	5.00	4.2922	.94164
The collateral requirement from lending institutions is a serious constraint for the park.	219	1.00	5.00	4.3242	.73566
The interest rate charged by the financing institutions is very high.	219	1.00	5.00	4.2100	.89938

Loan processing procedures of banks and other lending institutions are too complicated and time	219	1.00	5.00	3.7032	1.12051
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Founded on the above items the results were clear about the perspective of the respondents, entirely the items' responses fall in the agreement range (mean >3.4) for instance ; whether there is difficulty in timely obtaining working capital from financial institutions (mean = 4.2922, and SD = .94164), whether the collateral requirement from lending institutions is a serious constraint for the park(mean = 4.3242, and SD = .73566), whether the interest rate charged by the financing institutions is very high(mean = 4.21, and SD = .899), and whether loan processing procedures of banks and other lending institutions are too complicated and time (mean =3.703 , and SD =1.120).

The above results implies that there was certain difficulties in obtaining working capital from financial institutions such as banks, even though the working capital is acquired, its interest rate is too high. Additionally, the result also implies that collateral prerequisite from lending institutions is a serious constraint for the park. Lastly, regarding the financing activities in the park, complicated loan processing time was found to affect the industrial park as well.

4.4.3. Technology

Evaluation of technological environment in the park was being scrutinized using the subsequent items. Likewise, the aftereffects of these things are introduced as follow utilizing expressive measurements like mean and standard deviation.

Table 5: Technology

Items	N	Minimum	Maximum	Mean	Std. Deviation
There is lack of finance to acquire new technology because it requires huge investment.	219	1.00	5.00	3.5982	1.04187
There is a lack of skills and capability to handle new technology.	219	1.00	5.00	3.5616	1.20000

Originated on the above items the results were clear about the viewpoint of the respondents, entirely the items' responses fall in the agreement range (mean >3.4) for instance; whether there is lack of finance to acquire new technology because it requires huge investment (mean =3.59, and SD = 1.041), and there is a lack of skills and capability to handle new technology (mean =3.56, and SD = 1.20). Accordingly, based on the results concerning the technology assessment of the park, the results implies that there is technological advancement challenges in the park, as well as lack of finance to acquire new technology because it requires huge investment, as well as the lack of skills and capability to handle new technology.

4.4.4. Management

With respect to the management challenges of exporting, the following items were presented. Moreover, the eventual outcomes of these things are presented as follow using expressive estimations like mean and standard deviation.

Table 6: Management Factors

Items	N	Minimum	Maximum	Mean	Std. Deviation
Educational readiness and capability of managers	219	1.00	5.00	3.7534	1.10189
Skilled and well experienced managers are available in the market.	219	1.00	5.00	3.4521	.96319
The Management has foreign trade exposure	219	1.00	5.00	3.2877	1.22076

Management related factors was measured in the above table, which indicate except the last item which measures whether the management has foreign trade exposure (mean = 3.28 and SD = 1.22), fall in the neutral range (mean < 3.4). The remaining two items fall in the agreement range (mean > 3.4). These items include; whether educational readiness and capability of managers (mean = 3.75, and 1.101), as well as whether skilled and well experienced managers are available in the market (mean = 3.45, and SD = .963). One of the factors theorized to affect the export performance of firms is management related factors. According, the descriptive results of this study presented in the above table showed that educational readiness and capability of

managers as well as the availability of skilled and well experienced managers in the market were found high. However, the management's exposure for foreign trade was found low.

4.4.5. Raw Material

The supply of raw materials for the industry firms washypothesizing to be the key ingredient. Accordingly, to assess the level of raw materials supplies in the studied firms, the following items were used.

Table 7: Raw material of the industry

Items	N	Minimum	Maximum	Mean	Std. Deviation
There is adequate supply of locally produced raw materials.	219	1.00	5.00	3.2420	1.19666
Locally produced raw material are of the required quality.	219	1.00	5.00	3.2283	1.23887
The cost of locally produced raw material is reasonable.	219	1.00	5.00	3.3242	1.14536
There is high dependency on imported raw materials.	219	1.00	5.00	3.9543	1.03504

Most of the items presented regarding the raw material supply in the market fall in the neutral range with a mean value of <3.4. However, the last item which measures whether there is high dependency on imported raw materials (mean = 3.95, and SD = 1.03). The items fall in the neutral range includes; whether there is adequate supply of locally produced raw materials (mean = 3.242and SD = 1.196), whether locally produced raw material are of the required quality (mean = 3.228 and SD = 1.145), and whether the cost of locally produced raw material is reasonable (mean = 3.324and SD = 1.145).

The above result indicates that the insufficiency of supply of locally produced raw materials, the poor quality of locally produced raw material, unreasonable price of locally produced raw

material, and high dependency on imported raw materials were found to be the major challenges in raw material supplies of the study area.

4.4.6. Marketing

Evaluation of marketing activities in the park was being examined utilizing expressive measurements like mean and standard deviation.

Table 8: Marketing Activities of the Park

Items	N	Minimum	Maximum	Mean	Std. Deviation
There is pool of well experienced and export exposed marketing personnel in the country.	219	1.00	5.00	4.0365	.88750
The Park depends solely on intermediaries and outsourcing agents for export marketing.	219	1.00	5.00	4.1461	.92201
There is frequent communication with suppliers and customers, foreign visit and participation in trade fair and promotion activities to reach and maintain market.	219	1.00	5.00	3.6986	.99104

According to the results presented in the above table, all items fall in the agreement range. These include; whether there is pool of well experienced and export exposed marketing personnel in the country (mean = 4.036, and SD =.887), whether the park depends solely on intermediaries and outsourcing agents for export marketing (mean = 4.146, and SD =.922), and whether there is frequent communication with suppliers and customers, foreign visit and participation in trade fair and promotion activities to reach and maintain market (mean = 3.69, and SD = .991).

In terms of the marketing activities, the above result implies that there is pool of very much experienced and fare uncovered showcasing faculties in the country, the recreation center relies exclusively upon middle people and re-appropriating specialists for send out advertising, just as there is successive correspondence with providers and clients, unfamiliar visit and investment in exchange reasonable and advancement exercises to reach and keep up with market.

4.4.7. Government Regulation and Incentive

About evaluation of Government Regulation and Incentive, the effects of these things are introduced as follow utilizing expressive measurements like mean and standard deviation.

Table 9: Evaluation of Government Regulation and Incentive

Items	N	Minimum	Maximum	Mean	Std. Deviation
There is strong government support for export, such as duty-free privileges for importation of machinery and equipment, tax holidays, reduced import tax on raw materials and accessories.	219	1.00	5.00	3.5799	1.23287
There is efficient and effective government administrative/ governance structure in addressing issues adequately and timely	219	1.00	5.00	3.5114	1.12258
There is lack of accessibility of information on current government regulations that are relevant to the sector.	219	1.00	5.00	3.4338	1.14497

Regarding the major government regulation issues as well as incentive related challenges for the functioning of exporting firms, the above table clearly showed that all the three items measuring this variable fall in the agreement range (mean>3.4). These items include whether there is strong government support for export, such as duty free privileges for importation of machinery and equipment, tax holidays, reduced import tax on raw materials and accessories (mean = 3.579 and SD = 1.232), whether there is efficient and effective government administrative/ governance structure in addressing issues adequately and timely (mean = 3.51 and SD = 1.122) and whether there is lack of accessibility of information on current government regulations that are relevant to the sector (mean = 3.43 and SD = 1.14).

The above result implies that there is strong government support for export, such as duty-free privileges for importation of machinery and equipment, tax holidays, reduced import tax on raw materials and accessories, as well as there is efficient and effective government administrative/ governance structure in addressing issues adequately and timely, however there is lack of accessibility of information on current government regulations that are relevant to the sector.

4.4.8. Infrastructure as a Factor

Lastly, about the evaluation of infrastructure as a factor, the following items were presented. Likewise, the aftereffects of these things are introduced as follow utilizing expressive measurements like mean and standard deviation.

Table 10: Factors Related to Infrastructure

Items	N	Minimum	Maximum	Mean	Std. Deviation
There is adequate availability of electricity, water and communication network for my business operation	219	1.00	5.00	2.4087	1.07978
There is sufficient transport to/and from port.	219	1.00	5.00	2.1187	.91098
There is Efficient port handling and customs processes for raw material import and export of export product.	219	1.00	5.00	2.0434	1.17375

Accordingly, regarding the descriptive results of infrastructural factors, the researcher has evaluated the results as falling in the disagreement range (mean >2.59). This indicates whether there is inadequate availability of electricity, water and communication network for the business operation (mean = 2.4087 and SD =1.079), whether there is sufficient transport to/and from port (mean = 2.1187 and SD =.910), whether there is efficient port handling and customs processes for raw material import and export of export product (mean = 2.0434 and SD =1.173).

The above result implies that there is inadequate availability of electricity, water and communication network for the business operation, as well as less efficient transportation port handling for import and export activities.

4.5. Relationship between Dependent Variable and Independent Variables

According to Saunders et al. (2009) a correlation analysis used to identify the direction and relationship between the variables. Correlation coefficient enables to quantify the strength of the linear relationship between two variables. Based on this, correlation analysis was made for independent variables and the dependent variable as follow.

Table 11: Bivariate Correlation between Variables

Independent variables		Export Performance
Labor Supply	Pearson Correlation	.216**
	Sig. (2-tailed)	.001
	N	219
Financing	Pearson Correlation	.302**
	Sig. (2-tailed)	.000
	N	219
Technology	Pearson Correlation	.147*
	Sig. (2-tailed)	.029
	N	219
Management	Pearson Correlation	.411**
	Sig. (2-tailed)	.000
	N	219
Raw Material	Pearson Correlation	.161*
	Sig. (2-tailed)	.017
	N	219
Marketing	Pearson Correlation	.376**
	Sig. (2-tailed)	.000
	N	219
Government Regulation and Incentive	Pearson Correlation	.379**
	Sig. (2-tailed)	.000
	N	219
Infrastructure	Pearson Correlation	.369**
	Sig. (2-tailed)	.000
	N	219

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

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

Based on the correlational results of this study presented in the above table have showed the presence of positive and significant correlation between the independent variables and

the dependent variable (export performance). More specifically, Labor Supply ($r = .216$), Financing ($r = .302$), Technology ($r = .147$), Management ($r = .411$), Raw Material ($r = .161$), Marketing ($r = .376$), Government Regulation and Incentive ($r = .379$) and Infrastructure ($r = .369$) have been found to be correlated positively and significantly with export performance of the studied firms in the industrial park.

4.6.Factors Predicting Export Performance

Regression analysis is a statistical measurement used for estimating the relationships among variables. It enables to determine the strength of the relationship between variables and the predictive power of the independent variables on the dependent variable. In short, regression helps a researcher understand to what extent the change of the value of the dependent variable causes the change in the value of the independent variables, while other independent variables are held unchanged. Regression analysis is a way of statistically sorting out the variables that have indeed an impact. While there are many types of regression analysis, at their core they all examine the influence of one or more independent variables on a dependent variable. The following part also presents the regression analysis of regression.

4.6.1. Linearity Test

The linearity of associations between the dependent and independent variables can be tested by looking at the P-P plot for the model. The closer the dots lie to the diagonal line, the closer to normal the residuals are distributed. As depicted in the below graph, the visual inspections of the p-p plot revealed that there exists linear relationship between the dependent and independent variables.

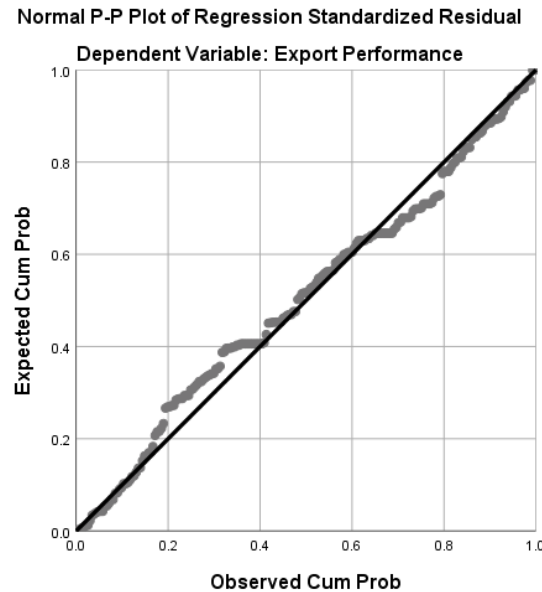


Figure 1: P-P Plot of Regression Standardized Residual

4.6.2. Homoscedasticity Test

The assumption of homoscedasticity refers to equal variance of errors across all levels of the independent variables (Osborne & Waters, 2002). This implies it requires even distribution of residual terms or homogeneity of error terms throughout the data. Homoscedasticity can be checked by visual examination of a plot of the standardized residuals by the regression standardized predicted value (Osborne & Waters, 2002). If the error terms are distributed randomly with no certain pattern, the problem is not detrimental for analysis. The scatterplot in Fig 2 shows that the standardized residuals in this research are distributed evenly which shows that no violation of homoscedasticity.

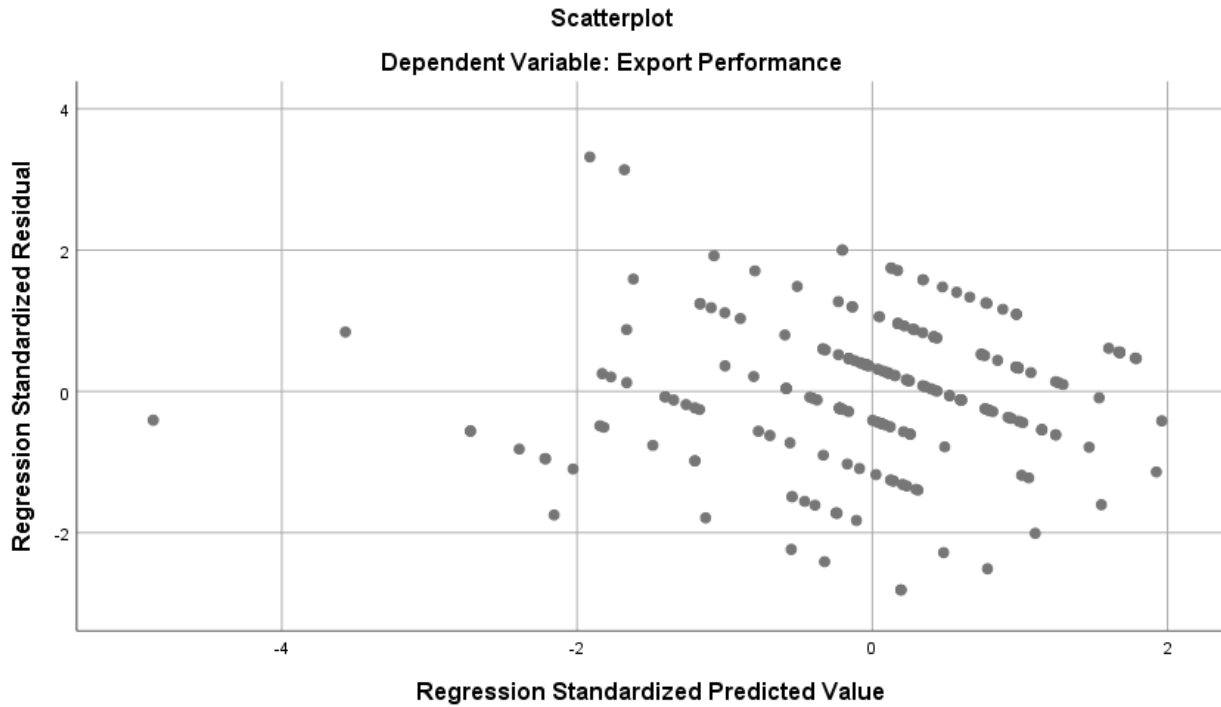


Figure 2: Scatterplot of standardized residuals

4.6.3. Auto Correlation (Durbin Watson Test)

Autocorrelation or independence of errors refers to the assumption that errors are independent of one another, implying that subjects are responding independently Stevens (2009). Durbin-Watson statistic can be used to test the assumption that our residuals are independent (or uncorrelated). This statistic can vary from 0 to 4. For this assumption to be met, the Durbin-Watson value needs to be close to 2 (Field, 2006). Values below 1 and above 3 are problematic and causes for concern. To check this assumption, we need to look at the Model Summary box presented below.

Table 12: Durbin Watson statistics

Model Summary		
Model	Std. Error of the Estimate	Durbin-Watson
1	.66596	1.576
a. Predictors: (Constant), Infrastructure, Labor Supply, Marketing, Management, Technology, Government Regulation and Incentive, Raw Material, Financing		
b. Dependent Variable: Export Performance		

As Table 12 above reveals that errors are responding independently, and autocorrelation is not a concern with Durbin-Watson value of 1.576. Therefore, it is possible to say the auto-correlation test has been met.

4.6.4. Normality Test

Multiple regressions require the independent variables to be normally distributed. This means that errors are normally distributed, and that a plot of the values of the residuals will approximate a normal curve (Keith, 2006). Frequency distribution comes in many different shapes and sizes. Therefore, it is quite important, to have some general description for common types of distributions. In an ideal world our data would be distributed symmetrically around the center of all scores. As such, if we draw a vertical line through the center of the distribution then it should look the same on both sides. This is known as a normal distribution and is characterized by bell-shaped curve. This shape basically implies that the majority of scores lie around the center of the distribution (Field, 2006). The normal distribution graph was shown on Fig 3 below and revealed that the assumption of normality of has been met.

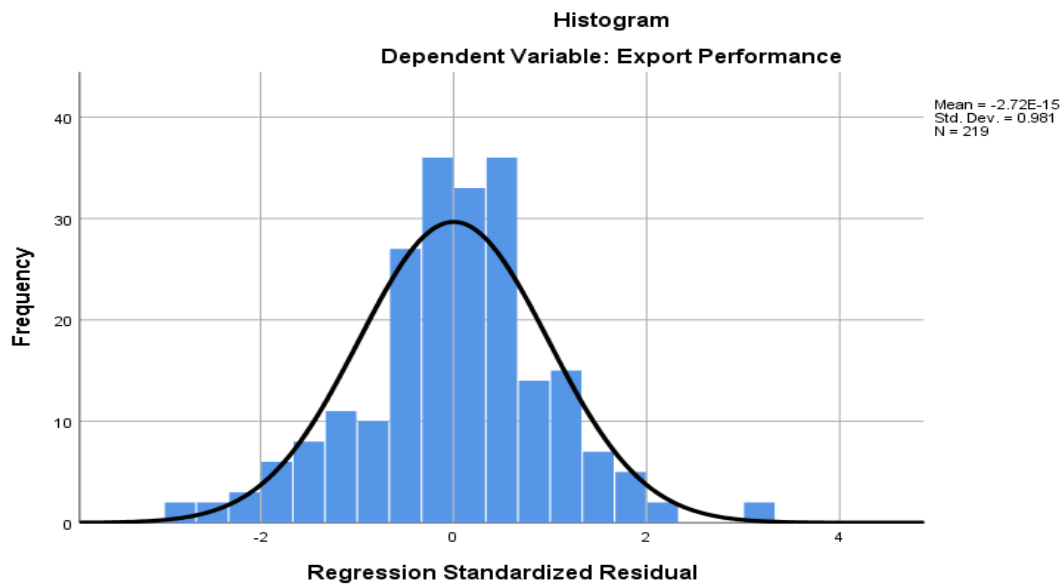


Figure 3: Normality

4.6.5. Multi-collinearity Test

Multi-collinearity exists whenever an independent variable is highly correlated with one or more of the other independent variables in a multiple regression equation. It is a problem because of it under mines the statically significance of an independent variable. For this study result of multi-collinearity test of the dependent variables was display in the following table.

Table 13: multi-collinearity test of the Independent Variable

Model		Collinearity Statistics	
		Tolerance	VIF
1	Labor Supply	.545	1.836
	Financing	.452	2.213
	Technology	.477	2.098
	Management	.491	2.038
	Raw Material	.456	2.194
	Marketing	.772	1.295
	Government Regulation and Incentive	.565	1.770
	Infrastructure	.668	1.497

a. Dependent Variable: Export Performance

Note: - VIF = variance inflation factor.

TOL= Tolerance

The variation inflation factor (VIF) is a measure of the reciprocal of the complement of the inter-correlation among the independent variables. The decision rule is a variable whose VIF value is greater than 10 indicates the possible existence of the multicollinearity problem. Tolerance (TOL) is a statistic used to show the variability of the specified independent variable that is not explained by another independent variable in the model. It is also used by many researchers to check on the degree of Collinearity. The decision rule for tolerance is a variable whose TOL value is less than 0.1 shows the possible existence of a multi-collinearity problem (Gujarati, 2004).

From the above table information, all VIF variables less than 10 and all tolerance (T) is greater than 0.1, therefore, this study has no multi-collinearity problem.

Table 14:Model Summary

Model Summary					
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.618 ^a	.381	.358	.66596	1.576

a. Predictors: (Constant), Infrastructure, Labor Supply, Marketing, Management, Technology, Government Regulation and Incentive, Raw Material, Financing

b. Dependent Variable: Export Performance

Based on the model summary of the predictor variables presented above (Infrastructure, Labor Supply, Marketing, Management, Technology, Government Regulation and Incentive, Raw Material, and Financing), their correlation coefficient with the dependent variable (Export Performance) is .618 which indicates the presence of high correlation between the dependent and the independent variables as a whole. The independent variables (namely; Infrastructure, Labor Supply, Marketing, Management, Technology, Government Regulation and Incentive, Raw Material, and Financing) explain 38.1% variability on the dependent variable (Export Performance) since R square value is .318.

Table 15: Coefficients

Model		Unstandardized Coefficients		Standardized	t	Sig.
		B	Std. Error	Coefficients		
1	(Constant)	.512	.388		1.320	.188
	Labor Supply	.017	.087	.014	.193	.847
	Financing	.251	.104	.195	2.413	.017
	Technology	-.188	.071	-.207	-2.637	.009
	Management	.460	.074	.483	6.238	.000
	Raw Material	-.256	.084	-.245	-3.043	.003
	Marketing	.280	.073	.237	3.836	.000
	Government Regulation and Incentive	.068	.059	.083	1.144	.254
	Infrastructure	.196	.068	.192	2.884	.004

a. Dependent Variable: Export Performance

Based on the coefficient table some independent variables were found significantly and positively affect export performance while other variables were found to have non-significant statistical values with a commonly used threshold of alpha 0.05. These significant predicting variables include; financing, technology, management, raw material, marketing and infrastructure with a beta value of .251, -.188, .460, -.256, .280 and .196 respectively at alpha <0.05.

4.7. Analysis and Discussions of the Qualitative Data

Based on the interview the companies in the park are exporting various garment products and hand gloves. Ready-made garments are divided into the following types: outer clothing, which includes work wear, uniforms, and sportswear (e.g., suits, pants, dresses, ladies' suits, blouses, blazers, jackets, cardigans, sweaters, coats, sports jackets, skirts, shirts, ties, jeans, shorts, T-shirts, polo shirts, sports shirts, tracksuits, bathing shorts, bathing suits); and undergarments, which include jersey goods and lingerie (e.g., underpants, undershirts, socks, stockings, and pantyhose).

The interview also showed that the major countries which receive the major exporting from the companies in the park include America, Korea, Europe, South Africa, China and India. Currently, there are nine companies are currently engaged in the export process. The main stakeholders that the park co-operates with include the Ministry of Industry, CBE, Customs and Revenue Authority, Electric Power Corporation, Electric Utility and telecom agencies.

According to various respondents of the study, the supply chain process is long and time taking due to internal and external problems. Supply chain management is the process of delivering a product from raw material to the consumer. It includes supply planning, product planning, demand planning, sales and operations planning, and supply management. According to the interview results, this situation has resulted in various problems related to the situations in the country as well as company-specific problems.

Based on the interview, the major challenges of the park include;

- The problem of logistic/transportation cost
- Lack of raw material
- Lack of skilled manpower
- High turnover, shortage of foreign exchange for importing raw materials, water supply, electric power disruption,
- Poor coordination with stakeholders and
- Lack of access to efficient and effective credit and other services are some of the constraints mentioned.

The interviewees were also asked about the major remedies for the problems and the interviewees explained that providing practical and technical training for experts.

4.8. Discussion of results

This part presents the discussion of significant outcomes found in this review utilizing both quantitative and subjective outcomes. The review tried to survey the components that influence the export performance of firms operating in BoleLemi industrial park. In more detail terms, the review has endeavored to evaluate Labor Supply, Financing, Technology, Management, Raw Material, Marketing, Government Regulation and Incentive and Infrastructural variables in connection with the export performance of firms operating Bole Lemi Industrial Park. Based on the descriptive result of this study, there is lack of skilled manpower however trainable labor was sufficient. With a valuable benefit of the minimal expense of labor in the review region, the export performance can be profited from such a benefit internationally. Similarly, according to Yap (1999) who examined the link between labor supply and financing as well as other important factors. Accordingly, the presence of abundant cheap labor as well as well-trained labor affect the performance of exporting firms in Philippines. Additionally, the study stressed export performance is significantly affected by macroeconomic stability and the structure of the financial sector in its capacity to deliver and meet world demand. Using revealed comparative advantage (RCA) as a measure of trade performance, the study tested the influence of labor productivity, price competitiveness and capital stock on export. Besides, human capital is strongly related with technological capabilities, an aspect that needs to be developed by firms to remain competitive in the export market. This is usually represented by the share of the skilled employees to total employment and/or the number of employees with degrees in either mathematics or science. Neo-technology model suggests a strong and positive relationship between human capital and export propensity because educated and skilled manpower possesses certain abilities that make it easier to establish and maintain certain contacts with the foreign market. This is empirically tested and shown for Brazilian and Indonesian firms where human capital variable yielded statistically negative relation with export performance (Willmore 1992, Ramstetter 1999). Innovation is another variable effect on the export performance of companies. Innovation is a continuous and planned process increasing the power and competitive advantage of the company via reduction of costs and reduction of products price, better quality and more

efficiency and effectiveness of goods and services and it also increases the income and fame of organization (Carpenty and Oiko, 2007). Organizational innovation refers to the development or accepting an idea or behavior in business operation as new for the entire organization and it is creating value of new technologies or new administrative activities based on products or new processes (Wang, 2007). Innovation goal is creation, transferring, changing and reaction to new ideas. Other researchers presented a similar definition. They believed that innovation is not only conscious innovation of new ideas, but also it is introducing and using these ideas and its general aim is improving organizational performance (Johannessen, et al., 2004).

Weatherston, & Wilkinson (2010) reasoning, the use, or lack of use, of technology has a strong influence upon the competitiveness of firms, sectors and nations. However, Seitz and Hite (2011) highlights that the inappropriate use of technology by the western, developed nations can cause harm to the globe, and the developing countries should consider an intermediate use of technologies. Both reasoning stresses the importance of technological development. Technological capability (TC) is widely regarded as a source of growth and wealth for almost every nation on the planet. It is central to regional and economic change, job creation, and job destruction (Ngoc Ca, 1999; Archibugi and Coco, 2004). Not only for nations, but technology is also a core imperative for firms (Manopoloulos et al., 2009). The employment of technology demands considerable effort, devoted to learning the new technology and developing the capability, for the efficient development of the industry. In this context, since the 1980s, TC has become the main focus of conceptualizing technology study (Rosenburg, 1976)

The development of technological capability by the small and medium-sized enterprises (SMEs) is crucial for them to overcome the fast-changing and fiercely competitive global markets. However, only a few numbers of SMEs in emerging economies are well equipped to develop the necessary TCs (Caniels and Romijn, 2003). There was a certain trouble in obtaining working capital from financial institutions like banks, despite the fact that the working capital is procured, its interest rate is excessively high. Furthermore, the outcome infers that guarantee essential from lending institutions is a genuine constraint for the park. In conclusion, regarding the financing exercises in the park, muddled advance processing time was found to influence the industrial park. Regarding the technology and management factors, this review has discovered that there is an innovative progression challenge in the park, just as an absence of finance to procure new technology since it requires immense investment, just as the absence of abilities and capacity to

handle new technology. One of the variables theorized to influence the export performance of firms is management related components. Notwithstanding, the management's openness to unfamiliar exchange was discovered low. Lefebvre and Lefebvre,(2001) firm characteristics have been identified as possible determinants of export performance. Some studies have shown that from these characteristics, competitive advantages are built and economic rents are realized. There are also other studies that showed that firms of the same industry differ in their performance, enactment of technology policy and corporate strategies, or use of technology. These studies point out significant implication analysis of trade performance cannot be contained to the level of the country alone, but has to go down to the level of the firm where the importance of firm-specificity in affecting export activities cannot be neglected or underestimated. Concerning the raw material and marketing factors, the concentrate unmistakably showed the insufficiency of the supply of privately delivered raw materials, the low quality of privately created raw material, irrational cost of privately created raw material, and high reliance on imported raw materials was observed to be the significant difficulties in raw material supplies of the review region. There is a pool of particularly experienced and passage uncovered showcasing workforces in the country, the diversion place depends only upon center individuals and once again appropriating experts for sending out advertising, similarly as there is progressive correspondence with suppliers and customers, new visit and investment in return sensible and headway activities to reach and stay aware of the market. Concerning government regulation and incentive just as Infrastructure, the investigation has discovered that the presence of solid government support for export, like obligation free advantages for the importation of machinery and hardware, charge occasions, diminished import charge on raw materials and extras, just as there is productive and powerful government administrative/administration structure in addressing issues sufficiently and opportune, however there is absence of openness of information on current government regulations that are pertinent to the area. There is also poor of accessibility of power, water and correspondence network for the business activity, inadequate transportation port handling for import and export exercises. Regarding the relationship with the elements, the correlational investigation showed that the presence of positive and huge correlation between the independent variables and the reliant variable (export performance). All the more explicitly, labor supply, financing, technology, management, raw material, marketing, government regulation and incentive and infrastructure have been observed to be corresponded

decidedly and essentially with export performance of the concentrated-on firms in the industrial park. Infrastructure, labor supply, marketing, management, technology, government regulation and incentive, raw material, and financing explain 38.1% inconstancy on the reliant variable (Export Performance). Adequacy of infrastructure; labor cost and labor skill; economic factors (economic growth, economic policy, inflation, exchange rate); market factors (market attractiveness, market competitiveness and market structures); contextual environment factors (trade barriers, cultural differences - cultural distance); physical distance; export initiation; and location of the firm. Firms that export are typically more productive, more skilled labor intensive and more capital intensive (Bernard et al., 2011; and Wagner, 2007, 2012) and within the set of exporters, the more productive firms export more products to more destinations and export larger volumes to each market (Bernard et al., 2010; Karedza and Govender, 2016).

CHAPTER FIVE

5. SUMMARY, CONCLUSION AND RECOMMENDATION

5.1. Summary of the major Findings

The general objective of this study was to assess the factors that affect the export performance of firms operating in Bole Lemi industrial park. Both descriptive and inferential statistics were used to arrive at the findings of this study. In view of that, the study has presented respondents' demographic characteristics, labor supply, financing, technology, management, raw material, marketing, government regulation and incentive and infrastructure as a factor. First of all, the reliability of the questionnaire was tested, using the values of Cronbach's Alpha which showed that all of the results are more than acceptable, which fall in the range between 0.7 and 0.95. The resulting range is considered high as the result ensures the reliability of each field of the questionnaire. Furthermore, Cronbach's Alpha for the entire questionnaire shows the value of .881 which falls in an excellent range and indicates the reliability of the entire questionnaire.

Accordingly, regarding the sex of the respondents, the majority of the 64.8% were males while the remaining 35.2% were female respondents from the park. Regarding the age composition of the respondents, 43.8% and 40.6% of them were in the age group 20 – 30 years and 31 – 40 Years while the lowest concentration of the respondents found in the age range of 41 – 50 and above 50 years containing 12.8% and 2.7% of the total respondents.

Concerning the level of education of the respondents, the majority of 55.3% them were first degree holders followed by 21.5% of the respondent who had a certificate and was below the level of education.

About the job category of respondents, 45.2% of the respondents were senior while the remaining 42.0% and 12.8% of the total respondents were juniors and managerial employees. Lastly, concerning the experience level of respondents, 40.2% of the respondent had 1 – 4 years of experience while 34.2% of the participants had 4 – 6 of experience.

Regarding labor supply, all items' responses fall in the agreement range (mean >3.4) such as; whether there is a good supply of unskilled and trainable workforce for the park (mean = 4.3562 and SD = .80200), whether there is an adequate supply of skilled labor force in the market for the park (mean = 2.4087 and SD = 1.07978), and whether the wages of the labor force is cheap (mean = 4.4064 and SD = .84275).

Similarly, regarding the financing constraint, the responses fall in the agreement range (mean >3.4) for instance; whether there is difficulty in timely obtaining working capital from financial institutions (mean = 4.2922, and SD = .94164), whether the collateral requirement from lending institutions is a serious constraint for the park (mean = 4.3242, and SD = .73566), whether the interest rate charged by the financing institutions is very high (mean = 4.21, and SD = .899), and whether loan processing procedures of banks and other lending institutions are too complicated and time (mean = 3.703, and SD = 1.120).

Concerning the items of technology constraint, there is lack of finance to acquire new technology because it requires huge investment (mean = 3.59, and SD = 1.041), and there is a lack of skills and capability to handle new technology (mean = 3.56, and SD = 1.20).

Management-related factors were measured in the above table, which indicates except the last item which measures whether the management has foreign trade exposure (mean = 3.28 and SD = 1.22), fall in the neutral range (mean < 3.4). The remaining two items fall in the agreement range (mean > 3.4). These items include; whether educational readiness and capability of managers (mean = 3.75, and SD = 1.101), as well as whether skilled and well-experienced managers are available in the market (mean = 3.45, and SD = .963). Most of the items presented regarding the raw material supply in the market fall in the neutral range with a mean value of <3.4. However, the last item measures whether there is a high dependency on imported raw materials (mean = 3.95, and SD = 1.03). The items fall in the neutral range includes; whether there is an adequate supply of locally produced raw materials (mean = 3.242 and SD = 1.196), whether locally produced raw material is of the required quality (mean = 3.228 and SD = 1.145), and whether the cost of locally produced raw material is reasonable (mean = 3.324 and SD = 1.145).

The correlation result showed that Labor Supply ($r = .216$), Financing ($r = .302$), Technology ($r = .147$), Management ($r = .411$), Raw Material ($r = .161$), Marketing ($r = .376$), Government Regulation and Incentive ($r = .379$) and Infrastructure ($r = .369$) have been found to be correlated positively and significantly with export performance of the studied firms in the industrial park.

The regression findings showed that all the independent variables (Infrastructure, Labor Supply, Marketing, Management, Technology, Government Regulation and Incentive, Raw Material, and Financing) explain 38.1% variability on the dependent variable (Export Performance) since R square value is .318.

5.2. Conclusion

The general objective of this study was to assess the factors that affect the export performance of firms operating in Bole lemi industrial park. More specifically, the study has tried to assess the role of Labor Supply, Financing, Technology, Management, Raw Material, Marketing, Government Regulation and Incentive and Infrastructural variables in connection with the export performance of Bole Lemi Industrial Park. Accordingly, based on the descriptive result of this study, there is lack of skilled manpower however trainable labor was sufficient with a supplementary advantage of the low cost of labor in the study area, the export performance can be benefited from such an advantage internationally. There was a certain difficulty in obtaining working capital from financial institutions such as banks, even though the working capital is acquired, its interest rate is too high. Additionally, the result also implies that collateral prerequisite from lending institutions is a serious constraint for the park. Lastly, regarding the financing activities in the park, complicated loan processing time was found to affect the industrial park as well. The study has also found that there is a technological advancement challenge in the park, as well as a lack of finance to acquire new technology because it requires huge investment, as well as the lack of skills and capability to handle new technology. One of the factors theorized to affect the export performance of firms is management related factors. According, the descriptive results of this study presented in the above table showed that educational readiness and capability of managers as well as the availability of skilled and well-experienced managers in the market were found high. However, the management's exposure to foreign trade was found low. Export commitment' enhances the scale of planning related to financial and human resources allocated towards exporting activity and keeps the personnel motivated to exercise considerable efforts towards supporting international market ventures of the firm. This is so because committed managers are more prepared to carry out demanding tasks in exporting such as market research analysis, gathering trade leads, and policy formulation, etc., thereby improving the firm's performance in global markets.

The insufficiency of the supply of locally produced raw materials, the poor quality of locally produced raw material, unreasonable price of locally produced raw material, and high dependency on imported raw materials was found to be the major challenges in raw material supplies of the study area. There is a pool of very much experienced and fare uncovered showcasing faculties in the country, the recreation center relies exclusively upon middle people

and re-appropriating specialists for sending out advertising, just as there is successive correspondence with providers and clients, unfamiliar visit and investment in exchange reasonable and advancement exercises to reach and keep up with the market.

The study has found the presence of strong government support for export, such as duty-free privileges for the importation of machinery and equipment, tax holidays, reduced import tax on raw materials and accessories, as well as there is efficient and effective government administrative/ governance structure in addressing issues adequately and timely, however there is lack of accessibility of information on current government regulations that are relevant to the sector. There is also inadequate availability of electricity, water and communication network for the business operation, as well as less efficient transportation port handling for import and export activities.

According to the regression analysis, the independent variables (namely; Infrastructure, Labor Supply, Marketing, Management, Technology, Government Regulation and Incentive, Raw Material, and Financing) explain 38.1% variability on the dependent variable (Export Performance) since R square value is .318. These significant predicting variables include; financing, technology, management, raw material, marketing and infrastructure with a beta value of .251, -.188, .460, -.256, .280 and .196 respectively at $\alpha < 0.05$.

5.3.Recommendation

This section deals with possible recommendations for the enhancement of the export performance of the cased organization. These recommendations forwarded by the researcher are based on the previous findings and conclusion.

- Short-term training and skill upgrading programs should be designed so as to fill the skill gaps and current demands of the companies of the park. Therefore, a conducive working environment should also be created to retain and motivate the existing skilled labor force.
- The government at all levels shall upgrade and reform its banking system, its institutional structure and bureaucracy free from rent-seeking and corruption as much as possible.
- It is also strongly advised to establish Science and Technology Park starting from the initial stage of Industrial Park development in Ethiopia. Science and Technology (S & T) Parks can play a crucial role in facilitating technological learning, innovation and catch-up process.
- The Park should focus on building upon the management's commitment for exporting to achieve superior performance in foreign markets. This could be by sponsoring them to attend various national and international seminars and training programs related to exporting.
- The companies of the park should produce quality and price competitive products. The critical success factor for local production and distribution of goods is the availability of locally produced cost-competitive and quality raw materials and other inputs.
- Sufficient funding for the development of infrastructure within industrial parks should be ensured prior to industrial parks' approval. Furthermore, industrial parks should be well connected to the national power grid and transportation systems.
- The government shall also work on the development of ports with the neighboring countries so that port costs will decrease in importing and exporting goods produced by the parks with possibly low cost and good efficiency.

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Appendance-1
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Questionnaire for respondents

The questions listed below are to gather data for the thesis entitled “Factors Affecting the Export performance of firms in Bole lemi Industrial Park” On top of this, the researcher would like to assure you that all the data collected will be kept confidential and used for academic purpose only and it will never be disclosed for any third party.

Part I- General Information

Put an "X" mark on the boxes which indicate your profile group.

1. Gender

Male Female

2. Age Group

A. 18-25 years B. 26-35 Years C. 36-46 Years D. 46-55 55 and
above

3. Level of Education

Secondary school and below High school Certificate of Completion
 Diploma First degree Second Degree and above

Part 2: For the following Likert scale questions: -

Tick (√) or check the appropriate cell by expressing your opinion on the following 5-points scale shown below to the best of your knowledge.

Rating Scale: 1=Strongly Disagree (SD); 2= Disagree (DA); 3=Neutral (N); 4= Agree (A); 5=Strongly Agree (SA).

Labor supply		Responses				
		5	4	3	2	1
1.	There is good supply of unskilled and trainable work force for the park.					
2.	There is adequate supply of skilled labor force in the market for the park.					
3.	The wages of labor force is cheap.					
Financing		5	4	3	2	1
4.	There is difficulty in timely obtaining working capital from financial institutions					
5.	The collateral requirement from lending institutions is a serious constraint for the park.					
6.	The interest rate charged by the financing institutions is very high.					
7.	Loan processing procedures of banks and other lending institutions are too complicated and time consuming					
Technology		5	4	3	2	1
8.	There is lack of finance to acquire new technology because it requires huge investment.					
9.	There is a lack of skills and capability to handle new technology.					
Management		5	4	3	2	1
10.	Educational readiness and capability of managers					
11.	Skilled and well experienced managers are available in the market.					
12.	The Management has foreign trade exposure					
Raw material		5	4	3	2	1
13.	There is adequate supply of locally produced raw materials.					
14.	Locally produced raw materials are of the required quality.					
15.	The cost of locally produced raw material is reasonable.					

16.	There is high dependency on imported raw materials.					
Marketing		5	4	3	2	1
17.	There is pool of well experienced and export exposed marketing personnel in the country.					
18.	The Park depends solely on intermediaries and outsourcing agents for export marketing.					
19.	There is frequent communication with suppliers and customers, foreign visit and participation in trade fair and promotion activities to reach and maintain market.					
Government Regulation and Incentive		5	4	3	2	1
20.	There is strong government support for export, such as duty-free privileges for importation of machinery and equipment, tax holidays, reduced import tax on raw materials and accessories.					
21.	There is efficient and effective government administrative/ governance structure in addressing issues adequately and timely					
22.	There is lack of accessibility of information on current government regulations that are relevant to the sector.					
Infrastructure as a factor		5	4	3	2	1
23.	There is adequate availability of electricity, water and communication network for my business operation.					
24.	There is sufficient transport to/and from port.					
25.	There is Efficient port handling and customs processes for raw material import and export of export product.					
Export Performance		5	4	3	2	1
26.	The export performance of the park has been increasing over the past years at an increasing rate?					
27.	The export performance of my firm has been increasing compared to the park's target over the past years.					

Thank You for Your Kind Cooperation!!

Appendance-2
Addis Ababa University
Faculty of Business and Economics
Department of Management

INTERVIEW FOR RESPONDENTS

- 1.** What type of products that the companies of the park export?
- 2.** Which foreign countries the companies export their products?
- 3.** How many companies are engaged in the e export of products to foreign market?
- 4.** What are the stake holders that the park co-operates?
- 5.** How the supply chain process is takes place?
- 6.** What are the main challenges of the park
- 7.** What remedies do the park administration took to solve the challenges?