Influence of Entrepreneurial Orientation on Export Performance: The Mediating Role of Environmental Uncertainty on Garment Companies in Ethiopia

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Influence of Entrepreneurial Orientation on Export Performance: The Mediating Role of Environmental Uncertainty on Garment Companies in Ethiopia

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Declaration

I, Tingert Negash, proclaim this thesis, titled " Influence of Entrepreneurial Orientation on Export Performance and the Mediating Role of Environmental Uncertainty on Garment Companies in Ethiopia," which I submitted for the award of a Master of Science in Management degree from Addis Ababa University in Addis Ababa, Ethiopia, this is my original work, which has never been shown in a university. This thesis' sources and materials have all been properly acknowledged.

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Certification

This is to certify that the thesis titled *"Influence of Entrepreneurial Orientation on Export Performance: The Mediating Role of Environmental Uncertainty on Garment Companies in Ethiopia"* was completed by Tingert Negash under the guidance of Asres Abitie Kebede (PhD), and submitted in completion of the criteria to the degree of Master of Science in Management.

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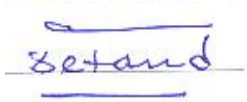
External Examiner: - ***Getie Andualem (PhD)*** Signature  **Date:** 9/2/22

Advisor: - ***Asres Abitie (PhD)*** Signature _____Date _____

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Abstract

This study emphasized the influence of entrepreneurial orientation on export performance with the mediating role of environmental uncertainty on Ethiopian garment manufacturing companies. One hundred seventeen respondents are solicited to respond using standardized questions. Through the AMOS v23 program, we conducted structural equation modeling approaches that met the dimensions of variable validity and reliability. According to the study's findings, entrepreneurial orientation has a negative, significant association with export performance. Risk-taking, similarly, was significantly associated with export performance. Environmental uncertainty is found to be a non-mediating variable between entrepreneurial orientation and export performance. Innovation, proactiveness, and risk-taking are found to be second-order factors of entrepreneurial orientation. Similarly, dynamic and magnificent make up the first order of environmental uncertainty. The study suggests the inclusion of entrepreneurial orientation elements in strategic plans, outsourcing tasks, as well as capacity building for employees of the garment companies.

Keywords: *Structural Equation Modeling, Export Performance, Environmental Uncertainty, Entrepreneurial Orientation*

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Abbreviations

AGOA:	African Growth and Opportunity Act
AMOS:	Analysis of Moment Structures
AU:	Autonomy
AVE:	Average Variance Extracted
CA:	Competitive Aggressiveness
DY:	Dynamism
EFA:	Exploratory Factor Analysis
EO:	Entrepreneurial Orientation
EU:	Environmental Uncertainty
EP:	Export Performance
INNOV:	Innovativeness
PRO:	Proactiveness
M:	Munificence
RT:	Risk-taking
SEM:	Structural Equation Modeling
SMEs:	Small and Medium Enterprises
SPSS:	Statistical Package for Social Science

CHAPTER ONE

1. Introduction

This chapter includes the background of the study, statement of problem, questions, objectives, significance of the study, scope, limitations of the study, and operational definition.

1.1. Background of the Study

The ever-increasing globalization encountered by companies with foreign competitors is leading organizations to explore and develop their activities in the global market (Etemad, 2005). Organizations today find themselves in situations that need them to be entrepreneurial in nature (D. Shepherd, G.F. Covin, and F.D. Kuratko 2008).

Entrepreneurship is considered a vital device for development because entrepreneurial people can create the conditions for success. It refers to the techniques, procedures, and decision-making processes that lead to the primary entrepreneurial activity (Lumpkin & Dess, 1996).

These activities or processes (such as innovation, risk-taking, proactiveness, aggression, and autonomy) frequently operate in tandem to increase the organization's entrepreneurial success. Shoghi & Safieepoor (2013) state that entrepreneurial firms are constantly able to adapt to changes in their external environment and make their strategies suitable for changes.

Milliken (1987) defines environmental uncertainty as an individual's ability to accurately perceive and forecast the environment due to lack of information or inability to distinguish between relevant and irrelevant information. As a result, different enterprises' strategic choices are based on different environmental cognition, resulting in distinct strategies (Matsuno, 2015). Organizational orientations are mainly influenced by the environment in which they operate. (Clark, 1971; Hambrick, 1983a; Jauch et al., 1980; Jemison, 1981; Rockart, 1979; Selznick, 1949; White and Hamermesh, 1981) also establish a relationship between the environment and strategy.

The research work focuses on the garment export companies in Ethiopia. The country is named as the next destination for garment manufacturing with the availability of merits such as low labor costs, cheap electricity that accounts for up to eight times less than other manufacturing nations, free water as most companies use underground water or from the nearby river, import

duty is free for equipment, machineries, and spare parts, availability of backward integration with relation to the key component cotton, low rent for leasing a building or factory, duty-free and quota-free export benefits under the African Growth and Opportunity Act (AGOA). Despite the advantages, the industry is rigged with low efficiency in production per cost. Most factories run at near breakeven or very small profit margins of 0-2%. The efficiency of weaving, knitting, and garment assembly is less than 45% (Apparel Resources, 2015).

Hence, this study investigates the influence of entrepreneurial orientation in the garment industry in Ethiopia through the association of export performance and environmental uncertainty as a mediating variable.

1.2. Problem of the Statement

Entrepreneurial orientation is a crucial component for businesses to preserve their competitive advantage. The relationship between competitive strategy and entrepreneurial orientation is reasonable since it impacts on a firm's when it strategically acquires, develops, and uses resources for opportunity exploitation to gain a competitive edge (Lechner & Gudmundsson, 2014).

The association between entrepreneurial orientation and firm achievement has been confirmed by Wiklund & Shepherd (2005) and Manev, Gyoshev & Manolova (2005). Likewise, the majority of subsequent studies have shown a positive association among these variables. Scholars argue that entrepreneurship activity may not contribute equally to the achievement of the firm and may well contribute to a specific operational context (Pansuwong, 2009) for studies that have a contrary result, such as George et al. (2001; Covin et al. 1994), that have no significant association.

Furthermore, the association between performance and entrepreneurial orientation is occasionally driven by the contingency approach, which considers the influence of context or contingent factors on the achievement of firms under study and questions the existence of a universal way of operation (Yeoh & Jeong 1995).

Many studies in various countries and sectors throughout the world have yielded inconclusive results and little agreement on many key issues regarding what constitutes entrepreneurship

(Shane & Venkataraman, 2000). The weakness in the measurement key variable is factored due to the researchers' failure to build on prior work (Davidsson & Wiklund, 2001).

It is most likely that firms engaged in manufacturing companies are announcing new products and designs, new ways of doing things, and new technology easily due to stiff competition. Firms may not compete on price, but rather on strategy, quality, and the presence of their products. Because they must develop differently and bring a new model to market before others in an uncertain environment, industrial sectors are creating new actions, such as identifying new markets and customers before others.

Environmental uncertainty has been demonstrated to encourage businesses to become more entrepreneurial by increasing their innovativeness, proactivity, and willingness to take risks. (Khandawalla, 1977; Foxall, 1984; Covin and Slevin, 1989; Zahra and Bogner, 1999). Smart and Vertinksy (1984) state that under heightened environmental uncertainty, organizations' adoption of entrepreneurial orientation is not merely a product of the entrepreneurial personality, but also a deliberate strategic response to the uncertainty. Furthermore, the impact of EU on entrepreneurial orientation differs across industries (Prescott and Slevin, 1990; Zahra and Neubaum, 1998).

Previous research in Ethiopia was scarce on issues regarding entrepreneur orientation (Dawit, 2020) and Yimer, 2019). Yimer, Haimanote, Kar, and Ravi (2019) investigate "the effect of entrepreneurial orientation on perceived business success of small-scale manufacturing in Ethiopia." Daniel and Getachew (2013) examine "the effects of entrepreneurial orientation on business women in Ethiopia's Gambela Region." Studies that have been conducted on the garment industry in Ethiopia include Selam (2018), which assessed "the customer orientation of local garment producers on market performance". Ayalnesh (2019) investigated "the influence of customer and technology orientation on the EP of garment manufacturing companies in Ethiopia."

The above studies indicate there is a lack of sufficient studies in the garment sector that associate entrepreneurial orientation with environmental uncertainty on export performance. According to the researcher’s knowledge, these studies were not conducted in the same sphere as the current studies' scope. The inconsistency of results and the illusiveness of each context make the study ever more intriguing. Furthermore, besides the attractive opportunity to invest in the

garment industry in Ethiopia, as it has availed various advantages such as the cheapest labor in the world, favorable government policy towards the sector, and duty-free access to certain countries, which should have given the edge to the manufacturing companies in the industry, these merits are yet to make the industry competitive.

Therefore, this study examines the effect of entrepreneurial orientation on garment manufacturers' export performance (EP) in Ethiopia, incorporating environmental uncertainty as a mediator.

1.3. Research Questions

This research tries to answer the following central research questions:

1. Does entrepreneurial orientation influence the EP of garment manufacturing firms in Ethiopia?
2. Does the level of environmental uncertainty mediate the entrepreneurial orientation and export performance of garment manufacturing firms in Ethiopia?
3. What is the influence of a specific component of entrepreneurial orientation on the export performance of a garment manufacturing firm in Ethiopia?

1.4. Objectives of the study

1.4.1. General objective

The primary goal of this study is to look at the impact of entrepreneurial orientation on export performance incorporating environmental uncertainty as the mediating role in garment companies in Ethiopia.

1.4.2. Specific objective

The specific objectives of the study are:

- To examine the influence of entrepreneurial orientation on the export performance of the Ethiopian garment industry.
- To evaluate the mediating role of environmental uncertainty in the export performance of the Ethiopian garment industry.

- To investigate the influence of specific elements of entrepreneurial orientation on export performance of Ethiopian garment industry.
- To examine the first order elements of entrepreneurial orientation of Ethiopian garment industry.
- To examine the first order elements of environmental uncertainty of Ethiopian garment industry.

1.5. Hypotheses

As mentioned before, the primary goal of this study is to look at the impact of entrepreneurial orientation on export performance, incorporating environmental uncertainty as the mediating role in garment companies in Ethiopia. Consequently, as prescribed in the research question of the study, the following hypotheses are tested in this study:

H1: *Entrepreneurial orientation has a positive significant influence on the export performance of garment manufacturing firms in Ethiopia.*

H1a: *Autonomy has a positive significant influence on the export performance of garment manufacturing firms in Ethiopia.*

H1b: *Competitive aggressiveness has a positive significant influence on the export performance of garment manufacturing firms in Ethiopia.*

H1c: *Innovativeness has a positive significant influence on the export performance of garment manufacturing firms in Ethiopia.*

H1d: *Proactiveness has a positive significant influence on the export performance of garment manufacturing firms in Ethiopia.*

H1e: *Risk-taking has a positive significant influence on the export performance of garment manufacturing firms in Ethiopia.*

H2: *Environmental uncertainty has a mediating role between entrepreneurial orientation and export performance of garment manufacturing firms in Ethiopia.*

H3. *Entrepreneurial orientation has 5 first order dimensions.*

H3a. *AU is a first-order factor of entrepreneurial orientation.*

***H3b**. INNOV is a first-order factor of entrepreneurial orientation.*

***H3c.** PRO is a first-order factor of entrepreneurial orientation.*

***H3d.** CA is a first-order factor of entrepreneurial orientation.*

***H3e.** RT is a first-order factor of entrepreneurial orientation.*

***H4:** Environmental uncertainty has 3 first order dimensions.*

***H4a.** Dynamism is a first-order factor of environmental uncertainty.*

***H4b.** Munificence is a first-order factor of environmental uncertainty.*

***H4c.** Complexity is a first-order factor of environmental uncertainty.*

1.6. Scope of the study

According to the Ethiopian Textile Institute database, there are 17 garment factories in Ethiopia that export their products that have been operating for more than five years as of July 31, 2020. This study includes manufacturing companies over the use of entrepreneurial orientation through specific elements such as autonomy, innovation, pro-activeness, competitive aggression, and risk-taking. While environmental uncertainty is present through dynamism, munificence, and complexity, it is an issue that affects export performance.

1.7. Limitation of the study

The scope of the research is limited to Ethiopian garment manufacturing companies. As a consequence, the findings from this case may not be applicable to Ethiopia's whole textile industry. The next limitation would be a shortage of appropriate and current references in the Ethiopian situation because of the concept of export performance, and only recently has export performance been recognized as a critical component in the organization's survival. The mediating role of environmental uncertainty in export performance is referenced as well. Thus, in order to reduce the impact of the restrictions encountered, the researchers appropriately specified the scope, and the lack of acceptable scholarly work in the nations' context are effectively addressed based on the relevant literature and consultation with industry experts in Ethiopia.

1.8. Significance of the study

In developing countries, entrepreneurial orientation is a new phenomenon to explore. Especially, in relation to export performance and also the mediating effect of environmental uncertainty, it is a difficult subject to acquire in Ethiopia because there is a small amount of research which deals with the issue. However, entrepreneurial orientation is a significant issue in maintaining a company's competitive edge; thus, the degree of autonomy, innovativeness, proactivity, competitiveness, and aggression. Risk-taking should be beneficial for capturing opportunities, developing environmental responsiveness and inventiveness standards, for example, all of which will improve the wealth of firms and, as a result, the country's economy. As consequence, the study's findings maximize value in general and are particularly useful and practical for:

Policy Makers: it will provide important guidance for revising present government regulations affecting Ethiopian garment companies.

Practical: this will provide a framework for the garment sector to assess its entrepreneurial orientation by examining which components have a significant out come on exports as well as environmental uncertainty on the export performance of the companies. Thus, the main focus on entrepreneurial orientation and environmental uncertainty indicates a strategy that requires tuning and understanding its difference and acting on it in order to achieve original goal for starting a business and increase profit by offering clients a valuable product

Theoretical: Lastly, it will serve as a source of information and a strong background for future studies on entrepreneurial orientation and corresponding issues.

1.9. Operational Definition

Given that entrepreneurial orientation is a new idea in Ethiopia with regard to export, the researcher defines certain essential terms and concepts utilized in the study, as well as their meanings and contexts, to make the research issue more understandable.

- **Strategic orientations** are the development of firm behaviors that are believed to generate long-term competitive advantage in tandem with corporate strategy.
- **An entrepreneurial orientation** is a strategic orientation at the firm level that captures an organization's entrepreneurial strategy-making procedures, managerial beliefs, and firm behaviors.

- **Export performance** is the level to which the firm achieves its export-related objectives.
- **Environmental uncertainty** is a forecast of decision-makers' actions in addition to organizational practices and frameworks, as well as a moderator of the relationship between organizational behavior and performance.
    - **Dynamism** is the extent to which environmental components act as units of change.
    - **Munificence** is the environment's support for sustained growth.
    - **Complexity** refers to the heterogeneity of and range of environmental components.

1.10. Structure of the study

The first chapter discuss the background of the study, problem statement, research questions, objectives, hypothesis, scope, limitations of the study, and finally, the layout of operational definitions. The next section reviews relevant theoretical and empirical literature in relation to the central research question. The methodology section of the investigation was thoroughly documented in the third chapter, and the results, discussion, summary, conclusion, and suggestions from the study should be presented sequentially in the fourth and fifth chapters.

CHAPTER TWO

Literature review of Entrepreneurial Orientation

2. Introduction

This section deals with relevant related literature that reinforces the argument of the investigation, either directly or indirectly, the researcher states and describes the concepts, models, and theories related to entrepreneurial orientation, export performance, and environmental uncertainty that are required for a detailed analysis and understanding of the study query. Journals, books, theses, and dissertations are used to compile the literature review.

2.1. Theoretical Literature Review

2.1.1. Concepts of Entrepreneurial Orientation

Various studies have defined and examined the topic of entrepreneurial orientation in relation to entrepreneurship. In the disciplines of tactical management and innovation, entrepreneurial orientation is the most prominent concept. The motivation, activities, and personalities of people who start enterprises are referred to as "entrepreneurship." According to Shane and Venkataraman (2000), refers to "the process of taking and pursuing an opportunity."

In other words, "entrepreneur orientation" is element of an entrepreneurial behavior or process that is followed in order to pursue an opportunity. According to Lumpkin and Dess (1996), the procedure of entrepreneurial conduct includes proactiveness, innovativeness, competitive aggressiveness, autonomy and risk-taking. Lumpkin and Dess (1996) write that an entrepreneurial orientation includes behaviors and ideas in addition to the techniques, activities, and decision-making processes that contribute to the basic practice of innovation.

The formation of the entrepreneurial orientation concept demonstrates that entrepreneurship is viewed as a company behavior (Dess and Lumpkin 1996). Using a firm-behavior perspective allows for activity and measurement, enabling control of company behavior (Covin and Slevin, 1991).

Dess and Lumpkin (2005) described the relationship between entrepreneur orientation and corporate entrepreneurship. The first refers to the method, while the second refers to the content of entrepreneurship. As per research, various scholars and authors have used INNOV, AU, PRO, CA, and RT as elements to measure EO, such as Venkatraman (1989); Covin and Slevin, (1991);

Naman and Slevin, (1993); Miller & Friesen, (1978); Lumpkin and Dess, (1995); Richar and Slevin, (1993); Miller & Friesen, (1978); and Lumpkin and Dess, (1995). So, these components differ so much that it's critical to look at how each one expresses itself with companies (Richard et al., 2004). Entrepreneurial orientation as it is known today can be seen as having developed in different phases. Most researchers acknowledge four main phases for the development of entrepreneurial orientation (example Anderson et al., 2015; Basso et al., 2009; Edmond and Wiklund, 2010; Miller, 2011; Wales, Gupta, et al., 2013). First, there is the pre-EO phase on which the EO research would be founded. Then, most researchers credited Miller (1983) for laying the foundation, thereafter came a refinement from Covin and Slevin (1989, 1991) and even later a reconceptualization by Lumpkin and Dess (1996).

Therefore, this study took into account entrepreneur orientation, which was used in this study. It is covered in the section that follows.

2.1.2. Dimension of Entrepreneurial Orientation

As per Lumpkin and Dess (1996:162), an innovative company is one that successfully combines the five aspects of entrepreneurial orientation. When the environment is considered, various surroundings may be better suited to certain behaviors than others (Lumpkin and Dess, 1996). The research used the five aspects of entrepreneur orientation, which have been extensively explored and validated (Lumpkin and Dess, 1996; Covin and Lumpkin, 2011; Anderson et al., 2009). These are:

- **Innovativeness**

According to Lumpkin and Dess (1996:142), "innovation refers to a company's willingness to get involved in and promote new ideas, experimentation, novelty, and creative processes that can result in a new product, service, or process. " It has been suggested that creativity is a good way to find possibilities and is an important part of entrepreneurial orientation (Lumpkin and Dess, 1996).

It has been proposed innovativeness is a good means of seeking opportunities and, hence, it is a key aspect of entrepreneur orientation (Lumpkin and Dess, 1996). When people achieve the highest stage of need, they want inventive and creative employment, indicating a desire for the production procedure related to an entrepreneurial orientation (Maslow's 1987).

According to this view, self-actualization is at the top of the hierarchy, and other lower-order needs like safety and basic needs must be met first in order to reach the highest-level hierarchy of needs and be inventive. According to Maslow's theory, the income level of hired employees is difficult to predict with accuracy in our country. Thus, an employee's entrepreneurial orientation is unlikely to be reflected in the innovativeness dimension. As a result, this study will provide an insight into learning performances in the detection of chances as expressed in individual processes in addition to the consequences of organizational structure, by using innovativeness as among the tested dimensions of entrepreneur orientation.

- **Proactiveness**

Proactiveness is connected to initially benefit and creativity. It's defined as forward-thinking, opportunity-seeking activity that develops as a result of new entrants and innovations (Ardichvili et al., 2003). To keep up with the times, competition also includes predicting and taking advantage of desired specifications.

According to Lumpkin and Dess (2001), awareness, anticipating demand, evidence search, prior knowledge of items and markets, as well as social networking, are all important factors in this dimension.

It is frequently referred to as "proactive innovations" since it involves grabbing initiative and opportunity, influencing current trends, changing the environment, and creating demand (Miller and Friesen, 1978, p. 92). (Miller 1983, p. 923). Being the first to enter market or growing earnings may not, however, ensure a significant competitive advantage as a result of increased proactiveness. As a result, whether proactiveness as a measure of entrepreneur orientation as conducive depends on the particular context (Cahill; Lumpkin and Dess, 1996). As a result, pro-activeness improves productivity. It varies depending on the situation (Lumpkin and Dess, 1996).

According to Davidsson (1989), education and its related elements are most likely favorably connected with proactiveness based on the degree to which growth willingness is employed as a measure of proactiveness.

It means that a well-educated entrepreneur is more most likely to possess higher goals and be more confident in managing and capturing favorable outcome. Any element that motivates or

rewards an action, such as growth willingness, is anticipated to rise the expression of the valued action, according to this theory.

❖ Risk-taking

According to several sources, risk-taking in the background of entrepreneur orientation refers to a company risk that arises as a result of invention and new entry.

It entails making bold judgments and taking massive steps. Whether investing in the unidentified, employing significant resources in ventures or borrowing heavily, one is heavily confronted with uncertainty about the consequences.

Organizational risk refers to the willingness of managers to commit significant resources to a project that could result in a costly failure (Miller and Friesen, 1978, p.923). Despite the fact that the results are unclear and the risk of failure is significant, there is a desire to invest resources in ways that are perceived to be the best in the presence of probability (Wiklund and Shepherd 2008, p. 701). Risk-taking management methods are viewed as an indicator of entrepreneurial orientation, according to Lumpkin and Dess (1996), and risk-taking tendencies are characterized as an entrepreneurial behavioral characteristic in which chance is explored.

❖ Competitive aggression

It refers to a company's ability to challenge its competitors directly and aggressively, whether to obtain access or strengthen a position in the marketplace that allows them to outperform industry competitors (Lumpkin and Dess, 1996: 148). Competitively aggressive firms often respond to such challenges with head-to-head confrontations (Shan et al. 2016).

According to Covin and Covin (1990), high levels of competitive hostility are associated to destructive behavior in high-performing firms, whereas passive behavior is associated with low-performing firms. This means that in contexts where there is competitive hostility, higher degrees of competitive aggressiveness are likely to be related to higher performance. The competitive aggression dimension, on the other hand, contains a part of strength that is present in business competition (Lumpkin and Dess, 1996).

❖ **Autonomy**

AU is a tendency for self-directed and independent behavior, in addition to the capacity to make independent decisions (Lumpkin & Dess, 1996;140). It refers to a person's or a group's efforts to build new ideas or concepts (Lyon et al., 2000). Burns (2013) defines autonomy as "independent activity or freedom in bringing a concept or an idea to fulfillment without being bound by organizational restrictions." The elements of entrepreneur orientation are mostly concerned with the firm's external circumstances. Autonomy, on the other hand, is distinct from the other elements in that it focuses internally within the company.

It enhances and is linked to the ability and right to make conclusions, take actions, and work independently, which is critical for realizing one's entrepreneurial skills (Lumpkin and Dess, 1996). Autonomy encourages organizations to grow, innovate, take risks, pursue opportunities, and engage strongly to outperform their competitors. Giving power to lower management, in addition to empowering staff and delegating, helps firms be more creative and perform better (Monsen (2005), Jeoren Hartog (2007), Ireland et al. (2006)). It's also been suggested that allowing employees more autonomy enhances their creativity and inventiveness (Burns, (2013), Eder (2007)).

2.1.3. Export performance

Export performance refers to firms' success or failure in selling locally produced products and services in other countries. Tookey (1964), who tried to discover the issues connected to export success, was a pioneer in studies on company export performance in the early 1960s. Since then, a number of practical studies have examined the relationship between export performance indicators and their outcomes, indicating a growing demand for international exports.

Export performance refers to the goals of companies (including strategic goals and financial targets) that can be achieved by designing and implementing export marketing strategies to export a product (Dalvand et al., 2015).

According to Sousa (2004), export performance are measures mainly based on absolute values, such as export intensity, export sales volume, and export market share, are objective measurements. Indicators of perceptual or attitudinal performance, such as perceived export

success and satisfaction with export sales, on the other hand, are considered subjective measures of performance.

Katsikeas et al. (2000) developed a robust approach to analyze export performance metrics and classified export measurements into economic and non-economic categories. Product, market, miscellaneous, and generic measures make up the economic measure, whereas sales, profit, and market share related measures are in the noneconomic measure. The most common measurements used to measure export success at the company level are sales and profit-related measures. These types are discussed in the following.

Economic Measures

Sales-related measures were most often used to evaluate export performance, examined by two in every three studies. At the corporate or product level, fourteen different indicators were discovered to measure the volume, intensity, or growth of export sales. The most widely used indicator of export success has been challenged for being influenced by factors other than better exporting operations and failing to capture the competitive elements of export performance (Kirpalani & Balcome 1987).

Another commonly used and practical measure is export sales growth, which can either overstate or understate performance due to price escalation and market growth, in addition to experience curve impacts and weakening demand (Kirpalani & Balcome 1987). Profit-related measures are also significant when it comes to exports.

***Profitability and growth*:** are the most studied and frequently stated as the ultimate goals of an export company (Aaby & Slater 1989). Export profit contribution (percentage of profits owing to exports) has received some empirical attention. However, it suffers from the same flaws as export sales intensity, and export profit margin and growth were rarely investigated due to measurement challenges. This set of indicators is vulnerable to criticism in general because export-related profits are not always predictable, especially when firms use marginal cost pricing (Samiee and Anckar 1998).

***Market share-related*:** are rarely studied. Despite the fact that these measures can indicate a firm's competitive capabilities instead of increased export business due to an increasing market

(Kirpalani and Balcome 1987), they have been criticized because actual market share is often difficult to measure, especially among smaller firms operating in niche markets.

Noneconomic Measures

Among noneconomic measures of export performance, market-related measures were broadly observed, despite the fact that, overall, they are rarely researched. The number of export countries or markets was the most commonly examined of the five performance measures identified here. However, there is ongoing discussion about expanding export markets, with some arguing that the number of international markets is dependent on the unique firm, product, market, and marketing factors (Piercy, 1982).

Product-related measures state the number of new products exported, the percentage of different products exported, and the contribution of exports to product expansion. These tactics are justified on the basis that the product and its performance are critical to any export marketing strategy, even if they are rarely used.

Furthermore, a variety of noneconomic measures were used, all of which were presented in a single study. Some of these indicators (Diamantopoulos and Schlegelmilch 1994) are the contribution of exports to economies of scale and corporate reputation (Raven, McCullough, and Tansuhaj 1994), the volume of export transactions (Culpan 1989), and the projected level of export engagement (Raven, McCullough, and Tansuhaj 1994).

Generic Measures

Some scholars chose more collective methods to measure export performance. To determine the net effect of their specific companies' export activity, one common measure is based on export managers' satisfaction with overall export performance. Other generic measures include perceived export success and the extent to which export goals have been met. Obviously, these are measurements of export performance because they do not adequately cover the construct's domain.

There are two types of studies based on export performance indicators: those that use a single indicator (33 studies) and those that utilize multiple measures of performance (60 studies), which are occasionally combined to create a composite index of the construct. Multiple measures of export performance were more common, as different measures reflect various aspects of the

strategic and operational phenomena that underpin it (Thach and Axinn 1994; Walters and Samiee 1990). Furthermore, an increasing number of scholars and professionals in the field of export marketing believe that performance indicators are more complementary than mutually exclusive (Shoham,1998).

2.1.4. Environmental Uncertainty

Environmental uncertainty is a broad definition that can be classified into several groups. According to Conrath (1967) and Duncan's (1972) articles, environmental uncertainties can be sorted into three types: 1) state uncertainties when a firm's environment is unpredictable; 2) effect uncertainty, the effect of environmental uncertainties on a business or project; and 3) response uncertainty, the inability to measure the consequences of a particular response.

Strategic management and entrepreneurship both understand environmental uncertainty as a fundamental component. It's a key concept in a various of theories, including contingency theory, information process theory, decision-making theories, and entrepreneurship theories. The environmental uncertainty is a forecaster of decision-makers' behaviors, in addition to organizational behaviors and structures, a moderator of the link between organizational behaviors and performance.

Environments can also make a difference on a company's performance, according to research (Bain, 1956; Caves et al., 1974; Hansen and Wernerfelt, 1989; Porter, 1981; Scherer, 1970). Dess and Beard (1984), in contrast to Duncan's index, propose that environmental uncertainty is caused by three factors: complexity, dynamism, and munificence, or lack of hospitality.

2.1.4.1. Environmental dynamism, complexity and munificence

The level of market instability over time including the turbulence generated by interconnectedness across businesses, is referred to as "environmental dynamism" (Aldrich, 1979; Mintzberg, 1979). Dynamism, quantified as new-product innovation in the industry, had significant effects on three performance measures (Hambrick, 1983b). Dynamism was discovered to be highly related to operating performance by Keats and Hitt (1988). Paine and Anderson (1977) suggested that firms in uncertain environments utilize more innovative strategies.

“In industries experiencing low dynamism, characterized by heavy regulatory involvement, the environment affects organizational performance to a greater degree than firms’ strategies (Fruhan, 1972a, b; Posner, 1975).” The degree of variability and dispersion of an organization's activities is referred to as environmental complexity (Aldrich, 1979; Duncan, 1972; Starbuck, 1976).

The term “environmental munificence” refers to the ability of an environment to sustain long-term growth (Starbuck, 1976). “Studies of business policy often address the effects of environmental munificence when they focus on stages of the product life cycle, because the rate of sales growth serves as the key variable underlying both concepts (Dess and Beard, 1984).”

Hofer's (1975) finding that the stage of the product life cycle is the most important factor of strategies generated a significant body of study in business policy. Some strategies have been linked to higher performance at each stage of the product life cycle (for a thorough review, see Anderson and Zeithaml, 1984). “Hambrick and Lei (1985) found significant differences between performance and asset mix and utilization strategy, cost-efficiency strategy, and scale and scope strategy when comparing the growth and mature stages of the product life cycle.” In declining industries, strategies have different probabilities of success depending on the nature of the decline and the relative competitive strength of the particular firm (Harrigan, 1980).

Significant associations have also been observed between industry profitability and organizational performance (Beard and Dess, 1979, 1981; Lieberson and O’Connor, 1972).

2.2. Empirical Literature Review

Entrepreneurial orientation has been the subject of much scholarly attention because of its impact on firms’ product-market innovation and proactive strategies.

EO influences firm performance when firms strategically acquire, develop and leverage resources for opportunity exploitation in order to gain competitive advantage. Therefore, EO should be associated with the concept of competitive strategy (Lechner C, Gudmundsson SV, 2014).

According to Miller (1983), firms with an entrepreneurial orientation take the risks associated with product and market innovation and act ahead of their competitors. Lumpkin and Dess (1996, p.136) mention “entrepreneurial orientation as the processes, practices, and decision-

making activities that lead to new entry." Miller (1983) proposes that entrepreneurial orientation comprises three important elements: innovation, risk-taking, and proactiveness. Lumpkin and Dess (1996) put forth two additional dimensions to characterize the entrepreneurial process-namely, competitive aggressiveness and autonomy. More recent literature has included autonomy and competitive aggressiveness as additional factors that measure entrepreneurial orientation (Hernández-Linares, Kellermanns, López-Fernández, & Sarkar, 2019). Based on these dimensions, based on these dimensions, entrepreneurial orientation is defined as the processes, strategies, and decision-making operations that lead to new entries (Covin. & Wales, 2018; Lumpkin & Dess, 1996). "Literature review indicates that the most commonly used dimensions in research are innovativeness, proactiveness, and risk-taking (Kropp et al., 2008)."

The goal of Ribau et al. (2017) is to investigate the impact of a set of internal innovation capabilities on SMEs' export performance, with the mediating role of entrepreneurial orientation dependent on the businesses' proactive or reactive behavior in response to external stimuli. The study examines 147 questionnaire-based surveys of managers from plastic manufacturing SMEs in Portugal, which were subjected to a Partial Least Squares-Structural Equation Modelling (PLS-SEM) technique. When compared to organizations that do not respond to external stimuli, the findings show that proactive firms are not only better at inventing, but their entrepreneurial oriented characteristics also support higher performance in international markets.

Tutar et al. (2015) use the case of ASEM to examine strategic orientation, which was created within the scope of competitive advantage theories in the literature. This study has led to the status of the strategic orientation of firms (market orientation, EO, and technology orientation).

In Ethiopia, information was scarce on issues regarding entrepreneur orientation (Dawit, 2020) and Yimer, 2019). While, Abdella; Idris; and Dereje (2018) examine entrepreneurial orientation and venture performance in Ethiopia using business sector and enterprise location as the moderating role Yimer, Haimanote, Kar and Ravi (2019) investigate the effect of entrepreneurial orientation on perceived business success of small-scale manufacturing in Ethiopia. Daniel and Getachew (2013) examine the effects of entrepreneurial orientation on business women in Ethiopia's Gambela Region. Studies that have been conducted on the garment industry in Ethiopia include (Selam, 2018), which assessed the customer orientation of local garment producers on market performance. The influence of customer and technology orientation on the

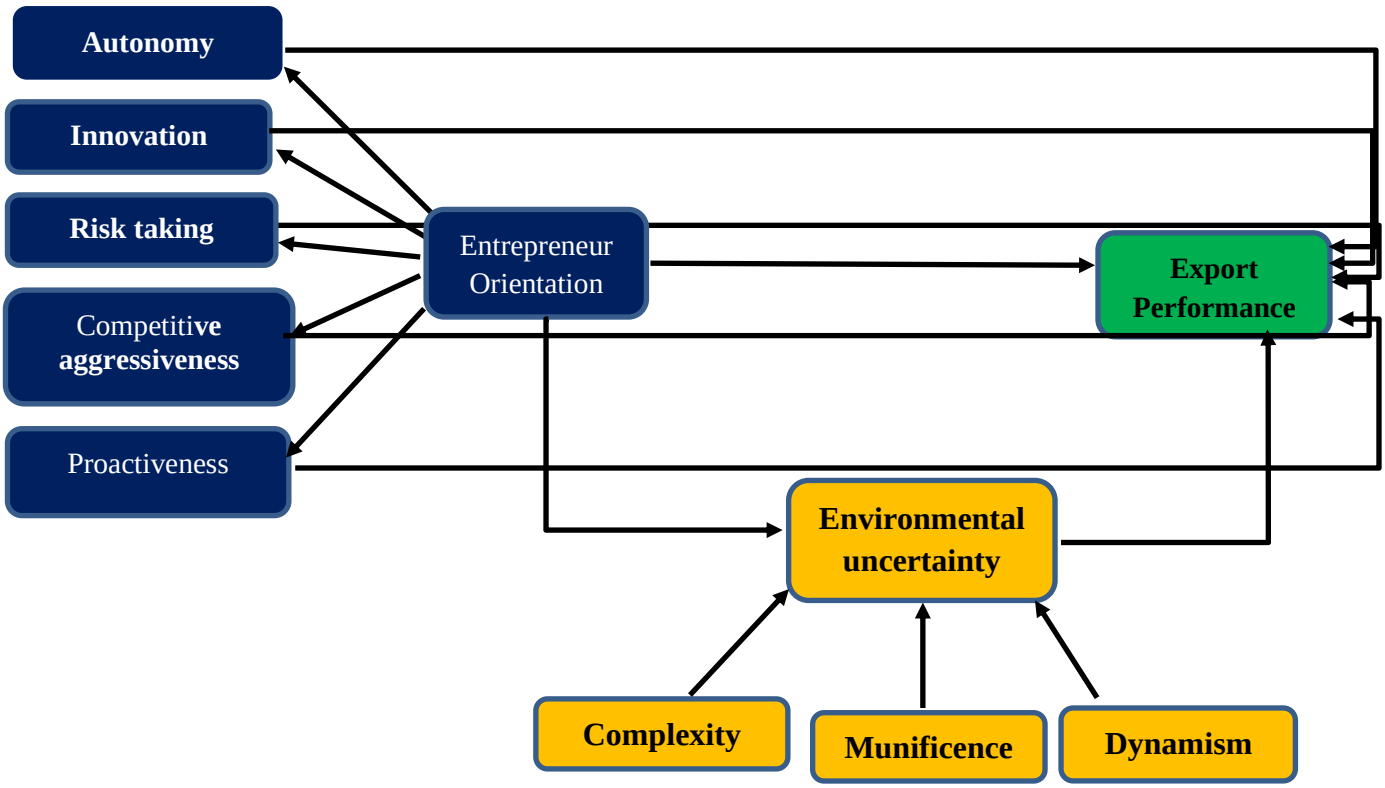
export performance of garment manufacturing companies in Ethiopia was investigated by Ayalnesh (2019) and the impact of entrepreneurial orientation on export performance of leather and leather products in Ethiopia the mediating role of innovation capability by (Fasika,2020).

2.3. Conceptual Framework of model

In this research, influence of entrepreneur orientation was mainly evaluated by the conceptual framework main factors that constitute the conceptual framework of the model building blocks adopted from a review of related literature.

2.3.1. Conceptual frame work model of the study

Figure 1. conceptual frame work model



Source: Authors Own

2.4. Research Gap

The review of literature confirms that various studies have been conducted in a fragmented manner, considering entrepreneur orientations' influence on market, technology, and organizational elements. However, the relationship between entrepreneurial orientation and export performance considering the mediating role of environmental uncertainty in the developing country context is nonexistent as far as the researcher's knowledge is concerned. Furthermore, export performance of the garment industry has not been doing as expected in the country even though there were merits such as low labor costs, cheap electricity, free water, import duty-free for equipment, machineries, and spare parts, availability of backward integration to the produced cotton, low rent for leasing a building or factory, and duty-free and quota-free export benefits under the African Growth and Opportunity Act (AGOA). Most factories run at near breakeven or very small profit margins of 0–2%. The efficiency of weaving, knitting, and garment assembly is less than 45% (Apparel Resources, 2015). Hence, this research tries to investigate the stated variables under the study while considering the real problems in the country's garment industry.

CHAPTER THREE

Research Design and Approach

3. Introduction

This chapter describes the research methodology and procedures utilized to address the research objectives outlined in the first section of the study. The research design, data source, population and sample techniques, research instrument, and data analysis method are all included in the section briefly.

3.1. Research Design

The framework of research design that fits with the concept of the study's problem is referred to as research design (Walliman, 2006). Thus, this study intends to evaluate the influence of entrepreneurial orientation on export performance, mediating environmental uncertainty on garment companies in Ethiopia. So, this study used a quantitative research design that involves the collection of information in a rigorous quantitative analysis as prescribed by (Kothari (2004) and Creswell (2009)). Studies involving a survey use numeric expression of views of the population, and by studying a sample, the results are generalized to the population. In order to conform the consistency of the design to the aim of the study sample, garment manufacturing companies were selected. Next, based on the purpose of the research, an explanatory research design was employed to grasp the causes of the issue and the actual content. Lastly, a self-administered questionnaire was distributed to gather data for this study.

3.2. Data Source

The study primarily used a survey to collect data through standard questions from garment entities' relevant employees from a selected department.

3.3. Target population

The study's target populations are garment manufacturing companies in Ethiopia. As of July 31, 2020, there are seventeen garment manufacturing firms in Ethiopia who are engaged in exporting their products to the international market. Hence, this study comprised the entire garment manufacturing companies that involved in export in Ethiopia. The respondents of the developed

survey question designed to include relevant top-level managers, marketing departments and export management, are considered as a sample frame for the study.

3.4. Sampling Methods and Sample Size

It is important to select an appropriate sample size that can truly represent the population that can be inferred to make a generalization. Thus, erroneous and deviating results are the primary cause of improper sampling (Bhattacherjee, 2012).

The study used a multistage sampling technique, with the first level being all exporting manufacturing companies in Ethiopia as of July 2021, of which there are seventeen. Subsequent to the inclusion of all the companies' respondents, the concerned respondents from each entity were selected based on their relevance in the study using the following inclusion criteria.

Table 1. Inclusion Criteria for Respondents

R.no	Position of respondents in the Organization	Number of Respondents	Remark
1	Top-level managers	1	Those who are General or Vice
2	Marketing Departments	2	Department Head and senior experts
3	Export Department	2	Department Head and senior experts
4	Production Department	2	Department Head and Lead supervisor

The respondents of the survey from 17 companies, making a total of 119 respondents. The same number of respondents was selected due to the Garment firms' similar thresholds of capital, product, and operating business.

3.5. Operationalization and Measurement of Variables

The main purpose of this study is to investigate the influence of entrepreneurial orientation on export performance, mediating the role of environmental uncertainty for garment companies in Ethiopia. The variables' definition measurements and the expected sign of the coefficient are shown in Table 1 below.

Table 2.Conceptual definition of constructs

Constructs	Definition	Measurement	Expected effect on export performance (+/-)
Entrepreneur Orientation	the method, technique, and administrative approach of a company that act entrepreneurially.		+
Autonomy	is described as the ability to take autonomous activity in bringing a concept to fruition without being constrained by organizational restrictions.	Five-point Likert type scale (1= strongly agree, 2= agree, 3= neutral, 4= disagree, 5= strongly disagree	
Innovativeness	is defined as a company's tendency to pursue and support fresh thoughts, investigation, innovation, and creative procedures that may result in a new good or service.	Five-point Likert type scale (1= strongly agree, 2= agree, 3= neutral, 4= disagree, 5= strongly disagree	
Proactiveness	is defined as behavior that is forward-looking and seeks out new opportunities, such as through newcomers and innovation.	Five-point Likert type scale (1= strongly agree, 2= agree, 3= neutral, 4= disagree, 5= strongly disagree	
Competitive Aggressiveness	refers to a company's desire to challenge its competitors directly and aggressively, whether to gain entry or strengthen their market position so that they outperform industry competitors.	Five-point Likert type scale (1= strongly agree, 2= agree, 3= neutral, 4= disagree, 5= strongly disagree	
Risk-taking	this term refers to an organizational risk that has arisen as a result of new entrance and innovation.	Five-point Likert type scale (1= strongly agree, 2= agree, 3= neutral, 4= disagree, 5= strongly disagree	

Constructs	Definition	Measurement	Expected effect on export performance (+/-)
Environmental Uncertainty (EU)	forecaster of decision-makers' behaviors, in addition to organizational behaviors and structures, in addition to moderator of the link between organizational behaviors and performance.		+
Complexity	refers to the heterogeneity of and range of environmental components.	(5= Very high, 4= High, 3= Medium, 2= Low, 1= Very Low)	
Dynamism	refers to the degree in which environmental components act as units of change	(5= Very high, 4= High, 3= Medium, 2= Low, 1= Very Low)	
Munificence	refers to the extent the environment supports sustained growth.	(5= Very high, 4= High, 3= Medium, 2= Low, 1= Very Low)	
Export Performance	is the relative triumph or flop of the efforts of a firm or nation to sell domestically-produced goods and services in other nations.	(5= Very high, 4= High, 3= Medium, 2= Low, 1= Very Low)	

3.6. Source of Constructs

The purpose of the thesis is to investigate the influence of entrepreneur orientation on export performance, mediating the role of environmental uncertainty for garment companies in Ethiopia. As mentioned before, the survey is the plan of this research. Based on an extended literature review, we have developed an appropriate research variable that has been validated in prior studies. The following table presents variables and their corresponding measurement sources used for the questionnaire.

Table 3. Detail description of source of constructs

Constructs	Number of Items	Source of Questionnaire Items
Export Performance (EP)	**9**	**Zou, Taylor, & Osland (1998)**
Entrepreneur Orientation (EO)		**Dess and Lumpkin's (2005)**
Autonomy	**5**	
Innovativeness	**5**	
Proactiveness	**4**	
Competitive Aggressiveness	**3**	
Risk-taking	**4**	
Environmental Uncertainty (EU)		**(Aldrich, 1979)** **Dess and Beard (1984)**
Dynamism	**8**	
Munificence	**4**	
Complexity	**5**	

3.7. Data analysis methodology

The study's data analysis is divided into many sections. The initial phase requires data screening and testing to ensure that multivariate assumptions are met. The goal of this phase is to determine whether or not the information is appropriate for statistical analysis. The subsequent phase is to perform an EFA in order to find out the basic construction of the variables (Hair et al., 2006). The data is provided by a structural equation model in the third stage (SEM). Structural equation model is a well-known survey data analysis approach. It's a statistical way to examining a structural theory that's relevant to a phenomenon that uses a confirmatory approach (Byrne, 2001) in addition to a comprehensive statistical technique for testing hypotheses about the links between observable and latent variables (Hoyle, 1996).

Structural Equation Modeling is used by most researchers has the advantage of being able to estimate both the measurement and structural models at the same time. The validity of factors is analyzed to measure the scale of dimension (Hair et al., 2006). The variables that pass this

analytical test are then used in structural model analysis to look at the links between the study's endogenous and exogenous variables. To evaluate the effect of an independent variable on the study's dependent variable, AMOS 23 software was used to conduct an inferential analysis with SEM.

3.8. Ethical Consideration

The respondents involved were clearly were informed of the purpose and given a free will to raise their views on the matter, the data were managed with absolute confidentiality and are not misrepresented or distorted in any way as per the suggestion of (Trochim, 2000; Sekaran, 2006) to ensure the strict adherence of ethical principles.

3.9. Measurement: validity and reliability

Validity is the level of the measurement testing the theoretical construct. Creswell (2009) and Hammersley (1987) state that it is a representation of a phenomenon accurately in explaining theories. It is centered around two issues, mainly whether the measurement is accurate and whether it accurately measures the intended objective. Furthermore, Winter (2000); Ritchie & Lewis (2003) argue that the accuracy of the research findings is critical, whereas Yalew (1998) emphasizes the importance of checking the validity in assuring the quality of the data. Thus, the instrument of the survey has been developed under close supervision of the advisor assigned and justified through various empirical literature to ensure their validity.

Reliability is defined as the level of finding of the study's replicability or recurrence using the same research method, original data, and the method of interpretation, that is, stability, equivalence, homogeneity) of the data (Ritchie & Lewis,2003). Since the study employs SEM, the study must first test reliability through Cronbach's Alpha by testing discriminant and convergent validity.

CHAPTER FOUR

Data Analysis and Interpretation

4. Introduction

In this chapter, the data collected from respondents shall be analyzed and interpreted using quantitative analysis. The descriptive section of the analysis discusses demographical information of respondents, while inferential statistics are used to test postulate on influence of entrepreneurial orientation on the Export perforce. Statistical procedures were used to analyze the collected response as per the research question of the study through utilizing estimates of SPSS version 23 and Analysis of moment structure version 23.

The researcher collected 119 response seventeen manufacturing firms. From the 17 manufacturing enterprises that completed the five-year term, using an inclusion criterion of the relevance of their job description to the study one top level manager, marketing sales department, export department and Production department heads and senior experts were chosen, and the questionnaire was specifically delivered to those chosen.

The usable responses collected to enable a meaningful analysis account for 98% response rate from the total questioners distributed indicating that the respondents were committed to providing relevant data for the analysis. The data is quantitatively examined, and the results are presented in an easy-to-understand format.

4.1. Demographic Characteristics of Respondents

A list of respondents who took part in the research and data collection can be found in this part. The primary data was collected from chosen respondents using standardized questionnaires. As a result, this part focuses on the demographic features of the respondents, such as gender, age, educational level, and ownership of the company. The sample population's basic characteristics are listed in Table 4.

Table 4. Demographic Characteristics of Respondents

Elements	Categories	Frequency	Percentage
Gender	**Male**	**52**	**44.4%**
	Female	**65**	**55.6%**
Age			
	26- 35 years	**77**	**65.8%**
	36- 45 years	**40**	**34.2%**
Educational level			
	BA/BSC (Under graduate)	**75**	**64.1%**
	MA/MSC/MBA (Graduate)	**42**	**35.9%**
Ownership of the company	**Locally ownership**	**54**	**46.2%**
	Foreign Ownership	**63**	**53.8%**

Source: Survey data 2021, using SPSS 23

According to the statistics, **44.4%** of the respondents were men, while female respondents made up **55.6%.** According to the data, females make up a higher percentage of employees in Ethiopia's garment manufacturing companies.

The age of respondents **26–35 years** of age is **65.8%,** which indicates that the majority of the employees are young. Those between the ages of **36 and 45** account for **34.2%** of all respondents. The education level of the majority of the respondents indicates **64.1%** are BA/BSC holders and **35.9%** hold MA/MSC/MBA. The ownership of the company by the majority of the respondents is **53.8%,** and **locally owned companies** make up **46.2%**. According to the findings, the majority of the respondents are young and have had recent interactions with higher educational institutions. Their qualifications and age are intended to provide a better comprehension of the questionnaires sent out and ensure that they are correctly filled out and returned, allowing the study to more properly depict reality.

4.2. Structural and Measurement Model

4.2.1. Measurement of Reliability

It refers to the level of finding of the study's replicability or recurrence using the same research method as the original data and the method of interpretation, that is, stability, equivalence, or homogeneity) of the data (Ritchie & Lewis,2003). A measure's stability or consistency through time is also defined as reliability (Dunn, 2001). Cronbach's alpha is used to determine the

measurement of accuracy and consistency. Cronbach's Alpha was calculated as an aspect of a validity test to establish how credible the findings were and whether they would produce similar generalized results if the sample size was increased (Field, 2006). Neuman (2007) suggests that the alpha value varies from 1.0 for a perfect score to 0.0 for a low grade. A good measure of the alpha should be 0.70 or higher. Scales with a coefficient alpha of 0.80 to 0.96 have very good reliability, scales with a coefficient alpha of 0.70 to 0.80 have good reliability, scales with an alpha value of 0.60 to 0.70 have fair reliability, and scales with a coefficient alpha of less than 0.60 have poor reliability, according to William and Barry (2010). As a result, the survey's Cronbach's Alpha values show very good reliability, and the results are presented in the table below.

Table 5. Reliability Test (Cronbach's Alpha)

Constructs	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Cronbach's Alpha if Item Deleted
AU 1	159.76	475.339	.632	.895
AU 2	159.67	477.517	.509	.896
AU 3	159.48	475.424	.515	.896
INNOV 1	159.15	476.718	.574	.896
INNOV 2	159.38	476.581	.518	.896
INNOV 3	159.40	480.915	.527	.896
PRO 1	159.68	485.356	.408	.898
PRO 2	159.19	498.620	.143	.901
PRO 3	159.34	487.934	.355	.898
CA 1	158.94	502.677	.064	.902
CA 2	158.85	498.976	.146	.901
CA 3	158.84	502.930	.065	.902
RT 1	158.79	489.945	.334	.899
RT 2	158.63	483.717	.446	.897
RT 3	158.78	490.192	.330	.899
EP 1	159.22	479.226	.554	.896
EP 2	159.00	482.121	.511	.897
EP 3	159.26	484.968	.416	.898
EP 4	159.26	474.554	.631	.895
EP 5	159.51	481.200	.402	.898
EP 6	159.33	477.517	.577	.896

DY 3	159.26	474.554	.631	.895
DY 4	159.62	474.963	.591	.895
DY 5	160.12	475.123	.580	.896
DY 6	159.80	477.918	.482	.897
M 1	159.25	479.154	.484	.897
M 2	159.44	486.438	.377	.898
M 3	159.26	470.283	.649	.894
M 4	159.16	481.361	.505	.897
C 1	159.03	484.215	.389	.898
C 2	159.15	474.936	.575	.896

Source: Survey data using SPSS 23

Cronbach's alpha has a range of more than 0.80. As a consequence, these factors are appropriate for additional research.

4.2.2. Validity of Major Constructs

According to Creswell (2009), validity is defined as the level of measurement that is used to test the theoretical notion. Hammersley (1987) states it is the representation of a phenomenon accurately in explaining theories. It is centered around two issues, mainly whether the measurement is accurate and whether it accurately measures the intended objective. Furthermore, Winter (2000); Ritchie & Lewis (2003) argue that the accuracy of the research findings is critical, whereas Yalew (1998) emphasizes the importance of checking the validity in assuring the quality of the data. Thus, the instrument of the survey has been developed under the close supervision of the advisor assigned and justified through various empirical literature to ensure its validity. To ensure instrument validity, the instruments were built using measurements from Dess & Lumpkin's (2005) to construct EO, Zou, Taylor, & Osland (1998) to construct export performance constructs, and Aldrich, 1979; Dess and Beard (1979) to construct the mediating variable of environmental uncertainty (1984)

4.2.3. Normality Test

The assumption that data is multivariate normal is critical for structural equation modeling and data analysis with AMOS software (Byren, 2010). When data is regularly distributed, skewness and kurtosis should be within a range of +2 to -2, according to a common rule of thumb test for normality (Hair et al., 2006). As a result, the 31 variables were subjected to a normality analysis. All variables in the table are within the +2 to -2 range, indicating that the data is distributed.

Table 6. Normality test

Constructs	N	Skewness	Std. Error of Skewness	Kurtosis	Std. Error of Kurtosis
Autonomy1	117	0.220	0.224	-0.653	0.444
Autonomy 2	117	-0.002	0.224	-1.057	0.444
Autonomy 3	117	-0.210	0.224	-1.106	0.444
Innovativeness1	117	-0.393	0.224	-0.641	0.444
Innovativeness 2	117	-0.346	0.224	-0.872	0.444
Innovativeness 3	117	-0.223	0.224	-0.746	0.444
Proactiveness1	117	0.130	0.224	-0.886	0.444
Proactiveness2	117	-0.167	0.224	-1.067	0.444
Proactiveness3	117	-0.224	0.224	-0.638	0.444
Competitive Aggressiveness1	117	-0.653	0.224	-0.273	0.444
Competitive Aggressiveness2	117	-0.611	0.224	-0.293	0.444
Competitive Aggressiveness3	117	-0.726	0.224	-0.025	0.444
Risk-taking1	117	-0.985	0.224	0.518	0.444
Risk-taking2	117	-1.157	0.224	0.592	0.444
Risk-taking3	117	-0.971	0.224	0.521	0.444
Export performance1	117	-0.067	0.224	-0.851	0.444
Export performance 2	117	-0.367	0.224	-0.890	0.444
Export performance 3	117	-0.099	0.224	-0.888	0.444
Export performance 4	117	-0.207	0.224	-0.906	0.444
Export performance 5	117	-0.176	0.224	-1.218	0.444
Export performance 6	117	-0.189	0.224	-0.805	0.444
Dynamism3	117	-0.207	0.224	-0.906	0.444
Dynamism4	117	0.129	0.224	-0.884	0.444
Dynamism5	117	0.568	0.224	-0.507	0.444
Dynamism6	117	0.105	0.224	-1.042	0.444
Munificence1	117	-0.418	0.224	-0.951	0.444
Munificence2	117	-0.316	0.224	-0.775	0.444
Munificence3	117	-0.412	0.224	-0.826	0.444
Munificence4	117	-0.278	0.224	-0.833	0.444
Complexity1	117	-0.827	0.224	-0.309	0.444
Complexity2	117	-0.499	0.224	-0.699	0.444

Source: Survey data using SPSS 23

4.2.4. Exploratory Factor Analysis

Exploratory factor analysis seeks to produce an acceptable structural model by obtaining a set of variables describing the framework of item-to-item interconnections that should relate to each other (Hair et al., 2010). The EFA's main goals are to uncover the factors, which are made up of a set of measurements; to determine the strength of the link between each factor and each

observed measure; and to reduce a data set to a more manageable size while keeping as much of the original data as possible (Field, 2009). This study used SPSS version 23 to do EFA and reliability analysis.

Statistical Package for Social Science produced KMO and Bartlett's test of Sphericity indicators to assess the factorability of the data (Pallant, 2003). The Kaiser-Meyer-Olkin measure of total sample adequacy evaluates the validity and suitability of indicators for factor analysis. A KMO rating ranges from 0 to 1 (factor analysis is likely to be ineffective) (Factor analysis yield reliable factors) respectively. Kaiser (1974) recommended that the KMO value might be excellent, great, good, middling and unacceptable (above 0.9, between 0.8 and 0.9, between 0.7 and 0.8, between 0.5 and 0.7 and less 0.5, respectively). In Table 7 revealed that the KMO in this study was 0.772 according to Kaiser (1974) indicate the that the data was eligible and a good for factor loadings or that the sample was factorable.

Additionally, Bartlett's test of Sphericity tests a indicate Chi-Square is 1921.567 with df = 325, $p<0.000$, This means that the variables are interconnected. As a result, the research was able to complete the remaining steps of the factor analysis.

Table 7. KMO and Bartlett's test

KMO and Bartlett's Test		
Kaiser-Meyer-Olkin Measure of Sampling Adequacy		.772
Bartlett's Test of Sphericity	Approx. Chi-Square	1921.567
	Df	325
	Sig.	.000

Source: Survey data using SPSS 23

4.2.5. Indicator Reliability

The consistency of a variable or set of variables in terms of what they are supposed to measure is measured by indicator reliability. It determines how much of the variance in the indicator may be explained by the related LV. Reflective indicator loading should be reviewed in the Partial least squares (PLS) technique to determine appropriateness of the indicator, since it accurately reflects the correlation between the indicator and the LV (Chin, 1998). Each construct's validity is determined independently of the others and the larger the lodgings indicate the more reliable that

latent variable. However, a level above 0.7 is desired, as it is at this level that nearly half of the variance in the indicator is explained by its factor and explained variance must be more than error variance (Chin, 1998; Garson, 2016; Henseler et al., 2009; Wong, 2013).

4.2.6. Convergent Validity and Discriminant Validity

The degree to which individual items reflecting a construct converge in contrast to items measuring other constructs is referred to as convergent validity. The Average Variance Extracted (AVE), which reflects the average communality for each latent factor in a reflective model, is a regularly used convergent validity criterion. According to Chin (1998) and Fornell and Larcker (1981) (as cited in Garson, 2016), average variance extracted values should be more than 0.5, indicating that the factor accounts for at least half of the variance in the indicators.

The factor loading that has <0.55 were eliminated prior to AVE estimation as per the recommendation of (Hair et al.,2020). Secondly, the AVE values <0.5, that met this condition were validated to establish discriminant validity as recommended by (Henseler et al., 2009).

The idea of discriminant validity states that indicators for various constructs should not be so closely related that one may think they measure the same thing. Because the average variance extracted are more than the squared correlation values, the model does not contradict the requirement of construct validity (r2). As shown in Table 8, the AVEs are greater than the values of the squared correlation.

Table 8. Indicator Reliability and Validity measures

Variable	Indicator	Indicator reliability outer loading (λ)	Square of Standardized loading(λ^2)	E	Convergent validity (AVE)	Composite reliability (ICR)	Discriminant validity (AVE^2)	Correlation
Innovation	INNOV	0.78	0.61	0.39	0.84	0.84	0.92	0.38
	INNOV	0.862	0.74	0.26				
	INNOV	0.875	0.77	0.23				
Risk-taking	RT	0.791	0.63	0.37	0.85	0.85	0.92	0.26
	RT	0.859	0.74	0.26				
	RT	0.889	0.79	0.21				
Competitive Aggressiveness	CA	0.804	0.65	0.35	0.80	0.78	0.90	0.02
	CA	0.718	0.52	0.48				
	CA	0.884	0.78	0.22				
Proactiveness	PRO	0.783	0.61	0.39	0.66	0.51	0.81	0.32
	PRO	0.624	0.39	0.61				
	PRO	0.565	0.32	0.68				
Autonomy	AU	0.847	0.72	0.28	0.79	0.76	0.89	0.49
	AU	0.779	0.61	0.39				
	AU	0.741	0.55	0.45				
Complexity	C	0.689	0.47	0.53	0.59	0.63	0.77	0.14
	C	0.841	0.71	0.29				
Munificence	M	0.867	0.75	0.25	0.79	0.82	0.89	0.11
	M	0.904	0.82	0.18				
	M	0.651	0.42	0.58				
	M	0.755	0.57	0.43				
Dynamism	DY	0.796	0.63	0.37	0.79	0.82	0.89	0.71
	DY	0.804	0.65	0.35				
	DY	0.904	0.82	0.18				
	DY	0.673	0.45	0.55				

***Source**: Authors computation from Amos 23*

4.3. Structural Model and Hypothesis Testing

In Figure 2 The structural model shows the relationship between latent variables or unobserved variables that are easy to understand. First, the structural model's fit statistics are evaluated, and the model fit statistics of the structural model are shown below.

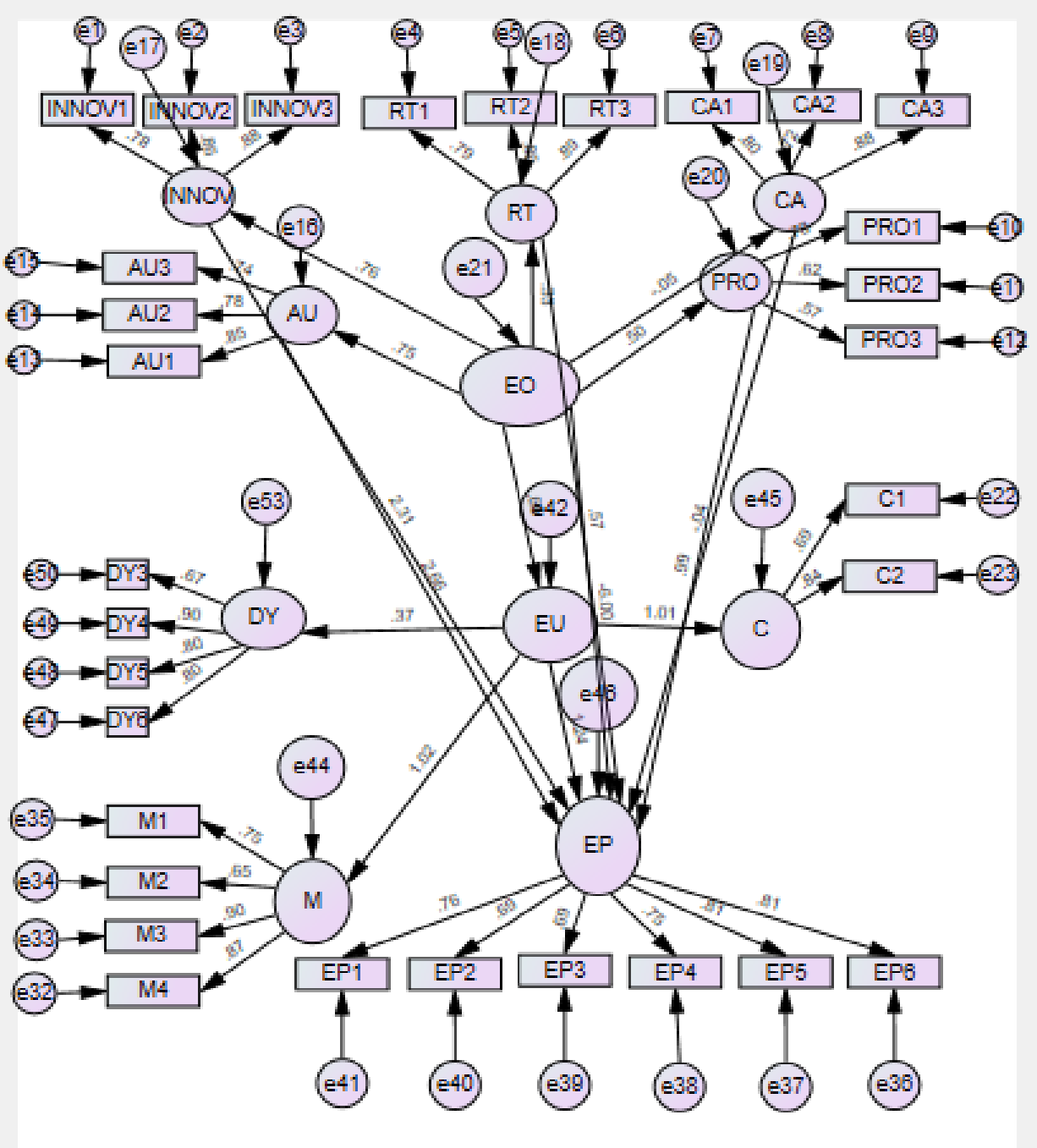
Table 9. Model Fit Statistics for Structural Model

Absolute fit Indices with Mediating Variable	
RMR	0.194
Absolute fit Indices Without Mediating Variable	
RMR	0.098

Source Amos output

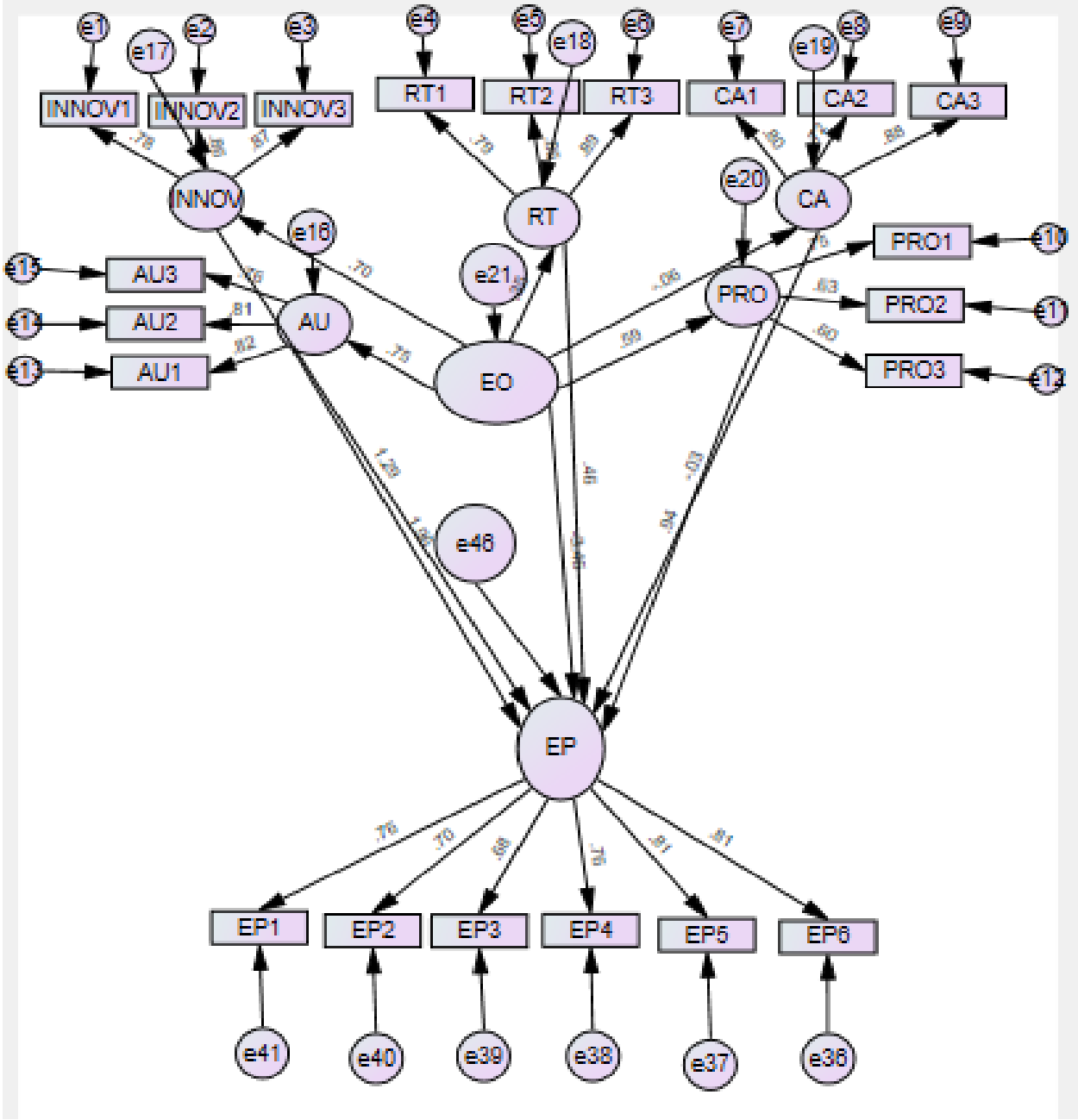
RMR (0.194) (0.098) for model with mediating variable and without variable, the result is within the threshold value according to (Schreiber et al,2006).

Figure 2. model with mediating variable



Source: Amos Output

Figure 3. model without mediating variable



Source: Amos Output

Table 10. AMOS Output of Estimates for The Structural Model in Figure 2 With Mediating Variable

Hypothesis	Endogenous		Exogenous	Estimate	S.E.	C.R.	P	Status
H1	EP	<---	EO	-7.658	3.123	-2.452	0.014	Significant
H1a	EP	<---	AU	2.56	1.185	2.161	0.031	Significant
H1b	EP	<---	CA	-0.039	0.17	-0.228	0.819	Not Significant
H1c	EP	<---	INNOV	2.309	1.208	1.912	0.056	Significant
H1d	EP	<---	PRO	1				Can't be estimated
H1e	EP	<---	RT	0.602	0.286	2.107	0.035	Significant
H2	EU	<---	EO	0.96	0.208	4.613	***	Significant
	EP	<---	EU	1.071	0.608	1.763	0.078	Not Significant
H3a	AU	<---	EO	1				Can't be estimated
H3b	INNOV	<---	EO	0.966	0.201	4.798	***	Significant
H3c	PRO	<---	EO	0.635	0.178	3.571	***	Significant
H4d	CA	<---	EO	-0.064	0.144	-0.445	0.656	Not Significant
H5e	RT	<---	EO	0.393	0.146	2.7	0.007	Significant

Table 11. AMOS output of estimates for the structural model in figure 3 without mediating variable

Hypothesis	Endogenous		Exogenous	Estimate	S.E.	C.R.	P	Status
H1	EP	<---	EO	-4.596	1.921	-2.392	0.017	Significant
H1a	EP	<---	AU	1.971	1.101	1.791	0.073	Not significant
H1b	EP	<---	CA	-0.033	0.14	-0.236	0.814	Not significant
H1c	EP	<---	INNOV	1.288	0.745	1.729	0.084	Not significant
H1d	EP	<---	PRO	1				Can't be estimated
H1e	EP	<---	RT	0.602	0.286	2.107	0.035	Significant
H2								
H3a	AU	<---	EO	1				Can't be estimated
H3b	INNOV	<---	EO	0.929	0.255	3.638	***	Significant
H3c	PRO	<---	EO	0.737	0.215	3.433	***	Significant
H4d	CA	<---	EO	-0.078	0.157	-0.496	0.62	Not significant
H5e	RT	<---	EO	0.432	0.166	2.602	0.009	Significant

Source: Amos Output

4.4. Discussions of the study

4.4.1. Entrepreneurial Orientation Vs. Export Performance

Tables 9 and 10 including and excluding mediating variable show coefficient of entrepreneurial orientation as -7.658 and -4.596 with a p-value of 0.014 and 0.017, respectively. It implies that, holding constant all of the other predictors in the model, entrepreneurial orientation has an adverse statistically significant influence on export performance. Hence, the study rejects the hypothesis that state entrepreneurial orientation has a positive significant influence on export performance of garment manufacturing firms in Ethiopia. The result is opposing to previous empirical work of Tutar et al. (2015), Ribau et al. (2017), Saad and Ramlee (2019) that found a positive association between entrepreneurial orientation and export performance. The possible justification for the significant adverse effect is due to the garment companies' emphasis on labor-intensive strategies with a very low productivity and low labor cost advantage (Rao & Tesfahunegn, 2015). The garment industry suffers from accessing new technology more slowly than its global competitors. Furthermore, the government's policy of increasing employment drove investors to focus on labor-intensive strategies, causing company performance to plummet (Daniel, 2017). Subcontracting of activities that allow organizations to be more efficient, innovative, autonomous, and aggressively compete is not possible in the country, as other compensating countries can compensate for the lag in internal capacity (Ayal,2020).

The relationship between autonomy and export performance has a conflicting result including and excluding the mediating variable. The result of autonomy in a relationship with EP in Table 9 with the mediating variable implies an implied coefficient of 2.56 with a p-value of 0.031. While in Table 10, the estimation without the mediating variable has a coefficient of 1.971 with a p-value of 0.073. The result indicates that, holding constant all of the other predictors in the model, AU have a positive, statistically significant influence on export performance for the estimation that includes mediating variable environmental uncertainty. The exclusion of the environmental uncertainty, however, made the result positive but statistically insignificant.

The Possible justification for the result is environmental uncertainty indeed affect the companies to enhance creative thinking, minimize inefficiency via independent work unit and reduce an incentive that are not reciprocate. While, the exclusion of the environmental uncertainty from the

equation signifies the action taken by the Garment companies essentially reliant up on the dynamism of the environment.

The result of competitive aggression including and excluding mediating variable indicates a negative but statistically insignificant relationship with export performance, the coefficient of CA being-0.039 and-0.033 with a p-value of 0.819 and 0.814, respectively. The result is an indicator that the garment companies' strategic plans are not effective in countering industry treats that may cost companies their strategic position in the industry through other competing countries, luck in increasing competitive position using price discounts, mimicking the business models of successful business leaders, or timely introduction of new products and technology as conformed by (Daniel 2017). Finally, the firms do not worry about whether their actions may cause the erosion of the reputation of their firm and possible retaliation. The possible justification for the result is that mostly the absence of a strong brand that create wealth in addition to the emphasis in low-cost labor only is affecting the performance of the companies adversely.

The result of innovativeness including and excluding mediating variable indicates a positive but statistically insignificant relationship with export performance. The coefficient of innovativeness with mediating variable in table 9 indicate 0.256 with a p-value of 0.056. While in Table 10, the estimation without the mediating variable has a coefficient of 1.288 with a p-value of 0.084. The result indicates that, holding constant all of the other predictors in the model, innovativeness has a positive, statistically insignificant influence on export performance for the estimation in both including and excluding the mediating variable EU.

The possible justification for the result is that the companies are not provoked to engage in marketing their products, process innovation, continuous improvement, and investing in new technologies. It further indicates companies' reliance on labor-intensive use of lagged technology in their production more than their global competitors, as contended by Rao & Tesfahunegn, (2015) and Daniel, (2017).

As it is shown in tables 9 with the mediating variable and 10 without the mediating variable, pro-activeness is one of the elements of entrepreneurial orientation structure, and in previous studies, pro-activeness has a significant influence on export performance. Therefore, this research could not test the postulate and recommends further research. The result of risk-taking is shown in

tables 9 with the mediating variable and 10 without the mediating variable. They indicate that the coefficient of risk-taking is 0.602 with a p-value of 0.035, respectively.

It implies that, holding constant all of the other predictors in the model, entrepreneurial orientation has an adverse statistically significant influence on export performance. Hence, the study rejects the hypothesis that state entrepreneurial orientation has a significant positive influence on the export performance of garment manufacturing firms in Ethiopia.

The possible justification for the result is that the garment companies tolerate a reasonable and business risk-taking, enhance their competitive position through managing their risk through researching factors and minimize the uncertainty, adopt competitive risk that are successful in other competitive entities.

4.4.2. Mediating role of Environmental Uncertainty

A mediation analysis was conducted to determine whether the EU has a mediating role between entrepreneurial orientation and export performance. Using Baron and Kenny's (1986) three-step mediation analysis and the chi-square (2) difference test, in this study, the direct link between both the entrepreneurial orientation and export performance was investigated.

Mediation can occur when the mediator is significantly affected by the independent variable and has a considerable impact on the dependent variable. The standards set for mediation was set by MacKinnon & Dwyer (1993) and MacKinnon, et al., (1995) popularized statistically based methods for formally assessing mediation using the Sobel's (1982) and Aroian's (1944) Goodman's (1960) test. The unstandardized regression and standard error for the association between the independent variable and the mediator, in addition to the unstandardized regression and standard error for the association between the mediator and the dependent variable, are considered in these tests.

Table 12. Result of Mediation Estimates

Hypothesis	Endogenous		Exogenous	Estimate	S.E.	C.R.	P	Status	Mediating Hypothesis
H2	EU	<---	EO	0.96	0.208	4.613	***	Significant	Direct only non-mediation
	EP	<---	EU	1.071	0.608	1.763	0.078	Not Significant	
	EP	EU	EO	-7.658	3.123	-2.452	0.014	Significant	

Source: Amos Output

Table 12 above indicate EU is direct only non-mediation with entrepreneurial orientation and export performance. As a result, the indication of the direct is only non-mediation, showing that there are yet unexplored mediators, as stated earlier

4.4.3. Second Order factor of Entrepreneurial Orientation

The table 9 with mediating variable and 10 without the mediating variable indicate second order factor are innovativeness, Pro-activeness and Risk taking make up the entrepreneurial orientation. The coefficient of innovativeness is 0.966 and 0.929 with P-value of 0.000. Similarly, coefficient of Pro-activeness is 0.635 and 0.737 with P-value of 0.000. Risk taking has coefficient of 0.635 and 0.737 with P-value of 0.007 and 0.009. Contrarily, coefficient of Competitive Aggression implies -0.064 and -0.078 with P-value of 0.656 and 0.62 respectively.

Lastly, Autonomy as can be detected from the table 9 with mediating variable and 10 without the mediating variable, Due to a parallel estimation constraint, AMOS was unable to estimate standard error, Z value, or chance. As a result, this study was unable to verify the findings and suggestions for future studies. The result indicates that out of five variables, innovativeness, Pro-activeness and Risk taking are first order variables that have significant positive association with second order variable entrepreneurial orientation. The result is contrary to Dawit (2019) who established Autonomy and innovativeness are the first order factor for entrepreneurial orientation who studied the effect of organizational structure on entrepreneurial orientation. Similarly, Fasika (2020), studying the impact of entrepreneurial orientation on export performance of leather and leather products in Ethiopia, has found that competitive aggression, innovativeness, pro-activeness, and risk-taking make up entrepreneurial orientation.

The possible justification for the result of the study is the strategic orientation of other industries among many is the cause of inconsistency on the result. The Garment industry require innovativeness as it has to keep up with trends in the industry in addition to maintaining a proactive role taking risk to be relevant in the be relevant in the market and the result is evident of that predicament. Whereas competitive aggression is having an adverse but insignificant association with entrepreneurial orientation the result is affirms the garment firms are not in a position to effectively counter the companies their strategic position, introduce timely new product or adopt new inventions as affirmed by (Daniel 2017). The absence of brand name and emphasis on the low-cost advantage blindsided the companies not to engage aggressively with

their counter parts in other countries across the globe which is currently affecting the companies adversely insignificantly but eventually the stagnation of the strategy would lead the companies going concern in jeopardy.

4.4.4. Second Order factor of Environmental Uncertainty

The second order factors of environmental uncertainty are munificence and dynamisms. The coefficient of munificence is 0.941 with a P-value of 0.000. Likewise, the coefficient of dynamic is 0.372 with a P-value of 0.000. Lastly, complexity, as can be observed from table 12, owing to a limitation on simultaneous estimation, AMOS could not establish an estimate for standard error, critical ratio (Z value) and probability. Therefore, this research could not test the result and recommend further research.

Table 13. Summary of EU Second Order Factor Estimates

Hypothesis	Endogenous		Exogenous	Estimate	S.E.	C.R.	P	Status
H4	M	<---	EU	0.941	0.098	9.612	***	Significant
	C	<---	EU	1				Can't be estimated
	DY	<---	EU	0.372	0.1	3.733	***	Significant

Source: Amos Output

The possible justification for the result of being dynamism a second order factor is attributed to the fact that the Garment industry is prone to radical change in market structure, required to introduce new product, pressured by their customer and the environmental challenges are unpredictable. Similarly, the abundance of resource in the form of raw material, utility and human resource made companies take advantage of this competitive advantage. The growth in sales all over the globe, the risk of Cut-throat competition and the level of hostility by similar companies with in the country and across the globe made the latent variable Munificence to be significant.

CHAPTER FIVE

Summary, Conclusion and Recommendation

5. Introduction

The main goal of the study is to examine the influence of entrepreneurial orientation on export performance the mediating role of environmental uncertainty on garment companies in Ethiopia. As a result, the following summary, conclusions, and recommendations are formed based on the earlier chapter's analysis and interpretations.

5.1. Summary of findings

In order to achieve the goal, three research questions were raised. A total of 119 questionnaires were distributed to the selected respondents in the garment manufacturing companies in Ethiopia, and all of the questionnaires were appropriately filled up and returned, making the response rate 98%. The study used principal component analysis for exploratory factor analysis, and structural equation modeling approaches which met measurement construct validity and reliability using AMOS version 23 software.

Before moving on to hypothesis testing, internal consistency metrics such Cronbach alpha reliability, composite reliability, discriminant validity, convergence validity, model fit, and indices were carefully examined.

Evidently, the values that fulfill the required factor loading weight have been included for further testing of composite reliability and AVE and square root of AVE. Finally, those that fulfill all the required tests were estimated using the AMOS version 23 software.

The major demographic result indicates **55.6%** of the respondents are female implying the industry is driven by female. It's no surprise that the majority of responses are female, given that the basic garment sector is viewed as a female-dominated industry. The age of respondents indicates **65.8%** of are between the age of **26- 35** indicating they are vibrant are more likely to involve in their work more actively. The majority of the respondents is young indicate they have a resent exposure to higher institute. **64.1%** of respondents have at least a bachelor's degree, indicating that they have better knowledge of the questionnaires distributed and can accurately fill them out and return them, allowing the study to portray reality more effectively. The

ownership of the respondents indicates **53.8%** work for foreigners indicating the Garment companies have exposure in understanding and sharing their exposure to the garment companies domestically indirectly through their staff turnover.

The result of EO has adverse significant result including and excluding mediating variable. The mediating variable EU has indirect only mediation being significant on the side of the independent latent variable. The individual construct of entrepreneurial orientation has indicated autonomy and innovation have contradicting results, implying a positive significant coefficient while the EU is present and otherwise. The construct of Risk Taking being positive and significant in both models the result of Competitive aggression is adverse but statistically insignificant against EP. The construct of pro-activeness owing to the limitation of AMOS cannot be estimated.

The estimation of second order factor of entrepreneurial orientation indicates Innovation, Pro-activeness and Risk-taking makeup the first order variable entrepreneurial orientation while, competitive aggression being negative but statistically insignificant in making up entrepreneurial orientation. The construct of Autonomy owing to the limitation of AMOS cannot be estimated. Similarly, the estimation of second order factor of EU indicates dynamism and munificence found to make up the first order variable EU.

Lastly, the estimation of model with a mediating variable indicates direct only non-mediation which implies that there are yet undiscovered mediators for this type of study. Hence, the researcher recommends additional investigation into other mediating variables for the model set.

5.2. Conclusion

This part discusses the conclusion of the study with greater insight of the influence of entrepreneurial orientation on EP the mediating role of environmental uncertainty on garment companies in Ethiopia. The general objective of the research was to examine the influence of entrepreneurial orientation along with it is elements on the export performance of on Garment Companies in Ethiopia. Additionally, the study aimed to incorporate EU as a mediating variable and as the second order factors of entrepreneurial orientation with EU. The finding of the study indicates EO has adverse significant influence on EP. The result is contrary to previous empirical works of (Tutar et al. (2015), Ribau et al (2017) Saad and Ramlee (2019)). The implication of the finding is that garment companies in Ethiopia emphasis in labor intensive strategy with a very

low productivity consider low labor cost advantage in addition to having a lag in accessing new technology timely than their global competitors as contended by (Rao &Tesfahunegn, (2015)., Daniel, (2017)) Furthermore, subcontracting activities that are favored in other countries are non-existent in the country that could compensate the lag of internal capacity (Ayal,2020).

The latent variable autonomy has statistically significant influence while the mediating variable is present and have insignificant influence while omitted. The result is a testament that EU plays a key role in granting autonomy that enhance creative thinking, minimize inefficiency using autonomous work unit and reduce an incentive that are not reciprocate. On the contrary, the results of innovation indicate a positive but statistically insignificant influence in both including and excluding mediating variables' inclusion. As a result, businesses are less likely to spend money on marketing their products, process innovation, continuous improvement, and investing in new technologies. The result affirms Rao & Tesfahunegn's (2015) and Daniel's (2017) arguments that reliance on labor-intensive strategy and the use of lagged technology does not affect their export.

The result of competitive aggression including and excluding mediating variable indicates positive but statistically insignificant relationship with EP the coefficient of CA being -0.039 and -0.033 with its p-value 0.819 and 0.814 respectively. The result is an indicative that the garment companies do not have an effective strategic plan in countering an industry treats that may cost companies of their strategic position in the industry by other competing countries, luck in increasing competitive position through employing price discounts, mimicking business model of successful business leaders nor make a timely introduction of new product and technology as conformed by (Daniel 2017). Lastly, the firms do not worry about whether their action may cause the erosion of the reputation of their firm and possible retaliation. The possible justification for the result is that mostly the Garment companies do not possess reputable brand that create wealth along with the emphasis in low-cost labor only is affecting the performance of the companies adversely.

The result of risk taking is found to be statistically significant in both including and excluding the mediating variable. The finding revel that the garment companies tolerate a reasonable and business risk taking, enhance their competitive position through managing their risk through

researching factors and minimize the uncertainty, adopt competitive risk that are successful in other competitive entities.

Environmental uncertainty has a positive but insignificant association between environmental orientation and export performance. Hence, environmental uncertainty has a non-mediation relationship as suggested by (Zhao et al., 2010). For this particular set of models, the researcher suggests that more research should be done to look into other mediating variables. Since the effect of the SEM both including and excluding mediating variable is the same, the Environmental Uncertainty is not a mediator in this model.

The second order variables in this study are innovativeness, Pro-activeness and Risk taking for Entrepreneurial Orientation. The result is contrary to previous empirical work of Dawit (2019) and Fasika, (2020) as the prior worked on Metal industry, the later examined export companies that engage in leather and leather products. The possible rationale for the result primarily is the strategic orientation of other industries in their operation. Secondly, the garment companies are required to have a certain level of innovativeness in keeping up with trends in the industry proactively through taking relevant risk to earn an income. Furthermore, the result conform the companies luck competitive aggression and they are not in a position to effectively counter the companies their strategic position, introduce timely new product or adopt new inventions as affirmed by (Daniel 2017).The absence of brand name and emphasis on the low cost advantage blindsided the companies not to engage aggressively with their counter parts in other countries across the globe which is currently affecting the companies adversely insignificantly but eventually the stagnation of the strategy would lead the companies going concern in jeopardy. In terms of testing second order variables of the mediating variable environmental uncertainty the result indicates that out of three variables, two variables; dynamism and munificence are first order variables and have significant positive association with second order variable EU. The result is indicative that the two elements significantly influence the outcome of the EU.

5.3. Recommendations

The goal of the research was to investigate the influence of EO on EP of garment companies. It is apparent that high-performing, sustainable, boisterous companies require the inclusion of entrepreneurial orientation in their strategic plans to maintain their competitive edge. The result of the study conforms EU do not mediate between EP and EO. The test for individual elements

of EO with EP indicates risk taking only has significant association both including and excluding the mediating variable. Autonomy and innovation however exhibit significant positive result while the mediating variable was included and otherwise when omitted. The second order variable for entrepreneurial orientation are found to be innovation, pro-activeness and risk-taking. While, the second order variable for environmental uncertainty is made up of dynamism and munificence

Hence, the following recommendations are made based on the study's results and conclusions, and are essential for the garment industry's development.

- The emphasis in labor intensive strategic plan must change as the strategy is costing the companies their performance adversely. They need to include elements of entrepreneurial orientation in their strategic plan as their key performance indicator.
- The global competitors are vibrant in the garment industry and are well equipped with latest technologies in from their production to the final sales of the product. Hence, the study suggests the companies need to invest on new technologies to maintain with market position with their competitors.
- The absence of well-known brand name made the companies reluctant to be more creative in aggressively competing in global market and only focus on producing mediocre product that are not sustainable.
- The luck of internal capacity in other counties is counters using outsourcing of activities. Hence, the garment companies need to consider efficient ways that complement their short coming with outsourcing activities.
- The companies currently relay on mass production that lean on the employee’s ability to make more out which is contrary to an environment that fosters creativity that require highly specialized skill set. Hence, companies need to incorporate sustainable capacity building for the employees in specific areas as a way forward to make their operation efficient and EO friendly the government also need to devise a policy that provoke the activity.

5.4. Contribution of the study

The significant contribution of this study is primarily made to the body of knowledge, companies in the industry, and policy makers. The study is a significant addition to the current literature that investigates entrepreneurial orientation in the country and the industry.

The first contribution of the study is associated with understanding the influence of entrepreneurial orientation on export perforce conceptually. Secondly, based on previous empirical studies, the conceptual framework of the study incorporated environmental uncertainty as a mediating variable and found that further study is required to find a mediating variable. The study also successfully conducted an exploratory factor analysis using principal component analysis and also eliminated items that are not fit through measurement of construct validity and reliability to be in the study before proceeding with structural equation modeling approaches. The finding of the study confirmed an adverse relationship between entrepreneurial orientation and export perforce that other studies have not encountered and justifies the cause of the result and it is five elements of entrepreneurial orientation. Risk-taking affects export performance. The second-order factors that make up entrepreneurial orientation were found to be innovation, pro-activeness, and risk-taking. Similarly, dynamisms and munificent are found to be second-order factors of environmental uncertainty. Lastly, based on prior empirical studies and findings of the study, the study suggested practical solutions such as revising the strategic plan to incorporate entrepreneurial orientation as a key performance indicator, the investment in specialized tasks or out-sourcing, and capacity building.

5.5. Limitation and Suggestions for Future Research

To evaluate plausibility of the results of a study, additional research on Ethiopia's export manufacturing industry is recommended. The influence of pro-activeness with export performance, in addition to second order components autonomy and complexity construct, require additional research, as the current study cannot be estimating the result due to limitations of AMOS. The mediating variable have an indirect effect, indicating that it is unable to mediate between the export performance and entrepreneurial orientation. As a result, this study advises that additional possible mediating and moderating variables, such as tenure of the firms, composition of the ownership might be used to gain in depth understanding of the factors that drive entrepreneurial orientation.

Furthermore, the inclusion of other strategic orientation with export performance could render a robust understanding and emphasis on the orientation would benefit organizations have a competitive edge. The industry specific elements also need to be incorporated for better measurement of the EP of companies in the garment industry.

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Appendices

Appendix A

ADDIS ABABA UNIVERSITY

College of Business and Economics

Department of Management

Dear/sir/madam Respondents!

Miss Tingert Negash currently pursuing a thesis at the College of Business & Economics, as partial fulfillment towards the completion of my graduate program, on the survey titled as ***The Influence of Entrepreneurial Orientation on Export Performance: Mediating Role of Environmental Uncertainty on Garment Industry in Ethiopia.*** This is a polite request that you complete this questionnaire, with the assurance that the information you submit will be kept private and used solely for academic purposes. I'd like to remind you that your candid and unbiased input will make this study a huge success.

General Instruction:

- No need of writing your name
- Read all the questions before attempting to answer
- Please make a tick mark (√) in the appropriate box and selected Likert scales
- Give your answer for all questions
- For open ended questions need to interview
- If you need further clarification, contact in the below address

It's essential to bear in mind that this survey is only for academic research purpose and the responses of each participant will be dealt with utmost confidentially.

Thank you for your cooperation and assistance.

Sincerely,

Name: Tingert Negash

Phone: 0913976256 Email: tingertnegash@gmail.com

SECTION I. DEMOGRAPHICAL DATA

Please put a tick ☑ mark in the appropriate box below:

1. Gender: a. Male ☐ b. Female ☐
2. Age: a. Under 25 years ☐ b. 26- 35 years ☐
   c.36-45 years ☐ d. Above 60 years ☐
3. Current level of education

a. Grade 12 and below ☐ b. Diploma (12+2, 10+3) ☐

c. BA/BSC (Under graduate) ☐ d. MA/MSC/MBA (Graduate) ☐ e. PhD ☐

4. Ownership of the company a. locally ownership ☐ b. foreign ownership ☐

SECTION II: Entrepreneurial Orientation Constructs

This section is dedicated to assessing various entrepreneurial orientation constructs. Please use the grading scales below to determine how often each statement corresponds to your viewpoint. Also, please mark whether you agree or disagree with the statements in the table below.

Select one of the five scales set below from **5= Strongly agree, 4= Agree, 3= Neutral, 2= Disagree, 1= Strongly disagree.** Each of the five scales in set to give the meaning stated against each as follows.

Items	**Variable used**	**Strongly Disagree**	**Disagree**	**Neutral**	**Agree**	**Strongly Agree**
	Autonomy					
Autonomy1	Our firm consider developing independent work units such as “skunkworks” to enhance creative thinking	**1**	**2**	**3**	**4**	**5**
Autonomy2	When using autonomous work units, our firm ensure adequate coordination to minimize inefficiencies and duplication of efforts	**1**	**2**	**3**	**4**	**5**
Autonomy3	our firm have a proper balance between patience and tolerance for autonomous groups and the forbearance to reduce or eliminate initiatives that are not succeeding	**1**	**2**	**3**	**4**	**5**

Items	Variable used	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
Autonomy4	our firm implement necessary structural changes such as small, autonomous groups to stimulate new ideas	1	2	3	4	5
Autonomy5	our firm foster the necessary culture, rewards, and processes to support product champions	1	2	3	4	5
	Innovativeness					
Innovativeness1	our firm encourage and stimulate technological, product-market, and administrative innovation	1	2	3	4	5
Innovativeness2	our firm stimulate creativity and experimentation					
Innovativeness3	our firm properly invest in new technology, R&D, and continuous improvement	1	2	3	4	5
Innovativeness4	our firm's innovative initiatives hard for competitors to successfully imitate	1	2	3	4	5
Innovativeness5	our firm "safeguard" investments in R&D during difficult economic periods or are they generally the first area where significant cuts are made	1	2	3	4	5
	Proactiveness					
Proactiveness1	our firm continuously monitor trends and identify future needs of customers and/or anticipate future demand conditions	1	2	3	4	5
Proactiveness2	our firm strive to be a "first mover" to capture the benefits of being an industry pioneer?	1	2	3	4	5
Proactiveness3	our firm aware of the downside of being a first mover, such as customer resistance to novel ideas and bearing the costs associated with unforeseen technological problems	1	2	3	4	5

Items	Variable used	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
Proactiveness4	our firm effectively use the following methods to act proactively: introducing new products and technologies ahead of the competition and continuously seeking out new product or service offerings	1	2	3	4	5
	Competitive Aggressiveness					
Competitive Aggressiveness1	our firm effectively use an aggressive posture to combat industry trends that may threaten your survival or competitive position	1	2	3	4	5
Competitive Aggressiveness2	our firm enhance its competitive position by entering markets with drastically lower prices, copying the business practices or techniques of successful competitors, or making timely announcements of new products or technologies	1	2	3	4	5
Competitive Aggressiveness3	our firm know when it is in danger of acting overly aggressive and avoid such actions which can lead to erosion of firm reputation and retaliation by competitors	1	2	3	4	5
	Risk-taking					
Risk-taking1	our firm foster and encourage a proper level of business, financial, and personal risk-taking	1	2	3	4	5
Risk-taking2	our firm enhance its competitive risk position by researching and assessing risk factors in order to minimize uncertainty	1	2	3	4	5
Risk-taking3	our firm enhance its competitive risk position by applying techniques and processes that have worked in other domains	1	2	3	4	5

Items	Variable used	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
Risk-taking4	Overall, our firm carefully manage risks and avoid taking actions without sufficient forethought, research, and planning	1	2	3	4	5

Items	Variable used	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
Export Performance						
EX 1	Our firm has been very profitable.	1	2	3	4	5
EX 2	Our firm has generated a high volume of sales.	1	2	3	4	5
EX 3	Our firm is achieved a rapid growth in export expansion.	1	2	3	4	5
EX 4	Export Performance has improved our global competitiveness	1	2	3	4	5
EX 5	We have increased the workforce due to our increased expansion in sales and marketing	1	2	3	4	5
EX 6	Our Export Performance has strengthened our strategic position	1	2	3	4	5
EX 7	Export Performance has been very satisfactory by the firm's standard	1	2	3	4	5
EX 8	Export Performance has had been very successful	1	2	3	4	5
EX 9	Export Performance has exceeded our expectations	1	2	3	4	5

SECTION III: Environmental Uncertainty Constructs

This part is devoted to assessing various environmental uncertainty constructs. Please use the grading scales below to determine how often each statement corresponds to your viewpoint. Also, please indicate whether you agree or disagree with the viewpoints presented in the table below.

Choose one of the five scales below, with **5 = very high, 4 = high, 3 = medium, 2 = low, and 1 = very low.**

Items	Variable used	Very high	high	medium	low	Very low
Dynamism						
DY1	Frequency of change in the most relevant areas of the environment	**5**	**4**	**3**	**2**	**1**
DY2	Instability of demand	**5**	**4**	**3**	**2**	**1**
DY3	The degree of radical change in market structure	**5**	**4**	**3**	**2**	**1**
DY4	Frequency of product innovation	**5**	**4**	**3**	**2**	**1**
DY5	Customer pressure shown through radical changes in attitude	**5**	**4**	**3**	**2**	**1**
DY6	Unpredictability of challenges presented by changes in the environment	**5**	**4**	**3**	**2**	**1**
DY7	The degree of radical change in technology	**5**	**4**	**3**	**2**	**1**
DY8	The degrees of social, political, and cultural change that influence	**5**	**4**	**3**	**2**	**1**

Items	Variable used	Very high	high	medium	low	Very low
Munificence						
M1	Abundance of resources	**5**	**4**	**3**	**2**	**1**
M2	Growth of sales in the industry	**5**	**4**	**3**	**2**	**1**
M3	Implicit risk in the activity	**5**	**4**	**3**	**2**	**1**
M4	Degree of environmental hostility	**5**	**4**	**3**	**2**	**1**

Items	Variable used	Very high	high	medium	low	Very low
Complexity						
C1	Number of competitors in the industry	**5**	**4**	**3**	**2**	**1**
C2	Diversity of consumers in terms of their purchasing habits	**5**	**4**	**3**	**2**	**1**
C3	Diversity of suppliers	**5**	**4**	**3**	**2**	**1**
C4	Extent of the presence of differentiated products within the industry	**5**	**4**	**3**	**2**	**1**
C5	Technological diversity	**5**	**4**	**3**	**2**	**1**

N.B: The items eliminated or have factor loading <0.55 are the once shaded in red

Appendix B

NO	Company name
1	AlmedaTextile P.L.C.
2	Asbm Industries P.L.C.
3	Addis Garment S.C.
4	Ambassador Garment,
5	Concept International Ethiopia P.L.C.
6	Feleke Garment P.L.C.
7	Edget Garment PLC,
8	Lucy Garment Industry P.L.C.
9	EMD Garment,
10	GMM Garment P.L.C.
11	Eltex Textile and Garment Factory P.L.C.
12	NovaStar Garment Factory P.L.C.
13	TellageGarment P.L.C.
14	Addis Garment S.Co.
15	Yonas Garment P.L.C.
16	Am international Plc
17	Lucy Garment Industry P.L.C.