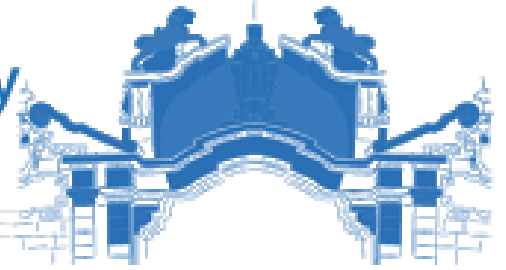




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**Addis Ababa University**  
**College of Business & Economics**  
**Department of Management**

**Determinants of Coffee Export Performance of Cooperative Unions and  
the Moderating Role Ethiopian Cooperative Commission Engagements in  
Improving Export performance of Cooperative Unions' in Ethiopian**

A Thesis Submitted to the Department of Management for the partial fulfilment  
of a Master of Science in International Business-Import Export Management at  
Addis Ababa University

**By: Lamessa Dufera Debela**


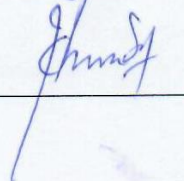
**Under the guidance of: Lakew Alemu (PhD)**

**June 2024**

**Addis Ababa, Ethiopia**

## Declaration

I, Lemessa Dufera, hereby declare that the thesis entitled “**Determinants of Coffee Export Performance of Cooperative Unions and the Moderating Role Ethiopian Cooperative Commission Engagements in Improving Export performance of Cooperative Unions’ in Ethiopia**” is my own original work and has not been submitted for any degree or other qualification in any other University. It is offered for the award of the Master of Science in International Business-Import Export Management in Management stream from Addis Ababa University.

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## Statement of Certification

This is to certify that the thesis prepared by Lemessa Dufera entitled: “**Determinants of Coffee Export Performance of Cooperative Unions and the Moderating Role Ethiopian Cooperative Commission Engagements in Improving Export performance of Cooperative Unions’ in Ethiopia**” and submitted in partial fulfillment of the requirements for the degree of Master of Science in International Business-Import Export Management in complies with the regulations of the University and meets the accepted standards concerning originality and quality.

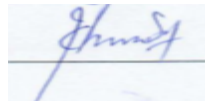
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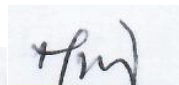
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## **Abbreviation/Acronyms**

CQI	Coffee Quality Institute
ECC	Ethiopian Cooperative Commission
FCA	Federal Cooperatives Agency
FCC	Federal Cooperative Commission
FDI	Foreign Direct Investment
GATT	General Agreement on Tariffs and Trade
ICA	International Cooperative Alliance
ILO	International Labor Organization
OLS	Ordinary Least squares
RBV	Resource-Based View
SCA	Specialty Coffee Association
SPSS	Statistical Package for the Social Sciences
UNIDO	United Nations Industrial Development Organization
VIF	Variance Inflation Factor

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## Abstract

*In Ethiopia, cooperative unions engage in agricultural output export activities, in which. Coffee is the leading agricultural export commodity. There are different factors influencing the performance of coffee exporting cooperative unions. Thus, the purpose of this study was to assess the determinant factors that influence coffee exporting cooperative unions export performance and the role of ECC with a moderating variables between independent variables and coffee export performance of Cooperative unions. Empericically, there is limited studies on analysis of the moderating effect of the ECC in pertaining to coffee exporting cooperative unions. Therefore, this study was conducted to fill this gap by investigating into the factors influencng coffee export performance of cooperative unions while accounting for ECC's moderating role. This study is important in identifying determinants of coffee export performance of cooperative unions as well as moderating role of ECC in coffee export. The study used descriptive and explanatory research design and purposive sampling technique was used to collect primary data. This study was undertaken through collecting data from seven coffee exporting cooperative unions (out of twelve) through focus group discussions, key information interviews and surveys. The survey was conducted to collect data from 221 union employees using closed-ended questionnaires. Descriptive statistics were used to summarize data, whereas inferential statistics, specifically Multiple Linear Regressions, were used to conduct regression analysis to investigate the relationship between the independent and dependent variables, as well as the moderator role of ECC in imporiving Cooperative uinons coffee export performance. Data were analyzed using SPSS version 27. The finding of this study revealed that quality management practices, market access to experience, management commitment and capability, and marketing strategies are the most important factors determining coffee export performance of cooperative unions. All these variables have been found to have a positive and significant relationship with the performance of cooperative unions coffee export performance. The analysis of moderating variable revealed that the moderating variable, ECC roles, was found to be significant in determining export performance, and quality management practices and marketing strategies remain significant predictors of cooperative union export performance. As a result, emphasizing quality management practices and improving export market access through attractive marketing strategies can boost cooperative unions coffee export performance.*

**Keywords:** Coffee, Determinant factors, ECC, Export performance, Unions

# CHAPTER ONE: INTRODUCTION

## 1.1 Background of the Study

Cooperatives are groups of people who come together voluntarily to meet shared needs through businesses they own and operate together. According to the ICA (2020) definition, a cooperative is an organization where people unite on their own to take care of economic, social, and cultural wants and hopes. They do this by owning and running a company as a team where everyone gets a say in decisions. So, in a co-op, members are autonomous they choose to join up themselves and they democratically control the business they started together to serve one another.

Cooperation plays a fundamental role in the development and progress of human civilization. Cooperatives are unique entities that are owned, controlled, and operated by the individual members they serve, to fulfill their shared economic, social, and cultural requirements and aspirations (Paulo, 2014). Most scholars recognize the business of the Rochdale pioneers of England as the first cooperative. So back in 1844, a group of 28 guys got together where most of them were weavers or had skills in other trades, and decided to start a cooperative society.

The history of formal cooperative development in Ethiopia started in the Imperial Period between 1950 and 1974 (Mojo, 2017). Cooperatives are essential in the agricultural sector; as a result, in Ethiopia cooperative development program was initiated to improve the growth of the agricultural sector and the rural economy through the cooperation of agricultural communities.

Cooperative had a greater impact on the improvement of the earnings of the members in particular and improving the welfare of the households in general. A study conducted by Tewodros (2017) in southern Ethiopia found that the rural household income of cooperative members is higher than within households that are not members of a cooperative. The study also found a positive effect on savings and found cooperatives were able to reduce input costs for farmers. According to Dejene (2016), smallholder commercial cooperative members gained a significantly higher price for their outputs compared to similar farmers who were not members.

Currently, the Ethiopian government has given much emphasis to promoting cooperatives as part of the overall strategy of accelerating the country's agricultural and rural development, more specifically to increase productivity and thereby reduce food insecurity and poverty (Atanaw, 2019). Cooperatives contribute their parts to enhance the technical efficiency among smallholders, technology adoption, and production enhancement, household income increment, and the overall welfare of the member households (Bultuma, 2020). Cooperatives play a crucial role in distributing agricultural inputs, connecting farmers to markets, and offering value-added services.

International trade serves as a significant mechanism for knowledge transfer from developed economies to least developed countries (Dahliah, 2022). In Ethiopia cooperative societies are also involved in export activities and several government institutions are making various efforts to assist cooperatives to promote their exports to improve the country's balance of payment, rate of employment, and living standards.

Accordingly, many cooperative unions in Ethiopia have been engaged in exporting coffee to the rest of the world (Degarege *et al.*, 2021). Coffee is produced in many parts of Ethiopia and most of the marketed coffee comes from the western, southern, central, and eastern parts of the country. Ethiopia accounts for about 4.5 percent of global coffee production, maintains its position as the top export, and accounts for about one-third of the country's export earnings. Despite the secular decline in the international coffee price, coffee remains the country's dominant export commodity (Troster, 2015). Given that coffee accounts for the majority of Ethiopia's export industry, it is a significant source of foreign exchange revenue, but its potential in the region is not yet fully realized (Motuma, 2021).

There are different challenges in coffee export which lead to low production capacity and poor coffee export performance. Therefore, this was initiated to identify the factors influencing the coffee export performance of cooperative unions. The findings of this study were important and develop appropriate policies to enhance the cooperatives' coffee export performance. Moreover, to enhance Ethiopia's coffee exports the Ethiopia Cooperatives Commission supports cooperative unions through initiatives such as education & training programs as part of capacity building, creating market Linkages, preparing showcasing of the cooperatives in various international and

local exhibitions, supporting cooperatives for acquiring quality standard certifications as well as implementing more effective audit and inspection procedures. However, despite all this, the role of ECC engagement in enhancing coffee export is not boldly visible due to overlapping responsibilities with segments in the coffee exporting unions. Therefore, the study was initiated to assess the roles of ECC engagement as a moderating variable between coffee export performance and other independent variables.

## **1.2 Statement of the Problem**

The cooperative way of doing business is recognized as an important social movement globally and as a crucial tool for a nation's social and economic growth. Their contributions to the triple bottom line of sustainable development have been brought into focus by international organizations such as the United Nations, the International Labour Organization, and the International Cooperative Alliance (Schwettmann, 2017). Individual farmers are cooperating to do something superior to what they may do independently or through a non-cooperative frame of commerce.

Ethiopia's growth and transformation plan, HGER 1.0 and HGER 2.0, sectorially in agricultural foresees a central role of agricultural cooperatives in increasing the productivity and income of smallholder farmers whereby their performance concerning the production and supply of products to the domestic and foreign markets has also increased over time. The Ethiopian Cooperative Agency (2019) report reveals that the domestic agricultural production of the cooperative society has shown an increase of 11.8 percent in the last few years. The cooperative unions also take a considerable percentage in the export of major products like cereal, fruits and vegetables, coffee, and dairy products (FCA, 2019). Among exportable products, coffee is the dominant one since coffee production in Ethiopia is the driving force over a million coffee farming households and a significant population of the country are dependent on the production, processing, distribution & export of coffee (World Bank, 2020).

Despite their importance in the economy, coffee cooperatives face several constraints that inhibit their capacity to give basic services to their members in a sustainable and accessible way. Limited managerial capacity, low members' participation in decision-making, shortage of finance, lack of

the proper capacity building, lack of getting coffee quality standard certification to get better value from their product, experience if presenting their product in international as well as local exhibition for their product promotion, the capacity of creating adequate and consistency market linkage with coffee buyers' and inadequate basic infrastructure are key challenges experienced by Ethiopian cooperatives (Getnet & Anullo, 2012). Furthermore, there is low trust among members in primary cooperatives as well as in cooperative unions (ATA, 2012). According to Motuma (2021), the potential for the production and export of coffee in Ethiopia is still untapped, even though cooperative unions have played a major role in boosting coffee exports. Debebe (2019) has studied the developments and challenges of some selected cooperative societies and found that the government system has highly influenced the performances of the cooperative society.

According to Hailemariam's (2020) research findings, firm characteristics and capabilities are reliable predictors of export marketing strategy. The study's findings demonstrated that, while export marketing strategy partially mediates the association between company capabilities and export performance, it entirely mediates the relationship between firm characteristics and export performance.

Another study conducted by Tolera and Bakako (2021) has found that the role of the cooperative union on the coffee value chain is weak due to socioeconomic factors, organizational-related issues, financing and marketing factors. Furthermore, in Ethiopia, various studies were undertaken at the macro level and tried to examine determinants of export performance by considering different scenarios. For instance, Dalango, (2020) found that real effective exchange rate, the real GDP, foreign direct investment (FDI), prices, structural break, marketing strategy, firm characteristics, management characteristics, foreign market characteristics, and domestic market characteristics can affect export performance. Similarly, Kama (2020) revealed that in the long run, export performance is positively influenced by the real effective exchange rate, openness, real GDP of the home country, and infrastructural development. Even though various studies have been undertaken to examine the determinants of export performance at the macro level, the determinants of cooperatives' coffee export performance with the moderating Role of the Ethiopia Cooperative

Commission have not been studied well. Ethiopia is one of the biggest coffee producers out there, but how much they export varies a lot over time.

The Ethiopia Cooperative Commission is expected to play a critical role in enhancing export performance in Ethiopia's coffee industry (Bassa, Z., & Goshu, D. 2019). Despite this, limited research exists on the moderating effect of the Ethiopia Cooperative Commission in enhancing coffee export performance, particularly in Ethiopia (Negeri, *et al.*, 2023). Therefore, this study aims to investigate the determinants of coffee export performance cooperative unions' in Ethiopia, with a specific focus on the moderating role of Ethiopian Cooperative Commission engagement. The study intends to fill this gap by examining the factors that influence coffee export performance in Ethiopia by considering the moderating role of Cooperative Commission engagement. To fill this knowledge gap, the study used cross sectional data to determine determinants of export performance and the moderating role of the Ethiopia Cooperative Commission by employing structural equation methods.

## **1.3 Objectives of the Study**

### **1.3.1 General Objective**

The general objective of the study is to examine the determinants of cooperative' unions coffee export performance in Ethiopia along with the moderating role of Ethiopia Cooperative Commission engagement.

### **1.3.1 Specific Objectives**

- To identify the determinants of coffee export performance of cooperative' unions in Ethiopia.
- To examine the moderating effect of the Ethiopian Cooperative Commission in improving Cooperative unins' coffee export performance

## **1.4 Research Questions**

- What is the effect of quality management practices on coffee export performance of cooperative unions?
- What is the effect of management commitment and capability on coffee export performance of cooperative unions?
- What is the effect of export marketing strategy on coffee export performance of cooperative unions?
- What is the effect of access to credit services on coffee export performance of cooperative unions?
- What is the effect of access to the export market on coffee export performance of cooperative unions?
- What is the moderating effect of Ethiopian Cooperative Commission engagement on cooperative unions' coffee export performance?

## **1.5 Scope of the Study**

This study aims to investigate the factors that determine the coffee export performance of cooperative unions, specifically focusing on the Coffee Farmers' Cooperative Unions in Ethiopia. The research examined the moderating role played by the Ethiopia Cooperative Commission's engagement in this context. Several variables were analyzed to assess their impact on the coffee export performance of cooperative unions. These variables include quality management practices, Access to the export market, access to credit services, management commitment and capability, and export marketing. The study focuses on coffee-exporting cooperative unions in Ethiopia.

## **1.6 Limitation of the Study**

It is important to note that this study has certain limitations. Firstly, due to constraints in time and budget, the research was limited to coffee exporting Cooperative Unions in Ethiopia that already started exporting coffee to the international market only. Therefore, the findings may not be generalized to all agricultural output exporting cooperative unions in the country. Furthermore, the objective of this study is to investigate the determinants of coffee export performance and also the moderating role of Cooperative Commission engagement in coffee exporting cooperative unions in Ethiopia using cross-sectional data from last year (2023).

## **1.7 Significance of the Study**

Empirical information to be generated by this study would have paramount importance for different stakeholders. It would be important for the management of the selected cooperative unions under consideration as well as others operating under similar conditions how to improve their coffee exporting performance through appropriate and relevant measures. The information would also provide a good lesson for new cooperatives to be established and want to engaged in coffee exporting. Furthermore, the study result could be used by the Ethiopian Cooperative Commission as a policy maker for crafting actionable activities to support cooperative unions engaged in coffee exporting to the international market which can support as a means of increasing foreign currency generating for the countrys. Lastly, it would be used as a reference for further study in this research area.

## 1.8 Organization of the Study

This particular research contains five chapters. Chapter One presents the introduction, statement of the problem, objective of the study, significance, scope, and limitation of the study. Chapter two deals with both theoretical and empirical literature related to the subject matter under study. The third chapter deals with the identification and discussion of the appropriate methods and methodology that is going to be employed to undertake the study., the fourth chapter deals with findings and discussions. Finally, the fifth chapter deals with conclusions and recommendations.

## 1.9 Definition of key terms

- **Cooperatives union:** - is an autonomous association of persons united voluntarily to meet their common economic, social, and cultural needs and aspirations through a jointly owned and democratically controlled enterprise.
- **Export marketing:** - is a systematic process of developing and distributing goods and services in overseas market.
- **Export performance:** - is the relative success or failure of the efforts of a firm or nation to sell domestically produced goods and services in other nations.
- **Exports:** - are goods and services that are produced in one country and sold to buyers in another. Exports, along with imports, make up international trade.
- **Management Commitment and Capability:** - Management commitment refers to the active involvement from personnel of managerial status in key aspects of their cooperative union and capability is the activity through which a company exploits its resources through process orientation, employee empowerment, systems integration and quality culture to realize its intended ends.
- **Quality Management Practices:** -These are practices developed by the international organizations for standardization, and it serves as a framework for quality management systems, aimed at meeting the performance cooperative unions.

## **CHAPTER TWO: LITERATURE REVIEW**

### **2.1. Theoretical Literature Review**

#### **2.1.1. Concepts and Definitions**

The International Cooperative Alliances (2023) define a cooperative as “an independent association of persons united voluntarily to meet their common economic, social, and cultural requirements and aspirations through a concerted- possessed and democratically controlled enterprise.” In other words, cooperatives are created by people who have a specific need and who are willing to work together to operate and organize a company that will meet that need. Grounded on the description of the international cooperative alliance, the ILO (2023) further elaborates cooperatives as associations of persons, which doesn't only mean individual people but also ' legal persons', associations that may themselves have members. This elaboration of ILO implies that village or neighborhood associations that include all people in an area, whether or not they want to be members, aren't cooperatives.

An agricultural cooperative is an association in which numerous small farmers work together as a business, especially to help each other yield and vend their crops (Cambridge, 2023). An agricultural cooperative is a business association into which growers pool their assets. By doing so, growers can increase their earnings, reduce costs, or partake pitfalls, depending on the type of collaboration. According to De Oliveira Dias (2018), there are three types of agrarian cooperatives. One is the supply and service cooperative, which produces or buys goods and services for its members. The prices charged are generally at request rates, but cooperatives may distribute patronage refunds to their members, thereby reducing member costs. Another type is the marketing cooperative, which provides deal outlets for the products supplied to them by their members and patrons. Eventually, a federation cooperative is an association of cooperatives within a region. The reviewed literature implies that growers with common interests organize through farmer’s cooperatives to strengthen their request power and members’ active participation is critical to the successful perpetration of collaborative groups’ planned activities.

### **2.1.2. Characteristics of an Agricultural Cooperative**

The agricultural cooperative is a business association into which growers pool their assets or agricultural products to provide to both local and international market through their cooperative means of doing business. Cooperatives are distinguished from other types of shareholding enterprises by their popular nature, with voting rights being assigned by a person rather than by the size of the shareholding (Shamsuddin, 2017). This implies that cooperatives incorporate both democratic control and business functions in their social association. Cooperatives are grounded on the values of self- help and responsibility, democracy, equivalency, equity, and solidarity (Candemir, 2021). According to Getnet (2012) in the tradition of their authors, cooperative members believe in the ethical values of honesty, openness, social responsibility, and minding for others. The International Labor Organization (2023) views cooperatives as important in perfecting the living and working conditions of women and men globally as well as making essential structure and services available indeed in areas neglected by the state and investor-driven enterprises.

Agricultural cooperatives are ideal means for Agricultural input marketing for smallholder growers (Hoken Et al, 2018). According to Liu (2019) by using the close connections between cooperatives and growers, governments can help cultivators change their agrarian practices and favor the relinquishment of further sustainable practices. The concinnity of growers within the cooperative enables growers to overcome demand pitfalls and favors investment by participating in fixed costs.

According to Agbo et al, (2015), the performance dimension in cooperatives substantially focuses on the fiscal dimension and fiscal stability. also, with other types of business without applicable measures, cooperative social development is deficient. In principle demonstrating performance measures according to the objective of the cooperatives is seen as an important key for success (Woldu and Waller, 2013). This literature implies that fiscal pointers offer information regarding the fiscal status of farmers' cooperatives and it helps the cooperatives to decide consequently to ameliorate the overall performance. Unlike utmost pots' agricultural cooperatives aren't controlled grounded on the number of shares possessed, and distribute gains grounded on investment (Shamsuddin, 2017). All cooperatives are possessed, controlled, and operated for the benefit of their members.

### **2.1.3. Concepts of International Trade and Export Performance**

International trade refers to the handover of goods and services which include capital goods from one country to another. In the moment's world economy, there's collective interdependence of the multi-coloured national economy and it's hard to find an illustration of a closed economy. All economies of the world have become open. still, the degree of openness varies from one country to another. This implies in this ultramodern world no country is fully self-sufficient. still, the degree of self-adequacy varies from one country to another. This living fact implies that without transnational trade, nations would be limited to the goods and services produced within their borders. transnational trade passed through multi-coloured stages of history, and its profitable social, and political significance has been on the rise in this century.

According to Krugman (2018), transnational trade consists of two generalities Export and Import of goods and services. Exports of goods do when the profitable power of goods changes between resides and non-residents. It's an outgoing trade. Again, import is defined as the movement of goods and services from outdoors into the boundary of a given country. It can be influenced by different factors either internal or external factors. Numerous theories have discussed export performance, effectiveness, and competitiveness in different and multi-dimensional ways.

According to Beleska (2014), import performance is the result of a firm's efforts in export markets. In this reviewed literature firm export performance is considered as one of the crucial measures of a firm's export success, and it has been extensively examined. The review of theoretical literature about export performance implies despite the rising number of explorations on export performance, there's no widely honored conceptualization of the idea of export performance. Indeed, though there's no widely agreed conceptualization of import performance to date various researchers have been handed the most frequent and accepted description of export performance.

Export performance is a compound result of a firm's overseas deals, which contains; export deals, export profitability, and export growth (Shoham, 1998). According to Stoian Et al (2011), there are subjective and objective measures of import performance. Sales-related measures were linked as objective measures of export performance.

#### **2.1.4. Resource-Based View (RBV) Theory**

One of the ideas of strategic management that is frequently cited is the resource-based theory of the organization, which Wernerfelt proposed in 1984. This theory is mostly used due to its applicability to modern management techniques. According to the resource-based view (RBV), an organization's ability to maintain a competitive edge depends on its access to valuable, uncommon, unique, and non-replaceable resources (Barney, 1991). The capacity of businesses to produce or acquire these resources has an impact on their effectiveness and competitiveness against rivals. According to the Resource Based View (RBV) approach to competitive advantage, a firm's internal resources are more crucial to developing and maintaining competitive advantage than external variables. Supporters of this view contend that rather than focusing on the external competitive environment, businesses should look inward to identify sources of competitive advantage.

According to Abebaw (2013), resource-based view supporters struggle that by wisely using current resources, it is simpler and more practical to take advantage of outside possibilities. According to this theory, resources come in two categories tangible and intangible. In line with RBV theory, the export performance of the cooperative sector can be determined by the firm-level internal factor rather than the possible challenges they may attack from outside of the organization. The best utilization of the internal resource leads to better performance of coffee export. If the tangible and intangible assets of the cooperative societies are used for the intended purpose in a wise and planned manner the export performance of the sector will boost itself in a very short period without any doubt. As per this theory, once the cooperative societies look inward to an available resource either tangible or intangible, and employ them the production volume of the sector will be enhanced and the export performance of the sector also flourish as expected

#### **2.1.5. Contingency Theory**

In his article 1964, "A Contingency Model of Leadership Effectiveness," Austrian psychologist Fred Edward Fiedler put out the contingency theory of leadership. The contingency theory highlights the significance of the leader's personality as well as the environment in which they work. This theory holds that there is no one optimum method to run a business, structure a team,

or make choices. According to contingency theory, a leader's effectiveness depends on how well the leader's style fits a particular context or scenario (Wolinksi, 2010).

According to Donaldson (2001), contingency theory offers a realistic picture of management and organization, which is one of its main benefits. It rejects the universal applicability of laws. The contingency method stresses the necessity for corporate leaders to modify their leadership philosophies in light of the current circumstances (Otley, 2016). This implies company leader must strike a balance between using their natural style and knowing when and when to change it. According to Islam (2012), Contingency leadership theory holds that a leader's leadership style should fit the appropriate context. According to the contingency theory, the export performance of cooperative societies rests on both internal and external determinants. According to Deresa, (2015) internally the cooperative sectors do have abundant resources to be used efficiently to uphold the export performance of the sector. This implies the ways they utilize this resource determine the export performance expected from the sector. Moreover, external factors determine the export performance of any sector negatively if the management of the sector is unable to control the external force in favour of the cooperatives sector (Hailemariam, 2020).

### **2.1.6. Dynamic Capabilities Theory**

The Dynamic Capabilities Theory serves as a bridge between the Resource-Based View (RBV) theory and Contingency Theory. It reconciles these two perspectives by addressing the need for both internal resources and capabilities (RBV) and adaptation to external contingencies.

The idea of dynamic capacities and their importance in strategic management are explored in depth by Teece, Pisano, and Shuen (1997). According to them, a firm's capacity for innovation and adaptation is driven by its dynamic capacities, which help it stay ahead of the competition in ever-changing markets. The authors make a distinction between static and dynamic capacities, stating that the latter is crucial. sensing, seizing, and reconfiguring resources and capacities in reaction to shifts in the market are examples of dynamic capabilities. According to the article, organizational procedures, learning processes, and the firm's capacity to accumulate and utilize knowledge are the foundations of dynamic capacities.

Sirmon, Hitt, and Ireland (2007) investigate how organizations might successfully manage their resources in changing contexts to gain a competitive edge and produce value. The authors emphasize the importance of developing dynamic capabilities, which include perceiving, seizing, and reconfiguring resources to respond to changing market conditions. The authors provide an overview of three major perspectives: resource acquisition and accumulation, resource deployment and leveraging, and resource renewal and reconfiguration.

Teece (2014) places a strong emphasis on the idea of dynamic capabilities and how they affect a company's ability to compete and perform. Businesses must possess dynamic capabilities to prosper in unpredictable and changing settings. These capabilities include the integration, construction, and reconfiguration of resources. The author shows the differences between ordinary and dynamic capacities and emphasizes the importance of these differences for innovation, repositioning, and adaptability. Teece (2014) argues that the creation and application of dynamic capabilities lead to notable advancements and long-term success, whereas conventional skills guarantee stable performance.

Winter (2003), gives a conceptual understanding of dynamic capabilities and their significance in explaining business performance and competitive advantage. Organizational processes and routines that enable organizations to integrate, build, and restructure resources in response to changing market conditions are referred to as dynamic capabilities. Sensing is the process of noticing changes in the external environment, seizing is the process of effectively capturing opportunities, and transforming is the process of adjusting resources to coincide with new strategic objectives. According to dynamic capabilities, cooperative unions need to be proactive in perceiving, seizing, and reconfiguring resources to respond to changing market conditions. Cooperative societies have to be ready for uncertainty, respond to market changes, and maintain outstanding coffee export performance by successfully exploiting dynamic capabilities.

Accordingly, the Ethiopian Cooperative Commission is expected to discharge its role entrusted by the law to support the cooperative Union to perceive, seize, and reconfigure resources to respond to changing market conditions.

### **2.1.7. Stakeholder Theory**

Stakeholder theory provides a valuable framework for understanding the determinants of cooperatives' coffee export performance, considering the moderating role of the Cooperative Commission. According to Freeman (1984), stakeholder theory emphasizes the importance of considering the interests and expectations of various stakeholders who are directly or indirectly affected by an organization's activities. As suggested by Clarkson (1995), stakeholder theory recognizes that different stakeholder groups may have varying expectations and influence over an organization's operations. For instance, coffee buyers may prioritize quality and price, while cooperative members may focus on the volume of exports. Stakeholder theory can analyse how these determinants interact with the interests and expectations of different stakeholders, with the Cooperative Commission playing a moderating role in shaping the cooperative's export performance.

The Cooperative Commission which is a definitive stakeholder, as a regulatory body overseeing the operations of cooperatives, plays a significant role in shaping their export performance. The Commission enforces regulations, provides guidance, and monitors compliance with relevant standards. This aligns with the stakeholder theory perspective that acknowledges the importance of regulatory bodies in influencing organizational behaviour and outcomes. According to Donaldson and Preston (1995), stakeholder theory recognizes the role of external institutions and regulations in shaping an organization's relationships with stakeholders.

By considering the perspectives and needs of these stakeholders, the research can uncover the factors that influence cooperatives' export performance and how the engagement of the Cooperative Commission affects this relationship. By examining the moderating effect of the Cooperative Commission, the research can shed light on how regulatory interventions influence the relationship between determinants and cooperatives' coffee export performance.

Accordingly, the Ethiopian Cooperative Commission is expected to discharge its role as a definitive stakeholder by playing the moderating role between the cooperative unions and the abroad coffee market.

## **2.2. Empirical Literatures Review**

### **2.2.1. Characteristics of Agricultural cooperatives**

Agricultural cooperatives (also known as marketing co-operatives or service cooperatives) purchase agricultural produce from their members and distribute it to the final market, usually after processing it. The main differences concern funding, management, patronage rebate, and the organization's objectives. In agricultural cooperatives farmers are members. Membership provides the farmer with access to the cooperative's services as well as the responsibility to control it. In a cooperative, a uniform membership fee implies that all members have an equal share, and votes are typically distributed using the one member-one vote principle. This means that each member has the same level of responsibility and incentive to actively participate in the organization's operations (Le Vay, 1983; Albaek and Shultz, 1997). Cooperative does not distribute the generated surplus based on capital holdings. The patronage dividend is typically distributed based on quantities marketed through the cooperative, which means that the more you sell to the cooperative, the more you gain (Le Vay, 1983).

Moreover, in cooperatives other distributive methods, such as lump sums or equal dividends to each member, are also viable. The main objective of a co-operative is not always so easily defined. The member group consists of many different persons with differing ideas, and creating the greatest possible surplus may not be equally important to all of them. For some, the aim could be that the co-operative should be as big as possible, without losing money. If an agricultural co-operative were to adapt such a strategy, it would restrict neither the number of members nor the level of inputs made by the members, as long as the cooperative made profits. In addition to having several alternative objectives, co-operatives often have other, non-economic aims. These aims might conflict with that of delivering the maximum return to members. The agricultural co-operative could be seen as internalising the member farmers' costs of production. It does not simply count the purchasing of raw material as part of the costs for the company, since this is the members', the owners', income. If the main objective of the co-operative is the total return to its members, it would maximise the incomes the members generate from selling their produce through the cooperative, as well as the profits from the co-operative operations.

### **2.2.2. Agricultural Cooperatives in the Global Context**

Agricultural cooperatives are frequently formed in response to market failure, to counterbalance monopoly or oligopoly power in the processing sectors (Rhodes 1983; Fulton 1999; LeVay 1983). For example, the co-operative dairy association movement, which began in New York in the mid-1800s, was a reaction to the monopolistic power of privately owned milk processing plants (Porter and Scully 1987). According to Sexton (1994), agricultural markets are frequently oligopolistic due to high transportation costs that limit farmers' access to buyers, as well as farmer investments in sunk assets that create exit barriers. Farmers who own and operate their own processing company as a co-operative can retain market margins that would otherwise be held by private processors. This should increase members' income while also encouraging cooperatives to offer more competitive pricing. The latter is what Sexton calls the 'competitive yardstick effect' (Sexton 1990). This positive role attributed to the cooperative has frequently been used as a justification for continued government support for agricultural cooperatives.

Although it appears to be widely accepted that co-operatives have this effect on agricultural markets, there has been little formal research into the subject. Many studies on mixed consumer markets have been conducted, including one by De Fraja and Delbono (1990). However, Sexton believes that the characteristics of agricultural purchasing markets differ significantly from those of consumer markets, and he uses spatial analysis to investigate mixed oligopsonistic agricultural markets. Helmberger (1964), who was the first to distinguish between open co-operatives and co-operatives with membership and delivery restrictions, published important works before him. Helmberger claims that the co-operative's goal is to maximize surplus for any given level of raw input, which implies that the co-operative will produce more and pay a higher price, thereby benefiting farmers' income levels. Tennbakk (1996), who uses a Cournot game to analyze the welfare effects of co-operatives on both consumers and producers, and Rhodes (1983), who concludes that co-operatives have the potential to take over the entire market. Overall, the findings of these analyses indicate that co-operatives have a positive effect on farmer income, assuming certain conditions are met. One of these is that market margins must be maintained, either because the market is not in equilibrium or because there are oligopsonistic tendencies in the market. Third-

world agricultural markets are frequently characterised by limited market availability for farmers (Hussi et al 1993, Deininger 1995), making it easier for large processing firms to profit from monopolistic power. As a result, analyzing mixed oligopsonistic markets using Third World market conditions, such as local coffee markets, should be relevant.

### **2.2.3. Agricultural Cooperatives in Africa**

Globally Cooperatives have evolved significantly over the last 200 years and their importance to economies throughout the world is increasing from time to time. Across the globe, cooperatives have a proven record of creating and sustaining employment and they are estimated to provide millions of jobs today (ILO, 2023). However, in Africa, cooperatives are marginalized and treated as inefficient and ineffective organizational types (Candemir, 2021).

In least developing countries cooperative societies strive to perform well to grow and increase their value. However, many of these organizations' societies in Africa are yet to achieve their potential due to management and financial difficulties (Franklin, 2019). Agricultural cooperatives tend to be community-based organizations defined by principles of inclusion, voluntarism, democracy, equity, autonomy, mutuality, and solidarity. However only a few of these organizations are successful in commercializing the agricultural produce of their members and agricultural cooperatives have not been able to serve their members as expected and their contribution to economic growth has been limited (Wedig, 2018). The findings of the study conducted by Abebaw (2013), indicated that cost of finance, internal control practices, risk management, and social capital influence the financial performance of Africa's agricultural cooperative societies. Based on its findings this reviewed study concluded that proper risk management practices could enable the cooperatives to reduce the chances of losses thus improving returns from their operations.

As most of Africa's poor depend largely on agriculture for their livelihoods improving the productivity, profitability, and sustainability of the agricultural sector through agricultural cooperative development is argued to be the main pathway out of poverty in the continent (Beegle Et al, 2016). In this continent, agricultural cooperatives may play a major role in establishing a just, successful, progressive, and wealthy society (Allen, 2009). A study conducted by Francesconi

(2023) stated that given their primary remit to contribute to smallholder farmer production, agricultural cooperatives are seen as critical in achieving the country's macroeconomic goal by supplying quality exportable goods for the international market and importing substitute goods for the domestic market. According to literature in developing continents like Africa, the purpose of agricultural cooperatives is to help farmers increase their yields and incomes by pooling their resources to support collective service provisions and economic empowerment.

#### **2.2.4. Agricultural Cooperatives in Ethiopia**

In Ethiopia, the modern cooperative movement was started in the Emperor period under the Farm Workers' Cooperatives Decree (Cooperatives Decree No. 44/1960) primarily to solve the unemployment problems of retired workers. However, due to the economic system of the regime, the voluntary and open membership principles of the cooperatives were not fully practiced (Abebaw, 2013). In Ethiopia, traditional forms of associations such as Ekub, a rotating savings and credit association; work groups such as wonfel and debo; and idir, which raise funds that will be used during emergencies, are used as a mechanism of cooperation. According to Kodama (2007), the first formal cooperative organization was established in Ethiopia around the 1950s. Since the establishment of the first formal cooperative organization, three distinct periods of cooperative movement have been observed in the country: the cooperative movement during the Emperor period, the Socialist period, and the EPRDF. Subsequently the late 1990s, cooperative activities have been fortified again, notwithstanding bitter experiences during the socialist regime (Bernard, 2013).

Due to the feudal land tenure system, peasant farmers were not allowed to join cooperatives throughout the Emperor's reign unless they possessed land (Debeb and Yenesew, 2019). Agricultural cooperatives were established during this same period to grow industrial and commercial crops. Lack of educated labor and finance facilities were two of the most significant obstacles that the cooperative movement encountered during the emperor period (Gashaw, 2018). To guarantee fair resource mobilization and distribution throughout the nation, the communist government (1974–1991) actively promoted cooperatives as a crucial tool for constructing a

socialist economy (Wassie, 2019). In contrast to Western-style cooperatives, cooperatives played quite distinct functions throughout this time. Compared with the Emperor's Regime, the types and numbers of cooperatives increased (Abebaw, 2013). Mandatory membership and production quotas were among the features of the cooperatives (Bernard, 2013).

In Ethiopia, economic liberalization policies were first implemented in 1991 when the Ethiopian Peoples' Revolutionary Democratic Front (EPRDF) came to power. Since 1994, the government has made efforts to promote a new generation of cooperatives that differ from their predecessors and issued a new cooperative proclamation in 1994 (Proclamation No. 85/1994) which incorporated universally accepted principles of cooperatives. The Federal Cooperative Commission (FCC), later named the Federal Cooperatives Agency (FCA), was established to manage the proper implementation of cooperatives' legislation and to devise policies and legal measures consistent with international conventions on cooperatives (Bernard *et al.* 2010). In recent decades the efforts of FCA have resulted in considerable growth in both the number of agricultural cooperatives and the services they provide to their members (Sebhatu, 2021).

According to Debeb and Yenesew (2019) in Ethiopia cooperatives play crucial roles in economic and social development. Cooperatives created approximately 82,074 jobs and generated approximately half a billion Ethiopian Birr in wages during 2008 Bernard Et al (2013). This reviewed study stated that in Ethiopia participation of cooperatives in agro-processing, marketing, and finance (saving, credit, and banking) is increasing.

### **2.2.5. Determinants of Export Performance and their Measurements**

**Export Performance:** Export performance refers to the effectiveness and success of specific businesses in terms of their export activities. Sousa (2004) established five objective export-related performance metrics, including export intensity, export intensity growth, export sales growth, export sales volume, and export sales efficiency. Additionally, the literature suggests using export market share, export market share growth, and market diversification as measures of export performance. When objective information is unavailable or generalized, subjective export performance measurement based on the respondent's experience, as proposed by Shoham (1998),

becomes valuable. This subjective approach is recommended in studies where managers may be hesitant or unable to provide objective financial data.

In this study, the export performance will be a dependent variable and was measured in terms of export volume and amount of dollars generated by cooperatives' coffee exporters according to the cooperative's export business engagement years. The straightforward measurement of coffee export performance is the volume of coffee exported by Cooperatives' unions in the country over a specific period of years based on cooperatives' export experiences. This measurement indicates the quantity of coffee sold in the international market (Cavusgil and Zou, 1994). On the other hand, to validate whether cooperatives' trends in foreign currency generation for the country will be measured by Dollar (\$) generated over the specified period.

Measuring export performance in terms of both export volume and the amount of dollars generated provides a comprehensive understanding. By considering export volume, the study captures the quantitative aspect of export activity, reflecting the scale and quantity of coffee exports. Simultaneously, assessing the amount of dollars generated adds a financial dimension, providing insights into the economic impact and revenue generated by cooperatives' coffee exports for contributing to intended objectives in supporting national development. Milanzi (2012) categorizes explanatory variables affecting firm-level export performance as internal (managerial and firm characteristics) and external (industry, domestic, and foreign market characteristics) factors. Chugan (2014) further classifies company-level export determinants into five groups: managerial, organizational, environmental, targeting, and marketing mix variables.

**Management Commitment and Capability:** In a study done Muriuki (2022), stated that poor leadership and a lack of financial access from the government were identified to be contributing factors to low coffee production. Kotorri (2018) also found that management characteristics have also been correlated with export performance. Several researchers such as Sousa et al (2008) in their investigations suggest that export performance is influenced positively by the degree of export expertise the management possesses. Another important variable that shows a positive association with export performance is the level of commitment and attitude of the management toward exporting (Bashiri Et al, 2019). Demirbağ *et al.* (2019) examined Turkish manufacturing

companies, to discover a positive correlation between managerial efficiency and export performance. In his study, he measured both gross profit margin and export intensity (export sales as a percentage of total sales).

Porter (2002), a renowned strategist and economist, often emphasizes the importance of profit margin as a critical indicator of organizational performance in his works on competitive strategy and industry analysis. Muhammad *et al.*, (2015), used profit margin as a proxy for organizational management efficiency. The effectiveness and efficiency of the management of the cooperative society will be scrutinized in this study to identify its impact on the coffee export performance of the cooperative societies. This variable will be measured in terms of the Gross Profit Margin ratio to determine its impact on cooperatives' coffee export performance.

**Coffee Quality Management Practices:** Coffee production demands expertise, fostering direct connections between specialty buyers, roasters, and coffee farmers. Ethiopia's significant contribution to the global coffee industry predominantly stems from the exceptional quality of its beans. Ethiopian specialty coffee enjoys high demand worldwide (Tewodros, 2017). Renowned for its single-origin, top-grade, organically cultivated beans, quality coffee stands out for its distinct flavor and often commands higher prices (Sintayehu, 2019). Ethiopia, home to various flavorful coffee varieties like Yirgacheffe, is globally recognized and marketed at premium rates (Adane and Bewket, 2021). Peter Giuliano, Senior Advisor at the Specialty Coffee Association (SCA) and former Executive Director of the Coffee Quality Institute (CQI) has written extensively on coffee quality assessment, including the use of grading systems and quality standards<sup>12</sup>.

In this study, the quality of coffee produced will be investigated as an independent variable to determine its impact on cooperatives' coffee export performance and it's going to be measured in

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<sup>1</sup> Giuliano, P. A literature review of sustainability interventions in the coffee sector.

<sup>2</sup> Giuliano, P. (2024). Coffee scientist Sara Yeager: 'Acids bring much more flavour impact than just sourness'. Mars.

terms of coffee quality grading system. This study will investigate whether the quality of coffee serves as an explanatory variable for the observed decline in coffee exports Cooperatives' Union coffee export performance.

**Access to Credit (AC):** Access to credit plays a pivotal role in driving export performance, enabling businesses to overcome financial constraints and seize opportunities in international markets. Credit allows households to borrow against future income and firms to invest, for instance, in machinery and equipment. Atesoglu *et al.* (2020) found a positive relationship between credit access and export performance, measured by export intensity and value. Having access to credit allows cooperatives to expand their production and their export volume. In this study, Access to credit will be investigated as an independent variable to determine that cooperative Unions have sufficient access to credit from commercial Banks and intended to determine the impact of access to credit on cooperatives' coffee export performance and it's measured in terms of birr borrowed from the existing financial institution.

**Access to Export Market:** Access to the export market plays a crucial role in enabling firms to navigate international trade barriers and reach new markets, ultimately impacting export performance (Souleymane *et al.* 2019). Access to market information refers to the ability of a company to possess information about international trade. To capture and possess market information cooperative unions are expected to have expertise on this issue. According to the literature, the cooperative unions that have market access exhibit good export performance through attending tradeshows/exhibitions to create market expansion. Therefore, this study intends to examine the effect of access to the market on the cooperatives' coffee export performance and is going to be measured by the number of markets to which coffee is exported.

**Export Marketing strategies:** According to Abu Tefera, (2016) assessment of Commodity and trade, the level of development of the economy, resource endowments, policies, and development strategies pursued are some of the determining factors of the export structure of a country. An exporting strategy decides how the company will export to a foreign country and which country it will export to. It determines the pricing strategies, the products that will be sold, the markets it will

sell to, and how the products will be exported. An increased need for companies operating in the field of international marketing to realize knowledge of the importance of the relationship between marketing requirements and an increase in the volume of exports, especially after the increase in competition in the international markets as a result of the start of the GATT agreement, which approved the principle of free trade in goods and services globally (John, 2008).

Marketing strategies have the fundamental goal of increasing sales and achieving a sustainable comparative advantage. Sustainable competitive advantage, as proposed by Porter (2008), is achieved through cost management, differentiation of products or services, and focus on a special part of the market or a special group of consumers. While these strategies aim to maximize profit, each of the various strategies applies a different method of maximization. Marketing strategies for achieving comparative advantage are market penetration strategy, market development strategy, product development, and diversification strategy (Porter, 2008). A company that follows the market penetration strategy tries to increase its share in the current market. Price penetration, increased promotions, increased reach, and usage are some tactics for market penetration strategy. Market development includes a variety of ways to attract new customers to the present goods including expanding the potential market through new users or new uses. New users can be defined as new geographic segments, new demographic segments, new institutional segments, or new psychographic segments. Product development strategy includes the creation of new products for existing markets. Several tactics such as developing new features, developing different quality levels, and improving technology are important tactics for product development strategy that will help the company attract customers and convert them to becoming brand loyal. Finally, diversification tries to increase selling through the introduction of new products in new markets (Porter, 2008).

**Ethiopia Cooperative Commission Engagement:** The Cooperative Commission significantly supports cooperatives in boosting exports through creating market linkage, supporting for preparation of showcasing in trade fairs or exhibitions both at local and international markets, providing required capacity building in the form of training & development program, assisting unions in getting coffee quality certification as well as auditing & inspections. Ethiopian

Cooperative Societies Proclamation mandates supporting Cooperative societies toward national development through (Proclamation No. 985/2016). The Commission also conducts market research, aids in meeting standards, and enhances visibility. Regulatory efforts impact coffee exports, ensuring standards, market access, and organizational capacity (Ahmed & Nasrin, 2020). Moreover, ECC strengthens the cooperative in the following means specific to export performance. Ethiopian cooperative commission offers different services for unions. It creates and fosters ties with global buyers, trade associations, and government agencies, facilitating market entry for member cooperatives and cultivating mutually beneficial partnerships. Ethiopian cooperative commission also provides training on export procedures, documentation, marketing, and negotiation skills to empower member cooperatives with the essential knowledge for navigating international trade complexities. In this study, the roles of ECC in creating marketing channels, organizing showcases, facilitating the provision of quality standard certificates, and organizing export-related training events were assessed on a point Likert scale.

### **2.3. Summary of Literature and Research Gap**

According to the resource-based view (RBV), an organization's ability to maintain a competitive edge depends on its access to valuable, uncommon, unique, and non-replaceable resources (Barney, 1991). Contingency theory also suggests the optimal course of action or organizational structure depends on various internal and external factors. The dynamic capability theory substantiates RBV and Contingency theory by emphasizing a firm's capacity for innovation and adaptation is driven by its dynamic capacities, which help it to stay ahead of the competition in ever-changing markets.

Export performance is affected by many factors, and those factors are summarized in the literature as internal factors and external factors. The internal factors include firm and product-related features, whereas external drivers include industry-level features and export market determinants (Milanzi, 2012). Bashiri (2019) has acknowledged the lack of both internal and external resources among the main reasons hindering firms' performance in foreign markets.

Most of the research in this area has focused only on the determinants of export performance arising from internal factors, external factors, or both. Additionally, most of the studies have focused on non-cooperative organizations and the empirical findings are diverse and inconclusive. Furthermore, all previous studies about export performance examine direct determinants of export performance, it is also important to consider the moderating variables in addition to the direct effects of the internal and external factors on export performance. This study has intended to include Ethiopia Cooperative Commission engagement as moderating variables for export performance. Finally, this specific study will help to identify the major determinants of coffee export performance of cooperative societies along with the moderating variables.

In conclusion, this study draws on the resource-based view (RBV), contingency theory, and dynamic capability theory to emphasize the critical role of internal and external factors in shaping cooperatives' competitive advantage and export performance. Importantly, this study will address a gap in existing research by not only focusing on the direct determinants of export performance but also incorporating moderating variables, particularly the engagement of the Ethiopia Cooperative Commission. By considering these moderating variables, the study aims to provide a more comprehensive understanding of the major determinants influencing the coffee export performance of cooperative societies in Ethiopia.

## **2.4. Conceptual Frameworks**

Constructing the conceptual framework based on the theoretical and empirical study is crucial in depicting the relationship between the dependent variable and independent variables of the study. A conceptual framework depicts the structure that presents the relationship between the dependent variable and independent variable in a given study (Kothari 2004). In this study, the conceptual framework shows internal and external factors that have a direct and indirect influence on coffee export performance in cooperative societies. Based on a theoretical and empirical point of view, the researcher develops the below conceptual framework diagram.

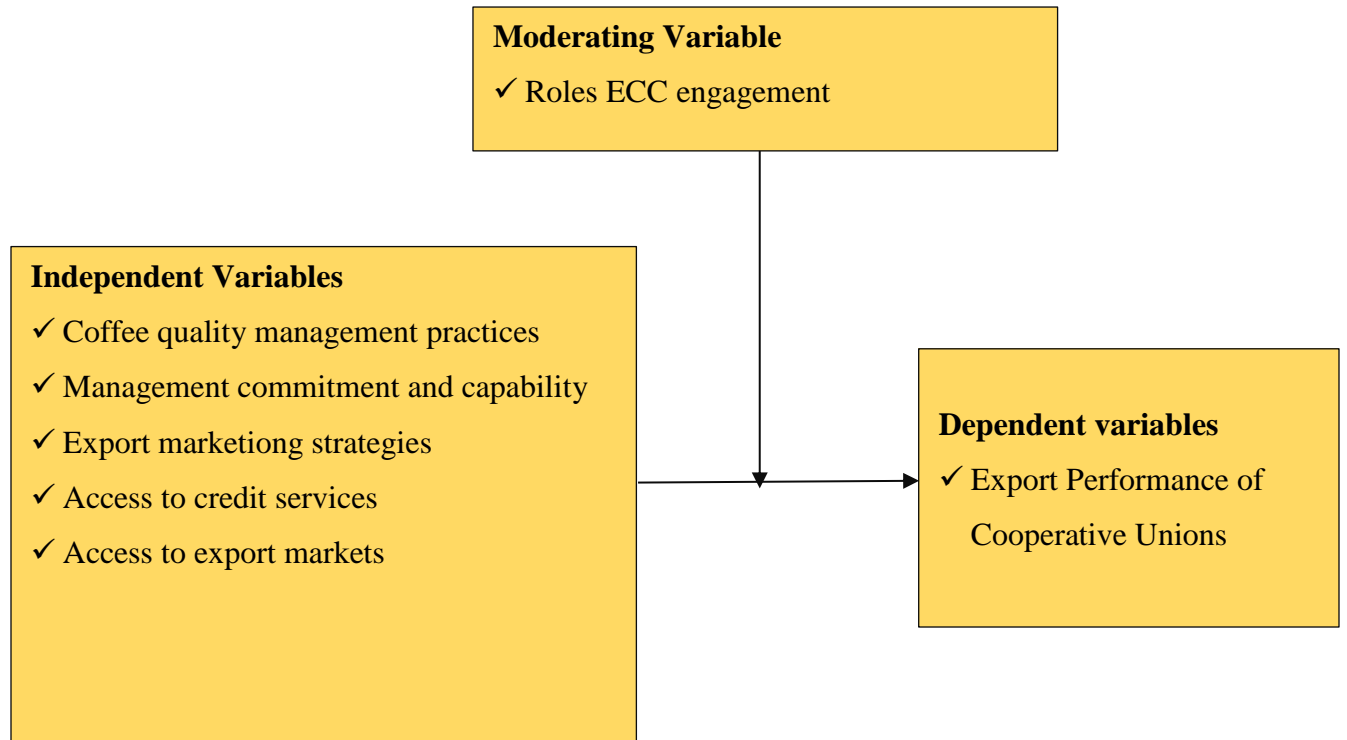


Figure 1: Conceptual Framework

Source: Own construct based on Theoretical and Empirical Review (January 2024)

## **CHAPTER THREE: RESEARCH METHODOLOGY**

This chapter discusses the methods that were employed to achieve the objectives of the study. It encompasses research design, research approach, sampling technique, model specification, definition of variables and their measurement, as well as the method of data collection and analysis.

### **3.1 Research Design**

According to Kothari (2004), the research design is defined as the conceptual structure within which research is conducted and it constitutes the blueprint for the collection, measurement, and analysis of data. The main objective of this study is to investigate the determinants of coffee export performance in the case of cooperative unions in Ethiopia with Ethiopian Cooperative Commission engagement for enhancing unions' coffee export performance. Thus, this study employed a descriptive and explanatory research design to observe the determinants of cooperatives' coffee export performance and the moderating role of ECC in the relationship between coffee export performance and other determinant variables. An explanatory research design is one in which the researcher conducts quantitative research and supports the results of quantitative research in more detail with qualitative research (Creswell, 2014). The rationale for selecting this mixed research design is to comprehensively map out the current landscape of coffee export performance among cooperative unions through descriptive research and delve into the causal relationships between specific factors (determinant variables) as well as moderating variables and coffee export performance through explanatory research design.

### **3.2 Research Approach**

The study employed a mixed approach which involves both quantitative and qualitative data and using distinct designs that may involve philosophical assumptions and theoretical frameworks. A mixed method is superior to the other method as it employs both qualitative and quantitative to get a research outcome. It also enables the researcher to explore complex aspects and relations of the human and social world (Malina, 2011). At all the rationale for combining both quantitative and qualitative data is better to understand the research problem by combining both numeric values from quantitative research and the detail of qualitative research and to neutralize limitations of

applying any of a single approach (Creswell, 2014). This mixed research approach is used to triangulate findings to offer a more comprehensive and robust understanding of the determinants and moderating variables of cooperative unions' coffee export performance. Quantitative data provides statistical confirmation of patterns and relationships, while qualitative data adds depth and context, helping to explain the why behind the numbers.

### **3.3 Data Sources and Collection Techniques**

To achieve the intended objectives of the study, both primary and secondary data were collected. Primary data were collected from selected coffee cooperative unions engaged in coffee exporting by using close-ended questionnaires, focus group discussions, and key informant interviews. In this study, focus group discussion was conducted with six individuals comprised of cooperative union managers and export managers of Oromia Farmers' Coffee Cooperative union, Limu Enariya Farmers' Cooperative union and Katta Mudhuga Farmers' Cooperative Union. Focus group participants have discussed on the issues related with hindering and enabling factors in coffee exports as well as role of Ethiopian cooperative commission in supporting coffee export. Moreover, Participants in the focus group discussed issues such as cooperative union quality management practices, internal management commitment and capability, market and credit accessibility issues, and marketing strategies used by cooperative unions in coffee export activities. Besides, key informant interview was also conducted with selected individuals with wider experiences about coffee exporting cooperative unions. Accordingly, 5 individuals (2 individuals from Oromia Farmers' Coffee Cooperative union, 2 individuals from Sidama Farmers' Cooperative union and 1 individual from Kaffa Farmers' Cooperative union). These key informants were interviewed about factors that influence coffee export business of cooperative unions and the activities did ECC implement and support coffee exporting cooperative unions.

Furthermore, Secondary data were collected from reports of sampled cooperative unions and Ethiopian Cooperative Commission about additional information for supplementing primary data. In this study, before conducting the actual data collection, a quick pilot survey was conducted to gather some major information and concerns of coffee exporting cooperative union. Based on the feedback of the responses from the pilot survey the questionnaire was revised to increase validity.

Then, the final data collection instruments were re-organized to simplify the questions for the respondents and make the data analysis simple, most of the contents of the questionnaires were designed with close-ended scaled questions using a five-point Likert Scale was used in the questionnaire.

Thus, this study used likert scale measurement methods to select the option that best reflects how respondents feel about issues related to coffee export performance and its determinants whereby respondents were given a range of possible answers on Likert scales, which is ideal for capturing their level of agreement or feelings about the issues under consideration in a more nuanced way.

### **3.4 Sampling Technique and Sample Size Determinations**

Multistage sampling techniques were used to achieve intended objectives of the study. As stated in the objective section, the intention of this study was to identify factors that influence cooperative unions coffee export performance. As a result, for this study, coffee exporting cooperative unions were purposely selected because coffee is the leading agricultural export commodity in Ethiopia. Accordingly, coffee exporting cooperative unions were stratified into 3 strata based on their experiences in coffee exporting. The first stratum was cooperative unions with more than twenty years' experience of in coffee exporting; the second stratum encompasses the cooperative unions with coffee exporting experience of ten to twenty years. Finally, cooperative unions with an exporting experience of less than ten years are categorized into the third stratum. In each stratum, coffee-exporting cooperative unions were selected purposively, and in a stratum where only one union was, the researcher included the existing cooperative union. Accordingly, seven coffee-exporting cooperative unions were selected for this study. Moreover, this study used Yamane formula (1967) to determine the sample size of respondents from selected cooperative unions. From Seven selected cooperative unions 515 employees were working in the selected cooperative union.

According to this formula, the sample size was determined as follows.

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

Where;  $n$  = is the sample size,  $N$  = is the number of employees, and  $e$  = is the level of precision.

Using the above sample size determination formula, the current study used 225 employees purposively drawn from 515 employees of from seven cooperative unions, with 95% confidence and 5% precision. The respondents in this study included union managers (at the central level), export managers (at the central and site levels), operations managers (at the central and site levels), quality managers (at the central and site levels), and other cooperative union staff members.

$$n = \frac{515}{1 + 515(0.05)^2} = 225$$

The number of respondents drawn from selected cooperative unions was proportional to the total number of employees of the sampled cooperative unions (Table 1). Finally, data was collected by conducting interviews with respondents from each department.

Table 1. Sampling Technique and Sample Size Determinations

List of coffee exporting cooperatives	Total number of employee	Sample respondents
Oromia Coffee Farmers' Cooperative union	110	48
Sidama Farmers' Cooperative union	100	44
Kaffa Farmers' Cooperative union	75	33
Limu Enariya Farmers' Cooperative union	70	30
Sorgaba Farmers' Cooperative union	65	28
Jimma Framers Cooperative Union	50	22
Mudhuga Farmers' Cooperative Union	45	20
<b>Total</b>	<b>515</b>	<b>225</b>

**Source:** *Respective cooperative unions (2024)*

### 3.5 Method of Data Analysis

For data analysis, this study used both descriptive and multiple linear regression methods of data analysis. For the qualitative data analysis, descriptive statistics were used to summarize the determinants of coffee export performance. Additionally, the narrations were employed to elaborate on the result of gathered qualitative data. Moreover, econometric analysis was also used for quantitative data to examine factors determining coffee export performances and moderating roles of ECC engagement between dependent and independent variables. SPSS version 27 was used for data analysis.

### 3.6 Model Specification

This study employed a multiple linear regression model to identify the determinants of coffee export performance of cooperative unions. This study employed the Regression Model as the dependent variable is continuous (estimated composite index of value of coffee export performance), as recommended by Muthen and Muthen (2007). Multiple Linear Regression was used to determine the effect of all independent variables on the dependent variable. The overall equation describes the impact of independent variables on coffee export performance unions without considering moderating variable.

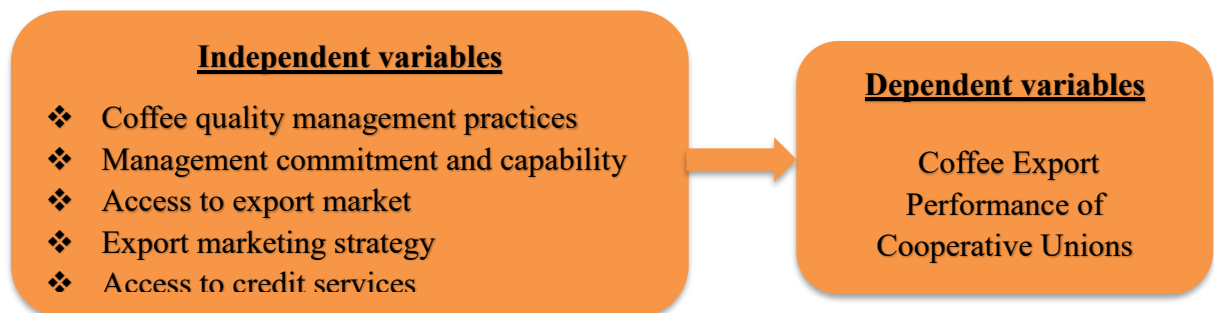


Figure 2. Determinants of Coffee Export Performance of Cooperative Unions

The mathematical model expression of the relationship between coffee export performance and other independent variables is written as:

$$Y = \beta_0 + \beta_1(X_1) + \beta_2(X_2) + \beta_3(X_3) + \beta_4(X_4) + \beta_5(X_5) + \varepsilon$$

Where:

Y - Export Performance

X<sub>1</sub> - Quality management practices

X<sub>2</sub> - Management commitment and capability

X<sub>3</sub> - Access to export market

X<sub>4</sub> - Access to credit services

X<sub>5</sub> - Export marketing strategy

β<sub>0</sub> - Intercept and β<sub>1</sub> to β<sub>7</sub> - Coefficients for the main effects of the independent variables

ε - Error term

### 3.6.1 Testing for moderation Effect

The Ordinary Least Squares (OLS) regression is used to test moderation for observed variables. The dependent variable is regressed on the interaction term, independent, and moderating variable. To determine the effect of ECC engagement roles as a moderating variable on the relationship between independent variables and the performance of coffee and exporting companies. Field (2009) describes a step-by-step method for analyzing the effect of moderating variable on the relationship between predictor and dependent variables. The model was presented with a linear equation. First, Model 1 was constructed to assess the relationship between the dependent variable and the moderating variable.

$$Y = +\beta_0 + \beta_1 M + \varepsilon \dots\dots\dots (Model 1)$$

The second Model 2 was estimated as the base model to determine the relationship between the dependent and independent variables without moderating variable.

$$Y = +\beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \beta_5 X_5 + \varepsilon \dots\dots\dots (Model 2)$$

The third Model 3 was constructed using the moderating variable, ECC engagement roles, which was included in regression analysis as an explanatory variable to estimate its influence on the coffee export performance of unions.

$$Y = +\beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \beta_5 X_5 + \beta_6 M + \varepsilon \dots\dots\dots (Model 3)$$

Finally, Model 4 was constructed using the moderating variable, independent variable, and interaction of both independent and moderating variables. In this model, the effect of moderating variable was assessed by creating interaction using independent included in the regression and moderating variables. This model captures how the independent variables individually and in interaction with the moderating variable affect the dependent variable. The interaction terms indicate how the effect of the independent variables on dependent variables may change based on the level of the moderating variable. In this model, the coefficient of interaction variables measures

the **interaction effect** between the independent variable and the moderating variable. The significance of moderating variable was judged based on the criteria set by Whisman and MacClelland (2005) (Table 2).

$$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \beta_5 X_5 + \beta_6 M + \beta_7 X_1 M + \beta_8 X_2 M + \beta_9 X_3 M + \beta_{10} X_4 M + \beta_{11} X_5 M + \epsilon$$

..... (Model 4)

Table 2. Moderating effect Decision criteria

Model 3	Model 4	Status	Type of moderation Effect
$\beta_1$ is significant ( $p < 0.05$ )	$B_7$ is significant ( $p < 0.05$ )	Variable has a moderating effect	Partial
$\beta_1$ is not significant ( $p > 0.05$ )		Variable has a moderating effect	Complete
$\beta_2$ is significant ( $p < 0.05$ )	$B_8$ is significant ( $p < 0.05$ )	Variable has a moderating effect	Partial
$\beta_2$ is not significant ( $p > 0.05$ )		Variable has a moderating effect	Complete
$\beta_3$ is significant ( $p < 0.05$ )	$B_9$ is significant ( $p < 0.05$ )	Variable has a moderating effect	Partial
$\beta_3$ is not significant ( $p > 0.05$ )		Variable has a moderating effect	Complete
$\beta_4$ is significant ( $p < 0.05$ )	$B_{10}$ is significant ( $p < 0.05$ )	Variable has a moderating effect	Partial
$\beta_4$ is not significant ( $p > 0.05$ )		Variable has a moderating effect	Complete
$\beta_5$ is significant ( $p < 0.05$ )	$\beta_{11}$ is significant ( $p < 0.05$ )	Variable has a moderating effect	Partial
$\beta_5$ is not significant ( $p > 0.05$ )		Variable has a moderating effect	Complete

Source: MacClelland (2005)

### 3.6.2 Variables Measurement and Expected Sign

Based on previous research, this study proposed various variables to influence union coffee export performance. Hence, quality management practice, management commitment, and capability Access to the export market, credit services, and export marketing strategies were suggested as ways to influence the union's coffee export performance. According to the information in Table 3, these variables were proposed to be positively related to the coffee export performance of unions. These meteorological variables were measured using a five-point Likert scale and analyzed by determining the composite index values.

Table 3. Variables measurement and expected sign

Variable category	Variables	Measurements	Hypothesis
<b>Dependent</b>	<b>Coffee Export Performance</b>	<b>Five point scale measures</b>	<b>Dependent</b>
Independent variables	Quality management practices	Five point scale measures	+
	Management commitment and capability	Five point scale measures	+
	Access to the export market	Five point scale measures	+
	Access to credit services	Five point scale measures	+
	Export marketing strategies	Five point scale measures	+
	Roles of ECC engagement	Five point scale measures	+

*Source: Literature-based suggestions*

### 3.6.3 Reliability and Validity Test

Validity is defined as the degree to which instruments measure what was intended (Kothari, 2004). The study employed various questionnaires to gather reliable data, ensuring content validity. To enhance external validity and enable the generalization of findings, the research encompasses all exporting cooperative unions in Ethiopia. By supporting the questionnaire with interviews as well as supporting quantitative information with qualitative data which is used for triangulation, the validity issue of the questionnaires will be realized in the study. Furthermore, questionnaires were to Ethiopian Cooperative Commission to triangulate data collected from cooperative unions to boost data validity. To refine the measurement tools, any ambiguous or irrelevant questions

identified during the pilot study stage were modified. Additionally, reliability is also vital for consistent and accurate measurement, which was considered during the study. To ensure the reliability of the instrument in this study, the majority of the variables are adopted from the previous studies to investigate determinants of coffee export performance.

# CHAPTER 4: RESULTS AND DISCUSSION

This section gives an overview of the profiles of the respondents and the selected coffee-exporting unions. From the survey, information gathered about the sex, age, educational level, and work experience of the respondents were analyzed. Basic information about the establishment period, current working capital, and number of members were gathered and analyzed.

## 4.1 Response Rate

In this study, questionnaires were distributed to 225 employees of selected coffee exporting unions. Of which 221 (98%) respondents properly filled out questionnaires and returned on time. The rest 4 (2%) did not get enough time to reply on time to distributed questionnaires. Returned questionnaires were completed and considered for the analysis. According to Mugenda and Mugenda (2003), Rogelberg and Stanton (2007), and Saunders *et al.* (2007), a response rate of 50% is adequate; a rate of 60% is good; and a rate of greater than 70% is very good. Based on this consciousness, the response rate in this study was thought to be very good.

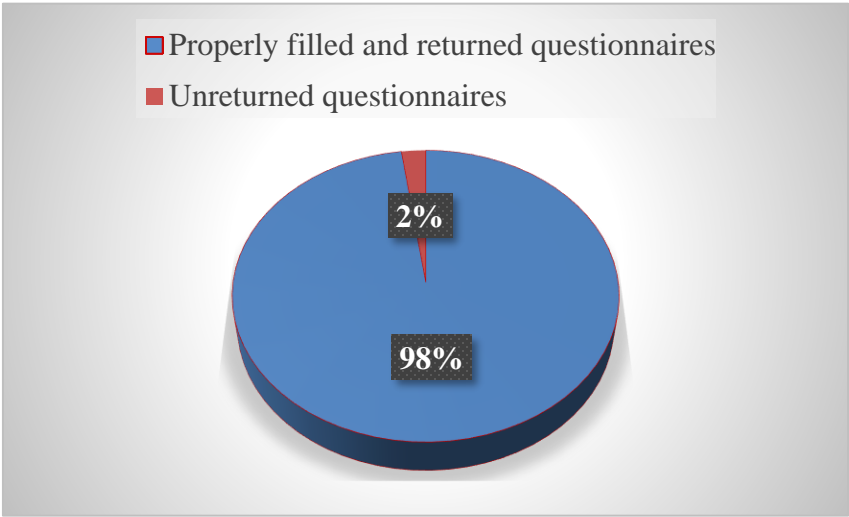


Figure 3: Response Rate

Source: Computed from survey questionnaires (2024)

## **4.2 Validity and Reliability of Instruments**

### **4.2.1 Validity**

To ensure content validity, a pilot test with 30 respondents was conducted, and the results were used to make necessary adjustments to ensure the instrument measured what it was supposed to measure (Saunders *et al.*, 2007). The pilot study determined whether respondents had difficulty understanding items, if they omitted items, estimated the time respondents took to complete the instrument, and indicated how the data collection instrument would perform in the field. The results revealed that the questionnaires were simple to understand and respond to within a reasonable time frame; however, Amharic translation is required for the lower-level worker to understand easily.

Moreover, questionnaires were tailored to the study objectives. Quality and relevance experts were consulted to assess the relevance, wording, and clarity of the instrument's questions. Construct validity was achieved by ensuring that the operationalized variables were related to the theoretical constructs identified in the literature review. The study's variables were operationalized to reflect the theoretical assumptions that supported the study's conceptual framework. The study also used instruments developed in other related studies, as well as concepts derived from a wide range of relevant literature.

### **4.2.2 Reliability**

The reliability indicates the internal consistency of the data gathered from respondents. The ratio of true score variance to observed score variance is used to calculate reliability. As an acceptable measure of reliability, a benchmark alpha of 0.70 was established (Cronbach, 1951). According to (Tavakol & Dennick, 2011), for the instrument to be reliable, the coefficient has to be above 0.7. Each study variable scored higher than the benchmark alpha, which is 0.70. Hence, the measurements can be used for analyses with acceptable reliability. Thus, the variables reliability test was summarized in Table 4.

Table 4. Reliability Statistics of the variables

Variables	Cronbach's Alpha	Reliable if greater than 0.7
Export performance	0.772	Reliable
Quality management practices	0.802	Reliable
Management commitment and capability	0.789	Reliable
Access to the export market	0.710	Reliable
Access to credit services	0.776	Reliable
Export marketing strategies	0.762	Reliable
<b>ECC services</b>	<b>0.742</b>	<b>Reliable</b>

*Source: Computed from survey questionnaires (2024)*

### 4.3 Respondents' Profile

In this study, characteristics of respondents such as age, gender, and other demographics characteristics of respondents were collected and analyzed. Table 5 shows that 68.78% of respondents were male and the remaining 31.22% were female respondents. This implies that, there is gender disparity in coffee exporting cooperative unions. The age of majority of respondents (36.65%) were between 35 and 45 years old. Employees who were between 25 to 35 years were 24.89% of the total interviewed respondents, whereas those between 20 and 25 years were 18.55%, and the rest above the age of 45 were 19.91% of respondents. This indicate that there is potential advantage for working by young employees especially to achieve future objectives of the company's marketing strategy. Out of 221 respondents, more than half of the respondents (55.66%) of them degree holders; while 19.46% have diploma-level education, and the rest, 15.38% of respondents were master's degree holders. This indicates that respondents have an adequate level of education to support and propel cooperative unions to greater high levels. Furthermore, cooperative unions have taken advantage of utilizing their human resources for marketing strategy implementation, which can provide cooperatives with a competitive advantage in the future. Regarding the working experiences of respondents in cooperatives unions, 28.51%, 31.22% and 24.43% of respondents have cooperative union related working experiences of less than five years, six to ten years and eleven to fifteen years. This indicates that cooperative union has experienced employees and it is an opportunity to enhance the export volume and performance

of the cooperatives. In this study, workers of cooperative with different positions including cooperative union Manager (at central level) (3.16%), export manager (at central and site level) (6.33%), operation manager (at central and site level) (41.18%) and quality manager (at central and site level) (14.48%) and other cooperative union staff members (38.84%) were interviewed in this study. Organization structure of the cooperative unions have different segments to carry out the export activities.

Table 5. Socio-demographics characteristics of the respondents

<b>Variables</b>	<b>Description</b>	<b>Frequency</b>	<b>Percent</b>
<b>Gender</b>	Females	69	31.22
	Males	152	68.78
<b>Age</b>	20-25	41	18.55
	25-35	55	24.89
	35-45	81	36.65
	More than 45	44	19.91
<b>Educational level</b>	Certificate	21	9.50
	Diploma	43	19.46
	Degree	123	55.66
	Master's Degree	34	15.38
<b>Position</b>	Union Manager (at Central level)	7	3.16
	Export managers (at Central and site level)	14	6.33
	Operation managers (at Central and site level)	91	41.18
	Quality managers (at Central and site level)	32	14.48
	Other cooperative union staff members	66	38.84
<b>Work experience in the cooperative unions</b>	1-5 years	63	28.51
	6-10 years	69	31.22
	10-15 years	54	24.43
	> 15 years	35	15.84

*Source: Computed from survey data (2024)*

#### 4.4 Profile of Studied Unions

In this study, in addition to secondary data sources obtained from cooperative unions, employees from the seven coffee-exporting unions were properly contacted to collect data. According to the information received from selected unions, the selected unions were established between 1999 and 2016. Jimma Cooperative Union is the oldest of the selected unions. However, Oromia Coffee Cooperative Union leads in terms of working capital, with 747,176,953.00 ETB. The number of members in the union varies, ranging from 55 (Kaffa Cooperative union) to 413 (Oromia Coffee Cooperative union). Jimma Cooperative Union has been exporting coffee for 28 years, while Oromia Coffee Cooperative Union has 25 years of experience (Table 6).

Table 6. Basic information of studied Unions

Coffee exporting Unions	Establishment period	Number of members	Working capital (ETB)	experiences in coffee export
Oromia Farmers' Coffee Cooperative union	1999	413	747,176,953	25
Sidama Farmers' Cooperative union	2001	67	514,300,000	23
Kaffa Farmers' Cooperative union	2004	55	14,088,702	20
Limu Enariya Farmers' Cooperative union	2006	226	66,000,000	18
Sorgaba Farmers' Cooperative union	2004	78	15,000,000	20
Jimma Farmers' Cooperative Union	1996	158	79,545,053	28
Katta Mudhuga Farmers' Cooperative Union	2016	69	75,000,000	8

*Source: Data Unions' office (2024)*

Ethiopia is well-known for coffee exporting and production. Union collects coffee from primary cooperatives for collective sale and marketing. This study found that primary cooperatives

supplied the majority (95%) of the coffee exported by unions (Figure 4). The remaining coffee exported (5%) came from coffee farms in the unions. This finding is in line with (Bezabih, 2012) who reported that Ethiopian coffee production is dominated by small holder agriculture, contributing to more than 90% of the total harvest. Unions export coffee to other countries by collecting it from smallholder coffee growers. Through this mechanism, coffee cooperatives have benefited coffee farmers by providing a new marketing channel. Furthermore, cooperatives play an important role in assisting coffee farmers by providing price information, capital, and transportation, which small-scale farmers frequently lack. Furthermore, cooperatives are more effective negotiators in the international market than an individual farmer (Figure 4).

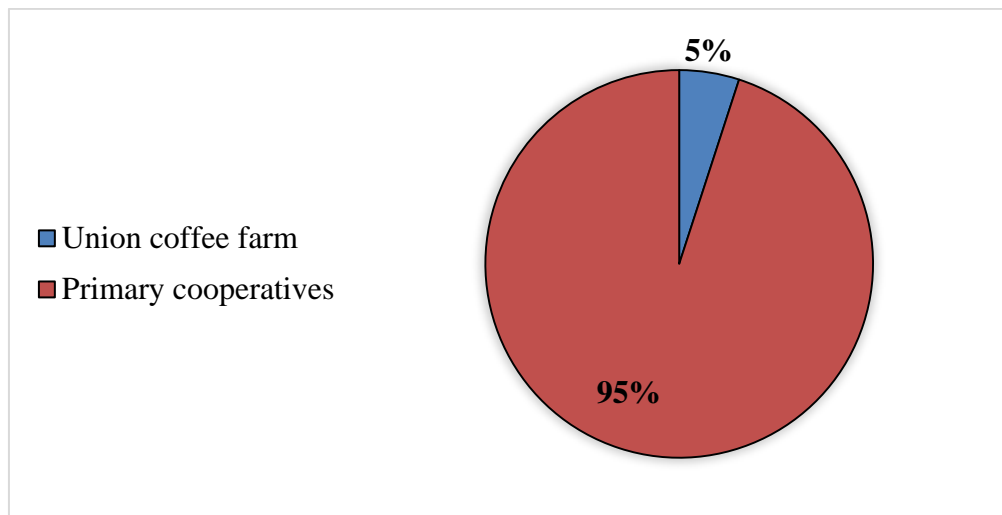


Figure 4: Source of coffee exported by unions  
Source: Computed from survey data (2024)

## 4.5 Descriptive Analysis of variables

### 4.5.1 Dependent variable

In this study, the coffee export performance of the unions was analyzed as the dependent variable, and it was measured using a 5-point Likert scale. Table 7 summarizes the descriptive analyses of coffee export performance of unions. The mean value of the composite index for coffee export performance of cooperative unions were 4.53, with a standard deviation of 0.35. The value of this grand mean indicates that the majority of respondents believe in increasing trends of coffee export performance of unions. The volume of coffee export significantly increased as reported by coffee exports increased by 7,228.78 tons compared to the previous year, reaching a total of 150,430.55 tons (Africa24.IT, 2024). This growth underscores the country's importance as a key player in the global coffee market.

Table 7. Descriptive analysis of coffee export performance of unions

Coffee export performance	Mean	Std. dev
Volume of exported coffee is increasing from time to time	4.43	0.74
Financial performance of the union from export is increasing	3.86	0.56
Export profit of cooperative union is increasing	4.93	0.09
Market share of cooperative union is increasing	4.91	0.03
<b>Grand mean</b>	<b>4.53</b>	<b>0.35</b>

*Source:* Computed from survey data (2024); **Std. dev** is the standard deviation

### 4.5.2 Explanatory variables

In this study, based on the reviewed literature, five explanatory variables were included as independent variables. These variables include quality management practices, Access to export markets, Access to credit services, Management commitment & capability and Export marketing strategies.

Descriptive statistics was used to explain these independent variables. For a better understanding of determinants of coffee export performance and associated factors, respondents were asked to rate their agreement levels for statements using a five-point Likert scale. The mean score and

standard deviation were used to describe the results. Thus, the overall composite mean value of the variable is the average of opinions of all respondents. A 5-point Likert scale was used to rate the various indicators, with 1 point for "strongly disagree," 2 points for "disagree," 3 points for "neutral," 4 points for "agree," and 5 points for "strongly agree." According to Zaidaton and Bagheri (2009), a mean score less than 3.39 is considered low, a mean score between 3.40 and 3.79 is considered moderate, and a mean score greater than 3.8 is considered high. This scaling was used in the interpretation of descriptive analysis of variables. The descriptive analysis of the composite index value of these independent variables is summarized one by one as follows:

### **Quality Management Practices**

Table 8 shows the summary of the descriptive analysis of quality management practices of coffee exporting unions. The result of this finding revealed that the score grand mean for quality management practices was 4.38 with standard deviation of 0.54. According to the results, the central location of the data (mean) shows most of the respondents believe that there was attention to quality management of coffee to be exported. A standard deviation of 0.54 indicates that there is more consensus on the response among respondents regarding the role of the quality of coffee exported in coffee export performance. Having certified for their coffee and the quality of the coffee are very essential to sale coffee at a better price in the international market for cooperative unions.

Additionally, as information gathered from key informants and discussants revealed that quality management is critical in coffee export. The quality of the coffee to be exported has a significant effect on the volume and profitability of coffee exports. As a result, the cooperative unions are currently working hard to improve the quality of coffee that will be exported in order to attract international markets. Participants also mentioned that cooperative unions that supply high-quality coffee that meet the required standards receiving better benefits than others.

Table 8. Descriptive analysis of Quality management practices

Quality management practices	Mean	Std. dev
Union exported coffee of standard quality preferred by its customers	4.66	0.58
Union collects coffee from farmers that meet the required quality only	3.62	0.95
Union is certified to sell coffee at better prices in the international market	4.86	0.3
Union takes customers' opinions to improve the quality of coffee	4.36	0.34
<b>Grand mean</b>	4.38	0.54

*Source:* Computed from survey data (2024); **Std. dev** is the standard deviation

### Management Commitment and Capability

Regarding the market management commitment and capability of coffee exporting unions, the estimated descriptive analysis revealed a grand mean of 3.72 with a standard deviation of 0.70 (Table 9). According to the value of the estimated grand mean, respondents perceive that there was moderate management commitment and capability in coffee exporting unions. Management experience and commitment of workers in coffee exporting unions are the most important factors in enhancing the coffee export performance of unions. Emphasizing items listed under management commitment and capability of unions was very essential to expand the volume of coffee export. In terms of individual items, the responses vary from the highest 3.18, for “Union has all necessary logistics, human resources and technologies to support coffee export” to 4.22 “Union has enough exports with management’s experience in coffee export”. The cooperative union is committed to supporting coffee exports in all aspects. In general, the finding revealed that issues related to management commitment and capability of coffee exporting Farmers’ Cooperative Unions were at moderate level.

Additionally, as per key informants responded that empowering and mobilizing the cooperative's staff is their primary goal to improve the coffee export experience. Participants in the focus group discussion also mentioned that there is a lot of competition among coffee-exporting cooperative unions to increase the volume of coffee exports. This would demonstrate the cooperative's strong commitment and internal capability, which is currently a main concern of cooperative unions in the coffee exporting activity.

Table 9. Descriptive analysis of Management Commitment and Capability

<b>Management Commitment and Capability</b>	<b>Mean</b>	<b>Std. dev</b>
Union has enough experts with management experience in coffee export	4.22	0.85
The cooperative union is committed to support coffee export	4.13	0.72
Union has all the necessary logistics, human resources and technologies to support coffee export	3.18	0.69
Union has addressed perceived export barriers	3.34	0.53
<b>Grand mean</b>	<b>3.72</b>	<b>0.70</b>

*Source:* Computed from survey data (2024); **Std. dev** is the standard deviation

### Access to Export Market

Access to export market access plays an important factor for coffee export cooperative unions. Analysis of market accessibility of coffee exporting unions is given in Table 10. The grand mean obtained for this category, which was 3.86 revealed that respondents are highly on consensus that there was good market access to for unions in coffee export. The estimated mean value revealed that there was enough international market accessibility for coffee exports (4.16), cooperative unions have sold all coffee at a time (3.94) and cooperative unions have sold all coffee for appropriate price (4.12). The mean value of for statement “Cooperative can easily get international customers” implies that there were challenges in getting accessibility to international markets. Generally, the result of this analysis revealed that there is high export market access for coffee exporting unions in Ethiopia.

In addition to the survey results, informants and focus group participants stated that cooperative unions are collaborating with various stakeholders to increase export volume and earnings from coffee exports. This is also very important to increase hard currency earnings for the country.

Table 10. Descriptive analysis of Access to the export market

<b>Access to the export market</b>	<b>Mean</b>	<b>Std. dev</b>
There is enough international market accessibility for coffee exports.	4.16	0.8
The cooperative union has sold all coffee at a time	3.94	0.75
The cooperative union has sold all coffee for an appropriate price	4.12	0.64
Cooperative can easily get international customers easily	3.32	0.52
<b>Grand mean</b>	<b>3.89</b>	<b>0.68</b>

*Source:* Computed from survey data (2024); **Std. dev** is the standard deviation

## Access to Credit

As shown in Table 11, the overall mean score of 2.08 with a standard deviation of 0.55. This indicates accessibility to credit services for unions was limited. The information obtained from key informants also supported this analysis. Key informants replied that there is limited access to credit services and unions are facing challenges due to a lack of adequate credit services, as well as there was complex bureaucracy for processing credit. The value of the grand mean points out the consensus among respondents regarding the limited accessibility to credit services to support coffee export activities of unions in the coffee trade. According to the items listed in Table 11, there was high demand from the side of cooperative unions for financial support to expand coffee exporting (4.64); contrary to this there was enough access to credit to expand coffee export (2.19), the cooperative unions did not get sufficient credit facilities (1.22) and there was no appropriate system to get credit from financial institutions (2.46). by and large, the result of this analysis showed that there was limited access to credit services to support coffee-exporting activities in Farmers' cooperative unions.

Additionally, participants in key informant interviews and focus groups stated that cooperatives have limited access to credit services in order to increase their export volume, and that the process of obtaining credit from various institutions is lengthy, exhausting, and time-consuming.

Table 11. Descriptive analysis of access to credit services

Access to credit services	Mean	Std. dev
Union requires financial support to expand coffee exporting	4.64	0.436
There is enough access to credit to expand coffee export of union	2.19	0.705
Union has received sufficient credit facilities to expand its market	1.22	0.425
There are appropriate systems to get credit from financial institutions	2.46	0.643
<b>Grand mean</b>	<b>2.63</b>	<b>0.55</b>

*Source:* Computed from survey data (2024); **Std. dev** is the standard deviation

## Marketing Strategies

Table 12 exhibited summary of descriptive analysis for export marketing strategies. The grand mean for export marketing strategies, which is 3.89 with a standard deviation of 0.44. This composite value grand mean indicated that there were effective marketing strategies for coffee exporting unions in Ethiopia. As marketing strategies, cooperative unions participate in national and internalization coffee exhibitions (4.43); they use pricing (3.97), promotion (3.21), and customer orientation (4.31) as strategy of marketing strategies in coffee export. Table 12 displays the items asked to explain marketing strategies. The overall response towards export marketing strategies revealed that cooperative unions are good at performing different marketing strategies to enhance coffee exports. Generally, the composite index value or grand mean for export marketing strategy (3.98) implies the majority of respondents believe that marketing strategies perform the items listed in this category. The marketing logic by which the companies hope to create customer value and achieve profitable customer relationships (Kotler 2012).

Additionally, the findings from key informant interviews and focus group discussions also support this result, indicating that cooperative unions are developing and implementing different marketing strategies to increase export volume and earnings from coffee exports.

Table 12. Descriptive analysis of export marketing strategies

<b>Marketing strategy in coffee export</b>	<b>Mean</b>	<b>Std. dev</b>
The union participates in national and internalization coffee exhibitions	4.43	0.532
The union uses pricing as a strategy of marketing to be competent	3.97	0.637
The union uses promotion as a strategy of marketing to be competent	3.21	0.269
The union uses customers as a strategy for marketing to be competent	4.31	0.332
<b>Grand mean</b>	<b>3.98</b>	<b>0.44</b>

*Source:* Computed from survey data (2024); **Std. dev** is standard deviation

### 4.5.3 Moderating variable

#### 4.5.3.1 Role of Ethiopian Cooperative Commission (ECC) Engagement

The study also assessed the moderating role of services provided by ECC. According to information gathered from key informants, ECC encourages the establishment of cooperative societies following international principles, conducts training and research, promotes cooperative support through training, establishes new market channels, organizes various showcase events, and assists union cooperatives in obtaining coffee export quality standard accreditation. In this study, the moderating role of activities implemented by ECC in improving the coffee export performance of cooperative unions was evaluated, considering it as moderating variable.

Table 13 indicates the descriptive analysis of ECC roles. Accordingly, the overall composite index value for ECC roles was estimated to be 3.81 with a standard deviation of 0.43. ECC engages in different activities to support Farmers' cooperative unions in coffee export. As per information gathered from respondents, ECC supports unions by creating new market channels in coffee export, providing various training for unions on exported-related issues, organizing Showcases of cooperative's coffee to enhance export, and facilitating the provision of quality standard certification for coffee export. Generally, according to the estimated composite index of ECC roles, respondents believe that ECC is providing important supportive services to enhance the coffee export performance of unions.

Table 13. Descriptive analysis of roles of ECC engagement

<b>ECC roles</b>	<b>Mean</b>	<b>Std. dev</b>
ECC supports unions by creating new market channels for coffee export	3.86	0.407
ECC provides various training for unions on exported-related issues	3.71	0.531
ECC organized Showcases of the cooperative's coffee to enhance export	3.85	0.434
ECC supported unions to get quality standard certification for coffee export	3.82	0.344
<b>Grand mean</b>	<b>3.81</b>	<b>0.43</b>

*Source:* Computed from survey data (2024); **Std. dev** is the standard deviation

## 4.6 Regression Analysis

This section describes the regression analysis conducted to identify factors affecting the coffee export performance of the cooperative unions as well as to evaluate moderating role services/supports provided by ECC for coffee exporting Farmer's cooperative unions. In this regression analysis, data diagnosis and basic multiple linear regression assumptions were checked.

### Multicollinearity

According to Myers (1990), multicollinearity refers to very high inter-correlation among predictor variables. A perfect linear relationship among the independent variables implies the difficulty of computing unique estimates for a regression model. Variance inflation factor (VIF) was used to check the seriousness of multicollinearity among explanatory variables. As a rule of thumb, multicollinearity is a potential problem when VIF is greater than five; and, a serious problem when it is greater than 10 (Senaviratna and Cooray, 2009). The results in Table 14 indicated the observed variance inflation factor (VIF) values from all predictor variables were less than 10, and the tolerance values were below 1.0, indicating an absence of multicollinearity.

Table 14. Multicollinearity analysis

Variable	VIF	1/VIF(Tolerance)
Quality management practices	6.58	0.15
Export Market accessibility	5.42	0.18
Export Marketing strategy	3.47	0.29
Access to credit services	3.13	0.32
Management commitment and capability	1.70	0.59
Mean VIF	3.32	

### Linearity

The linearity assumption of multiple regression analysis assumes that there must be a linear relationship between the dependent variable and each of the independent variables, as well as the dependent variable and the independent variables collectively. The most commonly used way of checking linearity is by creating scatter plots and then visually inspecting these scatter plots to

check for linearity. Figure 5 shows no regular and the points are evenly distributed above and below zero on the X-axis, and to the left and right of zero on the Y-axis, it is an indication of linearity. Figure 5 shows a scatterplot of studentized residual against linearly predictive value. The figures have a horizontal band of points indicating the linear relationship.

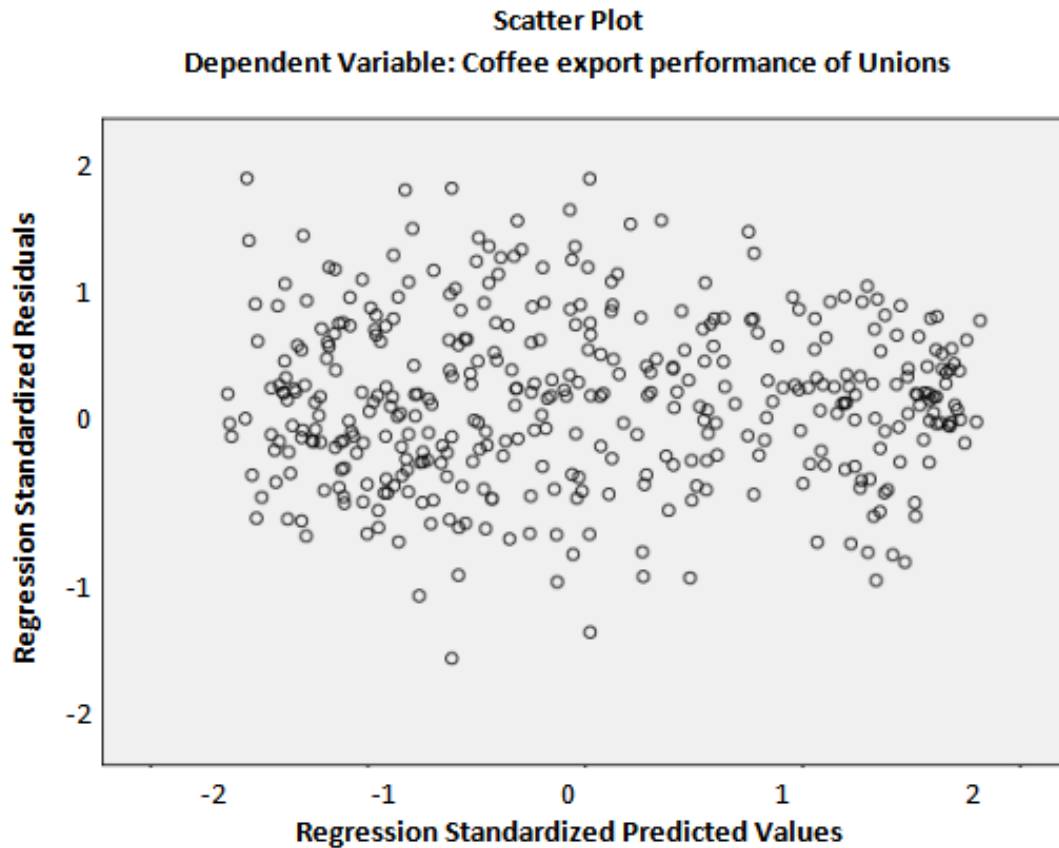


Figure 5. Linearity

### Normality

The other assumption of multiple regressions is normality, which assumes that residuals (errors) are approximately normally distributed. To make valid inferences from regression analysis, the residuals of the regression should follow normal distribution. A simple way to check this assumption is to plot normal P-P or Histogram for the dependent variable to confirm the obtained result (Asghar & Saleh, 2012). This graphical procedure plots the cumulative probabilities (values

range from 0 to 1) on the X-axis and the expected probabilities given the normal curve on the Y-axis. If the sample is exactly normally distributed, the points would lie on a straight diagonal line. Figure 6 shows Normal P-P Plots for the dependent variables (export performance) in which the points would lie on a straight line confirming the data was normally distributed.

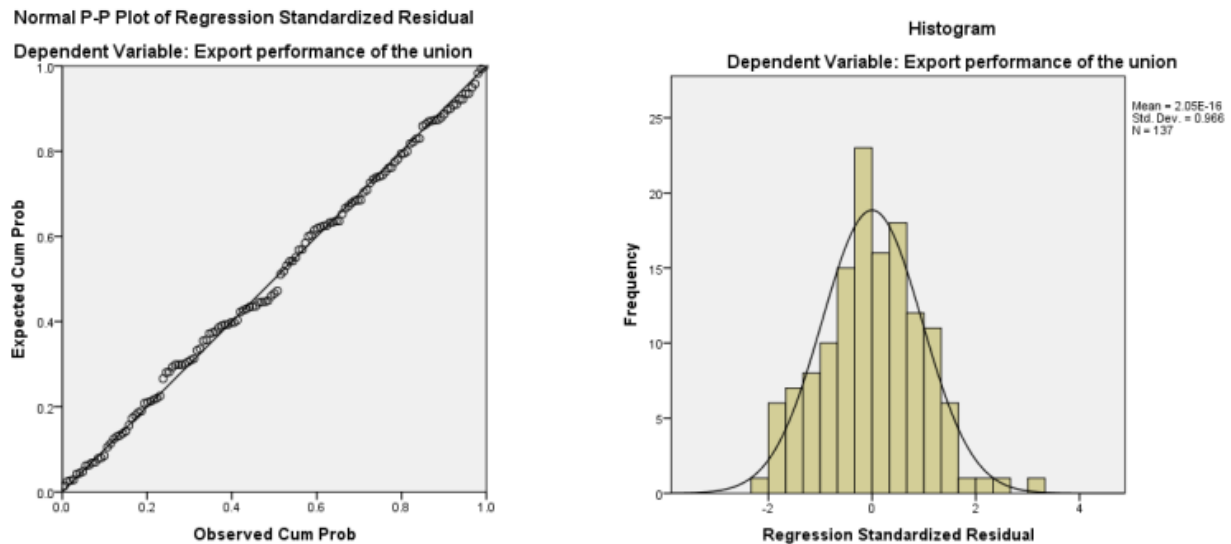


Figure 6. Linearity

### Heteroscedasticity test

Heteroscedasticity in a study usually happens when the variance of the errors varies across observations (Long & Ervin, 2000). On another way heteroskedasticity refers to the presence of unequal variances in the error terms of a regression model, which can lead to biased and inefficient estimates. Robust standard errors provide a solution to this problem by allowing for accurate inference even in the presence of heteroskedasticity. From a statistical perspective, robust standard errors are estimated using methods that do not assume constant error variances. This allows for more accurate estimation of standard errors and hypothesis testing, ultimately leading to more reliable conclusions. By accounting for heteroskedasticity, robust standard errors provide a way to handle data uncertainty and ensure the validity of statistical inferences. Therefore, in this study, robust stand error was used to address the heteroscedasticity problem.

## **4.7 Regression Output**

One of the specific objectives of the study is to identify factors that affect the coffee export performance of the Cooperative unions. To address this objective multiple linear regression was performed by using coffee export performance as a dependent variable and other independent variables (quality management practices, export market access, management commitment and capability, Export marketing strategies, and access to credit services). In addition, the second intended objective of this study was to assess the moderating role of ECC assistance in the relationship between the dependent and independent variables mentioned above.

### **4.7.1 Model Summary**

In the regression analysis, the coefficient of determination explains the percentage of variation in the dependent variable (coffee export performance) that is explained by all the independent variables (quality management practices, export market access, management commitment and capability, export marketing strategies, and access to credit service). Accordingly, all independent variables (quality management practices, export market access, management commitment and capability, Export marketing strategies, and access credit services) explained 58.63% of the variation in export performance of the union as represented by the  $R^2$  value of 0.5863. The test for the joint significant, which was given by the F statistic, is 58.89, it is statistically significant. This implies that the independent variables included in to regression analysis were relevant in explaining variation in the coffee export performance of the unions.

### **4.7.2 Correlation between dependent and independent variables**

According to the Pearson correlation analysis, the correlation coefficients between dependent and independent variables range from 0.334 to 0.665 (Table 15). Quality management practice is found to be highly correlated with the dependent variable (when compared to the other variables), with a correlation coefficient of 0.665 and sig=0.000. The other significantly correlated variable is Export market access, which has a coefficient of 0.590 and sig=.000. The least correlated explanatory variable with the dependent variable is access to credit services, which has a correlation coefficient of 0.334 and is also statistically significant. As a result, the regression

analysis emphasized quality management practices, management commitment and practices, export market access, Access to credit services, and export marketing strategy as independent variables.

Table 15. Correlation between dependent and independent variables

Correlations		Coffee export performance
Quality Management practices	Pearson Correlation	.665**
	Sig. (2-tailed)	.000
	N	221
Management commitment and practices	Pearson Correlation	.572**
	Sig. (2-tailed)	.000
	N	221
Access to the export market	Pearson Correlation	.590**
	Sig. (2-tailed)	.000
	N	221
Access to credit services	Pearson Correlation	.334**
	Sig. (2-tailed)	.000
	N	221
Export marketing strategy	Pearson Correlation	.473**
	Sig. (2-tailed)	.000
	N	221

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

### 4.7.3 Regression Coefficients

The findings in Table 16 show the coefficients of the regression. According to the findings, four out of five factors suggested explanatory variables four of them were found to significantly influence the coffee export performance of unions. Variables that area significantly influence the export performance of coffee exporting Cooperative unions were interpreted and discussed by one as the following:

The finding of the study indicates that the composite index of quality management practices was significant, and hence, variables under this item had an effect on coffee export performance. The

regression coefficients indicate how much the dependent variable, coffee export performance, varies with an independent variable, quality management practice, being other variables held constant. The regression coefficient provides the expected change of the dependent variable for a one-unit increase in the independent variable. Referring to the coefficient in Table 16, the Coefficient for quality management practice is 0.25. This implies that for every unit increase in quality management practice of coffee exporting unions, there are 0.25 unit increase in the coffee exporting performance of the union, which is statistically significant and 5% significance level. This finding is consistent with Wanyoike *et al.* (2007) who report that quality management practices lead to improved firm performance. Besides, the finding is also consistent with Kafetzopoulos *et al.* (2015), who found that quality management practices affected the export performance of Unions. Management teams and other subordinate employees are critical to the success of quality management systems in organizations to enhance the export/supply performance of companies (Hogan *et al.*, 1991; Seringhaus *et al.*, 2015; Rosemarie, 2016).

The other explanatory variable considered in this was market access. According to the output of multiple regression indicated in Table 16, this variable is statistically significantly associated with the coffee export performance of unions. Access to the export market has a positive and significant influence on the coffee export performance of the unions. As observed from the coefficient value of this independent variable, one unit increment in market access increases coffee export performance by 0.17 units, which is statistically significant at 5% significance level. The result of this study regarding market access is in line with the study conducted by Fugazza (2008), who reported that market access is the major factor that determines the export performance of coffee exporting Unions. According to Redding and Venables (2003); and Fugazza (2008), export market access is very essential to support coffee export performance cooperative union (Redding and Venables, 2003; Fugazza, 2004).

Furthermore, the present study indicates that composite index of marketing strategy is one of the independent variables that have a significant and positive relationship with the coffee export performance of unions. According to regression analysis, marketing strategy is significantly

related to the coffee export performance of unions, with each unit increase in marketing strategy resulting in 0.21 unit of coffee export performance of unions. Jorge and Angela (2011) stated that marketing strategies and related strategies have been found to influence the supply performance of firms. According to Bart Minten *et al.* (2014), increasing coffee export volume and profit is critical for economic development. However, its success is dependent on the marketing strategy, which is the most important factor in determining the amount to be spent and the profit to be made. The authors suggested emphasizing international markets for certification of sustainable coffee production and export practices is important to support the export performance of unions. According to Mechal (2013), coffee remains Ethiopia's dominant export commodity, so a strong and attractive marketing strategy is required to increase export volume and returns.

Finally, this study found that management commitment and union capability are among the explanatory variables that have a significant impact on the union's export performances. The composite index of management commitment and capacity had a direct and statistically significant relationship with the dependent variable, the union's coffee export performance. Table 16 shows that the coefficient is statistically significant ( $\beta = 0.15$ ,  $p = 0.0140$ ). This means that a unit change in management commitment and capability causes 0.15 percent change in quality management practices. The results show a statistically significant relationship between management commitment and capability and export performance of coffee exporting Unions. This finding is in line with the result of Gezahagn (2020) who reported a positive relationship between quality management practices and organizational capability, which in turn enhances the supply performance of the firm. Furthermore, the present finding was also consistent with Yeung *et al.* (2003) and Rosemarie (2016), who found that management commitment and capability improve resource allocation, resulting in increased organizational capability and supply performance of the firms.

Generally, the regression output of this analysis reveals that quality management practices, export market access management commitment and capability, and marketing strategies all had a statistically significant influence on the coffee export performance of cooperative unions. These

explanatory variables are directly and significantly related to the coffee export performance of unions. As a result, improvements in these variables make a significant contribution to increasing the export volume and profit of coffee exporting unions.

Table 16. Regression output for determinants of coffee export performance of unions

Variables	$\beta$	Robust Std. Err.	t-value	p-value
Quality management practices	0.25	0.0733	3.40	0.0010**
Management commitment and capability	0.15	0.0615	2.47	0.0140**
Access to the export market	0.17	0.0581	2.91	0.0040**
Access to credit services	0.02	0.0279	0.80	0.4240
Export marketing strategy	0.21	0.0369	5.66	0.0000**
Constant	0.88	0.3541	2.50	0.0130
No. of obs = 221      F (5, 215) = 58.89 (p = 0.000)      R <sup>2</sup> = 0.5863				
<i>Dependent: Coffee Export Performance</i>				
<i>Predictors: (Constant), Quality management practices, Management commitment and capability, Access to export market, Access to credit services, Export marketing strategy</i>				
<i>** Statistically significant at 5% level</i>				

#### 4.8 Moderation role of ECC Engagement

The ECC is a government commission established to help rural and urban people solve their socioeconomic problems on their own and become self-sufficient by organizing them into various types of cooperatives based on their interests and available resources. Cooperative Unions face challenges in coffee processing and exporting that require specialized skills and experience to overcome. These challenges influence unions' overall coffee export performance. In reaction to this, Unions may take a variety of actions on their own to address these issues. Fortunately, ECC, on the other hand, supports coffee exporting unions by offering a variety of capacity programs, organizing showcases, developing new markets linkage, and assisting them in obtaining quality certification.

The current study investigated the moderating role of ECC in the coffee export performance of cooperative unions. Therefore, to establish the effect of the ECC as a moderating variable on the relationship between the independent variables (quality management practices, export market access, management commitment and capability, marketing strategies, and access credit services)

and dependent variable (coffee export performance) or determine whether it is simply an explanatory variable, the following steps wise regressions were to be estimated.

To test the moderating effect of ECC roles on the relationship between the coffee export performance of cooperative unions and other independent variables (quality management practices, export market access, management commitment and capability, marketing strategies, and access credit services), two regression models used as recommended by Whisman and MacClelland (2005). In Mode 2, quality management practices, export market access, management commitment and capability, marketing strategies, and access credit services (independent variable) were regressed on coffee export performance. However, in the second Model 3, quality management practices, export market access, management commitment and capability, marketing strategies and access credit services (independent), ECC support activities (moderator), and the interaction of ECC support activities with each independent variable were regressed on coffee export performance of the union.

Table 17. Regression output between Coffee export performance and ECC roles

<b>Model 1</b>				
<b>Variables</b>	<b><math>\beta</math></b>	<b>Robust Std. Err.</b>	<b>t-value</b>	<b>p-value</b>
ECC role	0.04	0.0234	0.275	0.784
Constant	3.53	0.1013	34.89	0.0000
Number of obs =221		F(1, 219) =47.43 (p=0.000)		R2=0.082
<i>Dependent Variable: Coffee export performance of unions</i>				
<i>Predictors: (Constant), ECC roles</i>				

The results in Table 17 show adjusted  $R^2 = 0.082$ . This implies that the operating environment explains 8.2% variation in the union’s export performance. Though the model fitness is good for included variables, the coefficients of the model presented in Table 17 for ECC roles show the results were insignificant (P-value =0.784). This meant ECC is not directly associated with and influences cooperative unions’ performance at 5% significance level. Therefore, there was insignificant relationship between ECC roles and the coffee export performance of unions. This adheres to the moderation effect analysis criteria, which require an insignificant correlation between the dependent and moderator variables (Zainudin, 2012).

The relationship between the ECC's roles and the coffee export performance of Union can be modeled as:

$$\text{Coffee export performance} = 3.53 + 0.04 \text{ ECC roles} + \epsilon \dots \dots \dots 3.2$$

Table 18. Regression out of coffee export performance regressed on ECC role and other predictors

<b>Model 2</b>				
<b>Variables</b>	$\beta$	Robust Std. Err.	t-value	p-value
Quality management practices	0.26	0.0829	3.13	0.002**
Management commitment and capability	0.15	0.0616	2.47	0.014**
Export marketing strategy	0.14	0.0878	1.55	0.123
Access to credit services	0.02	0.0278	0.84	0.405
Access to the export market	0.20	0.0435	4.6	0.000**
ECC roles	0.03	0.0523	0.51	0.611
Constant	0.92	0.3553	2.59	0.010
<i>Number of obs = 221      F(6, 214) = 49.08 (P = 0.0000)      R<sup>2</sup> = 0.5868</i>				
<i>Dependent: Coffee Export Performance</i>				
<i>Predictors: (Constant), Quality management practices, Management commitment and capability, Access to export market, Access to credit services, Export marketing strategy, ECC roles</i>				
<i>** Statistically significant at 5% level</i>				

In this regression analysis (model 2), independent variables are tested for their relationship with the dependent variable, with a moderator acting as an independent variable. The output of this analysis reveals that the overall model status is statistically significant (F (6, 214) = 49.08; p = 0.000) at 5% significance level. A p-value (sig.) < 0.05 indicates that the variable is statistically significant (Table 18). The values of coefficients indicate the level at which each statistically significant independent variable contributes to determining the dependent variable. According to this statistical benchmark, quality management practices ( $\beta = 0.26$ ,  $p = 0.002$ ), management commitment and capability ( $\beta = 0.15$ ,  $p = 0.014$ ) and export marketing strategy ( $\beta = 0.2$ ,  $p = 0.000$ ), have a significantly positive relationship with the coffee export performance of cooperative unions. The p-value (P = 0.611) for the ECC role depicts a weak direct influence of ECC roles and the coffee export performance of unions.

Table 19. Regression out of coffee export performance regressed on ECC role and other predictors and their interactions

Model 3				
Variables	$\beta$	Robust Std. Err.	t-value	p-value
Constant	7.65	2.4401	3.14	0.0020
Quality Management practices	0.27	0.7551	2.61	0.0041**
Access to the export market	0.21	0.3677	5.05	0.0000**
Management commitment and practices	0.11	0.5708	2.27	0.0180**
Export marketing strategy	0.01	0.0184	0.12	0.9040
Access to credit services	0.12	0.0479	1.42	0.0560
ECC roles	0.02	0.1311	0.63	0.5290
Quality Management practices*ECC roles	1.47	0.5755	2.81	0.0050**
Management commitment and practices*ECC roles	0.24	0.1548	1.58	0.1160
Access to export market*ECC roles	1.43	0.0864	5.76	0.0000**
Access to credit services*ECC roles	(0.01)	0.0070	-1.61	0.1090
Export marketing strategy*ECC roles	0.01	0.0057	0.06	0.5210
<i>Number of obs = 221                      F (11, 209) = 79.4000 (P = 0.0000)                      R<sup>2</sup> = 0.6759</i>				
<i>Dependent variable: Coffee export performance</i>				
<i>Predictors: (Constant), Quality Management practices, Access to the export market, Management commitment and practices, Export marketing strategy, Access to credit services, ECC roles, Quality Management practices*ECC roles, Management commitment and practices*ECC roles, Access to export market*ECC roles, Access to credit services*ECC roles, Export marketing strategy*ECC roles</i>				
<i>** Statistically significant at 5% level</i>				

Model 3 represents the interaction of independent and moderating variables included in this model. As indicated in Table 19 the regression model with interaction term is statistically significant at  $F(10, 210) = 79.4$  and  $P = 0.000$ . In step-by-step regression analysis (from Model 1 to Model 3), the value  $R^2$  indicates an increasing trend from model 1 to model 3. This indicated that as the number of independent variables included in the model increased, so did the value of  $R^2$ , indicating that the proportion of dependent variables explained by independent variables increased. Similarly, the number of independent variables in a regression model increases its overall fitness. The coefficient of the moderator variable, ECC roles was also insignificant in the first and second models; however, the interactions of ECC roles and quality management practice, as well as ECC roles and access to the export market, were found to be statistically significant. This means that

there is an increasing correlation between the dependent and interaction variables than in model 1 and model 2.

The analysis result of model 3 as shown in Table 19 exhibited that the interaction of quality management practices and ECC roles ( $\beta=1.47$ ;  $p=0.0050$ ) and access to the export market and ECC roles ( $\beta=1.43$ ;  $p=0.000$ ) were found to significantly positively influence the performance of coffee export of unions at 5% significance level, keeping other variables constant. The regression analysis of Model 2 revealed that quality management and access to the export market significantly influenced the export performance of coffee exporting cooperative unions. The output of moderation regression analysis (MRA) indicated that the effects of quality management practices and access to the export market were more visible in coffee export performance of unions with the presence of ECC roles. This shows that ECC roles have the moderating effect on the relationship between independent variables (quality management practices and access to export market) and the dependent variable (coffee export performance of unions). However, quality management practices ( $\beta =0.27$ ;  $p=0.0041$ ), access to the export market ( $\beta =0.21$ ;  $p=0.000$ ), and management commitment and practices ( $\beta =0.11$ ;  $p=0.0180$ ) remained to have significant effects on the Union's coffee export performance.

Keeping other variables constant, the coefficient to quality management practice ( $\beta = 0.26$ ;  $p=0.002$ ) and access to the export market ( $\beta = 0.2$ ;  $p=0.000$ ) in Model 2 (Table 18) is positive and significantly influences coffee export performance. The value of this coefficient is less than the coefficient of the interaction variable of quality management practices and ECC intervention roles. This shows that ECC plays a significant role in increasing the relationship between quality management and coffee export performance. ECC interventions have significant role in positively strengthening the relationship between access to the export market and coffee export performance of unions as well as quality management practices and coffee export performance of unions in Ethiopia. The previous study revealed that enabling activities implemented by third parties is important to moderate the relationship between quality management practices and firm performance (Psomas *et al.*, 2010).

## **CHAPTER FIVE: SUMMARY, CONCLUSION AND RECOMMENDATIONS**

### **5.1 Summary of the Finding**

Majority of respondents involved in this study had more than 5 work experience in coffee exporting unions, had attained the minimum education level of a certificate and the maximum education level of a master's degree. This implies that they are sufficiently competent to provide information that reflects their institution, and the provided data is deemed to represent the firms' perspective on their coffee export performance.

The descriptive analysis of the independent variables revealed that the mean value of all independent variables, except access to credit, was higher than the cut point three. Generally, for all independent variables, the composite index value range is 2.63 to 4.38, with standard deviations of 0.44 and 0.7. Domestic market characteristics had the highest mean value of 4.38 with a standard deviation of 0.54, followed by firm characteristics at 3.98 with standard deviation of 0.44.

The Pearson correlation table also provides correlation coefficients ranging from 0.334 to 0.665 between the independent variables and the dependent variable. Quality management practice is found to be highly correlated with the dependent variable (relative to the other variables) with a correlation coefficient of 0.665 and sig=0.000. The other significantly correlated variable is access to market with a coefficient 0.590 and sig=.000. The least correlated explanatory variable with the dependent variable is access credit scoring 0.334 correlation coefficient and still it is found to be significant in the analysis. Therefore, in terms of correlation analysis Quality management practices, marketing strategy, and export market are found to have a strong and significant correlation with the dependent variable.

After conducting data diagnosis analysis and multiple linear regression assumptions, the regression analysis was conducted. The regression analysis output revealed that quality management practices, access to the export market, marketing strategy, and management commitment and capability have a significant and positive relationship with export performance.

According to the regression analysis in model 1 and model 2, the roles of ECC showed insignificant influences on coffee export performance when treated as an explanatory variable. Furthermore, the value of R<sup>2</sup> and overall model fitness of regression analysis increased from Model 1 to Model 3, as the number of variables included in the model increased. Overall, step-by-step regression analyses revealed that ECC roles had a significant moderating effect on union coffee exports as well as independent variables such as coffee quality management practice and access to exports for coffee exports. In this study, the effect of ECC roles was identified as a partial moderator for the relationship between the relationship of dependent and independent variables.

## **5.2 Conclusion**

This study was initiated to identify factors affecting the coffee performance of unions and assess the moderating role of ECC in Ethiopia. According to the present study, quality management practices, access to the export market, marketing strategy, and management commitment and capability of the unions are the main factors influencing the coffee export performance of unions in Ethiopia. It is assumed that all these factors positively influence the performance of the union's coffee exports. According to the findings of this study, all explanatory variables are positively associated with the coffee export performance of unions. However, except for access to credit services, all of the explanatory variables were significantly associated with the union's coffee export performance.

Furthermore, ECC support activities have a significant impact on the coffee export performance of unions. The results of this study confirmed that the moderated effects of ECC have a positive and significantly moderate relationship between dependent and independent variables. The findings concluded that the ECC acts as a moderator in the relationship between quality management practices and the performance of Ethiopian export coffee processing and exporting.

### 5.3 Recommendations

Based on the findings from the study, the following recommendations forwarded

- Quality management practices positively and significantly affect performance. As a result, coffee exporting unions must emphasize quality management activities to increase export volume and reap long-term benefits.
- Management commitment and union capability were found to be significant and have a positive influence on coffee export performance. This implies that, in addition to adequate logistics, the management team should be committed to activities and have the necessary skills and experiences to support coffee exports.
- Access to the export market was also identified as a key factor influencing coffee export performance for unions. This variable has a positive and significant influence on the union's coffee export performance. To increase export volume, unions must develop new market channels for coffee export and increase product destinations.
- Export marketing strategy is crucial for coffee export performance in unions. In this study, the composite index of marketing strategy was found to be significantly and positively related to the coffee export performance of unions. Thus, a well-designed marketing strategy that is relevant to the situation at hand should be considered and supported by research to retain customers for a long period along with attracting new customers.
- Finally, this finding suggests that unions should continue to follow, participate in, and benefit from all supportive programs organized and delivered by ECC for unions.

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# APPENDIX 1: QUESTIONNAIRE FOR SURVEY

**Addis Ababa University**

**College of Business & Economics**

**Department of Management**

**Dear respondent,**

This Questionnaire is prepared by Lamessa Dufera who student at Addis Ababa University as a partial fulfillment to get a Master of Science degree in International Business-Import Export Management on the topic of “**Determinants of Coffee Export Performance and the Role of Moderating Factors: The Case of Coffee Exporting Cooperative Unions in Ethiopia**”. The information you provide is used only for academic purposes and shall be kept strictly confidential. Therefore, you are kindly requested to give accurate information for the successful completion of the study.

## **Section 1: General Information**

1. Name of cooperative union: \_\_\_\_\_
2. Year of union establishment: \_\_\_\_\_
3. Number of members (PC): \_\_\_\_\_
4. Export Experience of coffee exporting union in [in Years]
5. Grades of coffee your union mainly exported \_\_\_\_\_, \_\_\_\_\_,
6. Total current capital of the union: \_\_\_\_\_
7. Source of coffee export
  - A. Own Coffee Farm
  - B. Ethiopian Commodity Exchange
  - C. Coffee Suppliers Association
  - D. Integrated Out grower Farmers
  - E. Others (please specify)

8. Sex

- A. Male
- B. Female

9. Age: \_\_\_\_\_

10. Level of Education

- A. MA/MSc
- B. BA/BSc
- C. Diploma
- D. Certificate
- E. Other

11. Your position in the organization

- A. General Manager
- B. Export Manager
- C. Operation/Production Manager
- D. Quality Manager
- E. Marketing Manager
- F. Other

12. Export Experience of the organization in Years \_\_\_\_\_

13. Export experience of the respondent in this organization (in years) \_\_\_\_\_

## **Section 2: Dependent and Independent variables**

### **Dependent variable**

Based on the information in the table below, evaluate the coffee export performance cooperative union you are working for nowadays. Write “√” for your answer. Note: SD=strongly disagree, D=Disagree, N= Neutral, A=Agree, SA=strongly agree.

<b>Coffee export performance</b>	<b>DS</b>	<b>D</b>	<b>N</b>	<b>A</b>	<b>SA</b>
Volume of exported coffee is increasing from time to time					
Financial performance of the union from exports is increasing					
Export profit of cooperative union is increasing					
Market share of cooperative union is increasing					

### **Independent variable**

The following table contains independent variables related to coffee export performance; please rank the role of these variables concerning coffee exports. Write “√” for your answer. Note: SD=strongly disagree, D=Disagree, N= Neutral, A=Agree, SA=strongly agree.

<b>Quality management practices</b>	<b>DS</b>	<b>D</b>	<b>N</b>	<b>A</b>	<b>SA</b>
Union exported coffee of standard quality preferred by its customers at the market					
Union collects coffee from farmers that meet the required quality only					
Union has the certification to sell coffee at better prices in the international market					
Union takes customers’ opinions to improve the quality of coffee					
<b>Management Commitment and Capability</b>	<b>DS</b>	<b>D</b>	<b>N</b>	<b>A</b>	<b>SA</b>
Union has enough experts with management experience in coffee export					
The cooperative union is committed to supporting coffee export in all aspects					
Union has all the necessary logistics, human resources, and technologies to support coffee export					
Union has addressed perceived export barriers					

<b>Access to the export market</b>	<b>DS</b>	<b>D</b>	<b>N</b>	<b>A</b>	<b>SA</b>
There is enough international market accessibility for coffee exports.					
The cooperative union has sold all coffee at a time					
The cooperative union has sold all coffee for the appropriate price					
Cooperative can easily get international customers easily					
<b>Access to credit services</b>	<b>DS</b>	<b>D</b>	<b>N</b>	<b>A</b>	<b>SA</b>
Cooperative union requires financial support to expand coffee exporting					
There is enough access to credit to expand coffee export of cooperative union					
Cooperative union has got sufficient credit facilities to expand export					
There is an appropriate system to get credit from financial institutions					
<b>Export Marketing Strategy</b>	<b>DS</b>	<b>D</b>	<b>N</b>	<b>A</b>	<b>SA</b>
Union has participated in national & international coffee expos					
Union uses pricing as a strategy for marketing to increase export					
Union uses promotion as a strategy for marketing to increase export					
Union uses customers as a strategy for marketing to increase export					

#### **Section 4: Moderating variables**

- I. The following table outlines the moderating variables (implemented by the Ethiopian Cooperative Commission) to improve coffee export performance; please rank the role of these moderating activities in expanding coffee exports. Write “√” for your answer. Note: SD=strongly disagree, D=Disagree, N= Neutral, A=Agree, SA=strongly agree.

<b>Roles of ECC engagement</b>	<b>DS</b>	<b>D</b>	<b>N</b>	<b>A</b>	<b>SA</b>
ECC supports unions by creating new market channels for coffee export					
ECC provides various training for unions on exported-related issues					
ECC organized Showcases of the cooperative’s coffee to enhance export					
ECC supported unions to get quality standard certification for coffee export					

## **APPENDIX 2: CHECKLISTS FOR INTERVIEW**

1. What are the challenges your cooperative faced in coffee export?
2. What solutions would you recommend to address the challenges of coffee export?
3. What are the factors that influence the coffee export business in your union?
4. Is your union paying due attention to the quality of the coffee to be exported?
5. How can you explain the current state of accessibility to international markets for coffee exports, as well as access to credit services to boost export volume?
6. What types of activities did ECC implement and support for your union?
7. Do you think ECC is important in supporting unions?
8. What types of quality standards and systems are currently in place?