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**SCHOOL OF COMMERCIE**  
**DEPARTMENT OF MARKETING MANAGEMENT**

**DETERMINANTS OF EXPORT PERFORMANCE:  
(THE CASE OF SELECTED TEXTILE AND GARMENT  
FIRMS IN ETHIOPIAN)**

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**June, 2019**  
**Addis Ababa, Ethiopia**

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**Thesis Submitted To School of Graduate Studies Addis Ababa University School  
of Commerce in Partial Fulfillment of the Requirement for the Award of Masters  
of Art in Marketing Management**

**JUNE, 2019**

**Addis Ababa, Ethiopia**

## **Statement of Declaration**

I, Deribe Derese Abebe the undersigned, declare that this research project is my original work. All sources of materials used for the research project have been duly acknowledged. I further confirm that the research project has not been submitted either in part or in full to any other higher learning institution for the purpose of earning any degree.

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Name

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Signature

**Addis Ababa University May, 2019**

## **Statement of Endorsement**

This research project has been submitted to Addis Ababa University, College of Business and Economics School of Commerce Department of Marketing Management for examination with my approval as a university advisor.

\_\_\_\_\_ **Mesfin Workneh (PHD)**

**Advisor Signature**

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This is to certify that the project prepared by **Deribe Derese Abebe**, entitled: Major International Marketing Challenges and Opportunities: the case of Selected Ethiopian Textile and Garment Firms and submitted in partial fulfillment of the requirements for the Degree Master of Marketing Management in Marketing Management complies with the regulations of the University and meets the accepted standards with respect to originality and quality.

**Signed by the Examining Committee:**

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## **ACRONYMS**

AGOA	African Growth Opportunity Act
ATC	Agreement on Textiles and Clothing
COMESA	Common Market for Eastern and Southern Africa
EIA	Ethiopian Investment Agency
ETIDI	Ethiopian Textile Industry Development Institute
ERCA	Ethiopian Revenues and Customs Authority
FAO	Food and Agriculture Organization
GDP	Growth Development Product
MNC	Multi-National Company
PNTR	Permanently normalized trade relations
T&C	Textile and Clothing
UNCTD	United Nations Conference on Trade and Development
UNIDO	United Nations Industrial Development Organization
USAID	United States Aid
USITC	United States International Trade Commission
WTO	World Trade Organization

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## **ABSTRACT**

*Over recent years, there has been an increased interest in Africa as a continent with immense resources and potentials. Different initiative; like American Duty free market, COMESA, AGOA has been playing the major role of promoting Sub-Saharan Africa's country integration into the multilateral trading system and empowering them to have more active roles in global trade negotiations.*

*The overall objective of the study is to identify and examine major International marketing challenges and opportunities of Selected Ethiopian textile and Garment Firms. This study used explanatory research approach and empirical research design to assess and determine Determinants of export performance of selected export oriented textile and Garment Firms in Ethiopian and major contributing factors to them. The primarily data which collected through structured questionnaire and past years export secondary data was used for analysis, secondary data analyzed in tabulation whereas primary data analyzed through IMB SPSS statistical software 20 and the result was interpreted. The potential limitation of the research is the availability of marketing data on the shelf and implementation methodological limitation due to data constraints. The findings from this research revealed that firm specific characteristic and marketing mix strategy appeared to be significant predictors of export performance. However, surprisingly the finding also revealed that environmental characteristic and government support, do not influence Export performance. In terms of magnitude of effect, marketing mix strategy is superior. Finally, Textile and Garment firms should strength and inject more resources in marketing mix strategy to obtain better result in export, and should undertake the following measures: influence the government to revise its policy on the magnitude of cost of capital imposed on working and investment capital; utilizing the internal and external resource; Integrating their marketing Mix strategies; support their market channels. Further research should be in-depth in the subject area by incorporating additional variable those not used in this study.*

*Key Phrases: - Firm specific characteristics, Environmental characteristics, government support, Ethiopian textile and Garment Firms*

# CHAPTER ONE

## 1. INTRODUCTION

### 1.1 INTRODUCTION

*This chapter will intend to cover the background of the study and research area, statement of problem why the researcher tries to conduct research on specific area and what is the desired outcome of the stud, the main and research questionnaire which will be answered as general and specifically at the end of the study, scope of the study (the extent to which the study go through or the area which will be addressed) d the organization of this study.*

#### 1.1.1 Background of the study and the research area

The past few decades have witnessed a remarkable increase in the world- wide internationalization of businesses. Competition in many markets has intensified, across a wide variety of industries. The formation of various trade agreements and liberalized trade policies, involving both developing and developed countries, has led to an increase in global trade volumes. Meanwhile, the integration of world markets and multilateral trade activities among various countries has resulted in an expansion of international trade, which is now valued at US \$18.3 trillion (World Trade Organization, 2011). In the recent past, international trade was dominated by developed economies such as the USA, Germany, Japan, and the UK. Though these countries still account for large export shares, many developing economies, including China, have achieved substantial gains in market share.

Opportunities in global business abound for those who are prepared to confront myriad obstacles with optimism and a willingness to continue learning new ways in new and existing market. The successful companies in the 21st century will have global awareness and a frame of reference that goes beyond a region or even a country and encompasses the world. To be internationally aware is to have (1) tolerance of cultural differences and (2) knowledge of cultures, history, world market potential, and global economic, social, and political trends. Tolerance for cultural differences is crucial in international marketing to be good competent in international market with the challenge in abroad, while be successful in the Local or national market.

Therefore, most problems encountered by the foreign marketer result from the strangeness of firms' specific characteristic, an environment characteristics within which marketing programs must be implemented. Success hinges, in part, on the ability to assess and adjust properly to the impact of a strange environment (World Trade Organization, 2011).

### **1.1.2 Global Textile Market**

Market globalization provides export-led growth opportunities for firms. Exporting is considered to be a means to corporate growth for firms in various Ethiopian industries. Among the Ethiopian industries, knowledge-based industries, such as Textile and Garments, have witnessed export oriented growth in the past few years. This study presents an empirical analysis on determinants of export performance in the Ethiopian Textile and Garment industries. Among the various determinants of export performance considered in earlier studies, this study considered export performance as the dependent variable, with firm specific characteristics, Environmental characteristics, Marketing Mix Strategy and Government support as independent variables.

#### **Overview of the Global Textile Industry**

Textile manufacturing is accessible to establish in most countries, even at low levels of economic development because it is a labour intensive industry (Dicken, 2011). Hamann et al. (2008, p. 108) states that due to labour insensitivity, the textile industry therefore has a significant impact on alleviating poverty. Relocation of production has changed dramatically globally. Until the 1960s and 1970s, textile production was mainly domestically manufactured in Europe. This shifted in the 1980s when production started to be outsourced to South East Asia. During the 1980s and 1990s China dominated the textile manufacturing which employ around 3.6 million people (MacKinnon & Cumbers, 2007). Countries aswell as China and India have demonstrated that international integration makes potential for a growing capability of poverty reduction in developing countries. The economic growth and poverty reduction in Sub-Saharan countries is however extremely different from the rest of the developing world. The region is the poorest in the world, despite the rich amount of natural resources, where the low economic performance and widespread poverty in Sub-Saharan Africa is often blamed on the low level of economic integration into the world economy (Fosu, 2011, p. 115). During recent decade more African countries have started to produce textile for export. There are different perspectives on which direction and what the challenges and opportunities of the African textile industry are. On one hand the African textile industry is in a major crisis due to the global competition, and international agreements are disadvantaging African textile exports. Sheresta et al.

(2008, p. 5) on the other hand present that Sub-Saharan Africa can be considered as a territory with massive potential because of all the vital resources and cheap labour, compared to other regions in the world, even south East Asia (Traub-Merz 2000).

### **Overview of the African Textile Industry**

The African textile and clothing (T&C) industry is in a major crisis. Domestically it is hit by imports (in particular from Asian countries) with which it finds difficult to compete. Not much of the once impressive T&C sector built during the phase of import substitution is left. It is hit on foreign markets, where it has made some inroads in recent years, and where intensive competition among suppliers is now threatening exports from Africa. The future and, to some extent, even the survival of the African textile and clothing industry is closely linked to two international processes: The changes taking place on the global T&C market after the expiry of the Agreement on Textiles and Clothing (ATC) on 1 January 2005; and the restructuring of the multilateral trade system, being negotiated in the current World Trade Organization (WTO) Doha round. The expiry of the ATC marks the end of a period of some 40 years, during which much of the global T&C trade was subject to a special regime which centered on a politically motivated quota system. With the end of the quota system, the T&C trade is moving inside the world of WTO agreements, becoming an integral part of the WTO system, governed by the general rules and principles of this multilateral trading system. Current WTO agreements do allow the use of certain rules, which can provide protection for national T&C companies through customs duties or safeguard measures and promote exports through preferential market access. All these policy instruments are on the WTO table for negotiations again.

### **Overview of the Ethiopia Textile Industry**

The growth of textile and apparel business in Ethiopia is located in the horn of Africa with a total area of 1,104,300.00 sq. km. In the east of Africa, it is surrounded by Djibouti, Somalia, Kenya, Sudan and Eritrea. The country has nine regions, namely, Oromia, Tigray, Afar, Amhara, Southern Nations, Nationalities, and Peoples' Region, Benshangul Gumuz, Gambella, Harari and Somali. According to the latest United Nations estimates], Ethiopia is one of the fastest-growing consumer economies in Africa with a current population of 105,989,947. The transformation of Ethiopia from an agricultural economy to a fast-upcoming industrial economy in the sub-Saharan Africa (SSA) is incredible. According to the United Nations Development Programme's (UNDP) 2015 Human Development Index, Ethiopia is one of the top ten countries that have seen the most gains particularly between

2010 and 2015. A decade ago Ethiopia looked like the country to be invariably famous for its coffee and culture, but today, the fashion and textile industry clearly identifies the country as the next hub for manufacturing and exports in the African chapter. The transformation of the government policies from being an agricultural economy to an industrial economy is quite visible in its plans.

## **1.2 Statements of Problem**

Different scholars have indicated that the production and sale of textile garment products have a long historical root in Ethiopia. We have diverse indigenous clothing production techniques in different places under different cultures. Nevertheless, the domestic production system itself is not in the interest of the long history of the production system prevailed in Ethiopia. It was since very recently that relatively better improvements have been observed in changing the quality that fits the current market demand of the local, though not as intended, and little of the foreign in the distribution of home-grown clothing.

Moreover, the existence of modern textile and garment industries in Ethiopia has been there for over significant years, though not centuries. For instance, according to (John Sutton and Nebil Kellow, 2010) Dire Dawa Textile Mills or factory is one of the modern ancient textile factories that were established in Ethiopia in 1939. According to the authors, Addis Garment was established in the 1960s as one of the first garment industries in the country. It is highly crucial that the proper development of this industry could contribute a great deal to the general economy, as well as factors to be revealed by this study, the industry that could have been flourishing to the best interest of the economy is now operating at about 50% of its capacity. Moreover, the industries are operating very much below the production capacity and hence their contribution to the GDP is insignificant in light of efforts made by the government and different stakeholders concerned (Mekonnen, 2008).

Hence, as productivity reflects on the performance of a firm in the sector especially a textile and garment firm which is known for its export performance. Dependency on Firm specific characteristics, Environmental Characteristics, Marketing Mix Strategy and Government support. Hence, the low development and poor export performance of Textile and garment industries in comparison to Growth and transformation plan of Ethiopia (GTP 1 and 2) and the poor export value obtained during the 1<sup>st</sup> GTP (GTP 1) motivated the researcher to look into the currently existing factors affecting the export performance of the sector in order to come up with suggestions with a way of

alleviating the major issues raised. The overall performance of Ethiopian Textile and Garment Firm was at 50% production capacity and \$500,000.00 export at the end of GTP 1 (ETIDI, 2016).

### **1.3 Research Question**

In line with the above problem statements regarding Textile and Garment industries engaged in export the following general and specific research questions are raised.

#### **1.3.1 Main Research Question**

What are the factors that influence the export performance of Textile and Garment products exporters in Ethiopia?

#### **1.3.2 Sub Research Question**

1. Do Firm Specific Characteristics affect the export performance?
2. Do Environmental Characteristics affect export performance?
3. How Firm Marketing mixes affect Export Performance?
4. Do all incentives (Financial Incentive, Operational Incentive, and Capital Incentive) provided by government significantly affects export performance?

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

#### **1.4.1 General Objective**

To asses and examine the extent which firm specific characteristics, Environmental characteristics, Marketing mix and Government Support affecting the export performance of textile and garment firms.

#### **1.4.2 Specific Objective of the Study**

- ❖ To asses and examine specific firm characteristics affecting export performance
- ❖ To asses and examine the significance of environmental characteristics affecting export performance
- ❖ To asses and examine marketing mix strategy adoption affecting export performance
- ❖ To asses and examine the significance of incentives (Financial Incentive, Operational Incentive, and Incentive) provided by government significantly affects export performance

## **1.5 Significance of the Study**

This study was intended to provide valuable information on the current existing Determinants of export Performance to Exporting Textile Factory management for ease of decision making on Export issues, valuable information to Ethiopian Textile Industry Development Institute for ease of preparing support that the Institute expected to provide for the sectors, valuable information to Ethiopian Government for arranging Sufficient incentive to exporting Industries. Besides, the research initiates an idea to those who are interested to make further investigation in the field.

Though, the intended result of the study on Determinants of Export of selected Ethiopian Textile and garment come up with adequate and detailed information which is discussed under chapter four and summarized finding and suggestion under chapter five. The discussion would show how to enhance the export Performance firms by investing and strengthening the determinant that have positive and significant influences export performance. Then, the finding from the survey will be consider as the determinants of all textile and garment firms and suggestions consider the across the Ethiopia by inferring the Scope of the Study to the whole population.

This study was only interested in the overview of Determinants of export performance among Exporting Ethiopian Textile and garment Factories. Here the study was includes 56 Ethiopian Textile and garment Factories those who are export their products to Multi-Nations, these fifty six Textile and garment firms were from the whole state of the Ethiopia.

Finally, the result found from the sample of this study will be inferred to the whole Textile and garment firms across Ethiopia.

## **1.6 Organization of the Study**

The study is divided into five main chapters. Following the introduction, chapter II will make review of literature. In chapter III, data trends will be revealed. In chapter IV, the research methodology will be revealed and analysis of empirical findings will be made. In the last chapter, summary finding, conclusions and suggestions will be made.

## **1.7 The Definition of Terms**

### **Marketing: -**

“Process of planning and executing the conception pricing, promotion and distribution of ideas, goods and services to create exchanges that satisfy individual and organization goals” Marketing is the activity, set of institutions, and processes for creating, communicating, delivering, exchanging, offering that have value for customers, clients, partners, and society at large.( Louter, Ouwerkerk and Bakker 1991)

### **Multi-domestic or international marketing**

Companies in this stage are fully committed to and involved in international marketing activities. Such companies seek markets all over the world and sell products that are a result of planned production for markets in various countries (Mason A.2012, and Sanjyot P., 2012).

### **Global marketing**

At the global marketing level, the most profound change is the orientation of the company toward markets and associated planning activities. At this stage, companies treat the world, including their home market, as one market. Market segmentation decisions are no longer focused on national borders. Instead, market segments are defined by income levels, usage patterns, or other factors that frequently span countries and region (Mason A. and Sanjyot P., 2012).

## CHAPTER TWO

### 2. REVIEW OF RELATED LITERATURE

#### 2.1 INTRODUCTION

*The purpose of this study is to assess and examines the Determinants of export performance in some selected textile and garment firms in Ethiopia considering different factors including the trend of Firms specific characteristics, Environmental Characteristics, Competition in the global textile industry, the government's policy, the opportunities available (like Financial, operational and capital incentives provided), and the Marketing strategy mix strategy adopted and to be adopted by the firms in the sector. This implies that how to overcome the Determinants that affect export performance and how to utilize the opportunities Determinants defined and contextualized in the marketing strategy mix strategy to enhance export performance of the sector. Hence, marketing strategy mix strategy is part of the broader is crucial for decisions of the top level management. Besides, for effective marketing strategy mix adoption firms export performance will be affected by firms' specific characteristics, environmental characteristics, and Government Supports.*

*With this in mind, this chapter is intended to assess and examines different export performance Determinants in some selected textile and garment firms in Ethiopia through putting a linkage prior studies results and theoretical reviews. And it is also intended to introduce and give highlight to the deeper review of Determinants of export performance based view perspective from prior research results. Thus, this chapter makes a detailed account of Determinants of export performance literatures to understand the existing Determinants of export performance in the Exporting Ethiopian textile and garment firms.*

## **2.2 THEORETICAL LITERATURE REVIEW**

### **2.2.1 The Theory of Comparative Advantage:**

The theory can be relatively complex and difficult to understand but stated simply this theory is a demonstration (under assumptions) that a country can gain from trade even if it has an absolute disadvantage in the production of all goods, or it can gain from trade even if it has an absolute advantage in the production of all goods. Even though a country has an absolute production advantage it may be better to concentrate on its comparative advantage. To calculate the comparative advantage one has to compare the production ratios, and make the assumption that the one country totally specializes in one product. To maximize the wellbeing of both individuals and countries, countries are better off specializing in their area of competitive advantage and then trading and exchanging with others in the market place. Today there are a variety of spread sheets that one can use to calculate comparative advantage; one such is that of the Food and Agriculture Organization (FAO Volume 4 Issue, 2015).

### **2.2.2 Heckscher-Ohlin Theory (Factor Proportions Theory)**

The theories of Smith and Ricardo didn't help countries determine which products would give a country an advantage. Both theories assumed that free and open markets would lead countries and producers to determine which goods they could produce more efficiently. In the early 1900s, two Swedish economists, Eli Heckscher and Bertil Ohlin, focused their attention on how a country could gain comparative advantage by producing products that utilized factors that were in abundance in the country. Their theory is based on a country's production factors—land, labor, and capital, which provide the funds for investment in plants and equipment. They determined that the cost of any factor or resource was a function of supply and demand. Factors that were in great supply relative to demand would be cheaper; factors in great demand relative to supply would be more expensive. Their theory, also called the factor proportions theory, stated that countries would produce and export goods that required resources or factors that were in great supply and, therefore, cheaper production factors. In contrast, countries would import goods that required resources that were in short supply, but higher demand. For example, China and India are home to cheap, large pools of labor. Hence these countries have become the optimal locations for labor-intensive industries like textiles and garments (Mason A. 2012, and Sanjyot P., 2012).

### **2.2.3 Leontief Paradox**

In the early 1950s, Russian-born American economist Wassily W. Leontief studied the US economy closely and noted that the United States was abundant in capital and, therefore, should export more capital-intensive goods. However, his research using actual data showed the opposite: the United States was importing more capital-intensive goods. According to the factor proportions theory, the United States should have been importing labor-intensive goods, but instead it was actually exporting them. His analysis became known as the Leontief Paradox because it was the reverse of what was expected by the factor proportions theory. In subsequent years, economists have noted historically at that point in time, labor in the United States was both available in steady supply and more productive than in many other countries; hence it made sense to export labor-intensive goods. Over the decades, many economists have used theories and data to explain and minimize the impact of the paradox. However, the remains clear is that international trade is complex and is impacted by numerous and often-changing factors. Trade cannot be explained neatly by one single theory, and more importantly, our understanding of international trade theories continues to evolve (Mason A. and Sanjyot P, 2012).

### **2.2.4 Modern or Firm-Based Trade Theories**

In contrast to classical, country-based trade theories, the category of modern, firm based theories emerged after World War II and was developed in large part by business school professors, not economists. The firm-based theories evolved with the growth of the multinational company (MNC). The country-based theories couldn't adequately address the expansion of either MNCs or intra-industry trade, which refers to trade between two countries of goods produced in the same industry. For example, Japan exports Toyota vehicles to Germany and imports Mercedes-Benz automobiles from Germany (Mason A. 2012, and Sanjyot P., 2012).

### **2.2.5 Country Similarity Theory**

Swedish economist Steffan Linder developed the country similarity theory in 1961, as he tried to explain the concept of intra industry trade. Linder's theory proposed that consumers in countries that are in the same or similar stage of development would have similar preferences. In this firm-based theory, Linder suggested that companies first produce for domestic consumption. When they explore exporting, the companies often find that markets that look similar to their domestic one, in terms of

customer preferences, offer the most potential for success. Linder's country similarity theory then states that most trade in manufactured goods will be between countries with similar per capita incomes, and intra industry trade will be common. This theory is often most useful in understanding trade in goods where brand names and product reputations are important factors in the buyers' decision-making and purchasing processes (Mason A. 2012, and Sanjyot P., 2012).

### **2.2.6 Product Life Cycle Theory**

The theory, originating in the field of marketing, stated that a product life cycle has three distinct stages: (1) new product, (2) maturing product, and (3) standardized product. The theory assumed that production of the new product will occur completely in the home country of its innovation. In the 1960s this was a useful theory to explain the manufacturing success of the United States. US manufacturing was the globally dominant producer in many industries after World War II.

It has also been used to describe how the personal computer (PC) went through its product cycle. The PC was a new product in the 1970s and developed into a mature product during the 1980s and 1990s. Today, the PC is in the standardized product stage, and the majority of manufacturing and production process is done in low cost countries in Asia and Mexico (Mason A. 2012, and Sanjyot P., 2012).

The product life cycle theory has been less able to explain current trade patterns where innovation and manufacturing occur around the world. For example, global companies even conduct research and development in developing markets where highly skilled labor and facilities are usually cheaper. Even though research and development is typically associated with the first or new product stage and therefore completed in the home country, these developing or emerging-market countries, such as India and China, offer both highly skilled labor and new research facilities at a substantial cost advantage for global firms (Raymond Vernon 1960).

### **2.2.7 Global Strategic Rivalry Theory**

Global strategic rivalry theory emerged in the 1980s and was based on the work of economists Paul Krugman and Kelvin Lancaster. Their theory focused on MNCs and their efforts to gain a competitive advantage against other global firms in their industry. Firms will encounter global competition in their industries and in order to prosper, they must develop competitive advantages.

The critical ways that firms can obtain a sustainable competitive advantage are called the barriers to entry for that industry. The barriers to entry refer to the obstacles a new firm may face when trying

to enter into an industry or new market (Mason A. and Sanjyot P., 2012). The barriers to entry that corporations may seek to optimize include:

- Research and development,
- The ownership of intellectual property rights,
- Economies of scale,
- Unique business processes or methods as well as extensive experience in the industry, and
- The control of resources or favorable access to raw materials.

### **2.2.8 Porter's National Competitive Advantage Theory**

In the continuing evolution of international trade theories, Michael Porter of Harvard Business School developed a new model to explain national competitive advantage in 1990. Porter's theory<sup>13</sup> stated that a nation's competitiveness in an industry depends on the capacity of the industry to innovate and upgrade. His theory focused on explaining why some nations are more competitive in certain industries. To explain his theory, Porter identified four determinants that he linked together (Mason A. 2012, and Sanjyot P., 2012).

The four determinants are

- 1) Local market resources and capabilities,
- 2) Local market demand conditions,
- 3) Local suppliers and complementary industries, and
- 4) Local firm characteristics.

## **2.3 International Marketing**

International marketing is the performance of business activities designed to plan, price, promote, and direct of a company's goods and services to consumers or users in more than one nation for a profit. The only difference between the definitions of domestic marketing and international marketing is that in the latter case, marketing activities take place in more than one country. This apparently minor difference, "in more than one country," accounts for the complexity and diversity found in international marketing operations. Marketing concepts, processes, and principles are universally applicable, and the marketer's task is the same, whether doing business in Dimebox, Texas, or Dar es Salaam, Tanzania. Business's goal is to make a profit by promoting, pricing, and distributing products

for which there is a market. If this is the case, what is the difference between domestic and international marketing (Mason A. 2012, and Sanjyot P., 2012).

The answer lies not with different concepts of marketing but with the environment within which marketing plans must be implemented. The uniqueness of foreign marketing comes from the range of unfamiliar problems and the variety of strategies necessary to cope with different levels of uncertainty encountered in foreign markets. Competition, legal restraints, government controls, weather, tackle consumers, and any number of other uncontrollable elements can, and frequently do, affect the profitable outcome of good, sound marketing plans. Generally speaking, the marketer cannot control or influence these uncontrollable elements but instead must adjust or adapt to them in a manner consistent with a successful outcome. What makes marketing interesting is the challenge of molding the controllable elements of marketing decisions (product, price, promotion, distribution, and research) within the framework of the uncontrollable elements of the marketplace (competition, politics, laws, consumer behavior, level of technology, and so forth) in such a way that marketing objectives are achieved. Even though marketing principles and concepts are universally applicable, the environment within which the marketer must implement marketing plans can change dramatically from country to country or region to region. The difficulties created by different environments are the international marketer's primary concern (Mason A. 2012, and Sanjyot P., 2012).

### **2.3.1 The International Marketing Task**

The international marketer's task is more complicated than that of the domestic marketer because the international marketer must deal with at least two levels of uncontrollable uncertainty instead of one. Uncertainty is created by the uncontrollable elements of all business environments, but each foreign country in which a company operates adds its own unique set of uncontrollable factors. The more foreign markets in which a company operates, the greater is the possible variety of foreign environmental factors with which to contend. Frequently, a solution to a problem in country market A is not applicable to a problem in country market B (Mason A. 2012, and Sanjyot P., 2012).

### 2.3.2 Marketing Decision Factors

The successful manager constructs a marketing program designed for optimal adjustment to the uncertainty of the business climate. Assuming the necessary overall corporate resources, structures, and competencies that can limit or promote strategic choice, the marketing manager blends price, product, promotion, channels-of-distribution, and research activities to capitalize on anticipated demand. The controllable elements can be altered in the long run and, usually, in the short run to adjust to changing market conditions, consumer tastes, or corporate objectives. The outer circles surrounding the marketing decision factors represent the levels of uncertainty created by the domestic and foreign environments. Although the marketer can blend a marketing mix from the controllable elements, the uncontrollable elements are precisely that; the marketer must actively evaluate and, if needed, adapt. That effort the adaptation of the marketing mix to these environmental factors determines the outcome of the marketing enterprise. (*Journal of International Business Studies* 2005).

Therefore my research were argued with **Heckscher-Ohlin Theory (Factor Proportions Theory)** and **Porter's National Competitive Advantage Theory**, because all **Ethiopian** exporting Textile and Garment companies were consider the Cheap labor cost, cheap land lease and Government incentive that are early stated in Conceptual frame-work as comparative advantage to export their product to foreign Market.

## 2.4 EMPIRICAL LITERATURE REVIEW

### 2.4.1 Firm Specific characteristics

The characteristics of a firm's product have been identified as having a significant influence on export marketing performance (Cavusgil et al., 1993). The product's attributes are argued to affect the positional (marketplace) competitive advantage of a firm (Day and Wensley, 1988), thereby influencing marketing performance. Product characteristics that have been argued to influence marketing performance include culture specificity, strength of patent, and uniqueness (Cavusgil and Zou, 1994). A unique product provides a firm with a differentiation advantage that other firms in a competitive market may find difficult to challenge or overcome resulting in higher performance than a standardized product (Douglas and Craig, 1989). This differentiation advantage may result from better quality and reliability, or more durability, or they may be backed by better service, or have superior design or better performance (Terpstra and Sarathy, 2000).

Furthermore, when a culture specific product is exported to a foreign market, the cultural base on which the product is developed may not match the cultural base in the foreign market (Terpstra, 1987). To be viable, the product must be adapted to the cultural idiosyncrasies' of the export market (Douglas and Craig, 1989). As such, it is hypothesized that:

*H1a. Firm specific characteristic of Ethiopian textile and garment firms will not be influenced by unique products feature.*

It is argued that in the context of firm-specific characteristics, a firm's capabilities and constraints (strengths and weaknesses) influence their choice of marketing strategy and ability to execute a chosen strategy (Aaker, 1988). The resources of a firm constitute its sources of sustainable competitive advantage (Day and Wensley, 1988) and in export marketing these resources include size advantages (Reid, 1982), international experience (Douglas and Craig, 1989) and resources available for export development (Terpstra, 1987). Possession of such resources enables a firm to identify the idiosyncrasies in the export markets, develop the necessary marketing strategies and implement them effectively, thus achieving higher export marketing performance (Cavusgil and Zou, 1994). In relation to the firm's international experience, the more internationally competent a firm is the more likely it is that standardization alone will not lead to optimal results. A competent firm, because of its international experience knows the differences in environmental conditions and is more likely to select the most attractive market for the venture and adapt the marketing strategy to accommodate the specific needs of the market (Cavusgil and Zou, 1994). An inexperienced firm seeks the closest match between its current offerings and foreign market conditions so that minimal adaptation is required (Douglas and Craig, 1989). When a product can meet universal needs, a standardised strategy is facilitated (Cavusgil and Zou, 1994), however, if a product only meets unique needs, greater adaptation of product and promotion will be required to meet customers' product use conditions (Cavusgil et al., 1993) and to educate customers in using and maintaining the product. As such, it is hypothesized that:

*H1b. Firm specific characteristics of Ethiopian textile and garment firms will not be influenced by international experience.*

In relation to resources, the export venture's distribution network is seen as a necessary resource for successful participation in foreign markets. Therefore, when the export market is competitive, supporting the distributor/subsidiary is particularly important to ensure that the distributor/subsidiary performs adequate promotion, timely delivery, and proper maintenance and service (Terpstra, 1987).

Furthermore, in technology-intensive industries, because of the inherent complexity of technology incorporated in the products, manufacturers must provide adequate training support to the foreign distributors/subsidiaries so that the product can be handled, marketed and serviced properly (Cavusgil and Zou, 1994). As such, it is hypothesized that:

*H1c. Firm specific characteristics of Ethiopian textile and garment firms will not be influenced by management Support.*

In relation to resource commitment of the firm, when managers are committed to an export venture, they carefully plan the entry and allocate sufficient managerial and financial resources to the venture. With formal planning and resource commitment, uncertainty is reduced and marketing strategy can be implemented effectively (Aaby and Slater, 1989; Cavusgil and Zou, 1994) leading to better performance (Cavusgil and Zou, 1994). As such, it is hypothesized that:

*H1d. Firm specific characteristics of Ethiopian textile and garment firms will not be influenced by sufficient resource allocation.*

Lastly, in relation to customer familiarity with the product, export customers familiarity with a brand of a particular product can ease the entry of the product into the export market. As a result, a familiar brand requires a lower degree of promotion adaptation in the export market than an unfamiliar one, because familiarity can translate into a favorable attitude, which then forms brand equity finally enhancing performance (Cavusgil and Zou, 1994).

Product distinctiveness, firm experience (in exporting), support (training provided to intermediaries and type of relationship formed with distribution channels) and resource commitment (financial, time and physical) are all identified as elements of firm specific characteristics. Competence in international operations enables firms to select better export markets, formulate suitable marketing strategy, and effectively implement the chosen strategy (Douglas and Craig, 1989; Cavusgil and Zou, 1994). When managers are committed to the venture, they carefully plan the entry and allocate sufficient managerial and financial resources to the venture. With formal planning and resource commitment, uncertainty is reduced enabling marketing strategy to be implemented effectively leading to better performance (Cavusgil and Zou, 1994). Furthermore, when a product can meet universal needs, standardization of product and promotion is facilitated (Levitt, 1983). However, if a product meets only unique needs, greater adaptation of product and promotion will be needed to meet export customers' product use conditions (Cavusgil et al., 1993) and to educate customers in using and maintaining the product. In the same way, when a culture-specific product is exported to a foreign market, the cultural base on which the product is developed may not match the cultural base in the foreign market (Terpstra, 1987). To be viable, the product must be adapted to the cultural

idiosyncrasies of the export market (Douglas and Craig, 1989). Finally, supporting a distributor/subsidiary in the export market can lead to a cooperative partnership between the manufacturer and the distributor/subsidiary. Teamwork in the export channel will lead to effective implementation of marketing strategy and enhanced performance (Cavusgil and Zou, 1994). As such, it is hypothesized that:

***H1. Export performance textile and garment firms will not be influenced by Firm specific characteristics.***

#### **2.4.2 Environmental characteristics**

Along with firm characteristics environmental characteristics have also been argued to be important. In this sense foreign markets pose both challenges and opportunities for exporting firms which are argued to significantly affect marketing performance. As such, a firm must match its strengths with market opportunities to overcome market challenges across Globes, to ensure better marketing performance. Therefore, export marketing performance tends to be conditioned by environmental characteristics (Cavusgil and Zou, 1994) such as the extent of competition (Christensen et al., 1987); the legal and regulatory policies of host country governments (Contractor, 1990; Blodgett, 1991); the availability of suitable distribution and communication channels (Blodgett, 1991; Ganitsky et al., 1991) and, customer familiarity with the product (Cavusgil and Zou, 1994). In the export market the intensity of competition could force firms to seek a high degree of product and promotion adaptation to gain a competitive advantage over rivals (Cavusgil et al., 1993; Jain, 1989), because adaptation of product and promotion can broaden the local market base and be geared to specific local preferences thereby enhancing marketing performance (Douglas and Craig, 1989).

Additionally, in a competitive export market, a high degree of product adaptation also is needed due to intense competitive pressure, because product adaptation can help gain a competitive superiority over rivals (Cavusgil and Zou, 1994). However, a product that has to be adapted to the domestic market because it is unique, new to the company, culture-specific or because the export market is competitive may have limited acceptance in the export market. As such, it is hypothesized that:

***H2a. Environment characteristics of Ethiopian textile and garment firms will not be influenced by high Competition intensity.***

As far as the legal and regulatory policies of host country governments are concerned, frequently when a developing country is involved, the host country government may exercise influence over the choice of suppliers and over marketing (Osland, 1994). Or it may impose exchange controls, which can have an important impact on reinvestment, financing and repatriation decisions (Yan and Gray, 1994). As a result, laws or pressure from the host government can play a significant role in the marketing performance of the venture by increasing or reducing firm capacity and effectiveness (Cavusgil and Zou, 1994). As such, it is hypothesized that:

*H2b. Environment characteristics of Ethiopian textile and garment firms will not be influenced by Legal-political environment of product destination.*

As far as access to suitable distribution channels is concerned, inaccessibility to distribution channels has been widely cited as the reason behind the failure of many foreign market ventures (Yan, 1998). Additionally, success in export markets is often equated with the export venture's ability to initiate and sustain strong and mutually beneficial relationships with their foreign partners. This is because market knowledge is likely to reside with the local partner or distributor. When an unstable political and economic environment is perceived to influence the export market, many export market ventures rely heavily on their local partners or distributors to help reduce the risk (Osland, 1994). Also, to take advantage of local resources, the export market venture must rely on its local partners or distributors to negotiate with local governments to provide access to local elite and manage local labour (Makino and Delios, 1996; Osland, 1994). Companies provide ongoing support to their foreign distributors in the form of sales force training, technical assistance, marketing know-how, promotional support, and performance based incentive etc. In the Cavusgil and Zou (1994) study the most critical determinant of such support turned out to be management's commitment to the venture. As such, it is hypothesized that:

*H2c. Environment characteristics of Ethiopian textile and garment firms will not be influenced by Channel accessibility.*

As discussed above I focus on four means of environmental characteristics that are important. These include, first, competitive intensity, involving the extent of price competition and the number of competitors in the market. Second, the legal-political environment involving the legal, political and regulatory nature of the host market and the extent of government intervention into the operation of the export market venture. Third, channel accessibility, involving access to distribution channels,

number of customers and the demand potential of the product in the market. Finally, customer experience, involving access to customers and customer familiarity with the product in the market are the main firm characteristics. The intensity of competition in the export market could force firms to seek a high degree of product and promotion adaptation to gain a competitive advantage over rivals (Cavusgil et al., 1993; Jain, 1989), because adaptation of product and promotion can broaden the local market base and be geared to specific local preferences by this means enhancing marketing performance (Douglas and Craig, 1989). Similarly, a competent firm understands the idiosyncrasies of the export market and is able to respond to the local conditions by an adaptation strategy. Finally, export customers' familiarity with the brand can ease the entry of the product into the export market. Therefore, a familiar brand requires a lower degree of adaptation than an unfamiliar one. As such, it is hypothesized that:

***H2. Export performance of Ethiopian textile and garment firms will not be influenced by Environmental characteristic.***

### **2.4.3 Marketing strategy**

In response to external forces and in acknowledgment of internal forces firms develop and implement an export marketing mix strategy. Export marketing strategy is the means by which a firm responds to market forces to meet its objectives, through all aspects of the marketing mix, including, product, price, promotion and distribution, channel management and in international marketing, the key decisive factor affecting marketing strategy includes the decision to standardize or adapt to the circumstances of foreign markets (Cavusgil and Zou, 1994; Douglas and Craig, 1989). The extent of adaptation versus standardization is a key function of company and environmental characteristics (Cavusgil, 1993; Jain, 1989). Therefore, export marketing strategy can be seen as the degree of adaptation or standardization of the marketing mix required in the global or international market (Cavusgil and Zou, 1994), thus, directly influencing marketing performance. On the other hand, as Douglas and Wind (1987) and Cavusgil and Zou (1994) suggest, the more globally experienced a firm is, the more likely it is that standardization alone will not lead to optimal results. A competent firm, because of its international experience knows the differences in environmental circumstances and is more likely to select the most attractive market for the venture and adapt the marketing strategy to accommodate the specific needs of the market (Cavusgil and Zou, 1994). An inexperienced firm seeks the closest match between its current offerings and foreign market conditions so that minimal

adaptation is required (Douglas and Craig, 1989). It is argued that there will be a positive relationship between firms the better the level of adaptation in the export marketing strategy the higher the export marketing performance.

### **Export product strategy**

Export product strategy refers to the degree that a firm standardizes or adapts its products (in this study we are specifically focusing on product issues of adaptations to customers' tastes, product quality or safety standards, and production cost). The effect of product adaptation on export performance has been a widely researched marketing strategy issue (Levitt, 1983; Cooper and Kleinschmidt, 1985; Jain, 1989; Baalbaki and Malhotra, 1993, 1995; Szymanski et al., 1993; Ozsomer and Prussia, 2000). For exporters serving dissimilar customer segments throughout the world, standardization may alienate foreign customers who might switch to another product that better fulfills their needs (Kotabe and Helsen, 2001). Firms engaging in product adaptation can meet cross-border differences of the needs and wants of the firm's target customers, thus increasing customer satisfaction and overall performance (Cavusgil and Zou, 1994; Kotabe and Helsen, 2001). Thus, it is hypothesized that export products adapted to foreign market conditions will enhance export performance of Korea exporters. More formally stated:

*H3a. Marketing Mix strategy of Ethiopian textile and garment firms will not be influenced by export product strategy.*

### **Export pricing strategy**

Export pricing strategies in the context of this study refers to the standardization or adaptation of international pricing policies. Firms are able to ensure responsiveness to changing market conditions, competitive situations, and environmental forces through the employment of adaptive pricing strategies (Christensen et al., 1987; Koh, 1991). Prior research suggests that pricing adaptation allows a firm to adjust to local competitive conditions, thus enhancing its ability to position itself in the market, resulting in export success (Christensen et al., 1987; Kirpalani and Macintosh, 1980; Louter et al., 1991). For exporters from export-driven developing economies, engaging in price adaptation strategies enables quick pricing adjustments to local market fluctuations, thus allowing for enhanced performance. More formally stated:

*H3b. Marketing Mix strategy of Ethiopian textile and garment firms will not be influenced by product pricing.*

### **Export channel strategy**

Export channel strategies can be classified as direct or indirect. Direct exporters, i.e. those exporters selling directly to an importer or buyer located in a foreign market, Marketing strategy and performance are responsible for the directing of activities associated with export sales, requiring the exporter's commitment in terms of attitudes and behavior for export success (Stump et al., 1998). Direct exporting has several advantages, for example it can lead to better knowledge of export markets due to direct contact, increase export profitability by absorbing part of the gross margin provided to trading companies, etc.

Alternatively, exporters engaging in indirect exporting use independent middlemen to market the firm's products overseas. These middlemen employ their network of foreign distributors and their own sales force (Kotabe and Helsen, 2001). Research suggests that successful exporters employ more direct exporting than indirect exporting (e.g., Christensen et al., 1987; Stump et al., 1998). Exporters employing a direct channel strategy have greater access to market information and are able to adapt more quickly to changes in the marketplace than exporters pursuing in an indirect channel strategy. Thus, exporters pursuing a direct channel strategy are theorized to be able to achieve enhanced performance. More formally stated:

*H3c. Marketing Mix strategy of Ethiopian textile and garment firms will not be influenced by channel management strategy.*

### **Export promotion strategy**

Advertising and trade promotions are two categories of export promotion (e.g. Hill and Still, 1983; Koh, 1991; Cavusgil and Zou, 1994). The positive influence of advertising on export performance is based on the rationale that through sound advertising procedures an exporter can stimulate higher sales. Exporters who have a greater commitment to their export markets will incur higher levels of advertising expenditures, resulting in higher performance than exporters that are less committed to their export markets. For exporters in export-driven developing economies, advertising expenditures become critical as these exporters have yet to establish brand familiarity in foreign markets.

Therefore, it is hypothesized that an exporter's expenditure for overseas advertising will positively influence its performance of Ethiopian Textile and Garment exporters. Formally stated:

*H3d. Marketing Mix strategy of Ethiopian textile and garment firms will not be influenced by overseas promotion expenditure strategy.*

In addition to advertising, trade promotions (e.g. buying allowances, free goods, co-operative advertising) can be used by an exporter to enhance export performance. Supporting a distributor in the export market can lead to a co-operative partnership between the exporter and the distributor, increasing export performance (Rosson and Ford, 1982; Bello and Williamson, 1985; Madsen, 1989; Cavusgil and Zou, 1994).

Exporters actively engaged in trade promotions more quickly adapt to marketplace dynamics, enhancing their performance (cf. Cavusgil and Zou, 1994). Therefore, it is hypothesized that greater promotional support provided to distributors will positively influence export performance. More formally stated:

*H3. Export performance of Ethiopian textile and garment firms will not be influenced by marketing mix strategy.*

#### **2.4.4 Government support in the form of Incentives**

The government set the following policies and regulations to enhance textile and Garment industries export performance. 100% Duty free importation of machineries, equipment, and duty free importation of spare part of 15% of capital goods for the first 5 years of operation. Give permission to exporting companies to hire international expatriates free from income tax as far as they stay for no more than two years. Additionally Reconciliation of VAT for materials purchased locally during the project period is possible if declared in 6 months' time, on site (factory) customs inspection/clearance of imported raw materials and exportable products, State owned logistics enterprises (Ethiopian Shipping Line, Ethiopian Airline, Dry Port Services and Maritime) provide their services at breakeven price, and finally fast custom service (low risk level) for those who are engaged in export business were the available opportunities that Government of Ethiopia avail for the sector.

Ethiopia government announced a new set of performance based incentives to support the participation of domestic and Foreign Direct Investment (FDI) firms (Ethiopian Investment Agency, 2008 and 2010).

**These performance based incentives available for firms are the following:**

**(1) Access to Working and Investment Capital:** For domestic businesses looking to start new ventures, or relocate facilities in HIP, the government will facilitate access to credit for working and investment capital needs through Development Bank of Ethiopia and Commercial Bank of Ethiopia. Domestic firms will be allowed to get credit up to 85% of their investment and working capital needs.

**(2) Access to Foreign Currency:** Domestic firms will have preferential access to foreign currency to meet their financing needs.

**(3) Cost Sharing of Training and Skills Development Program.** The government will cover the cost of training program as follows. For the 1st year, 85% of the cost of training, for the 2<sup>nd</sup> year, 75% of the cost of training program, for 3rd year 50% of the training program, for 4<sup>th</sup> year 25% of the cost of the training program (EIA, 2008 and 2010).

**(4) Expatriate Managerial Staff Wage Subsidy:** The wage subsidy program aim at putting specialized expatriate employee within the reach of domestic firms. The government will cover the cost of hiring an expatriate staff as follows. For the 1st year, 85% of the cost of training, for the 2nd year, 75% of the cost of training program, for 3rd year 50% of the training program, for 4th year 25% of the cost of the training program. Domestic firm will also get income tax exemption on wage payable to expatriate staff (Ethiopian Investment Agency, 2008 and 2010). Therefore this can be hypothesized as:

*H4. Export performance of Ethiopian textile and garment firms will not be influenced by supports provided by Ethiopian Government.*

## 2.5 CONCEPTUAL FRAME WORK

This Thesis will encompass three different variables those are Independent Variables Dependent Variables.

### Independent Variables are

#### ❖ Firm Specific Characteristics

- ✓ Product Uniqueness
- ✓ International experience
- ✓ Supportiveness
- ✓ Resource Commitment

#### ❖ Environmental Characteristics

- ✚ Market Competitive Intensity
- ✚ Legal-Political Environment
- ✚ Distribution Channel

#### ❖ Marketing Strategy Mix

- ✚ Product Strategy
- ✚ Price Strategy
- ✚ Channel Management
- ✚ Advertizing and Promotion

#### ❖ Government Support

- ✚ Access to Working and Investment Capital
- ✚ Cost Sharing of Training and Skills Development Program
- ✚ Expatriate Staff Wage Subsidy

### Dependent variable

- ✚ Export performance

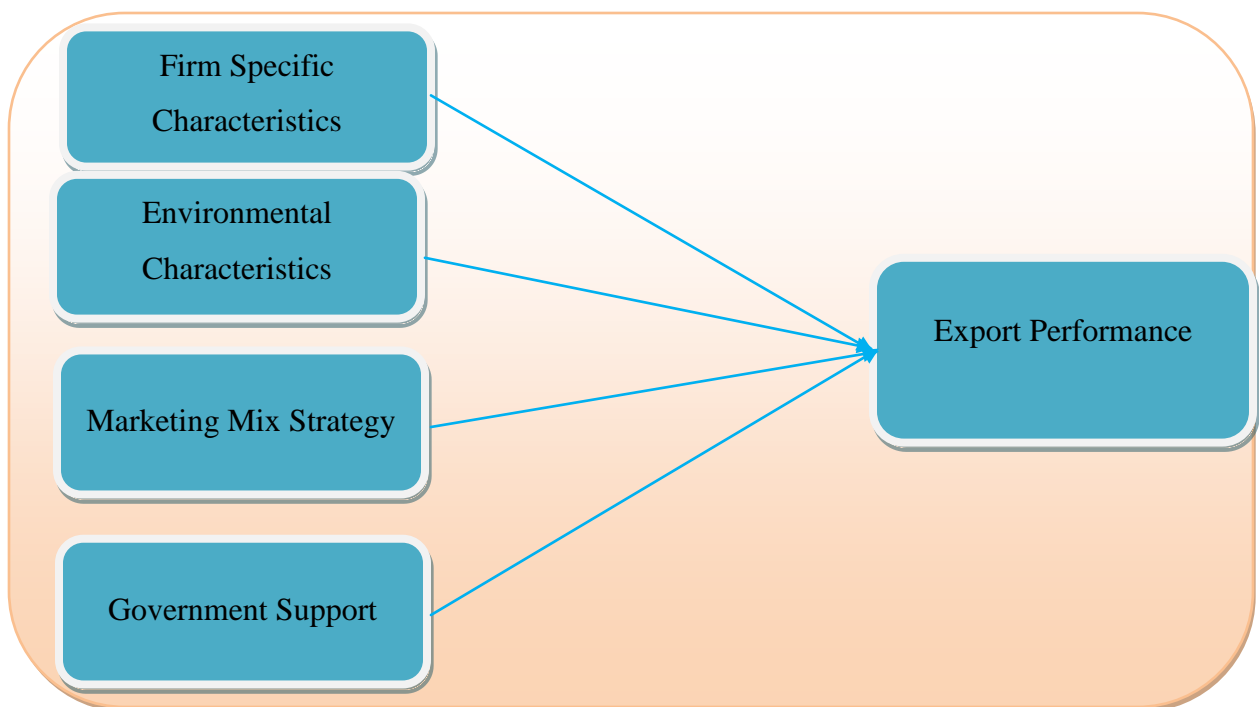
The conceptual framework below will illustrate the relationship between independent variables and dependent variables on the other hand.

## Conceptual framework Diagram representation

The basic design components are boxes, arrows, and lines. Create a box for each variable. Use arrows to indicate cause-effect relationships. Each arrow should start from the variable that has causal influence and point to the variable that is being affected. Use a line when you expect a correlation between two variables, but no cause-effect relationship.

These components can be summarized as follows:

<b>Component</b>	<b>Meaning</b>
Box	Variable
Arrow	Causal influence (cause-effect relationship)
Line	Connection (correlation)



Source (*Ahmad 2007, Grant 1991, and Vincent (2007)*)

## CHAPTER THREE

### 3. RESEARCH METHODOLOGY

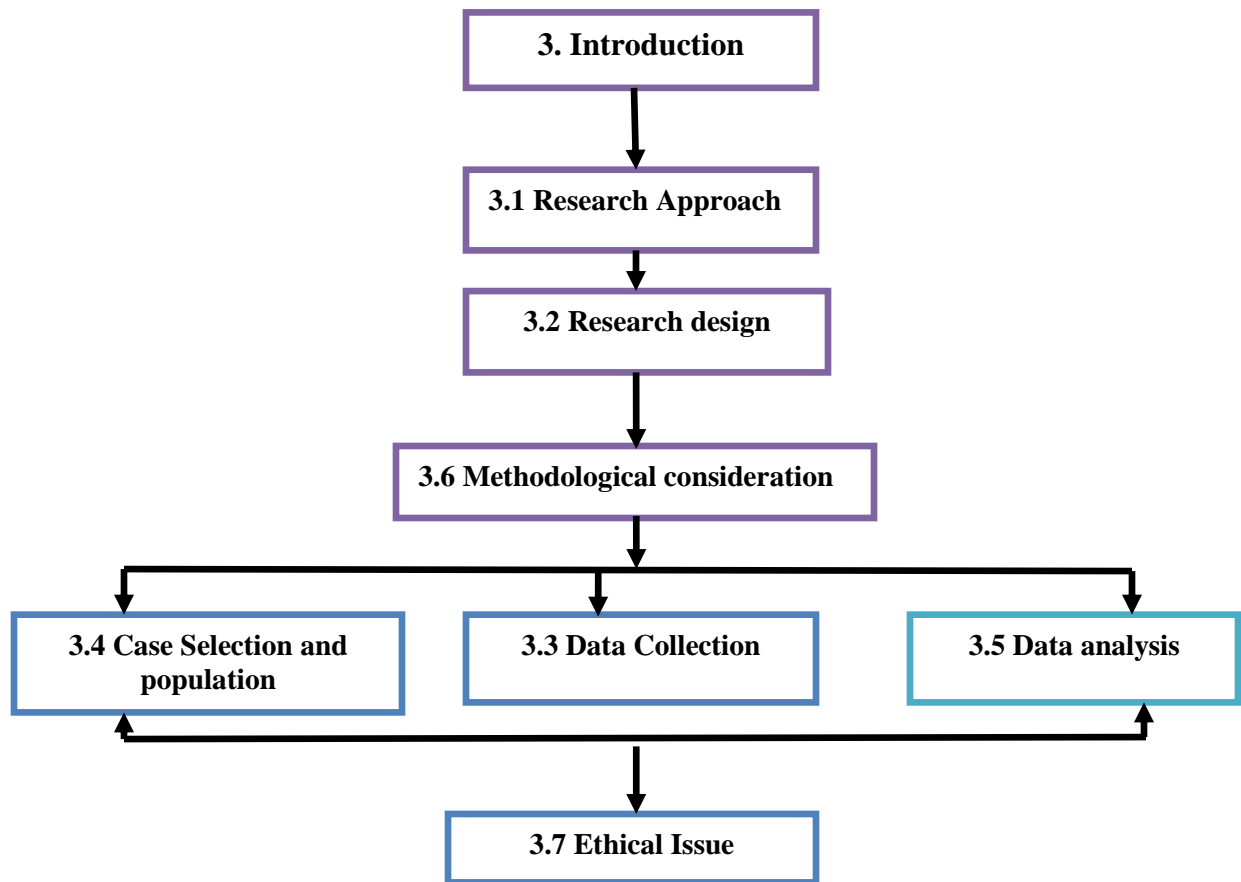
#### 3.1 UPPER CASE

*The general objective of this study is to assess and examine Determinants of Export Performance in some Selected Textile and Garment Firms in Ethiopia. Both Explanatory research approach and qualitative research design was employed to achieve the intended objective. The formal quantitative data analysis techniques as recommended by (Strauss & Corbin, 1990) multi correlation and multi regression analysis used to analyze the study and the result was compared against the conceptual framework. This conceptual framework was developed mainly from the works of (Ahmad 2007, Grant 1991, and Vincent (2007).*

*Generally, six main sections are included in this chapter. The first section defines the research approach where the paradigm of the researcher was declared. The second section provides explanation for the use the research design, which was implemented to come up with the systematic data analysis framework. The next section describes the procedures which justifies case selection techniques for this study. The fourth section considers issues regarding the conceptualization and description of the research constructs. The fifth section was introduces the methods which is used to analyze the data in the study. And the final sections provide methodological considerations.*

*In general, the following framework indicates the diagrammatic representation of the detailed methodological issues employed in this study was as follow.*

**Figure 3.1**Diagram representation of Research Methodology



## **3.2 Research Approach**

### **3.2.1 Explanatory Research Approach**

This type of research approach is a blueprint of the procedure that enables the researcher to maintain control over all factors that may affect the result of an experiment, the researcher attempts to determine or predict what may occur. Experimental research is often used where there is time priority in a causal relationship (cause precedes effect), there is consistency in a causal relationship (a cause will always lead to the same effect), and the magnitude of the correlation is great. The classic experimental design specifies an experimental group and a control group. The independent variable is administered to the experimental group and not to the control group, and both groups are measured on the same dependent variable. Subsequent experimental designs have used more groups and more measurements over longer periods. True experiments must have control, randomization, and manipulation (O’Cathain, Murphy, & Nicholl, 2007)

### **3.2.2 Descriptive Research Approach**

Descriptive research designs help provide answers to the questions of who, what, when, where, and how associated with a particular research problem; a descriptive study cannot conclusively ascertain answers to why. Descriptive research is used to obtain information concerning the current status of the phenomena and to describe "what exists" with respect to variables or conditions in a situation (Denscombe, 1988).

### **3.2.3 Exploratory Research Approach**

An exploratory design is conducted about a research problem when there are few or no earlier studies to refer to or rely upon to predict an outcome. The focus is on gaining insights and familiarity for later investigation or undertaken when research problems are in a preliminary stage of investigation. Exploratory designs are often used to establish an understanding of how best to proceed in studying an issue or what methodology would effectively apply to gathering information about the issue (Creswell & Plano Clark, 2011).

## **3.3 Research Designs**

### **3.3.1 Quantitative Research Design**

Quantitative research typically explores specific and clearly defined questions that examine the relationship between two events, or occurrences, where the second event is a consequence of the first event. Such a question might be: 'what impact did the International Marketing challenges and opportunities have on export performance?' To test the causality or link between the International Marketing challenges and opportunities have on export performance, quantitative researchers will seek to maintain a level of control of the different variables that may influence the relationship between events and recruit respondents randomly. Quantitative data is often gathered through surveys and questionnaires that are carefully developed and structured to provide you with numerical data that can be explored statistically and yield a result that can be generalized to some larger population (Denscombe, 1988), and (Creswell and Plano Clark, 2011).

By taking research approach and Design discussed in the above paragraph this study will be conducted through explanatory Research approach and Quantitative research design; explanatory Research approach is used to examine and assess the Determinants of Export Performance of exporting Textile and Garment Companies and major contributing factors to them by asking pre-determined and quantitative questionnaires. And will be employed to analyze the export determinant factors secondary data used to measure export performance of exporting Textile and Garment Factories by using past five years export data through quantitative research design. researcher prefer explanatory research approach and quantitative research design to assess and examine Determinants of export performance through quantitative research design and explanatory research approach through trend analysis by taking the past five years export Performance of the sector (Creswell and Plano Clark, 2011)..

### **3.4 Data Type and Data source**

#### **3.4.1 Secondary Data**

Secondary data which shows the five prior years export plan and performance of Ethiopian Textile and Garment firms was acquired from Ethiopian Textile Industry Development Institutes, and Ethiopian Revenues and Custom Authorities. Researcher prefers to use secondary data because of feasibility purpose and to show past five years export plan & performance in values.

#### **3.4.2 Primary Data**

Primary or fresh hand data was acquired through structured Questioner from 56 selected Textile and Garment firms respondents (Company managers, marketing Managers, and export expertise) who involved in Facilitating export activity were part of this study.

### **3.5 Population of the Study (Ethiopian Textile and Garment Firms)**

In past few years a number of textile and garment factories were established in the past few years to produce different products both for export and local market. Ethiopian government has also given priority to the garment and textile sector. Hence, it provides different support and incentive to encourage their competitiveness in international market (Gillespie and Carol, 2002).

As various information sources have revealed, the government of Ethiopia remained far off-track to meet its plan of advancing textile and garment industries for various reasons. These industries are not profitable as they were expected to be. Besides, it is not surprising to observe that customers are becoming relatively dissatisfied with the high market prices and relative poor quality of the products supplied by some Ethiopian garment and textile manufacturers.

Therefore, the target population for this research defined to include whole Ethiopian Textile and Garment Firms in Ethiopia, while the accessed sample is the selected 56 (n=56) exporting Ethiopian Textile and Garment Firms with in the research.

### **3.6 Sampling Procedure**

#### **3.6.1 Sample Size**

There are several approaches to determining the sample size. These include using a census for small populations, imitating a sample size of similar studies, using published tables, and applying formulas to calculate a sample size. Each strategy is discussed below

##### **Using a Census for Small Populations**

One approach is to use the entire population as the sample. Although cost considerations make this impossible for large populations, a census is attractive for small populations (e.g., 200 or less). A census greatly reduces sampling error and provides data on all the individuals in the population. In addition, some costs such as questionnaire design and developing the sampling frame are "fixed," that is, they will be the same for samples of 50 or 200. Finally, virtually the entire population would have to be sampled in small populations to achieve a desirable level of precision.

##### **Using a Sample Size of a Similar Study**

Another approach is to use the same sample size as those of studies similar to the one you plan. Without reviewing the procedures employed in these studies you may run the risk of repeating errors that were made in determining the sample size for another study. However, a review of the literature in your discipline can provide guidance about "typical" sample sizes which are used.

## Using Published Tables

A third way to determine sample size is to rely on published tables which provide the sample size for a given set of criteria. Table 1 and Table 2 present sample sizes that would be necessary for given combinations of precision, confidence levels, and variability. Please note two things.

First, these sample sizes reflect the number of *obtained* responses, and not necessarily the number of surveys mailed or interviews planned (this number is often increased to compensate for non-response). Second, the sample sizes in Table 1 presume that the attributes being measured are distributed normally or nearly so. If this assumption cannot be met, then the entire population may need to be surveyed. Sample size for  $\pm 5\%$ ,  $\pm 7\%$  and  $\pm 10\%$  Precision Levels Where Confidence Level is 95% and  $P=0.5$ .

Therefore, this study was conducted based on descriptive investigation of fifty six firms involved in export by exporting their products to foreign countries from Ethiopia. The population frame includes all Ethiopian Textile and Garment Firms and the sample of the study was selected Fifty six (56) Ethiopian Textile and garment Firms.

### 3.6.2 Sampling techniques

The fundamentals of sampling theory are the same no matter what kind of research is dealing with, and the statistical accuracy of estimates based on sample parameters is the same. Therefore there are two fundamental sampling techniques probability sampling and non-probability sampling. The probability sampling includes Simple random sampling, Stratified random Sampling, Systematic sampling, and Cluster/Multi-stage samplings, on the other hand Non-probability sampling are; Convenience sampling, Snowball sampling, Quota sampling, and focus group sampling.

The main distinction when non-probability sampling is used is that the units in the population do not have a known, non-zero probability of being selected for the sample. Non-probability sampling may be used either with the aim of consciously building a representative sample, for reasons of convenience, or because in the researcher's judgment some units in the population *must* be included in the sample. A convenience sample is simply a group of respondents who are ready and available to complete the survey.

Besides thus, the researcher use purposive sampling method which is non-probability sampling method because this research is mainly focus on Determinants of export performance the case of selected Ethiopian garment and Textile firm selected from Textile sectors.

### **3.7 Data Gathering Instruments**

The relevant primary data were collected through structured Questionnaire questions from managers, marketing managers export marketers, and export marketing expertise who are more concerned with export performance of exporting Textile and Garment Firms; while five year back secondary data were acquired through different from Ministry of Revenues and Customs and Ethiopian Textile Industry Development Institute who were established to support the Sector in enhancing sector capacity and export performance.

To achieve the intended result, researcher was design research questionnaires as one of the data collection instrument, pilot data was collected initially and study data was collected from fifty six (56) selected Ethiopian Textile and Garment Firms through structured Questionnaires. The Questionnaire question was aimed to eliciting relevant information concerning International export Determinants in the case of Exporting Ethiopian Textile and Garment Firms. Questions relating to Firm specific Characteristic, Environmental Characteristic, Opportunities Provided by Government (like; *Access to Working and Investment Capital, Cost Sharing of Training and Skills Development Program, and Expatriate Managerial Staff Wage Subsidy and export income exemption*) that to be utilized by Exporting Ethiopian Textile and Garment Firms, and as well as possible marketing mix strategies that companies were adopted to enhance the export performance. The prior ten year secondary data that show the export performances of Sector were collected from Ethiopian Revenues and Customs Authority (ERCA) and Ethiopian Textile Industry Development Institute (ETIDI) but only five prior year data will be used for analysis.

The structured *modified Likert scale* fashion data collection instrument were implemented, on a 5 – point scale, ranging from “strongly agree” (SA), through “agree” (A), “Neutral” (N), “disagree” (D) to “strongly disagree” (SD). Subjects were then instructed to respondents to their degree of agreement with the statements contained in the instrument.

### **3.7.1 Validation of the Questionnaire**

The questionnaires designed for the study was passed through validation process for face and content validity. Face and content validity have been defined by (Mc Burney 1994) as following:

- Face validity is the idea that a test should appear superficially to test what it is supposed to test; and
- Content validity is the notion that a test should sample the range of behavior represented by the theoretical concept being tested.

In the validation process of this study, a copy of ten questionnaires was given to selected Exporting Ethiopian Textile and Garment Firms experts to collect pilot data and to validate the questionnaire. Those experts were going through the pilot research questions and analysis the questionnaire carefully and ascertain the appropriateness and adequacy of the instrument. Finally, based on expertise suggestion the researcher perform structuring the questionnaire in the *Likert* fashion, on a five-point scale instead of modified 4 point *Likert* fashion (Nworgu 1991). Researcher also prefers the suggested modified *Likert* scale because according to normal *Likert* scale, strongly agree assigns 5 points, agree 4 points, Neutral 3 points, disagree 2 points and strongly disagree 1 point. However, many researchers and educationists feel that there is no logical enough reason to assign the weight of 3 points to somebody who is Neutral on a given issue. Even though the modified 4 *Likert* scale is preferred by many Researchers I use 5 *Likert* Scale in my Study.

### **3.7.2 Method of Data Collection**

After the pilot testing and all necessary modifications were made, the questionnaire was administered directly to the chosen sample for the study. Fifty seven (57) copies of the questionnaire were given out to the respondents and fifty six (56) successfully completed questionnaires were collected timely.

### 3.8 Data Analysis Techniques

The research data collected from selected textile and Garment Firms through structured questionnaire was analyzed statistically by weighted average mean. The responses options in the instrument were weighted as shown below. Table 3.1

<b>Strongly Agree (SA)</b>	<b>Agree (A)</b>	<b>Neutral (N)</b>	<b>Disagree (D)</b>	<b>Strongly Disagree (SD)</b>
5 POINTS	4 POINTS	3 POINTS	2 POINTS	1 POINTS

The accepted point for the every variable was those mean value is rounded 4.0 and above any mean below 4.0 were as rejected.

The t-test is defined as testing hypothesis about the differences between means when the sample size is small (Nworgu 1991). It is therefore, the t-test statistical analysis that was employed in testing the four null hypotheses was used in this study. Then, when the calculated t-value is greater than the critical value of t, the null hypotheses were rejected and the alternative, which is “significance”, was accepted.

But when the calculated t-value is less than the critical t-value, the null hypothesis was accepted and the alternative was rejected. However, the null hypotheses were tested at 0.05 (5 %) level of significance. This means 5 chances of being in error out of every 100 cases. That is, the chances of error are very low. Finally, export trend analyses were performed by tabulation Histogram, or Bi-chart by using secondary data which is collected from Stack Holder.

### 3.9 Validity and Reliability

The issue of methodological consideration refers to the validity and reliability for a research. The rationale for examining and assessing research measures of validity and reliability is that the research measures must be valid and reliable (Creswell & Plano, 2009; Sekaran, 2000; Chisnall, 2001; Churchill, 1999) in order for the findings to be considered trustworthy and the implications from it to be applied in a studied type condition. Validity in this context is the degree to which a measure accurately measures what it is supposed to measure. Reliability, on the other hand, is the degree to which the observed variable measures the true value and is error free (Hair et al, 1998).

However, the nature of the research design needs to be considered in order to employ the appropriate validity and reliability technique as each design can also demand specific methods and strategy. Accordingly, the researcher applied the methodological considerations for case study as proposed by (Yin 2009). Table 3.2

<b>Tests</b>	<b>Case study tactics</b>	<b>Phases of the research in which the tactic occurs</b>
Construct validity	- use of multiple sources of evidence - establish chain of evidences	Data collection Data collection
Internal validity	-do pattern matching -do explanation building -address rival explanation -Use logic models	Data collection Data collection Data collection Data collection
External validity	-Use theory in single case studies -Use replication logic in multiple case studies	Research design Research design
Reliability	-Use case study protocol -Develop case study database	Data collection Data collection

Source; Case study as proposed by (Yin 2009).

Once the variables were validated, they were subjected to a test for internal consistency. This was done to determine the extent of agreement between the respondents for each dimension, such that a higher score would indicate a higher reliability. Reliability has to do with the accuracy and precision of a measurement procedure (Kothari, 2004). According to Mugenda and Mugenda (2003) reliability is the ability of a research instrument to produce consistent results after repeated trials. The level of reliability of the instrument that is the consistency of the variables is checked with the Cronbach's Alpha statistics. Cronbach's alpha is an index of reliability associated with the variation accounted for by the true score of the "underlying construct" (Nunnally, 1978).

The computation of Cronbach's Alpha being well above the cut-off value of 0.70 (as suggested by Nunnally and Bernstein, 1994) indicated that all measures were reliable. The Cronbach's alpha coefficient of 0.70 indicates that 70% of the total variance in participants' scores on the measure is systematic, true-score variance. In other words, when Cronbach's alpha coefficient exceeds 0.70, we know that the items on the measure are systematically assessing the same construct and that less than 30% of the variance in people's scores on the scale is measurement error (Leary, 2012). The table 3.1 below summarizes the reliability test of research instrument, which was done on the actual study. The research instrument had an overall Cronbach Alpha coefficient of 0.929 (see Appendix II-A).

**Table 3.3: Reliability statistics for the general instrument**

<b>Model</b>	<b>Cronbach's Alpha</b>	<b>No. of Items</b>	<b>Internal Consistency</b>
Over All $\alpha$	.845	41	Excellent
Independent Variables	.829	37	Excellent
Firm specific Characteristics	.808	6	Excellent
Marketing Mix	.752	26	Excellent
Environmental Characteristics	.678	5	Very good
Dependent Variable	.705	4	Excellent

Source: research survey data, 2019

### **3.10 Ethical Consideration**

Since the objective of this study is to assess and examines the Determinants of export performance in some Selected Textile and Garment firms in Ethiopian, in which human beings are involved, ethical issues need to be taken into consideration. Hence, a number of safeguards were implemented to ensure compliance with the standards for conducting research with in business subjects. Thus was includes methods to mitigate the potential for a loss of confidentiality and the impracticality of obtaining informed consent for this study due to a number of factors. Everyone who were participate in primary data response and secondary dates' collected from different source as part of this research were clearly informed about the nature of this research and their consent considered as part of this study. They were asked for permission to fill the questioner with confidence and provide the necessary data was used as part of the analysis of this study. Therefore, Respondents quotations were assumed at the end, permissions was sougheed from each individual without mentioning their specific identifiers. And as per the request of the key informants not to mentions their organizations' names and their own personal names, and I assured that no specific identities were included in any part of this report.

## CHAPTER FOUR

### 4. PRESENTATION, ANALYSIS AND INTERPRETATION OF DATA

#### INTRODUCTION

*The purpose of this study is to critically assess and examine the Determinants of export that affect the export performance of Selected Textile and Garment Firms in Ethiopia. Data was collected from this selected Textile and Garment exporting firms' respondents are manager general, marketing managers export expertise and export marketers through structured questioner. Generally, this section is organized in the following manner: First, the general information about some Selected Textile and garment Exporting Firms in the sector and respondent back-ground is presented and analyzed. Second, data collected through questionnaires is tested statically analyzed accordingly.*

#### 4.1 Data Presentation and Discussion

Under this section, presentation, analysis as well as interpretation of the data which collected from the respondent firms were presented. Accordingly, a total of 57 structured questionnaires were administered to contacted 57 organizations identified as prominent exporters from the sectors. Except one (1) all 56 firms in the sector respondents were willing to participate. The response from the 56 organizations contacted and questionnaire administered accounts for 98 percent of the total respondents which are selected for analysis were filled and returned back.

##### 4.1.1 Respondents Gender Profile

Table 4.1 Gender

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Male	37	66.1	66.1	66.1
Female	19	33.9	33.9	100.0
Total	56	100.0	100.0	

Source: research survey data, 2019

The majority of the respondents were male totaling to 37 covering of 66.1% of the total respondent while the female respondents were 19 in number and accounted for 33.9% of the total respondent. This imply that Ethiopian Textile and Garment Firms hire male expert than the female generer wise.

#### 4.1.2 Respondents Age Group Profile

As the result shown blow in table 4.2 from 56 respondents, the majority of the respondent’s age was between the range of 31 to 40 years and they are accounted for 57.1% (N. 32) of the total respondent, while on the other hand, ages between 21-30 years group covered 23.2% (N. 13), ages between 41-50 years group covered 16.1% (N. 9) of the population of the population. In addition, those their ages groups above 50 years old constituted the total respondent share 3.6% (N. 2). This implies that the respondent’s age groups 21-30 ages old are the dominant group.

**Table 4.2 Respondent age Range**

	Frequency	Percent	Valid Percent	Cumulative Percent
21-30	13	23.2	23.2	23.2
31-40	32	57.1	57.1	80.4
Valid 41-50	9	16.1	16.1	96.4
>50	2	3.6	3.6	100.0
Total	56	100.0	100.0	

Source: research survey data, 2019

#### 4.1.3 Respondents Level of Education Profile of

In this study table 4.3 below shows the level of education of the of research participants’. Therefore, out of 56 respondent 34 of them have a Bachelors’ degree holder that is about 60.7% of the total respondent on the other hand, those with MA degree constituted 37.5% (N. 21), 1.8 %(N.1) is Doctorate degree holder(He is the owner of the Company). This implies that all respond are University graduate and they could bring a significant effect on purpose of the study, and even there a bright future for industries in export market.

**Table 4.3 Educational Back Ground**

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid First degree	34	60.7	60.7	60.7
Second degree	21	37.5	37.5	98.2
Dr. Degree	1	1.8	1.8	100.0
Total	56	100.0	100.0	

Source: research survey data, 2019

#### **4.1.4 Position Profile of Respondents**

As results in the table below show the position of the persons who participated in this study shows that out of 56 respondent 28 of them on managerial position which is about 50% (4 Manager General and 24 Manager Marketing) of the total respondent while 50 % (30.4% Marketing expert and 19.6% of the were Export marketers) of the respondents were marketing experts.

**Table 4.4 Respondents Position the Company**

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid General Manager	4	7.1	7.1	7.1
Marketing Manager	24	42.9	42.9	50.0
Export Expert	17	30.4	30.4	80.4
Export Marketer	11	19.6	19.6	100.0
Total	56	100.0	100.0	

Source: research survey data, 2019

#### **4.1.5 Working Experience Profile of Respondents**

According to the context of this research, the respondents higher experience was less than 3 years category with 8.9 % of the total respondents, groups between 3-5 years of experience is 48.2% (N. 27), groups between 5-10 years of experience is 21 % (N. 21) of the total respondents, and only 3 of the respondents who accounted for 4.4% were have an experience of 10 and plus years of experience. This implies that Textile and firms was follow an hearing of fresh graduates to train the newly hired employee as per the Company future plan than hiring experienced employee may because of different reason (like cost of hiring and training may cheaper than the cost of experienced Expertise and the likes). Additionally, the establishment of most foreign direct

investment (FDI) companies was very, so thus FDI based companies were prefer fresh graduate than experienced and they were train and build the capacity of their newly hired staff then hiring well experienced worker in the sector. Another determinant factor can be the availability well trained and experienced workers in the specific sector.

**Table 4.5 Respondents Year of Experience**

	Frequency	Percent	Valid Percent	Cumulative Percent
less than 3 years	5	8.9	8.9	8.9
3-5 years	27	48.2	48.2	57.1
5-10 years	21	37.5	37.5	94.6
10-15 years	2	3.6	3.6	98.2
greater than 15 years	1	1.8	1.8	100.0
Total	56	100.0	100.0	

Source: research survey data, 2019

#### 4.1.6 Companies product Destination

As per the result shown below in table 4.6 and Table 4.7 we can observe the destination of Textile and Garment Firms were limited to number of destination, here about 32.1% of companies were export their product to 3 and less number of countries, 55.4 % of companies were export their product to 3-5 number of Countries were as only 7 % of companies were export their product to 10-15 Number of Countries from this we can say most number of Ethiopian textile and Garment Firms have limited number of product destinations. Thus we can interpret that Firms have limited number of destination to export their product to foreign Buyers.

**Table 4.6 Number Countries in which Company Export (Comp. product Destination)**

	Frequency	Percent	Valid Percent	Cumulative Percent
less than 3	18	32.1	32.1	32.1
3- 5	31	55.4	55.4	87.5
5-10	7	12.5	12.5	100.0
Total	56	100.0	100.0	

Source: research survey data, 2019

### 4.1.7 Textile and Garment firms Experience in export market

From the result that shown below table 4.7 the experience of Ethiopia Textile and Garment Firms was summarized as below. Here from 56 numbers which participate in the study only 14.5 % of the firms have 10 and more year of experience in the export market, while 32.1% have an experience 5-10 years and 55.3% of companies were an experience of below five years in the export market. Finally having we can say that Ethiopian Textile & Garment Firms have limited number of destination and inexperienced in export.

**Table 4.7 Company's Year of Experience year in the export market**

	Frequency	Percent	Valid Percent	Cumulative Percent
less than 3 years	4	7.1	7.1	7.1
3-5 years	27	48.2	48.2	55.4
5-10 years	18	32.1	32.1	87.5
10-15 years	5	8.9	8.9	96.4
greater than 15 years	2	3.6	3.6	100.0
Total	56	100.0	100.0	

Source: research survey data, 2019

## 4.2 DESCRIPTIVE ANALYSIS

Items representing their underlying factors were then aggregated. The mean was applied as a measure of central tendency, which indicated that all variables were above their midpoint level as indicated in Table 4.8

**Table 4.8 Descriptive statistics between the variables**

Descriptive Statistics					
	N	Minimum	Maximum	Mean	Std. Deviation
Firm Specific Characteristics	56	3.50	5.00	4.14	0.40
Environmental Characteristics	56	3.40	5.00	4.18	0.36
Government support	56	3.25	4.50	3.77	0.30
Marketing mix strategy	56	2.99	4.32	3.73	0.23
Export performance	56	3.25	4.75	3.89	0.33
Valid N (listwise)	56				

Source: research survey data, 2019

Table 4.8 presents a general picture of the data without unnecessary inundating one with each of the observations in a data set. Out of the four independent variables, Environmental Characteristics was the highest in rating (M = 4.18, SD = 0.36), while Marketing Mix strategy was with lowest (M = 3.37, SD = 0.23). The dependent variable's (Export Performance) with mean value of M=3.89, SD = 0.33. Generally, all the variables have a mean value above three point five which is the mean point of 5 point likert scale. This shows that the data are clustered around the mean which showed the reliability of the data.

### 4.3 Correlation Analysis between the Variables

Is the statistical treatment of the study included the determination of relationship or correlation between independent variables and Dependent variable (export performance). These were carried out using Pearson's coefficient to determine the level of association. Pearson correlation analysis is used to examine the degree of linear relationship between tow qualitative variables. Strength and direction of the relationship existing between the two variables can be determined though the computation of Person correlation.

Table 4.9 Pearson correlation between the variables, N=56

		Marketing mix	Firm Specific Characteristics	Environmental Characteristics	Government support	Export performance
Marketing mix	Pearson Correlation	<b>1</b>				
	Sig. (2-tailed)					
Firm Specific Characteristics	Pearson Correlation	.454**	<b>1</b>			
	Sig. (2-tailed)	.000				
Environmental Characteristics	Pearson Correlation	.246*	.416**	<b>1</b>		
	Sig. (2-tailed)	.034	.001			
Government support	Pearson Correlation	.314**	.011	.069	<b>1</b>	
	Sig. (2-tailed)	.009	.469	.307		
Export performance	Pearson Correlation	.438**	.438**	.067	.099	<b>1</b>
	Sig. (2-tailed)	.000	.000	.311	.235	

\*\* . Correlation is significant at the 0.01 level (1-tailed).

\* . Correlation is significant at the 0.05 level (1-tailed).

Source: research survey data, 2019

The objectives of the study were based on the relationships between the different variables which are: firm Specific characteristics, Environmental Characteristics, Marketing Mix strategy, and Government support are the independent variables and Export Performance is the dependent variable.

In order to achieve the objective of the study, the Pearson (r) correlation coefficient was computed given the interval nature of the data and the need to test the direction and strength of relationships between the research variables. Export Performance was found positively related with Marketing Mix strategy and firm Specific characteristics variables and the correlation is significant at the 0.01 level.

As a result there is a significant and positive relationship between Specific firm characteristics and Export Performance with  $r = .438$  and  $p=.000$ , and also significant and positive relationship between Marketing mix strategy and Export Performance with  $r = .4.38$  and  $p=.000$ , on the other hand surprisingly there is a no significant and positive relationship between Government support, Environmental Characteristics and Export Performance.

Additionally, Correlation tests used to assess predictive validity of the variables (Ahmad, Basir , & Kitchen, 2010). As we seen in the above table independent variables were found to be significantly correlated with the dependent variable of Export performance, indicating the achievement of predictive validity.

#### **4.4 Normality Test**

As per normality test assumption, a check for normality of the error term is conducted by a visual examination of the normal probability plots of the residuals (Malhotra, 2007). In most cases, the normal distribution makes a straight diagonal line, and the plotted residuals are compared with the diagonal. If a distribution is normal, the residual line will closely follow the diagonal (Hair et al., 1998). As the graphs of the variable distribution (see Appendix II-C) all the data have fallen nearly on a straight line and then the normality assumption is not violated.

In addition to normal probability plots a normality test also done on the variables with a skewness and kurtosis analysis. Skewness and kurtosis values within the range of -2 and +2 are generally considered normal. Another rule of thumb is that the skewness and kurtosis values should fall within an absolute value of 2.0 to be considered normal (Sundara, 2015)

**Table 4.10 Normality Test N=56**

Descriptive Statistics				
	Skewness		Kurtosis	
	Statistic	Std. Error	Statistic	Std. Error
Firm Specific Characteristics	0.547	0.319	-0.981	0.628
Environmental Characteristics	0.081	0.319	-0.323	0.628
Government support	0.421	0.319	-0.232	0.628
Marketing mix strategy	-0.604	0.319	1.881	0.628
Export performance	0.111	0.319	-0.695	0.628

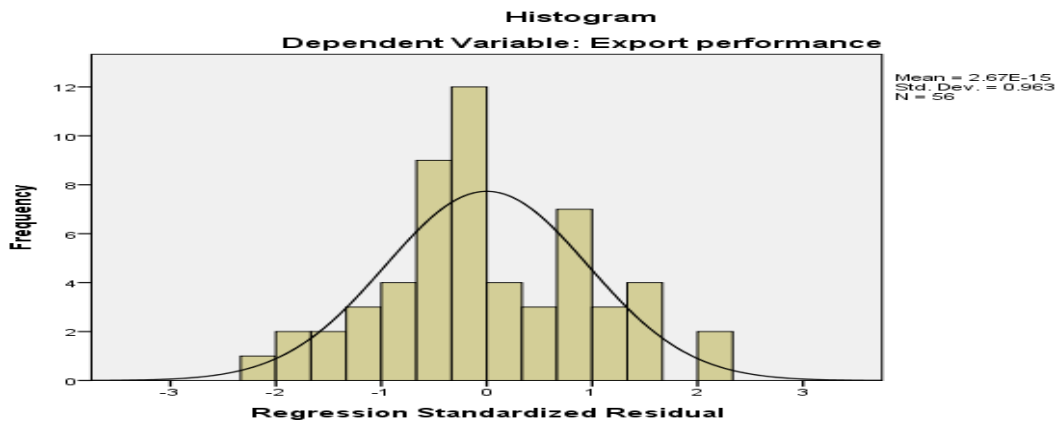
Source: research survey data, 2019

In the above table 4.11 a normality test result shows that all variables are in the acceptable range means between -2 and +2. Normally, as per the above table 4.11 shows the data collected from the population were within a tolerable range of assuming a normal distribution. Examination of the histograms suggested that the distribution looked approximately normal. On the other hand, the normal probability plots of residuals to verify the assumption that the residuals are normally distributed. The normal probability plot of the residuals should approximately follow a straight line (see below).

#### **4.5 Linearity Test**

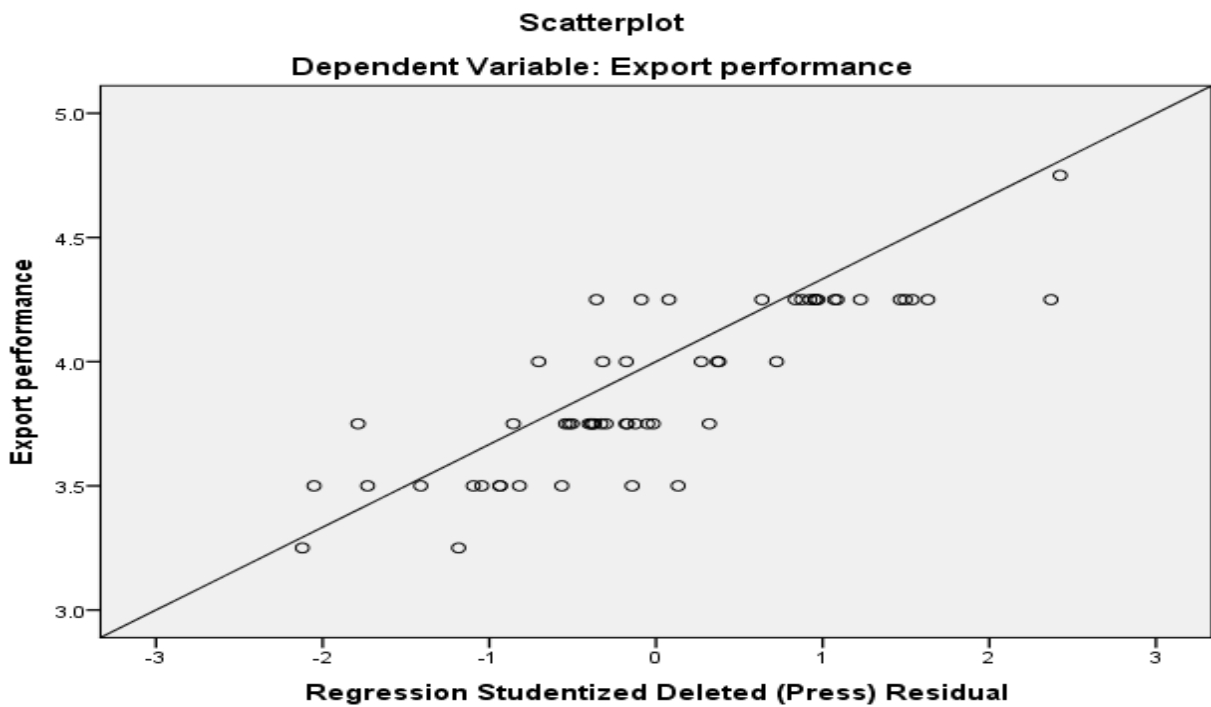
The linearity is the systematic testing of the relationship between the dependent and independent variable represented which shows the degree to which the change in the dependent variable is associated with the independent variable (Hair, Anderson, & Tatham, 1998). In a short, linear models predict values falling in a straight line by having a constant unit change (slope) of the dependent variable for a constant unit change of the independent variable (Hair et al., 1998). As we checked by the Pearson correlation the relation between independent variables (the Specific firm characteristics) and the independent variable (Export Performance) is positively correlated.

The scatter plot of standardized residuals versus the fitted values (see Appendix I-E) for the regression models were visually inspected. The plots show a positive linear relation between readings of the variables. Their relation is significant so we can conclude that there is a linear relationship between them and thus not violating the linearity assumption as suggested by (Malhotra et al. 2007). Figure 4.1 Normality



Source: research survey data, 2019

Figure



A normal P-P Plot Regression standardized residual value indicate that the normal distribution of frequency all independent variables were fall on diagonal line of the scatter plot. This implies that there are normal distributions among the variable.

#### 4.6 Regression Analysis

Regression analysis is a statistical tool which is used for the investigation of relationships among variables (Malhotra, 2007). In this study multiple regression model is used to determine the degree to which Marketing mix strategy, Environmental Characteristics, Government support ,and Firm Specific Characteristics impact on the Export Performance.

**Table 4.11 Regression analysis**

Model Summary <sup>b</sup>									
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
					R Square Change	F Change	df1	df2	Sig. F Change
1	.534 <sup>a</sup>	.285	.229	.290	.285	5.085	4	51	.002

a. Predictors: (Constant), Marketing mix strategy, Environmental Characteristics , Government support , Firm Specific Characteristics

b. Dependent Variable: Export performance

Source: Research Survey data 2019

The statistic term, **R**, under the model summary table 4.11, is the correlation coefficient between the predictor variables (Marketing mix strategy, Environmental Characteristics, Technical Skills, Government support, and Firm Specific Characteristics) and the dependent variable (Export Performance). These predictor variables as a whole positively correlated with Export Performance. The **R** was (0.534) at level ( $\alpha \leq 0.05$ ); whereas the model's coefficient of determination, **R<sup>2</sup>** was (0.285). **R<sup>2</sup>** is frequently used to describe the amount of variance explained by a given set of predictor variables. That implies there is quite significant explanatory power and also 28.5% variation on dependent variable (Export Performance) is caused by independent variables (Marketing mix strategy, Environmental Characteristics, Government support, and Firm Specific Characteristics) while the remaining 72.5.5% which is bigger in value is explained by other variables (out of this model).

**Table 4.12 ANOVA<sup>a</sup> Model**

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	1.706	4	.426	5.085	.002 <sup>b</sup>
	Residual	4.277	51	.084		
	Total	5.982	55			

a. Dependent Variable: Export performance

b. Predictors: (Constant), Marketing mix strategy, Environmental Characteristics , Government support , Firm Specific Characteristics

Source: Research Data 2019

Table 4.13 ANOVA showed that there is a statistical significant effect between the independent variable and dependent variables (export Performance) which the independent variable where F value was (5.058) at  $P < 0.05$  which show that there is statistically significant effect of Firm specific characteristics on Export Performance.

This means that at least one of the independent variables is a significant predictor of the export Performance. This implies that independent variable considered in this study have coloration effect with the Dependent variable.

**Table 4.13 Coefficients<sup>a</sup> of the independent variables**

Model		Coefficients <sup>a</sup>						
		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	95.0% Confidence Interval for B	
		B	Std. Error	Beta			Lower Bound	Upper Bound
1	(Constant)	1.573	.771		2.041	.046	.026	3.120
	Firm Specific Characteristics	.299	.118	.365	2.536	.014	.062	.536
	Marketing mix strategy	.445	.204	.309	2.177	.034	.035	.855

a. Dependent Variable: Export performance

Source: Research Survey data 2019

The standardized coefficient under table 4.14 are used in the prediction and interpretation of the study multiple regression model. Base on this the multiple regression equation would be:

$$\text{EXPR} = \beta_0 + \beta_1\text{FSCH} + \beta_2\text{ENC} + \beta_3\text{MMS} + \beta_4\text{GSI} + e$$

$$\text{EXPR} = 1.573 + 0.365\text{FSCH} + -0.169\text{ENCH} + 0.009\text{GVI} + 0.309\text{MMS}$$

Where:  $\beta_0$ =Constant **EXPR**= Export Performance, **FSC** = Firm Specific Characteristics, **ENCH** = Environmental Characteristics, **GSI** = Government support and **MMS** = Marketing Mix Strategy

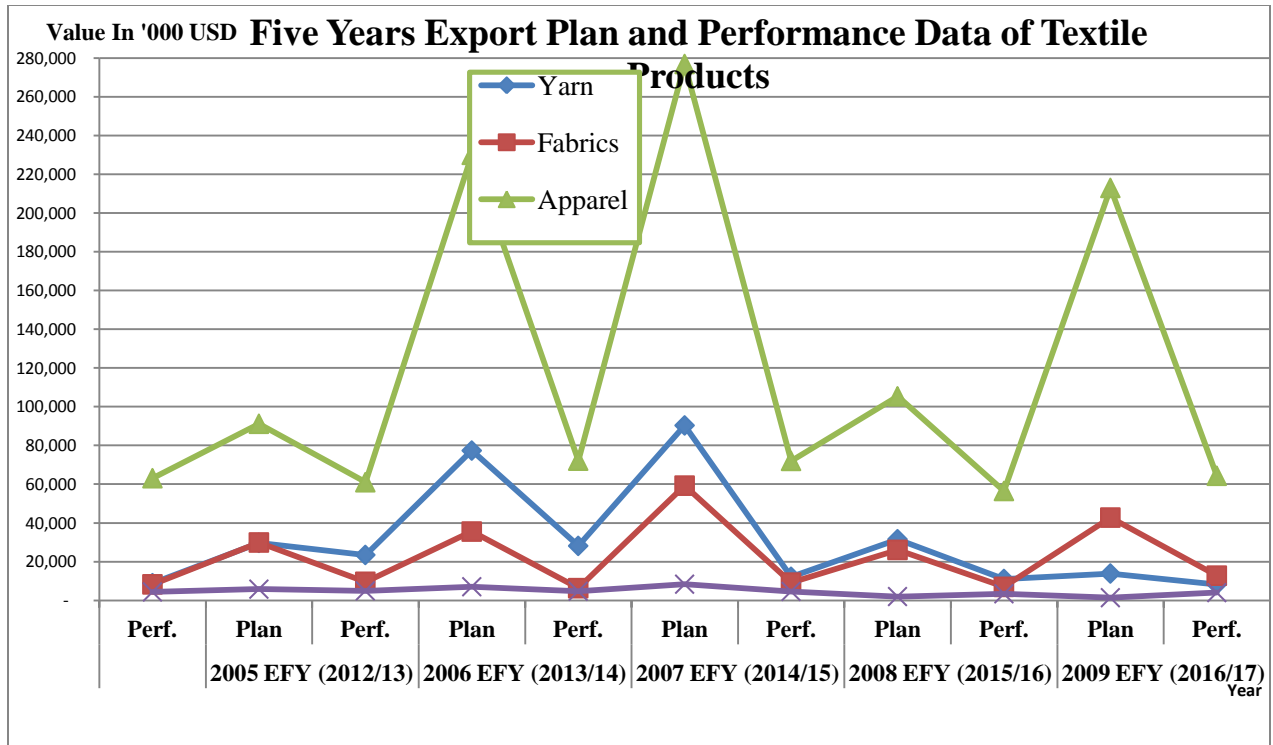
From table 4.13 we can infer that an investing of \$1 in marketing mix strategy will have an effect of 44.5% on export performance similarly an investment made for 1\$ in firm specific characteristic will exert the result of 11.8% on export performance. Therefore, Ethiopian textile and garment Firms should consider investing in market mix when they want to enhance their export performance.

#### 4.7 Secondary data presentation and discussion

Table 4.14 Five Years Textile and Garment Export by product, and Export Value (in '000USD)

No.	Type of Product	2005 EFY (2012/13)		2006 EFY (2013/14)		2007 EFY (2014/15)		2008 EFY (2015/16)		2009 EFY (2016/17)	
		Plan	Perf.	Plan	Perf.	Plan	Perf.	Plan	Perf.	Plan	Perf.
1	Yarn	29,703	23,464	77,348	28,147	90,335	12,199	31,577	11,059	13,882	8,212
2	Fabrics	29,904	9,599	35,544	6,321	59,248	9,185	26,073	6,989	42,752	12,777
3	Apparel	91,185	61,009	230,029	72,148	276,920	72,030	105,355	56,490	212,953	64,339
4	Cultural Clothes	5,810	4,916	7,078	4,738	8,363	4,647	1,994	3,433	1,413	4,012
	Total	156,602	98,988	350,000	111,353	434,867	98,061	165,000	77,971	271,000	89,340
	Annual Growth Rate (%)	(8.6)	17.0	123.5	12.5	24.2	(11.9)	(62.1)	(20.5)	64.2	14.6

Source: ETIDI and ERCA



From the above table and chart we can see that the export performance of Ethiopian Textile and Garment firms were raising from 2012/13 to 2014/15, then from 2015/16 to last two to three the export performance of Ethiopian Textile and Garment firms starting to fall down from this result we infer that the export performance accomplishment of Ethiopian Textile and Garment firms against the plan was getting poor and poor. Though, currently an Ethiopian and Garment firm was poorly performing when we compared plan against performance.

This implies that Ethiopian Textile and Garment Firms export performance was affected by number of Export Determinant Factors, these are Specific Firm Characteristics, Environmental Characteristics, Government Support and Marketing Mix Strategies.

## 4.8 Discussion on study finding

**Table 4.15 Summary of hypotheses test result**

Hypothesis	Hypothesis Description	Regression result		Hypothesis status
		$\beta$	P	
<b>H1</b>	There is a significant positive relationship between Firm Specific Characteristics and export performance.	0.299	0.014	Support
<b>H2</b>	There is a significant positive relationship between Environmental Characteristics and export Performance	-0.147	0.223	Not Support
<b>H3</b>	There is a significant positive relationship between Government support and export Performance	0.01	0.945	Not Support
<b>H4</b>	There is a significant positive relationship between Marketing mix strategy and export Performance.	0.445	0.034	Support

Source: Research data 2019

According to the hypothesis test summary result Research hypothesis one want to determine the effect of Firm Specific Characteristics and export performance of Ethiopian Textile and Garments firm. In reference to the coefficients table, the study found out a positive relationship between Specific Characteristics and export performance of Ethiopian Textile and Garments firm. Having  $\beta$  score value of 0.299 and  $p < 0.05$ . The beta value here indicates that a one unit invested in firm specific characteristic results in an increase of export performance by 29.9%. This study found that there is a positive and statistically significant relationship between Firm Specific Characteristics and export performance. The statistical level of significance for this variable between Firm Specific Characteristics and export performance is  $p = 0.014$  and since the p value is less than the threshold value 0.05, as a result the study support the alternative hypothesis and failed to support null hypothesis.

The characteristics of a firm's product have been identified as having a significant influence on export marketing performance (Cavusgil et al., 1993). The product's attributes are argued to affect the positional (marketplace) competitive advantage of a firm (Day and Wensley, 1988), thereby influencing marketing performance. Product characteristics that have been argued to influence marketing performance include culture specificity, strength of patent, and uniqueness (Cavusgil and Zou, 1994). A unique product provides a firm with a differentiation advantage that other firms in a competitive market may find difficult to challenge or overcome resulting in higher performance than a standardized product (Douglas and Craig, 1989). This differentiation advantage may result from better quality and reliability, or more durability, or they may be backed by better service, or have superior design or better performance (Terpstra and Sarathy, 2000).

It is argued that in the context of firm-specific characteristics, a firm's capabilities and constraints (strengths and weaknesses) influence their choice of marketing strategy and ability to execute a chosen strategy (Aaker, 1988). The resources of a firm constitute its sources of sustainable competitive advantage (Day and Wensley, 1988) and in export marketing these resources include size advantages (Reid, 1982), international experience (Douglas and Craig, 1989) and resources available for export development (Terpstra, 1987). Possession of such resources enables a firm to identify the idiosyncrasies in the export markets, develop the necessary marketing strategies and implement them effectively, thus achieving higher export marketing performance (Cavusgil and Zou, 1994). In relation to the firm's international experience, the more internationally competent a firm is the more likely it is that standardization alone will not lead to optimal results. A competent firm, because of its international experience knows the differences in environmental conditions and is more likely to select the most attractive market for the venture and adapt the marketing strategy to accommodate the specific needs of the market (Cavusgil and Zou, 1994). An inexperienced firm seeks the closest match between its current offerings and foreign market conditions so that minimal adaptation is required (Douglas and Craig, 1989). When a product can meet universal needs, a standardised strategy is facilitated (Cavusgil and Zou, 1994), however, if a product only meets unique needs, greater adaptation of product and promotion will be required to meet customers' product use conditions (Cavusgil et al., 1993) and to educate customers in using and maintaining the product.

Research hypothesis two want to determine the effect of Environmental Characteristics and export Performance of Ethiopian textile and Garment firms. In reference to the coefficients table, the study found out a negative relationship between of Environmental Characteristics and export Performance of Ethiopian textile and Garment firms at  $\beta$  value = -0.147 and  $p > 0.05$ . The statistical level of significance for this variable between Environmental Characteristics and export Performance is at  $p = 0.233$  which is greater than minimum requirement threshold value of  $p$  value of 0.05 hence not statistically significant. As a result, study was supported the null hypothesis and failed support alternate hypothesis. This means Environmental Characteristics has a negative and insignificant effect on export Performance of Ethiopian textile and Garment firms. This result show a unit an investment removed from Environmental Characteristics results in an increase of export performance by 14.7%. Thus, implies that in operating the business the Legal-political stabile country requires less investment than operating unstable country. Similarly, operating in cheap and readily available channel Environment requires low effort.

Along with firm characteristics environmental characteristics have also been argued to be important. In this sense foreign markets pose both challenges and opportunities for exporting firms which are argued to significantly affect marketing performance. As such, a firm must match its strengths with market opportunities to overcome market challenges across Globes, to ensure better marketing performance. Therefore, export marketing performance tends to be conditioned by environmental characteristics (Cavusgil and Zou, 1994) such as the extent of competition (Christensen et al., 1987); the legal and regulatory policies of host country governments (Contractor, 1990; Blodgett, 1991); the availability of suitable distribution and communication channels (Blodgett, 1991; Ganitsky et al., 1991) and, customer familiarity with the product (Cavusgil and Zou, 1994). In the export market the intensity of competition could force firms to seek a high degree of product and promotion adaptation to gain a competitive advantage over rivals (Cavusgil et al., 1993; Jain, 1989), because adaptation of product and promotion can broaden the local market base and be geared to specific local preferences thereby enhancing marketing performance (Douglas and Craig, 1989).

Additionally, in a competitive export market, a high degree of product adaptation also is needed due to intense competitive pressure, because product adaptation can help gain a competitive superiority over rivals (Cavusgil and Zou, 1994). However, a product that has to be adapted to the

domestic market because it is unique, new to the company, culture-specific or because the export market is competitive may have limited acceptance in the export market.

As far as the legal and regulatory policies of host country governments are concerned, frequently when a developing country is involved, the host country government may exercise influence over the choice of suppliers and over marketing (Osland, 1994). Or it may impose exchange controls, which can have an important impact on reinvestment, financing and repatriation decisions (Beamish, 1993; Yan and Gray, 1994). As a result, laws or pressure from the host government can play a significant role in the marketing performance of the venture by increasing or reducing firm capacity and effectiveness (Beamish, 1993; Cavusgil and Zou, 1994).

Research hypothesis three sought to determine the effect of Marketing Mix Strategy and export performance of Ethiopian Textile and Garments firm. In reference to the coefficients table, the study found out a positive relationship between Marketing Mix Strategy and export performance of Ethiopian Textile and Garments firm. Having  $\beta$  score value of 0.445 and  $p < 0.05$ . The beta value here indicates that a one unit invested in firm Marketing Mix Strategy results in an increase of export performance by 44.5%. This study found that there is a positive and statistically significant relationship between Firm Specific Characteristics and export performance. The statistical level of significance for this variable between Marketing Mix Strategy and export performance is  $p = 0.034$  and since the  $p$  value is less than the threshold value 0.05, as a result the study support the alternative hypothesis and failed to support null hypothesis.

Previous research (Cavusgil and Zou, 1994; Douglas and Craig, 1989), support this by providing an argument that in response to external forces this of internal forces firms develop and implement an export marketing mix strategy. Export marketing strategy is the means by which a firm responds to market forces to meet its objectives, through all aspects of the marketing mix, including, product, price, promotion and distribution, channel management and in international marketing, the key decisive factor affecting marketing strategy includes the decision to standardize or adapt to the circumstances of foreign markets (Cavusgil and Zou, 1994; Douglas and Craig, 1989). The extent of adaptation versus standardization is a key function of company and environmental characteristics (Cavusgil, 1993; Jain, 1989). Therefore, export marketing strategy can be seen as the degree of adaptation or standardization of the marketing mix required in the global or international market (Cavusgil and Zou, 1994), thus, directly influencing marketing performance.

On the other hand, as Douglas and Wind (1987) and Cavusgil and Zou (1994) suggest, the more globally experienced a firm is, the more likely it is that standardization alone will not lead to optimal results. A competent firm, because of its international experience knows the differences in environmental circumstances and is more likely to select the most attractive market for the venture and adapt the marketing strategy to accommodate the specific needs of the market (Cavusgil and Zou, 1994). An inexperienced firm seeks the closest match between its current offerings and foreign market conditions so that minimal adaptation is required (Douglas and Craig, 1989). It is argued that there will be a positive relationship between firms the better the level of adaptation in the export marketing strategy the higher the export marketing performance. As such, it is hypothesized that

Research hypothesis four want to determine the effect of Government support and export Performance of Ethiopian textile and Garment firms. In reference to the coefficients table, the study found out a weak positive relationship between of Government support and export Performance of Ethiopian textile and Garment firms at  $\beta$  value = 0.010 and  $p > 0.945$ . The statistical level of significance for this variable between Government support and export Performance is at  $p = 0.233$  which is greater than minimum requirement threshold value of  $p$  value of 0.05 hence not statistically significant. As a result, study was supported the null hypothesis to and failed support alternate hypothesis. This means that Environmental Characteristics has a negative and insignificant effect on export Performance of Ethiopian textile and Garment firms. This is an unexpected finding in fact due to the volume of research finding is not supporting that Government support and export Performance. This implies that the current support provided by government should revise and redesign the support approach by implementing best practice from the world best performer countries in export.

The impact Environmental characteristic was found to have an insignificant impact on export performance. Insignificant impact of Environmental characteristic on exports might be due to inelastic demand response towards primary commodity exports of Ethiopia. The negative impact of Environmental characteristic on export performance is hard to justify and it might be the result of weighted Environmental characteristic being a poor proxy export.

According to this study Ethiopian textile and Garment firms should produce unique products to get competitive advantage over competitor products, assigning separate department to export to handle, control and manage the export activity, provide management support to achieve the desired goal, and allocating sufficient resources to department, and manage the Entire export activity to meet demand want and desire to be successful in export market. Beside this Ethiopian textile and Garment firms should also strengthening the marketing mix strategy through new product development as per customer requirements, adjusting the product price as per international price by reducing and managing production cost, integrating the promotion(advertizing, Sales Promotion Personnel Selling, Distribution and promotion) strategy to reach the targeted customers. On the other hand Ethiopian textile and Garment firms should conducting preliminary survey on their existing promotional strategy; revise the promotion strategy like channel management, sales and distribution strategies if the current promotion strategies need any amendment.

Last but not least, by looking and examining empirical research finding researcher argue that Ethiopian Textile and Garment firms should focus and consider investing in Marketing Mix Strategy and Specific Firm characteristics to be successful export market.

## **CHAPTER FIVE**

### **5. INTRODUCTION**

*In this chapter, the researcher summarizes the research finding from the research data received from respondents: Selected Ethiopian Textile and Garment Firms. Parallels are drawn between the empirical data and the theoretical framework. In a first part, researcher do an overall analysis of the Export Determinant and after an analysis is conducted for each component of the Export Determinants: specific Firm characteristics, Environmental characteristics, marketing mix strategy and Government support. Finally, research concludes about the analysis thanks to a summarized finding and suggests few point based on research finding*

#### **5.1 SUMMARY FINDING**

This research was conducted in Ethiopia with the prime intent of asses and examines determinant factors affecting the export performance of Textile and garment industries. Both internal and external environmental factors were assessed. Based on the objectives and findings of the study, four hypotheses with regards to independent variable (Firm specific Characteristics, Environmental Characteristics, Government support in the form of Incentive and Marketing mix strategy) and the Dependent variable Export performance relationship was tested. Out of the four hypotheses being examined, support was found for two hypotheses which demonstrated that there was a significant relationship between specific Characteristics and Marketing mix strategy with export performance

The subjects of the study was assessing and determining Determinants of export performance in Selected Textile and Garment firms in Ethiopian. A total of 56 respondents from the total population size of 56 which is continuously export their product was selected for this survey and participated. Out of the four hypotheses identified and examined, support was found for two hypotheses which demonstrated that there was a significant and relationship between Marketing Mix strategy, Firms specific characteristics and Export performance.

There is sufficient statistical evidence to support significant and positive relationship between Independent variable (Marketing Mix strategy and Firms specific characteristics) and independent variable (export performance). Therefore, Exporting Ethiopian Textile and Garment Firms can increase their export by performance 44.5% by investing a unit dollar/birr in Marketing Mix strategy. .

## **5.2 CONCLUSION**

This survey study investigates the determinants of the export performance of Ethiopian Textile and Garment firms. As determinants, the study takes four factors such as firm specific characteristics, Environmental characteristics, Marketing Mix Strategy, and Government, weighted average and individual reliability of variable was tested of per first step, analysis is employed and test stationary properties of the variables.

As a second step, Two-tailed Pearson coloration factor analysis test is employed to test the causal and effect relationship among variables (independent and dependent variable), hence firm specific characteristics and Marketing Mix Strategy was found significant and positive coloration with export performance while Environmental characteristics and Government support not.

As a third step, the Pearson coloration Model was employed to describe the dynamic interrelationship among the variables. The results derived from this study suggest that two variables are significantly influencing on the export performance. In the long run, firm specific characteristics and Marketing Mix Strategy are found to have a positive significant impact, whereas Environmental characteristics and Government support have no impact.

Firm specific characteristics and Marketing Mix Strategy, was found to significantly & positively influence the exports being significant at 5%. This significant impact of firm specific characteristics and Marketing Mix Strategy on export performance implies that Ethiopian Textile and Garment firms can enhance their export performance through increased investment by increasing firm specific characteristics utilization and through integrating marketing mix strategy.

### **5.3 SUGGESTION**

Suggestion is a part under which possible resolutions are provided for the major factors identified or investigated by the study. Based on the findings of the study, the following suggestions are forwarded.

To be a good performer in export having different global marketing challenges which is the most critical factor in the export, special for developing and emerging country firm like Ethiopian firm, firm level and country wise research should be conducted in depth.

Researcher suggests that exporting Ethiopian Textile and Garment Firms should invest in and strengthen their Marketing Mix strategy to increase their export performance.

Second, since the find of this study support that firm specific characteristics significantly influences export performance. Ethiopian textile and garment industries should allocate sufficient resources and strengthen their firm specific characteristics to perform well in export.

Regarding external factor which is infrastructure the Government needs to support Textile and garment industry by Setting up special windows in major service providing institutions such as Banks to facilitate operations, provision of working capital and advance against export and in transport and logistics areas with responsibility to organizations concerned to provide efficient service for the sector.

Finally, the student researcher recommends conducting a related study in-depth in the future with the application and incorporating of variable which is not incorporated in this study to indicate sector specific Determinants of export performance.

### **5.4 RESEARCH LIMITATION**

Inevitably, the major limitation for the research is that the study will follow a quantitative approach that collects primary data using predetermined coded survey questionnaire and second hand data. Furthermore, there is an inherent limitation of this methodology approaches because this method may not help to get the whole export performance determinant in depth data from the respondent. Apart from, methodological limitation this study might face the availability of market data from widely dispersion Textile and Garment Firms across the Country.

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## **APPENDIX - I**



Seek Wisdom, Elevate your Intellect and Serve Humanity

Addis Ababa University  
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**Addis Ababa University**

**College of Business and Economics**

**School of Commerce**

**Marketing Management Department**

**Dear respondent**

The main purpose of this questionnaire is to gather information or primary data in order to assess and examine “*Determinants of Export Performance in some Selected Textile and Garment Firms in Ethiopia*”. Your genuine information is highly valuable as it determines the success of this study. Therefore, the overall objective this questionnaire is to gather primary data information on the aforementioned issue. Your honest response is very much important input to the thesis. I would like to assure you that, the information you are going to provide will be exclusively used purely for academic purpose and will kept confidential. Completing the questionnaire won't take more than twenty (20) minutes. Your contribution to this research and Cooperation is very greatly appreciated. Thank you very much for your time and assistance.

**Part 1: - Respondent Demographic and other information**

**Direction:**

- No need to write your name.
- Please put a tick (√) mark on the appropriate box of your answer.
- 1. Gender      Male                       Female
- 2. Age            21-30     31-40     41-50     >50
- 3. Educational Back Ground  
1. Below 1st Degree     2. 1<sup>st</sup> degree     3. 2<sup>nd</sup> Degree     3. Ph Degree
- 4. Respondant Position In the Company  
1 General Manager     2. Marketing Managers     3. Export Expd   
4. Export Marketer     5. Company Owner
- 5. Number of service year in the Company  
1. Less than 3     2. 3-5     3. 5-10     4. 10-15     5. Greater than 15
- 6. Your Year of Experience year in the export market  
Less than 3     3-5     5-10     10-15)     Greater than 15
- 7. Total number Countries in which The Company Export its products  
1. 1-5 Countries    2. 10-15 Countries    3. 10-15 Countries    4. 15-20 Countries  
4. More than 20 Countries
- 8. Company's Year of Experience year in the export market  
Less than     3-5     5-10     10-15     Greater than 15

**Section 2: - Survey on the Major Export Marketing Challenges and Opportunities**

Direction: Please Dear Respondent, respond to each item by putting a tick mark (√) in the box corresponding to the option that identifies your level of overall agreement.

**(1 =Strongly Disagree    2 =Disagree    3 = Neutral    4 =Agree    5 = Strongly Agree)**

S. N.	Items	1	2	3	4	5
FSC	<b>Firm specific characteristics</b>					
FSC-1	Management support is a key success factor to the company in the export market.					
FSC-2	Management commitment is a key success factor to the company in export market.					
FSC-3	The Company export activity is Handled by separate department					
FSC-4	The Company commits sufficient Resources to export Market activity.					
FSC-5	The Company always develop new product to new export market.					
FSC-6	Having an experience in the foreign market is a key success factor to the Company.					
ENC	<b>Environmental characteristics</b>					
ENC-1	Legal-political stability of host Country is critical elements for export marketing in a number of foreign countries.					
ENC-2	Channels Accessibility is the success factor in foreign/export market that exporting Company should consider.					
ENC-3	Channels costs are key success factor in foreign/export market.					
ENC-4	High competition intensity of could force the Company to seek a high degree of product adaptation to gain a competitive advantage over competitor in export market.					
ENC-5	The changes of environmental characteristics affect the Company export performance.					
MM	<b>Marketing Mix Strategy</b>					
MM1	<b>Export product Strategy</b>					
MM1-1	The company designs its product based on specific host country requirement to easily get acceptance in targeted market.					
MM1-2	The company adopts its product design as per foreign market requirement standard.					
MM1-3	The company product satisfies the quality as per specific market standard.					
MM1-4	The company produce new product new for market as per foreign market requirement standard.					
MM1-5	The Company product design is have unique attribute to get competitive advantage over competitor in foreign market.					
MM1-6	The company product design attract customer than competitors.					

S. N.	Items	1	2	3	4	5
MM2	<b>Export Pricing Strategy</b>					
MM2-1	The Company offers its product to foreign market at lower price than competitors.					
MM2-2	The Company makes price adjustment based on the situation in foreign market.					
MM2-3	The Company has credit facilities to foreign customer.					
MM2-4	The Company pricing method is much better than competitors					
MM2-5	Twenty four hour is your company's pricing delivery time.					
MM2-6	We confident with our company product pricing method.					
MM3	<b>Export Channel Strategy</b>					
MM3-1	The company prefers direct exporting channel method.					
MM3-2	The company have own distribution channel.					
MM3-3	The Company has good Transportation facility as company.					
MM3-4	The company has good storage Facility in foreign market.					
MM3-5	The company use Agent/Intermediaries in Foreign market.					
MM4	<b>The Promotion Strategy</b>					
MM4-1	The company promotion contributes to international trades.					
MM4-2	The Company have customer visiting program in product destination.					
MM4-3	The Company uses commercial intermediaries to sale his product.					
MM4-4	The company uses advertising expenditure.					
MM4-5	The company uses sales promotion strategy.					
MM4-6	The company invests in promotion activity.					
GSA	<b>Government support as opportunity</b>					
GSA-1	Working and Investment Capital is good support provided by Ethiopian Government to exporters.					
GSA-2	Ethiopian Government shares Cost of training & skills development program with exporter Companies to enhance export performance.					
<b>GSA-3</b>	Subsidized Wage to the company Expatriate Staff for limited period is an exclusive opportunity to exporter companies.					
<b>GSA-3</b>	Ethiopian Government exempt income tax gained from export market by the Company's.					

<b>Section Three: Measures of export performance</b>			
Please put a tick (√) mark on the appropriate box of your answer			
EXP-1	Estimate the Company's satisfied with percent total sales attributable to Foreign sale/market.	<input type="checkbox"/>	Very dissatisfied
		<input type="checkbox"/>	Dissatisfied
		<input type="checkbox"/>	Neutral
		<input type="checkbox"/>	Satisfied
		<input type="checkbox"/>	Very satisfied
EXP-2	Estimate the Company's relative profitability satisfaction from exporting	<input type="checkbox"/>	Very dissatisfied
		<input type="checkbox"/>	Dissatisfied
		<input type="checkbox"/>	Neutral
		<input type="checkbox"/>	Satisfied
		<input type="checkbox"/>	Very satisfied
EXP-3	How much satisfied the Company with the results of your Company's international experience	<input type="checkbox"/>	Very dissatisfied
		<input type="checkbox"/>	Dissatisfied
		<input type="checkbox"/>	Neutral
		<input type="checkbox"/>	Satisfied
		<input type="checkbox"/>	Very satisfied
EXP-4	How much the Company satisfied from sales volume of the export market in multi-nation?	<input type="checkbox"/>	Very dissatisfied
		<input type="checkbox"/>	Dissatisfied
		<input type="checkbox"/>	Neutral
		<input type="checkbox"/>	Satisfied
		<input type="checkbox"/>	Very satisfied

## **APPENDIX - II**

## SPSS TEST RESULT

### RELIABILITY TEST

#### OVERALL DATA RELIABILITY TEST RESULT

**Reliability Statistics**

Cronbach's Alpha	N of Items
.829	37

**Item Statistics**

	Mean	Std. Deviation	N
Management support is a key success factor to the company in the export market.	4.25	.437	56
Management commitment is a key success factor to the company in export market.	4.38	.489	56
The Company export activity is Handled by separate department	3.91	.668	56
The Company commits sufficient Resources to export Market activity.	4.02	.618	56
The Company always develop new product to new export market.	3.91	.611	56
Having an experience in the foreign market is a key success factor to the Company.	4.36	.520	56
Legal-political stability of host Country is critical elements for export marketing in a number of foreign countries.	4.39	.493	56
Channels Accessibility is the success factor in foreign/export market that exporting Company should consider.	4.00	.539	56
Channels costs are another success factor in foreign/export market.	4.18	.471	56
High competition intensity of could force the Company to seek a high degree of product adaptation to gain a competitive advantage over competitor in export market.	4.14	.616	56
The changes of environmental characteristics affect the Company export performance.	4.20	.585	56
The company designs its product based on specific host country requirement to easily get acceptance in targeted market.	4.11	.562	56
The company adopts its product design as per foreign market requirement standard.	4.04	.503	56
The company product satisfies the quality as per specific market standard.	4.04	.631	56
The company produce new product new for market as per foreign market requirement standard	3.66	.695	56

<b>Item Statistics</b>			
	<b>Mean</b>	<b>Std. Deviation</b>	<b>N</b>
The Company product design is have unique attribute to get competitive advantage over competitor in foreign market.	3.63	.489	56
The company product design attract customer than competitors.	3.88	.605	56
The Company offers its product to foreign market at lower price than competitors.	3.63	.648	56
The Company makes price adjustment based on the situation in foreign market.	4.00	.539	56
The Company has credit facilities to foreign customer.	3.79	.563	56
The Company pricing method is much better than competitors	3.61	.623	56
We confident with our company product pricing method.	4.09	.438	56
The company prefers direct exporting channel method.	3.68	.606	56
The company have own distribution channel.	3.04	.538	56
The Company has good Transportation facility as company.	3.66	.549	56
The company has good storage Facility in foreign market.	3.32	.664	56
The company use Agent/Intermediaries in Foreign market	3.70	.601	56
The company promotion contributes to international	3.80	.483	56
The Company have customer visiting program in product destination.	3.98	.618	56
The Company uses commercial intermediaries to sale his product.	3.77	.572	56
The company uses advertising expenditure.	3.16	.496	56
The company uses sales promotion strategy.	3.82	.543	56
The company invests in promotion activity.	3.86	.444	56
Working and Investment Capital is good support provided by Ethiopian Government to exporters.	4.20	.553	56
Ethiopian Government shares Cost of training & skills development program with exporter Companies to enhance export performance.	3.25	.437	56
Subsidized Wage to the company Expatriate Staff for limited period is an exclusive opportunity to exporter companies.	3.32	.471	56
Ethiopian Government exempt income tax gained from export market by the Company's.	4.30	.502	56

### 1.1) INDEPENDENT DATA RELIABILITY TEST RESULT

#### Reliability Statistics

Cronbach's Alpha	N of Items
.829	37

#### Item Statistics

	Mean	Std. Dev.	N
Management support is a key success factor to the company in the export market.	4.25	.437	56
Management commitment is a key success factor to the company in export market.	4.38	.489	56
The Company export activity is Handled by separate department	3.91	.668	56
The Company commits sufficient Resources to export Market activity.	4.02	.618	56
The Company always develop new product to new export market.	3.91	.611	56
Having an experience in the foreign market is a key success factor to the Company.	4.36	.520	56
Legal-political stability of host Country is critical elements for export marketing in a number of foreign countries.	4.39	.493	56
Channels Accessibility is the success factor in foreign/export market that exporting Company should consider.	4.00	.539	56
Channels costs are another success factor in foreign/export market.	4.18	.471	56
High competition intensity of could force the Company to seek a high degree of product adaptation to gain a competitive advantage over competitor in export market.	4.14	.616	56
The changes of environmental characteristics affect the Company export performance.	4.20	.585	56
The company designs its product based on specific host country requirement to easily get acceptance in targeted market.	4.11	.562	56
The company adopts its product design as per foreign market requirement standard.	4.04	.503	56
The company product satisfies the quality as per specific market standard.	4.04	.631	56
The company produce new product new for market as per foreign market requirement standard	3.66	.695	56
The Company product design is have unique attribute to get competitive advantage over competitor in foreign market.	3.63	.489	56
The company product design attract customer than competitors.	3.88	.605	56
The Company offers its product to foreign market at lower price than competitors.	3.63	.648	56

<b>Item Statistics</b>			
	<b>Mean</b>	<b>Std. Dev.</b>	<b>N</b>
The Company makes price adjustment based on the situation in foreign market.	4.00	.539	56
The Company has credit facilities to foreign customer.	3.79	.563	56
The Company pricing method is much better than competitors	3.61	.623	56
We confident with our company product pricing method.	4.09	.438	56
The company prefers direct exporting channel method.	3.68	.606	56
The company have own distribution channel.	3.04	.538	56
The Company has good Transportation facility as company.	3.66	.549	56
The company has good storage Facility in foreign market.	3.32	.664	56
The company use Agent/Intermediaries in Foreign market	3.70	.601	56
The company promotion contributes to international	3.80	.483	56
The Company have customer visiting program in product destination.	3.98	.618	56
The Company uses commercial intermediaries to sale his product.	3.77	.572	56
The company uses advertising expenditure.	3.16	.496	56
The company uses sales promotion strategy.	3.82	.543	56
The company invests in promotion activity.	3.86	.444	56
Working and Investment Capital is good support provided by Ethiopian Government to exporters.	4.20	.553	56
Ethiopian Government shares Cost of training & skills development program with exporter Companies to enhance export performance.	3.25	.437	56
Subsidized Wage to the company Expatriate Staff for limited period is an exclusive opportunity to exporter companies.	3.32	.471	56
Ethiopian Government exempt income tax gained from export market by the Company's.	4.30	.502	56

**1.2) DEPENDENT VARIABLE TEST RESULT**

**Reliability Statistics**

Cronbach's Alpha	N of Items
.705	4

**Item Statistics**

	Mean	Std. Deviation	N
Estimate the Company's satisfied with percent total sales attributable to Foreign sale/market.	3.95	.227	56
Estimate the Company's relative profitability satisfaction from exporting	3.64	.520	56
How much satisfied the Company with the results of your Company's international experience	4.34	.478	56
How much the Company satisfied from sales volume of the export market in multi-nation?	3.64	.520	56

## APPENDIX II-B

### 2. COLORATION TEST RESULT

		<b>Correlations</b>				
		Firm Specific Characteristics	Environmental Characteristics	Government support	Marketing mix strategy	Export performance
Firm Specific Characteristics	Pearson Correlation	1	.416**	.011	.454**	.438**
	Sig. (1-tailed)		.001	.469	.000	.000
	N	56	56	56	56	56
Environmental Characteristics	Pearson Correlation	.416**	1	.069	.246*	.067
	Sig. (1-tailed)	.001		.307	.034	.311
	N	56	56	56	56	56
Government support	Pearson Correlation	.011	.069	1	.314**	.099
	Sig. (1-tailed)	.469	.307		.009	.235
	N	56	56	56	56	56
Marketing mix strategy	Pearson Correlation	.454**	.246*	.314**	1	.438**
	Sig. (1-tailed)	.000	.034	.009		.000
	N	56	56	56	56	56
Export performance	Pearson Correlation	.438**	.067	.099	.438**	1
	Sig. (1-tailed)	.000	.311	.235	.000	
	N	56	56	56	56	56

\*\* . Correlation is significant at the 0.01 level (1-tailed).

\* . Correlation is significant at the 0.05 level (1-tailed).

## Appendix II-C

### Scatterplot

Dependent Variable: Export performance

