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DEPARTMENT OF MANAGEMENT

Assessment of the effect of organizational culture on quality of pre-shipment credit facility as mediated by credit performers' competence: the case of Commercial Bank of Ethiopia.

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Declaration

I, the undersigned, declare that this research paper entitled “*Assessment of the effect of organizational culture on quality of pre-shipment credit facility as mediated by credit performers’ competence: the case of Commercial Bank of Ethiopia*”. is my personal efforts and I want to express, it is original research work that has not been done by other researchers in any other Academic institutions for any requirements. To accomplish this research paper, I offer recognition all the sources of information that I used to generate the study properly.

Abraham Tilahun

The Researcher Signature _____ Date _____

Statement of Certificate

This is to certify that **Abraham Tilahun** has completed his research project entitled *“Assessment of the effect of organizational culture on quality of pre-shipment credit facility as mediated by credit performers’ competence: the case of Commercial Bank of Ethiopia”* is his original work and is submitted for examination with my approval as a research project.

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This is to certify that the research project entitled, “*Assessment of the effect of organizational culture on quality of pre-shipment credit facility as mediated by credit performers’ competence: the case of Commercial Bank of Ethiopia*” was prepared by Abraham Tilahun under the supervision of Temesgen Worku (PhD), submitted in partial fulfillment of the requirements for the degree of Master of Business Administration in accordance with the regulations of the University.

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Abstract

Based on the level of transaction and the exporter's general requirements of finance there are different financing sources to them. Pre-shipment export credit facility is one and it is found at its initial stage. Nonetheless, this export credit facility is offered in unrestrained environment. The facility given for the new entrants as well as the existing exporters is not as such sufficient to satisfy their requirements with the timing and amount facility given to them. The main objective of this study is to assess the effect of organizational culture on quality of pre-shipment credit facility as Mediated by credit performers' competence in case of Commercial Bank of Ethiopia. The study has used explanatory and descriptive research design. The study used primary data to meet the research objectives. Primary-qualitative data was gathered via questionnaire from 114 credit staff workers. The data analysed applying the Statistic Package for Social Science (SPSS) and Stata 14.2. The result of the analysis disclosed that Mission, Consistency, Involvement and Adaptability were significant and positive effects on quality of pre-shipment credit facility in the commercial bank of Ethiopia. The mediation analysis also showed that the credit performers' competence partially mediates the relationship between quality of pre-shipment credit facility and organizational culture in the commercial bank of Ethiopia. The bank human resource management organ should keep up and look up the level of credit performers' competence via organizational culture attributes.

Key word and Phrases: *Pre-shipment credit facility, organizational culture, credit performers' competence, CBE*

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List of Acronyms

CBE	Commercial Bank of Ethiopia
CPCs	Central processing centers
DBE	Development Bank of Ethiopia
NBE	National Bank of Ethiopia

CHAPTER ONE

INTRODUCTION

1.1 Background of the Study

Currently, the undertaking of trade is widely rising in the world and it indicates the importance of exporting for various organizations as well as countries. Thus, globalization, various issues raised by exporters and the global market including the contest among exporters activated the issue in this specific area. For economic development of nations export has its own decisive contribution. By itself it can have a decisive role to one's country economic advancement, lift the profitability and growth of exporting business and minimizes poverty in developing countries like Ethiopia. Other things being constant without export one's country can't available resources of the nation to other countries who have a scarcity of that specific resource and the vice versa also happens. (P. Viswanadham, 2019).

To focus investment around the best resourceful sectors of the economy, then to raise productivity giving emphasis on exports is crucial. While increasing our exports we can have a chance to increase our imports so that it may contribute for economic growth. While offering products and services for the international markets enormous economies of scale will be created with proficient mass production for organizations and it will assist the organization to cut their fixed as well as variable costs and in turn it give a competitive advantage for the organizations in the global market. Furthermore, if the export sector becomes profitable it will have its contribution to motivate, and come up with additional investment, fresh technology, managerial talent and finally enhanced consumption for the citizens. Therefore, suitable strategies has to be maintained to make its economy reachable and transact for and with the rest countries so as to pull or motivate trade and investment for persistent economic growth for that specific country. No country in the world can stand by only by its own give and take or interchanging of resources becomes mandatory because one resource is abundant in a some countries and scared in others. Therefore interchanging those resources will give a chance to optimum distribution and production in those countries so that citizens of each country can have a better life. Though politicians or higher officials who have a power of the emerging nations persist to discuss the issue, Belloc and Di Maio (2011) have confidence in expanding the convenience of credit and boosting the financial market structure is the utmost critical methodology to flourish exports and increase economic

improvement. Thus, without sufficient availability of export credit economic progress of a nation seems unthinkable (Belloc, M and M Di Maio, 2011).

On agricultural commodities emerging countries, such as Ethiopia, have a relative advantage while on industrial products advanced nations have a comparative advantage because most of their firms uses a state of the art or advanced technology and human talent so their production cost becomes comparatively minimal. Thus, taking this relating advantage in to account helping the sector via offering of proper finance is crucial. Managing export means the application of managerial process to the functional area of exports. It is a form of management which is required to bring about coordination and integration of all those involved in an export business. Therefore it is concerned with securing export orders and achieving their effective completion in time as per the condition specified by the foreign buyers.

The main advantage of export is it can increase market size and global brand awareness and currency benefits also achieved since Changes in exchange rates can substantiate advantageous when selling to a customer whose currency is stronger than your own. Besides, it can give Protection against a decline in the domestic market and also give protection in the event of world recession because it is unlikely that all countries will be in the same way affected by an economic slump.

Export credit facility is a short-term working capital finance arranged and given for exporters (Yeshitila, 2019). It has a vital role in sanctioning exporters in obtaining and realizing their export orders from the importer side in an enhanced way. Export credit is desired for short time both in advance and after shipment of an order. It is a credit granted for purchase of raw materials, processing and changing them into final produces, holding stocks, packing and transporting the goods up to the shipment reached and the credit shall be granted against valid sales/ export contract or bona-fide purchase order from a foreign buyer or importer without offering any further collateral simply on clean bases (CBE, credit business procedure, 2018).

Moreover, as soon as pre-shipment credit facility is approved for a borrower, consequent advances shall be effected in a manner that warrants suitable utilization of the loan for the envisioned purpose. Incidentally, the customer is required to submit documents (as applicable) that substantiate purchase of exportable commodities to the Bank. Further more the bank should check before making any disbursement on pre-shipment facility, the related sales contracts/purchase orders and/or Letter of Credit instruments offered for finance shall

be accurately scrutinized for accessibility of ample time to the client to purchase and process the export commodity until ultimate freight. In CBE existing practice Pre-shipment advances is settled from the export proceeds. And the Customer Relationship Manager/the Branch Manager is expected to follow the case responsively so as to curb diversion of fund and make certain timely settlement of the advance.

Overseas sell is an essential and an exclusive part of international trade. This export trade sector contributes a lot for the country's to creating employment chances for the unemployed in order to reduce the unemployment rate of the nation, lessen the foreign exchange shortage of a country and thereby it can advance import competency. Likewise, it can lesson on foreign aid and loan dependency so as to import vital products and services to the country and to increase up foreign currency reserves letting a country to balance the finances (Tadele, 2015).

To develop a country international business plays a vital role and to do same in a better way the business shall be opened and tailored in accordance to the anticipation of the customers. In line with the rules of international business, the shipment finance has a central function in encouraging the exporters and importers. This showed that deliberating the practices of shipment finance seems decisive.

The Ethiopia's strategic direction is headed for import substitution and export promotion and it is clearly acknowledged by the country's export strategy, therefore the pre-shipment export credit facility is foreseeable to get more enhanced and help exporters in doing their business. Even if, the demand and importance of the nurturing export via granting ample finance is remarked and most of commercial banks are giving their assistance to export credit, best end results are not yet observed. The pre-shipment export credit facilities practice in Ethiopia is at its preliminary stage and confronted with many hindrances in the nation. Therefore, this research analyzed in more detail on the quality of pre-shipment export credit from organizational culture perspective as Mediated by competency of the credit performers in the specific case of commercial bank of Ethiopia.

1.1.1 Background of the organization

Initially, the Commercial Bank of Ethiopia was acknowledged as the state bank of Ethiopia. Nevertheless, the Ethiopian government decided to split the bank into the central bank of Ethiopia and the commercial bank of Ethiopia in 1863. In due course, in 1980, the Ethiopian

government has tried to merge the Addis Bank with the commercial bank of Ethiopia, letting Commercial Bank of Ethiopia the country's sole commercial bank (CBE, 2019)

Earlier it was merged with the Commercial bank of Ethiopia, the Addis Bank was formed by the Ethiopian government from the merger of the Ethiopian operations of Banco di Naplia and Banco di Roma with the newly nationalized Addis Ababa Bank.

In Ethiopia the Commercial bank of Ethiopia is branded as the pioneer of modern banking. In the country's economy development it has its vita role. It is also the leading bank in Ethiopia to announce ATM service for residents. Presently CBE has more than 22 million account holders and the number of Mobile and Internet Banking users also reached more than 2.5 million as of June 30th 2019. Active ATM card holders reached more than 8 million. As of June 30, 2019, 2,513 ATM machine and 9,539 POS machines were available. Recently it has over 1558 branches stretched across the nation. CBE has resilient correspondent affiliation with more than 50 renowned foreign banks like Commerz Bank A.G., Royal Bank of Canada, City Bank, HSBC Bank, CBE has a SWIFT bilateral agreement with more than 700 others banks around the world. CBE has a wide capital base with more than 37,894 talented and devoted permanent employees and more than 22,000 outsourced jobs as of June 30, 2019. Forerunner to familiarize Western Union Money Transfer Services in Ethiopia early 1990s and in recent times this financial institution working with other 20 money transfer agents like Money Gram, Atlantic International (Bole), Xpress Money, CBE has released four branches in South Sudan and has been in the business since June 2009. CBE has trustworthy and long-standing dealings with many internationally commended banks all over the world (CBE, 2019).

On 2016/2017 all commercial Banks and Development Bank of Ethiopia (DBE) disbursed Birr 115.4 billion in fresh loans which was 5.9 percent higher than 2016/17. Of the total new loans, about 58.2 percent was provided by private banks and 41.8 percent by the two public banks (National Bank of Ethiopia, 2017/18). Nonetheless, recently the entire banks collectively with Development Bank of Ethiopia (DBE), disbursed Birr 329.5 billion in fresh loans, depicting a 21.5 percent rise beyond last year . Of the aggregate new loans, about 63.2 percent was disbursed by non-governmental commercial banks and 36.8 percent by public banks (National bank of Ethiopia, 2020/2021).

1.2 Statement of the problem

Promoting of swift economic progress with stable macro-economic environment and boosting the integration of the Ethiopian economy with the world economy are the twin goals the Ethiopian Development Strategy. Thus, due emphasis has been given to the promotion of the sector. As a result, the export sector development strategy has been established to augment and diversify the nation's exports. Among the interventions of the Ethiopian government the one essentially involved to the banking industry includes pre-shipment and post-shipment credit guarantee outlines and sanction of foreign exchange retention account to be used for export relate activities (Addis Chamber of Commerce, 2001). The state owned and privately owned commercial banks in Ethiopia to offer the export related loans they have arranged pertinent guidelines and procedure so as to assist various exporters. From the largest financial institution, Commercial Bank of Ethiopia (CBE) has gone distant in offering finance for the export sector.

It is well known that there are diverse financing schedules for exporters. Export Pre-shipment facility is one and found in an early stage. However, this export credit facility is granted and disbursed in an open and less managed circumstances. To show instances, the facility is approved, granted and disbursed without devising appropriate follow up methods; besides it has no repayment schedule, having less-trained staffs in the skills related to credit operation areas, and without lodging fitting tracing device for the disbursed funds whether they are used for the envisioned purpose or not. Besides, regularly this facility is approved and disbursed in the absence of appropriate and/or sufficient collateral to back up the granted loan. Thus, all this make the situation for exporters suitable for using the loan amount for other purpose not for the agreed purpose and thus contributes for increased non-performing loans in the banking sector and it impedes the of the total asset quality of the bank. Furthermore, after repetitive negotiation and warnings the bank is enforced to alter the facility to term loan with periodic payment to be repaid via local currency. This has double costs; one it impedes the incoming foreign currency as a bank and as a country and also it affects the quality of the bank's total loan portfolio. From the standpoint of timing and amount pre-shipment credit facility approved and disbursed to exporters is not satisfactory (shimeles, 2014). However, with this viewpoint formerly the issue or the challenging factors to maintain the quality of pre-shipment export credit facility in case of CBE was studied by others and the problem still persists. Thus, I come up with fresh look to scrutinize the quality

of pre-shipment export credit facility from organizational culture perspective as Mediated by the competence of credit performers in case of CBE.

Several researches that narrate organizational culture and company's performance have been conducted in advanced states. Likewise, the outcomes are varied and inadequate (i.e. positive, negative and no connections) (Booth & Hamer, 2009; Naranjo-Valencia *et al.*, 2016; Rose *et al.*, 2008). In accordance with (Rose *et al.*, 2008) study conducted that the strength of the relationship between organizational culture and organizational performance is diverse between cultures. The organizational culture in the developed countries is advance and is enhanced than the ones in the developing countries. The scarcity of research that has been done in emerging countries has driven the researcher to look more into the relationship between organizational culture and organizational performance in developing countries particularly in Ethiopia commercial banks.

The prevailing body of literature in Ethiopian context exposed that the challenges are characterized to the product design itself, the credit performers' competence and the organizational culture of the respective institutions (e.g. Tadele (2015), Yeshitila (2019), shimeles (2014)). Thus, to assess the reasons that backed for lower quality of the facility and scrutinize the relations with organizational culture is significant.

All in all, to the best of my understanding, none of the researchers has been conducted a study on the effect of organizational culture on quality of pre-shipment credit facility and mediateor role of credit performers' competency between organizational culture and quality of pre-shipment export credit facility in commercial bank of Ethiopia. Therefore, this study tries to tighten the research gap.

1.3 The Research Questions are

1. What is the tendency of non-performing pre-shipment credit facility in the past six years?
2. What is the influence of organizational culture on the quality of pre-shipment credit facility?
3. How does organizational culture affect credit performers' competency?
4. How does credit performers' competency affect the quality of pre-shipment export credit facility?
5. How does credit performers' competency mediate the interaction between organizational culture and quality of pre-shipment export credit facility?

1.4 Objectives of the Study

1.4.1 General Objective of the Study

The central objective of the study is to assess the effect of organizational culture on quality of pre-shipment credit facility as mediated by credit performers' competence in the case of Commercial Bank of Ethiopia. Then to achieve such broad objective the under mention specific objectives were organized in a detail manner.

1.4.2 Specific Objectives of the Study

- To check the trend of non-performing pre-shipment facilities for the last six years;
- To examine how organizational culture affects the quality of pre-shipment credit facility
- To estimate the effect of organizational culture on credit performers' competence;
- To scrutinize the influence of credit performers' competence on the quality of pre-shipment credit facility; and,
- To test for the mediating role of credit performer's competence in the relationship between quality of pre-shipment credit facility and organizational culture related to credit operation;

1.5 Significance of the study

As discussed earlier the sector has its own significance for economic growth of the country. Therefore, financing this sector and assuming the return or the proceed from the sector has to be well gauged. The study of interaction of dependent, independent and mediating variables including the practice and encounters of this export facility has to well-studied to diminish and solve the hindrances observed in the facility. Thus, good and well financed practice or prudent lending of this facility financing is an essential circumstance for increasing export sector and so as to expand economic growth. The four attributes of organizational culture and the level of competency of the credit staffs is mostly have less emphasis in organizations especially in the financial institutions while these variables have a lot of influence in the performance quality of their loans. Therefore, the significance of studying this problem using the prescribed variables contributes for improving the increment of facility in performance wise. Thus, it is appropriate to further study the matter to give possible recommendation for the concerned organs and to be used for other future studies.

Besides, the existing body of literature discloses that the challenges are linked to the product design, the credit performers' competence and the organizational culture. Thus, to assess the causes that contributed for less quality of the facility and trace the clear challenges of pre-

shipment export credit in case commercial bank of Ethiopia means a lot. Further, to test how organizational culture affects the facility performance individually as well as through the mediator variable credit performers competence. Thus, the study contributes to the literature in Ethiopia banking system regarding the practices and challenges of pre-shipment export credit. Furthermore, this study might be used for other researchers for various related studies.

1.6 Scope and delimitation of the study

Prevalent consideration regarding an object of a study mandates studying that object from many viewpoints and in every setting. Conversely, in actuality it's not achievable to go through of every aspect of an object of a study. Rather researcher regularly fix a scope for their study conceptually, methodologically and geographically.

Theoretically or in a conceptual manner, the assessment of the consequence of organizational culture on quality of pre-shipment credit facility as mediated by credit performers' competence in case of Commercial Bank of Ethiopia was studied; analysing the trend of non-performing pre-shipment facilities over the last six years because of the data availability.

Systematically, the study tried to use a mixed type (both qualitative and quantitative) research methodology. The endorsement following applying mixed approach is due to its most relevance to address the research questions by using both qualitative and quantitative data. The method of collecting quantitative data is the survey method. The major data collection tool to collect data was questionnaire.

In geographic location, the commercial bank of Ethiopia is a very sizable business organization possessed by Ethiopian government having ten districts and more than 1558 branches. Both structurally and functionally the credit operations of the bank are harmonized from the central processing centers (CPCs) which are positioned in the head office. Meanwhile these credit CPCs are found in Addis Ababa, the researcher has tried to describe the idea mentioned by focusing the CPCs.

1.7 Limitation of the study

As we know every study cannot embrace and cover every item and included in its study since some variables are intentionally excluded from the study so as to focus on the effect of a given variable or variables on the other due to resource constraints. This study is principally dedicated on CBE, hence the situation in private banks is not deliberated for contrast, rational reasoning and other relevant justifications. CBE has district offices and branches which offer

credit services across the country, nevertheless due to time and resource restraint the current study is restricted to the head office organ performing credit service delivery and also because of time and information insufficiency the study is attentive only on CBE. Likewise, the departments considered in the study which are now arranged to execute the credit service are credit management, credit appraisal, loan work out and recovery and quality assurance.

Besides, macroeconomic variables, issues interrelated with the exporter are not the main attention for this case. To wrap up, the main objective of conducting this study is for academic qualification.

CHAPTER TWO

REVIEW OF RELATED LITERATURE

2.1 Some Theoretical Concepts and Issues

2.1.1 The export business

The globalization effect enforced firms to globalize their operation. Exporting has a crucial contribution for economic improvement of a country and exporting organization via interchanging resource among the countries play a part in the export transactions (Sisay, 2018).

Export selling is the widely recognized instrument whereby organizations play a part in international markets. Export now a days becomes eye-catching and firms existence is more dependable it is not because simply a firm want to choose and participate rather it becomes obligatory for organizations to involve and interchange in the global market. The global stiff competition and the everlastingly nature of globalization root for various worldwide organizations to globalize their products and services. Exporting by itself has an augmenting effect for a given firm to grow and persistence in the world market so as to achieve competitive advantage in global markets while doing their export business. Besides it also have a prevalent and irreplaceable role in the world and has various merits for various nations. so, various firms recently give more attention and resources so as to export their offerings to the international markets. Incorporation to the international markets brings the potential for swift growth and poverty lessening for poorer nations (Sisay, 2018).

During the 17th century a crowd of merchants, state officials and thinkers who inspired an economic philosophy known as mercantilism taking place the concept that international trade can endures economic growth and boost the welfare of a given nation. In accordance with mercantilists, for a nation to turn out to be rich and prevailing, the country's export shall be greater than from that of its imports where the export proceed excess is spent to procure valuable metals like gold and silver. Therefore, the controlling of various imports and the motivation of exports shall be done by the government. (Gemechu, 2002).

Export is one of the focal growth developer of all emerging economies so adequate finance shall be forwarded to the sector. Consequently, the government shall give bigger weight for the sector and shall give a central concern while setting its strategy. (Kumar, 2013).

Export necessitates continuous government assistance at various steps like supporting in probing and pinpointing export products, international markets, product and services distribution mechanisms but above all that the government shall deliver sufficient financial resources for the sector and sales and support system. (Alemayehu, 2019).

To fully utilize the underemployed local resources international trade have a vigorous role. The theory of absolute advantage says that countries can boost their economic improvement by specializing in the production of goods they can produce more efficiently than anyone else. The theory of comparative advantage, on the other hand, holds that nations should produce those goods for which they have the greatest relative advantage.

While contrasting the price of exportable goods in the international market is not eye-catching and sometimes exporting firms is doing the business at loss due to this fact most exporters inclined to their import business to compensate their export business. Various commercial banks in Ethiopia give exporters priority to have hard currency to import products associated or distinct to their export business. Most exporters of Ethiopia export their items even at loss on expecting the currency gained through the export business helps them to give advantage from their import business. Nevertheless, CBE is not entertaining or supporting the import business as such using the proceed that the exporters channeled. But prioritizing the items the bank supports the import sector. And these hard currencies motivate various importers and it generate enormous amount of commission for the banks and further attract depositors which will need hard currency for their import (Habte, 2015).

For emerging countries international trade played a vital role. In the second half of the 20th century, the tremendous economic performance of South Korea, Taiwan, Hong Kong and Singapore has been basically accredited to the functioning of the export sector which was given a noticeable emphasis. Their regime furnished due emphasis for the export sector via good and motivating schemes through effective and fitting organizational emergence, commitment and clear strategies and in turn their countries economy has been enhanced. (shimeles, 2014).

In line with the government strategy, CBE gives due consideration for promoting the export sector by taking into account this sector as a priority area for loan advancement along with the manufacturing and agricultural sector in its strategic goal. Pre-shipment credit facility is given by the commercial banks during the former period against the NBE Export Credit Guarantee Scheme. Later on, in 2007 NBE handovers its responsibility related to

Establishment and Operation of Export Credit Guarantee Scheme to DBE (Development Bank of Ethiopia) (NBE, 2007).

However, CBE has been providing this service on clean basis (without movable and immovable properties of the borrower) which means only on valid sales contract starting from August, 2009 because even if was given against the guarantee it does not prohibit the facility to become non-performing (shimeles, 2014).

As discussed by Muhabaw, 2013 Export functioning is defined as: (i) the achievement or failure of the attempts of a nation to sell domestically produced goods and services in other nations markets or the overall efficiency of the export including the sales, profit and growth. (Muhabaw, 2013).

It is quite known that the Ethiopia export earning is predominantly focused from agricultural products and, while the share of non-agricultural products in total merchandise exports is almost nominal.

Total export of merchandise in 2021/21 amounted to USD 3.6 billion depicting a 21.1 percent growth per year owing to grater export earnings from coffee (6.3 percent), gold (242 percent), flower (11.4 percent), chat (24.1 percent), electricity (36.2 percent), fruits & vegetables (17.7 percent) and meat & meat products (11.7 percent).The enlargement in export earnings from coffee stood at USD 909.4 million driven by 15.9 percent rise in international price despite 8.3 percent drop in its export volume. The share of coffee in total merchandise export revenue declined to 25.1 percent from 28.6 percent last year. Likewise, gold export generated USD 672 million which was 242 percent higher than the preceding year. This was attached to a 187.7 percent increase in volume and 18.9 percent in international price. NBE's revision of the gold purchase price was the main reason for higher performance in gold export. Accordingly, the share in gold in total merchandise export notably progressed to 18.6 percent from 6.6 percent last year.

Likewise, export revenue from flower grew 11.4 percent and reached USD 470 million as both export volume and world price increased 7.6 and 3.6 percent, respectively. However, the share of flower in total export earnings declined to 13.0 percent from 14.1 percent a year ago. Receipts from chat export amounted to USD 402.5 million depicting a 24.1 percent annual growth due to a 24.6 percent increase in export

volume despite 0.5 percent fall in international price. Thus, the share of chat total export earning stood at 11.1 percent. On the other hand, export earnings from oilseeds declined 2.7 percent and stood at USD 335.5 million due to a 6.3 percent fall in world price although its export volume increased 3.8 percent. Henceforth, revenue from oil seeds accounted for 9.3 percent of the total merchandise export earnings. Proceeds from pulses export slightly dropped (0.4 percent) and generated USD 233.8 million as export volume declined 20.7 percent despite a 25.6 percent increase in international price. As a result, its share in total merchandise export decreased to 6.5 percent from 7.9 percent in the previous year (NBE annual report, 2020/2021).

From the merchandise export earnings of Ethiopia in the preceding five decades, principally agricultural products allotted about 80-90%. Among the main export products, coffee has the main share of primary exports. Coffee, Oilseeds, Hides and Skin, Pulses, Chat, Fruit and Vegetables and Meat and Meat products accounted for 52.2, 7.8, 10.3, 5.1, 3.4, 1.0 and 0.94 percent of the aggregate export proceeds respectively from the year 1970/71-2019/20 (Getahun, 2014).

The diversion of export proceeds by diverting and using the proceed beyond the reason stipulated in their contractual agreement, refusal of payments as per their contracts which is an integrity issue, some marketing and production related problems of the market, less follow up mechanism deployment by the bank including inappropriate or inadequate analysis are notified as the major encounters of the pre-shipment export credit and contributes the pre-shipment export credit facility to become to non-performing loan (Viswanadham, 2019).

2.1.2 What is Culture

The American Heritage Dictionary defines "culture" more formally, as the "all the ways of life including arts, beliefs, institutions of a population that are passed from generation to generation or it is the way of life for the entire society."

2.1.3 What is organizational culture?

In any firm or company there is unique organizational culture whether the organization is large or small, or whether the firm has stayed in its industry for long years or in its initial stages. The term organizational culture has many meanings but it is generally assumed as the common views, expectations and manners believed by affiliates of a that specific firm. A

sympathetic of organizational culture is essential, since it has substantial outcome on the performance or effectiveness of a firm.

Contemporary times the matter of organizational culture in the banking industry look as if there very concern times, and focused and realized that how good organizational culture become significant in restoring public confidence and betterment of their financial stability (V.Thakor, 2019). Occasionally the banking corporate culture choose to encourage risk-taking but the rest try to diminish it. Thus, taking the characteristics of the financial industry, promoting an ideal culture is mandatory because it has its own contribution for the improvement of their organizational performance while restraining for vulnerability of risk..

In accordance of business dictionary culture in any firm can be defined by the organizations mutual vision, values, norms, systems, codes, language, assumptions, procedures, and customs with all members of that organization. Additionally it also encompasses keenness, understandings, the way of thinking, plus the norm that lead participant behavior. Besides, it is articulated in member self-understanding, their deeds, and dealings with stakeholders that found exterior to the organization. Culture is well-defined as collective stances, philosophies, customs, and both recorded and oral rules that have been passed through time and are reflected as valid (the business Dictionary). (Deal, 1982) in Merely manner described, organizational culture as the approach things are done in the organization.

In line with the Denison model it suggested an uncomplicated assessment of an organizational culture grounded on four distinct cultural characteristics that are mission, consistency, adaptability and involvement. This approach classifies strength and weaknesses of any firm and forwards way out for improving organizational performance since culture can bears an influence its success (Zewdie, 2019).

It is defined as pooled suppositions, anticipations, and ethical values which signify the overt and implied procedures deciding in what manner workers reason out and act in that firm. For effective delegation culture embraces unwritten set of implicit conventions in any company.

Culture is more than just a set of guidelines that define ethical behavior in the organization. According to the Economist noted in an article deliberating the manner banks are run, “The complete culture of the firm matters how the top management or the CEO’s sees the influence of culture on the organization performance rather than focusing on their daily routines reports, predominantly when risk management is considered.” Nevertheless, to

assure culture as a fundamental part of how the organization performs, the subsequent facts are crucial to be reminded:

- The company has its own distinct strategy for its growth and development. So the organizational culture of that specific firm shall backing up the enactment and support of its growth strategy.
- The Firm strategy must lay down in what manner the organization allocated its available assets or resources not only the human but also the financial and other resources at hand for its various activities to be done so as to realize organizational goals.
- Indispensable responsiveness while gauging leadership capabilities of workers of the firm must be their devotion in order to have good cultural run-through.

While the above mentioned three circumstances are fulfilled, we can say good cultural practice is in point of fact accomplished. That means the daily operating activities or routines are conducted in a way steady and in line with the firm's strategy and within the spirit of its way of rationale of the organization. Yet, it should be obvious that for the above circumstances to be happened there should be a collective sympathetic of what organizational culture is all about. (Thakor, 2015).

The word organizational culture denotes the key values, principles and doctrines that oblige as a basis for a firm's management system, besides it is the pool of management doings and manners where both exemplify and reinforce those basic management philosophies. Those principles and doings go through for the reason that they may have connotation for the associates of an organization. Certain features of organizational culture like that of individual characteristic and group rules are essentially noticeable because they imply tactics for existence that have functioned best earlier and that the associates have confidence in that will work yet again in the forthcoming periods. Particular features of organizational culture, like an individual conduct and group rules, are very noticeable. "Doing one's work in a best way and efficient manner," "dressing conventionally and according to the dressing code of the firm" or "give sociable interactions with clients" are some features of culture that are easy to detect. However some characteristics of culture are harder to distinguish, meanwhile they portray the undetected expectations, standards and principal views. And if we see some instances of this not as much apparent character of culture may be a dependence in the significance of "doing things in a right way," "be truthful and principled in any dealings," or

"doing further than clients anticipations so as to delight the customer and make them come again for our products and services." (Daniel R. Denison and William S. Neale).

2.1.4 Why is organizational culture important?

In the current fluctuating environment of the business thoughtful know how of organizational culture is decisive for any leader because culture affects the way how their companies answer back to the changing business environment. It is not a choice because at any period, the culture of an organization is primarily biased by the prior accomplishments and past learning's regarding how to get used to and continue. Leaders recurrently shall predict the necessary changes and enthusiastically detect and follow the association between the demands of the business environment and the competencies of their companies (Daniel R. Denison and William S. Neale).

In the comprehensive sense a bank's credit culture means, the distinguishing arrangement of policies, procedures, the way they do things, know-how, and management point of view, that expresses the credit lending surroundings and directs the lending activities conventional to the bank (Barr & Mc Whorter R.P, 1992).

2.1.5 What is competency?

Mostly the word "competency" is an imprecise term and mix up with "skill". Due to it is largely various terms habitually been used interchangeably. When we take from the management standpoint, competencies are defined by dualistic central streams: one is organizational and the other is personal. The Human Resource Management writings stresses on the individual competencies. Individual capabilities are a representation for a substitute methodology to old-fashioned intellect checkup. In accordance to writer, competence is a distinctive attribute of a person that is linked to greater performance and a manifestation of specific abilities in practice and exercise of knowledge that is a prerequisite to perform a specific task (Mc Clelland, 1973).

Amongst the resources organizations have the Human Resource is the uppermost endowment and the critical for the success of any organization. Basically the Human Resources are the chief resource who associate clients' needs and wants to way out and solution to their product and/or service pleasure. Therefore, any company shall succeed and preserve this procedure, otherwise customers will shift and look to alternative and in turn this will make the organization to become a loser since the firm doesn't keep up or outsmart the

competitive business environment. As a result, employees of any organization are the central competitive advantage of any organization. Besides, any employee of a given firm shall be well furnished by appropriate acquaintance, skills & outlook and Competencies to safeguard utmost performance of an organization. If employees are furnished with the compulsory and modernized skills, capability, and knowledge they will have better effect on improving the firm's core processes. For instance in the bank the credit management, customer service, negotiation and communication skills, international banking dealing knowledge and others are the one among others that are needed to be inculcated in any employees. Consequently, competency advancement of workers is one of the focal and essential aims of any firm. Furthermore, so as to increase workers motivation and commitment the management shall be aware that appropriate, actual and on time training and coaching packages shall be addressed for employees to mature the looked-for knowledge, skills and outlook of the employees so that workers in that organization can do their task or jobs in an efficient and effective manner so that customer satisfaction also be maintained and finally the organization can achieve its objective.

Apart to other organizations, the financial sector particularly banks hold supplementary tasks in terms of keeping their staffs of all levels are fulfilled with essential competencies. In banking business basically having huge customer base, which means accumulating new clients, preservation of current customers and filling their requirements beyond their anticipations. As a result, various skills are expected like customer relationship management & marketing skills, proficient customer service, individual efficiency, communication skills, dealing skills, etc. are expected from workers of commercial banks and the employees also shall be highly updated and well trained. Consequently, the employees of the banks because they are rendering services upon offering their products they have a face to face contacts with actual customers in persons typically when they are trying to mobilize deposit as well as to offer credit and other international banking services. Hence, the employees shall be competent and responsive for most international and local business and government regulations so as to comply with the directives of the governor bank(NBE) and to conduct their business smoothly in an efficient fashion. (K.I Rathnasekara, 2018).

2.1.6 What is loan quality (quality of pre-shipment credit facility)

Preserving the quality of loans in the loan portfolio management system is principal aim of the loan portfolio department of that specific bank so as to reduce credit risk and it is also the

basic for conserving profitability to that organization. In almost all banks regularly trend analysis is executed across diverse time horizons to categorize growing or declining tendency of both performing and non-performing loans. In evaluating the quality of a loan portfolio, grouping and provision for bad debt are very critical.

In banks and credit and saving associations loan write-off ratio is recognized as a good gauge of portfolio quality. This gage purely denotes the institution loans that has detached from its books for the reason that a substantial uncertainty that the granted loans will be recovered. The writing off of a loan from the book of the bank is an accounting transaction to avoid assets from being idealistically overstated by the loans that has an inclination of not to be collected. The reserves of loss loans and the total loan portfolio of the bank is affected by the write off policy of the bank equally. Hence, unless provision reserves are insufficient, the transaction will not impact total assets, net loan portfolio, expenses or net income. several banks instigate aggressive write-offs policy in order to fine-tune and clear into their portfolios (Kessey, 2015).

2.1.7 Organizational Culture and Performance

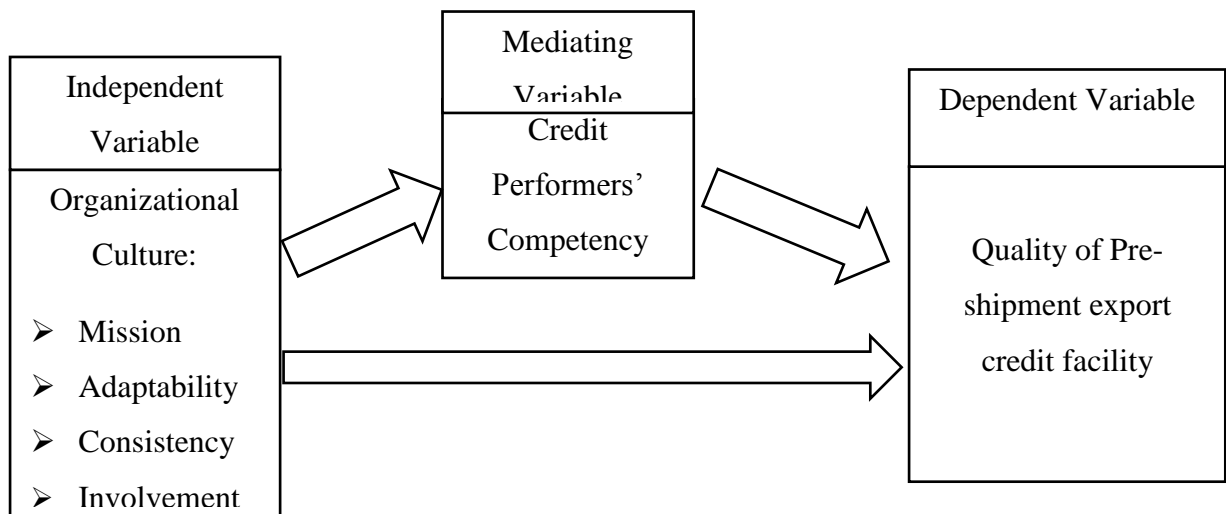
In this study, the fitting together between organizational culture and firm financial performance is scrutinized. The under mentioned clarification of theoretical and empirical verdicts is substantiate this claim. The notion that organizational culture is allied to organizational performance and long-term effectiveness is reinforced by theoretical reasons (Ahmed, 1998; Cameron & Quinn, 2006; Saffold, 1988; Zheng et al., 2010). In accordance to Zheng et al. (2010)'s resource-based view, organizational culture is one of the best crucial organizational resources that has been well researched in relation to organizational accomplishment. The organizational culture, according to Peters & Waterman (1982), is a strategic factor in defining an organization's effectiveness. According to Oparanma (2010), plentiful other actions that gear to corporate triumph are enthused or prompted by organizational culture. According to Ogbonna and Haris (2000), there is plentiful data for backing the association between organizational culture and performance, apart from the doubts adjacent the topic. In addition, organizational culture can provide businesses a competitive upper hand (Martins & Martins, 2002). Empirical research also depicts a linking between organizational culture and performance-related outcomes. Culture was revealed to have an influence on a range of organizational practices and performance, according to Kim et al. (2004). In a few instances, it was discovered that there was a correlation between cultural value strength and organizational success of businesses. For instance, in

manufacturing companies, it was coupled with return on assets, and in insurance companies, with progress in annual premiums and sum assured. Despite the questions about there were no noteworthy relationships with hospital performance were found, according to Ogbonna & Haris (2000). According to Marcoulides and Heck (1993), organizational culture considerably influences by what means an organization performs. Organizational culture is a fundamental factor to take into account while evaluating organizational performance, according to Oparanma (2010). The findings of Duke II & Edet (2012) designate a favourable correlation between organizational culture and performance. According to Zheng et al. (2010), organizational culture has a sympathetic bearing on the effectiveness of the organization. However, when a mediator is present (in this example, knowledge or competency management), this outcome is minimal.

2.2 Conceptual framework

Even if little consensus is reached yet various scholars have created various frameworks of organizational culture about the subject matter. Meanwhile culture is a difficult phenomenon fluctuating from fundamental beliefs and expectations to noticeable structures and practices, health skepticism also exists as to whether organizational culture can actually be measured in comparative sense. Despite these challenges, better understanding of the topic remains critical to the development of organizational studies (Daniel R. Denison, 2018). The main issue here in this study was to assess the Mediation effect of employee competence on how the dependent variable (the quality of pre-shipment export credit facility) caused by the independent variable (organizational culture) in case Commercial Bank of Ethiopia.

Figure 2.1: Conceptual framework



Source: Organizational Culture model with the researcher adjustment

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

In this division of the study the approach or method of the study applied while doing this research is elaborated. The research design as well as motives for the choice of design, the population of the study, the target population, data collection and data analysis techniques, and the methods for presenting the analyzed data is presented and deliberated.

3.2 Research design

Leedy (1997:195) outlines research design as a plan for a study, offering the overall outline for collecting data. MacMillan and Schumacher (2001:166) define it as a plan for choosing subjects, research locations, and data collection techniques to answer the research question(s). Besides, they show that the aim of an excellent research design is to deliver research outcomes that are considered to be dependable. For Durrheim (2004:29), research design is a strategic structure for action that aids as a link between research questions and the effecting, or carrying out of the research plan. The tough hindrance that follows the work of defining the research problem is the formulation of the design of the research project, prevalently known as the “research design”. Decisions on the subject of what, where, when, how much, by what means regarding an inquiry or a research study composed a research design. “A research design is the arrangement of conditions for gathering and analysis of data in a way that directs to associate significance to the research objectives.” It is known that, the research design is the conceptual structure within which research is carried out; it may comprise the design for the gathering, measurement and making data breakdown and assessment. The main aim of this research is to assess the effect of organizational culture on quality of pre-shipment credit facility as mediated by credit performers’ competence in case of Commercial Bank of Ethiopia. Though, the subject and challenges of pre-shipment credit facility at CBE raised by various research and compiled, the complications with regard to pre-shipment credit facility at CBE still persists and do not get fitting solution and is comprehended as a serious concern to be studied further. Therefore, in order to succeed the utmost objective set for this study an explanatory research design is taken up. Descriptive statistic is applied only to describe the demographic backgrounds of This research design allows explaining organizational culture of CBE and its effect on the quality of pre-shipment credit facility by analyzing the Mediating effect of the banks’ credit performers’ competence. Explanatory research design is also more

beneficial than descriptive research in letting the researcher to practice some statistical tools that are more qualitative in character and facilitates to join ideas to comprehend cause and effect; where in the descriptive research the researcher can apply simple tools like mean, mode and frequency.

3.3 Research Approach

It is a plan and the procedures for research that reach over the stages from broad assumptions to exhaustive ways of data collection, analysis, and interpretation. This research approach encompasses several decisions, and they need not be assumed in the order in which they make sense to me and the order of their presentation here. The overall decision contains which approach should be used to study a topic. Notifying this decision shall be the philosophical thinking the researcher come up to the study; practices and techniques of inquiry (known as research designs); and specific research methods of data collection, analysis, and interpretation. The choice of a research method is also rely on the character of the research problem or concern to be deal with, the researchers' own experiences, and the hearers or participants for the study. In order to meet the aim of this research, the research approach to be selected has to make possible the researcher use the finest, and most extensively realistic method of research approach. Hence, qualitative and quantitative data of a blended research approach which comprises both is applied by taking the advantage of both methods and join them. Hiring the combination of these two methods is taken as another step onwards has given acceptance to the mixed research design. These days, the complications give a talk and traced by social scientists are complex and the usage of either the qualitative or quantitative techniques by their own is insufficient.

The usage of mixed methods provides a benefit of multiple forms of data drawing on entire likelihoods statistical and text scrutiny and interpretation. Besides, it might supports to enhanced apprehend a research problem by linking broad numeric trends from quantitative research and the detail of qualitative research. Though, requirement for wide-ranging data collection, time demanding nature analyzing both numeric and text data are the challenges of this type of research. And the necessary data was collected concurrently.

3.4 Population and Sampling Frame

The word Population in a study stands for the unit or the individuals to whom the survey relates. However, Sample frame is the entry or identifying of entire units in the population from which the sample is portrayed or was selected. In another way, populations

encompasses those group or individuals who are expected to respond or react on the enquiries and to whom end results or outcomes of the survey apply. (Kitchenham B., 2002)

The credit management, credit appraisal, loan work-out & recovery and credit quality assurance directorates in the head office of Commercial bank of Ethiopia are staffed with 114 permanent employees. Consequently, the population for the study at hand was the permanent workers who are working in the credit management, credit appraisal, loan work-out and recovery and credit quality assurance directorates in the head office of the bank.

3.4.1 Sampling Technique and Sample size

As revealed above the total population in the study are the permanent CBE credit staffs who are working in the credit management, credit appraisal, loan work out and recovery and credit quality assurance directorates head offices of the bank that are a total of 114 employees. The target population is very small, so that the study has to apply census sample which is representative for the total population. In the study a census sampling technique is applied; since all wings working credit operation in the head office of the bank have to be addressed with sound representation.

Besides the questionnaire so as to congregate data in the form of direct interview, census sampling was applied bearing in mind that the interviewees' knowledge and exposure, relationships and expertise concerning a research subject under study. Hence, four department directors be in charge of the business and corporate credit management and credit appraisal wings in the bank are pre-arranged to be interviewed in line with the interview guide which was prepared earlier.

Table 3.1: Sample distribution proportion of in each department

1	CBE Corporate loans/credit Management	20
	Sample size in CBE Corporate loans/credit Management	20
2.	CBE Business loans/credit Management	28
	Sample size in CBE Business loans/credit Management	28
3	CBE corporate loans/credit Appraisal	14
	Sample size in corporate loans/credit Appraisal	14
4	CBE Business loans/credit Appraisal	22
	Sample size in Business loans/credit Appraisal	22
5	CBE loan work-out and recovery	16
	Sample size in loan work-out and recovery	16
6	CBE credit quality assurance	14
	Sample size in credit quality assurance	14

Source: (CBE, <http://ebsprodapp1.local:8010/OAFunc=OANEWHOME PAGE>, 2019) From *Org.web/oracle* (June, 2019) and own calculations $n = 114$

3.4.2 Data Type and Source

Both qualitative and quantitative data type was applied while doing this research. Besides such types of data are more likely to be collected both from primary and secondary data sources. Questionnaires were used as the primary data source mechanisms while interview of strategic leaders were made since the researcher have confidence in about receiving plentiful information concerning the issue about the study matter because they have good exposure on the credit areas. Moreover, the secondary data sources are from the NBE's and the banks' annual and supplementary internal reports, procedures, manual and website and other interconnected literatures.

3.4.3 Sources of Data and Data Collection Instruments

Collection of basic information shall be collected from pertinent sources so as to carry out any research activity. To align with the research objectives, the study put emphasis on mainly on primary sources, which was collected from the sampled CBE credit staffs. This Primary source of data was collected from employees of the sample at the credit processing centers at head office.

The principal instrument for data collection was questionnaire. It is a formally prepared pool of questions to grasp relevant information from the respondents that convert researcher's information needs into a set of particular questions that respondents are cooperatives and keen to reply. For the aim of data collection, the study was used close-ended questionnaires bearing in mind that credit performing employees' manners and viewpoints with regard to how the organizational culture affects the practice and challenges of pre-shipment credit export financing through the Mediating effect of credit performers competency in CBE. Besides to the questionnaires, some accompanying data was collected by means of interview method. The interview will be made with leaders who have appropriate and related exposures who are thought to have a enhanced information about the organizational culture and competence of credit performers while maintaining the quality of the pre-shipment credit export financing in CBE. Hence the directors in the credit management and credit appraisal wing of the bank was interviewed.

3.4.3.1 Questionnaire

Considering its suitability and relevance to grasp information on facts and opinions from a wide range of sources questionnaire is applied as a primary data-gathering instrument. Furthermore, it is one of the most imperative tools to direct the respondents since it offers

clear choices to check. The questionnaire was distinctively devised so as to achieve the objectives of the study. The items were customized from various researchers' works and tailored to fit for the specific objective of this study. A five point Likert-scale questionnaire encompassing of five groupings was used as a data collecting technique to determine the opinions of participants headed for the topic at hand. The questionnaire is contained of four parts; the first portion contains personal profile of the respondents; the second classification is survey questions on organizational Culture; the third set is survey questions associated to the competence of the banks Credit Performers' and the last but not the least category of questions are questions interconnected to quality of Pre-shipment Facility in CBE. The questions were organized and cooked to gather the attitudes of the credit performers of the banks towards the topic under study.

3.4.3.2 Interview

Interviewing is a qualitative research method that comprising running intensive individual interviews with a small number of respondents to deal with their outlooks on a particular idea or circumstances through asking staff or respondents to understand their outlook and experiences including their expectation regarding the study subject and the procedure and practices at hand. Besides, how they think about their involvement can contribute to the betterment of the problem of that specific study area. In-depth interviews are convenient while the researcher needs comprehensive information about a person's thoughts and manners or want to explore novel issues in depth. Interviews are usually applied to arrange for context to other data, giving a more comprehensive illustration of what occurred in the program and why.

The personal and uninterrupted contact between interviewers and interviewees offers a personal interview more valuable and advantageous. Besides it get rid of the non-response rates means the tendency of the response is very high. Moreover, it offers flexibility with regard to the smooth flow of the interview, thereby departing room for the generation of conclusions that were not initially meant to be derived concerning a research subject. But, appropriate due care was given to diminish the risk of diverging from the pre-specified research targets and objectives.

3.5 Procedures of Data Collection

An organized and self-administered questionnaire was applied to gather data from credit staffs. For doing the study the researcher formally ask for green light from the banks for cthe study. After having permission, circulation and collection of questionnaires of the sample population was made by the researcher as per the time table discussed with the respondents initially. The interview session was conducted in line with the relaxed time or when the directors became at ease so as to discuss with them concerning the topic at hand.

3.6 Method of Data Analysis

Assessing the effect of organizational culture on quality of pre-shipment credit facility as Mediated by credit performers' competence in case of Commercial Bank of Ethiopia is the central focus of this explanatory study. The researcher has used a descriptive analysis to study the credit performers' attitudes towards for the topic under study in CBE mainly for analysing the demographic data. Then after information is collected via the pre-set methods, the data had been encoded, corrected, processed, scrutinized and interpreted by means of SPSS version 20.

In order to look at the effect of organizational culture on quality of pre-shipment credit facility as Mediated by credit performers' competence the researcher has pre scheduled to apply multiple regression analysis.

Each and every variables are carefully selected in review of literature where their relationship needs to be specified and their inter linkage of one another was assumed.

As a general principle, the greater R^2 value in multiple regressions infers most probable that the pertinent variables are encompassed in the applied model. Multiple Regression method is employed to scrutinize the linear association between a dependent variable and independent variables and estimates the β 's in the equation.

Above and beyond, i had planned to execute the Mediation analysis by means of the Process Macro tool of SPSS, which is designed by Professor Andre Hayes. The preferred model for realizing this objective is 'Model 4'. The Mediator variable selected is the credit performers' competency; the explained or experimental variable is the quality of pre-shipment export credit facility; and the explanatory or predictor variable is the organizational culture.

3.6.1 Descriptive statistics

When we see the statistics conclusive report of the pertinent demographic variables was generated via central tendency measurements (frequency and frequency distribution, valid & cumulative percentage, and comparison of mean). Furthermore, to present the outcome with the aid of SPSS tabular rationalizations are applied.

3.6.2 Inferential statistical Analysis

The correlation and multiple linear regression schemes were employed by means of statistical package for social sciences (SPSS) software to perform the inferential statistical analysis. The need of these statistical instruments and means of presentation are portrayed underneath.

3.6.3 Correlation

The level to which two quantitative variables, X and Y, "go together" is evaluated by correlation. When high values of X and high values of Y are related we can say there is a positive correspondence. A negative correlation come about when high X values are associated to low Y values. Statistics known as correlation coefficients (denoted r) define the link between X and Y in terms free of units. $r = +1$ when all scatter plot points fall just on an upwardly inclined line; $r = -1$ when all points fall directly on a downwardly inclined line. The significance level for computing correlations should be set at 95% with an alpha value of 0.05, or a likelihood of an unpredicted correlation occurring is 5 out of 100 observations.

3.6.4 Multiple Regression Analysis

An imperative statistical approach for approximating an unidentified variable's value from the already recognized factors is multiple regression analysis. It also encompasses building a model and deciding how different variables relate to eachother. The four criteria or predictors that have an iinfluence on the quality of the pre-shipment credit facility were applied to create the model for this study.

Model Specification

To scrutinize and analyzing the Mediating role of credit performers' competency in the relationship between organizational culture and the quality of pre-shipment export credit facility data was collected from the four departments where a credit performer is resides. The

data is coded, cleaned and evaluated using SPSS. The under mentioned stage is performing the comprehensive analysis by means of the multiple regression analysis.

Sample regression model equation for linear relationship among variables is;

$$y_j = \beta_0 + \beta_1 x_{1j} + \beta_2 x_{2j} + \beta_3 x_{3j} \dots + \beta_p x_{pj} + \varepsilon_j$$

Where:

Y_j 's denotes dependent variable for observation j.

X_{1j} 's denotes the independent variable (IV) for observation j

X_{2j} 's denotes the Mediating variable (MV) for observation j

x_{3j} denotes the set of control variables which affect the quality of pre-shipment export credit facility like macro-economic variables, customer related factors and other organization associated aspects.

β_0 is the intercept

β 's are the regression coefficients.

ε_j is the error term (stochastic term) of observation j.

Thus, in line with the above mentioned variables, a model is established grounded on the research variables that are designated in the conceptual framework, so as to look at the Mediating consequence of credit performers' competency in the relationship between the organizational culture and the quality of pre-shipment export credit facility.

$$\text{CREPERCOMP} = \beta_0 + \beta_1 \text{ORGCULT} + \varepsilon \dots \text{Model - 1}$$

$$\text{QUAPRECRE} = \beta_0 + \beta_1 \text{ORGCULT} + \beta_2 \text{CREPERCOMP} + \varepsilon \dots \text{Model - 2}$$

Where;

QUAPRECRE: Quality of pre-shipment credit facility

CREPERCOMP: Credit performers' competency

ORGCULT: Organizational culture

In Model - 1

β_1 (coefficient of ORGCULT): Measures the partial alteration in Credit performers' competency owing to change in organizational culture, other things remains unaffected.

In Model – 2

β_1 (coefficient of ORGCULT): Measures the partial variations in Quality of pre-shipment credit facility owing to a variation in organizational culture, other things endure unaffected.

β_2 (coefficient of CREPERCOMP): Measures the partial variation in Quality of pre-shipment credit facility owing to modification in credit performers’ competency, other things keep on unaffected.

The independent variables

As depicted in the conceptual framework of this thesis Mission, Consistency, Involvement, and Adaptability are the independent variables as they associate with Quality of Pre-shipment export credit Facility as the response or output variable.

The dependent variable

The dependent variable is Quality of Pre-shipment export credit Facility. This paper go for to indicate in what manner the alternation in Quality of Pre-shipment export credit Facility may be explained by the above mentioned independent variables.

The Mediating Variable

It is abstracted that the independent variables do not straightforwardly affect the dependent variable but have an influence on Credit Performers’ Competence which additionally influences the dependent variable. The level of Credit Performers’ Competence is the variable that is likely to be biased by the way various diversity components are embedded inside the firm. The level of Credit Performers’ Competence might further affect the Quality of Pre-shipment export credit Facility.

Table 3.2: Model Specification of Variables.

No	Explanatory variable	Beta Coefficients (β)	Explanatory variable assigned by X
1	Involvement	β_1	X_1
2	Consistency	β_2	X_2
3	Mission	β_3	X_3
4	Adaptability	β_4	X_4
Mediating variable			
1.	Credit Performers’ Competence	α_1	M1
response variable			Variable assigned by Y
1	Quality of pre-shipment credit facility		Y

3.7 Measurement Instruments

A sequence of four or more Likert-type components that manifest interconnected questions are amalgamated into a sole composite score to form a Likert scale. As interval data, likert scale data may be reviewed, and the mean is the finest indicator of central tendency. The used questionnaire embraces variables' Likert scale measurements as well as general information about the respondents. The general information consists of the person's age, gender, amount of education, position within the firm, and years of work experience there. Five factors The independent and dependent variables were rated on a Likert scale, with levels of agreement ranging from Strongly-disagree (1) to Strongly-agree (5). These measurement scales were customized from various academic works.

3.8 Ethical consideration

The bases of data for the study were a questionnaire from commercial bank of Ethiopia credit staffs. The respondents was guaranteed that the information delivered by them is dependable and trustworthy and explanation was given to them their information is only used solely for academic purposes. Besides this, respondents were tip off not to incorporate any identity detail and personal reference in the questionnaire. This enabled to diminish the prejudice of the reply that was gathered from the respondents. Furthermore, the various research studies, articles, and textbooks used as a reference in the study are intensively was cited. All in all, the entire process of the research was structured and well ordered to be within acceptable professional integrities.

3.9 Validity and Reliability Test

3.9.1 Validity Test

Validity is apprehensive for the magnitude to which your questionnaire measures, what it rationales to measure, and is often rearticulated as “reliability,” or “precision.” The concept is comparable to using the erroneous instrument to measure a concept, such as using a ruler as a replacement for of a scale to measure weight. Defining the precision of a question consist of examining both the validity of the question phrasing (the level to which your question strictly and perfectly reveals the anticipated attention) and the soundness of the replies the question collects (the level to which the question precisely captures the right views of the respondent). Even though perfect question validity is difficult to attain, there are a lot of steps that can be taken to evaluate and increase the validity of a question. After the questionnaire was constructing, pre-testing was run with individuals who have expertise of the area by

permitting them to read and comment on it. productive comments were collected from the individuals and the questionnaire was accustomed likewise. Thenafter, validation of the instrument was forwarded by academic advisor in advance the data collection.

3.9.2 Reliability Test

Assessment of questionnaire reliability- internal consistency is probable by Cronbach's α (Cronbach, 1984), which is taken as to be the extreme essential reliability index and is based on the number of the variables/items of the questionnaire, as well as on the association between the variables (Nunnally, 1978). The reliability of the instrument means that its results are characterized by repeativeness (Psarou and Zafiropoulos, 2004) and these outcomes are not interlinked with measurement errors (Zafiropoulos, 2005), was weigh up by Cronbach alpha coefficient. The index alpha (α) is the extreme vital index of internal consistency and is attributed as the mean of correlations of all the variables. Besides, it does not rely on their arrangement (Anastasiadou, 2006). Reliability is in effect the reliability of an instrument to test what it will design to test. The suitable test for reliability is inter-item consistency reliability which is prevalently called the Cronbach's coefficient alpha. In accordance with Joseph and Rosemary (2003), Cronbach's alpha reliability coefficient (α) normally spans between 0 and 1. In line with these authors, there is a higher internal consistency of the items if the Cronbach's alpha coefficient more closes to 1.0. Based on the study has the sum of the variables average Cronbach's alpha value of ($\alpha = 0.960$) and the reliability test of the study is located on "excellent" range.

Table 3.3: Reliability Test of Variable's Using Cronbach's Alpha for customer's data

Reliability Statistics					
No	Variable Name	Cronbach's Alpha Value	Cronbach's Alpha based on standardized items	No of items	(α) reliability ranges
Independent variables					
1	Involvement	0.840	0.826	15	Very good
2	Consistency	0.899	0.892	15	Very good
3	Adaptability	0.891	0.862	15	Very good
4	Mission	0.806	0.827	15	Very good
Mediator variables					
1	Credit Performers' Competence	0.904	0.906	8	Excellent
Dependent variable					
1	Quality of Pre-shipment export credit Facility	0.882	0.886	8	Very good
	Overall	0.960	0.955	76	Excellent

Source: Own computation using SPSS of the survey, 2022

CHAPTER FOUR

DATA ANALYSIS AND DISCUSSIONS

4.1. Introduction

The information gathered through questioning is presented in this chapter in accordance with the study's aforementioned goals. The information was deemed crucial for illuminating the impact of organizational culture on the standard of the pre-shipment credit facility in the context of Commercial Bank of Ethiopia. The study's findings were analyzed and explained using descriptive and inferential statistics. Measurements of central tendency make up the descriptive analysis (frequency and frequency distribution, percentage, & cumulative percentages). With the aid of SPSS, tabular explanations are also used.

The results of the study were also presented using statistical package for social sciences (SPSS) software including ANOVA, correlation, mediation analysis, and multiple linear regression analysis. By calculating the sum and taking the average of each variable, the non-parametric five-point Likert scale data were transformed into a parametric one. Consequently, it is possible to do linear multiple regression and Pearson correlation (Creech, 2011). The degree and direction of the association between the dependent variable and the independent variables are expressed using the Pearson correlation coefficient (r). To forecast the value of an independent variable from the value of the independent variables, multiple regression analysis is utilized.

4.2 Pre-shipment Credit Facility of CBE and the Size of Such Facility over the Last Years

Currently the Bank is exerting its maximum effort in generating foreign currency to realize its targeted foreign currency need by providing convenient export credit products to exporters. And Pre-shipment export credit facility is required for short periods both before and after shipment of an order. It is a loan extended for purchase of raw materials, processing and converting them into finished goods, warehousing, packing and transporting the goods until the time of shipment and the financing shall be availed against valid sales/ export contract or bona-fide purchase order from a foreign buyer (CBE, credit business procedure, 2018). The Bank may advance some portion of the Pre-shipment Export Credit Facility, in the absence

of presentation of sales contract based on the recent performance of the exporters. According to the bank's credit business procedure, the Pre-Shipment Export Credit Facility must be renewed annually unless the bank requests that the credit authorizing team examine it sooner if the account's performance is degrading. Besides, the facility must be examined and offered for consideration by the relevant credit approval team every six months in order to assess performance. The Customer Relationship Manager will take the initiative in this situation and forward the customer's file, together with any relevant information or documents, to the credit analysis team for further evaluation. Once pre-shipment credit facility is approved for a borrower, subsequent advances must be made in a manner that ensures proper utilization of the loan for the intended purpose as per the contractual agreement between the bank and the exporter. In this regard, the customer is required to surrender documents (as appropriate) that evidence purchase of exportable commodities to the Bank.

For comparison purpose the table below shows for six years from 2017 to 2022 the advance on export bills (the pre-shipment export credit facility) indicates it has significant portion from the total loan portfolio and its NPL ratio shows an increasing trend.

Table 4.1: Pre-Shipment Credit Facility in billion birr

Loan Type	2016		2017		2018		2019		2020		2021		2022	
	Total Loans	Total NPLs	Total Loans	Total NPLs	Total Loans	Total NPLs	Total Loans	Total NPLs	Total Loans	Total NPLs	Total Loans	Total NPLs	Total Loans	Total NPLs
Term Loans	119.91	3.05	140.55	3.74	154.13	5.19	178.09	2.79	200.77	7.44	230.82	9.64	254.07	11.76
Overdrafts	2.98	0.07	3.76	0.15	3.62	0.08	4.55	0.05	5.58	0.25	9.19	0.14	11.17	0.74
Merchandise Loans	0.00351		0.01497		0.00930		0.00930		0.01808	-	-	-	0.32281	0.0002
pre-shipment facility	7.12	0.33	6.80	0.54	7.72	0.59	9.21	0.98	12.04	1.79	10.70	2.82	7.77	2.67
Advances on Import Bills	16.82	0.01	5.79	0.01	12.86	0.10	10.64	0.01	11.13	0.17	12.92	0.01	46.36	0.20
Total	23.94	3.46	156.92	4.45	178.35	5.96	202.50	3.82	229.53	9.66	263.63	12.61	319.70	15.37
Pre shipment NPL ratio		5%		8%		8%		11%		15%		26%		34%

Source: Internal Management information system reports

4.3 Data Screening and cleaning

A total of 114 questionnaires were distributed to the respondents and from that 110 (96.49%) questionnaires were collected through a self-administered survey and properly filled and ready for analysis, then the data were entered into SPSS. The dataset was rechecked to ensure

the accuracy of the data entry. The minimum and maximum data values on each variable related to each case were tested out to distinguish any irregular or unusual data values.

4.4 Demographic Characteristics of the respondents

This section consists of four items about demographic characteristics of the respondents, like sex group of respondents, marital status of the respondents, age group of respondents, educational background of respondents and work experience of respondents.

Based on the data obtained from the respondents, the table 4.1 number 1 represents sex group of respondents. Accordingly 77 (70 %) of the respondents male and the remaining 33 (30 %) were females. This implied male's employment in commercial bank of Ethiopia is high than female employees. This shows sex balance in the organization was not fairly distributed.

From the table 4.1 number 2 age group of respondents as it shown respondents age composition in the range of 20-30 are 6 (5.5 %), respondents in the range of 31-40 years are 39 (35.5 %), in the range of 41-50 years 44 (40 %) and above 51 years are 21 (19.1 %). This indicates that the majority of the groups are within the range of 41-50 years and 31-40 years are moderate relative of the age groups the others. So, the majority of the respondents are young and at the productive age level and willing to work energetically.

Table 4.2: General Background Information of Respondents

No.		Item	Frequency	Percent	Cumulative Percent
1	Sex	Male	77	70.0	70.0
		Female	33	30.0	100.0
		Total	110	100.0	
2	Age	20-30	6	5.5	5.5
		31-40	39	35.5	40.9
		41-50	44	40.0	80.9
		Above 51	21	19.1	100.0
		Total	110	100.0	
3	Marital Status	Single	16	14.5	14.5
		Married	87	79.1	93.6
		Divorced	7	6.4	100.0
		Total	110	100.0	
4	Education	Diploma	4	3.6	3.6
		1st degree	75	68.2	71.8
		Masters	27	24.5	96.4
		PhD	4	3.6	100.0

		Total	110	100.0	
5	Job Grade	JG11	17	15.5	15.5
		JG12	13	11.8	27.3
		JG13	53	48.2	75.5
		JG14	22	20.0	95.5
		JG15	5	4.5	100.0
		Total	110	100.0	
6	Work Experience	Less than 5 year	13	11.8	11.8
		5-10 years	29	26.4	38.2
		11-15 years	50	45.5	83.6
		Above 15 years	18	16.4	100.0
		Total	110	100.0	
7	Experience in credit	Less than 5 years	13	11.8	11.8
		5-10 years	35	31.8	43.6
		11 - 15 years	47	42.7	86.4
		Above 15 years	15	13.6	100.0
		Total	110	100.0	

Source: Own survey

As per the table above depicts that marital status of the respondents, from the total respondents 16 (14.5 %) were single, 87(79.1 %) were married and 7 (6.4 %) were divorced. From the result it can be concluded that majority of the respondents in the organization were married.

The educational background of the respondents is shown in table (4.2.) number 4, ranging from a diploma to a PhD. 75 (68.2%) of the respondents have a BA degree, 27 (24.5%) have a master's degree or above, and 4 (3.6%) have both a college diploma and a PhD. This demonstrates that BA degree holders make up the majority of responders in the organization. It can be inferred that practically all employees are capable of understanding and responding to the questions in the questionnaires since the majority of respondents are aware of the need to provide proper information and because the majority of employees hold BA degrees and are professionals.

Regarding to Job grade in the organization, from the total respondent 17 (15.5 %) were grade 11, (11.8 %) were grade 12, 53 (48.2 %) were grade 13, 22 (20 %) were grade 14 and 5 (4.5 %) were grade 15. As per the result majority of the respondents were job grade of 13.

In relation to work experience in the organization, from the total respondents 13 (11.8 %) were served in the bank less than 5 years, 35 (31.8%) were worked for 5 to 10 years, 50 (45.5 %) were worked for 10 to 15 years and 18 (16.4 %) were served for more than 15 years. As it can be seen from the result majority of the respondents were served in the organization for 10 to 15 years.

Regarding to credit experience in the organization, from the total respondents 13 (11.8 %) were served in the bank less than 5 years, 29 (26.4%) were worked for 5 to 10 years, 47 (42.7 %) were worked for 10 to 15 years and 15 (13.6 %) were served for more than 15 years. As it can be seen from the result majority of the respondents were served in credit position for 10 to 15 years.

4.5 Descriptive statistics of the variables

As per the table below shows, the descriptive statistics of mission, consistency, involvement and adaptability. The results in the table show that mission had the highest mean score of 4.018 followed by adaptability with an overall mean score of 4.017 and the relatively low overall mean score was recorded by Consistency which is 3.497. Regarding to the mediator variable summery statistics shows that credit performers' competence had relatively highest mean score value which is 4.1.

Table 4.3: Descriptive statistics

Descriptive Statistics					
	N	Minimum	Maximum	Mean	Std. Deviation
Involvement	110	1.73	4.93	3.8448	.79960
Consistency	110	1.47	4.60	3.4972	.67693
Adaptability	110	2.27	5.00	4.0176	.65436
Mission	110	2.87	5.00	4.0182	.47587
Performers	110	1.63	5.00	4.1000	.86880
Facility	110	1.00	5.00	3.6830	.99492

5 Source: Own calculation of the survey using SPSS, 2022

4.6 Correlation analysis

In this section the correlation analysis between the dependent and explanatory variables were presented.

Table 4.4: Correlation matrix of dependent and independent variables

		Correlations					
		Facilit y	Involv ement	Consist ency	Adaptabilit y	Mission	Performers
Facility	R	1	.384**	.631**	.473**	.766**	.548**
	Sig		.000	.000	.000	.000	.000
	N	110	110	109	110	110	110
Involveme nt	R	.384**	1	.378**	.622**	.239*	.578**
	Sig	.000		.000	.000	.012	.000
	N	110	110	109	110	110	110
Consistenc y	R	.631**	.378**	1	.457**	.466**	.506**
	Sig	.000	.000		.000	.000	.000
	N	109	109	109	109	109	109
Adaptabilit y	R	.473**	.622**	.457**	1	.429**	.943**
	Sig	.000	.000	.000		.000	.000
	N	110	110	109	110	110	110
Mission	R	.766**	.239*	.466**	.429**	1	.459**
	Sig	.000	.012	.000	.000		.000
	N	110	110	109	110	110	110
Performers	R	.548**	.578**	.506**	.943**	.459**	1
	Sig	.000	.000	.000	.000	.000	
	N	110	110	109	110	110	110
**. The 0.01 level of significance for correlation (2-tailed).							
*. The 0.05 level of significance for correlation (2-tailed).							

Source: Own calculation of the survey using SPSS, 2022

According to the correlation table 4.4 above, the mission, consistency, involvement, and adaptability are positively correlated with the quality of pre-shipment export credit facilities. The correlations unambiguously demonstrate that the aforementioned explanatory variable has a strong positive and statistically significant association with the quality of pre-shipment export credit facilities.

4.7 Regression Analysis

A statistical tool for determining the links between endogenous and exogenous variables is regression analysis. It makes it possible to ascertain the degree to which variables are correlated with one another as well as the independent variables' ability to predict the dependent variable. Regression, in essence, enables researchers to determine the extent to which changes in one independent variable while holding other independent variables constant result in changes in the values of the dependent variable. Regression analysis is a

statistical method for identifying the variables that actually have an impact. Although there are many different kinds of regression analysis, they all essentially look at how one or more independent variables affect a dependent variable.

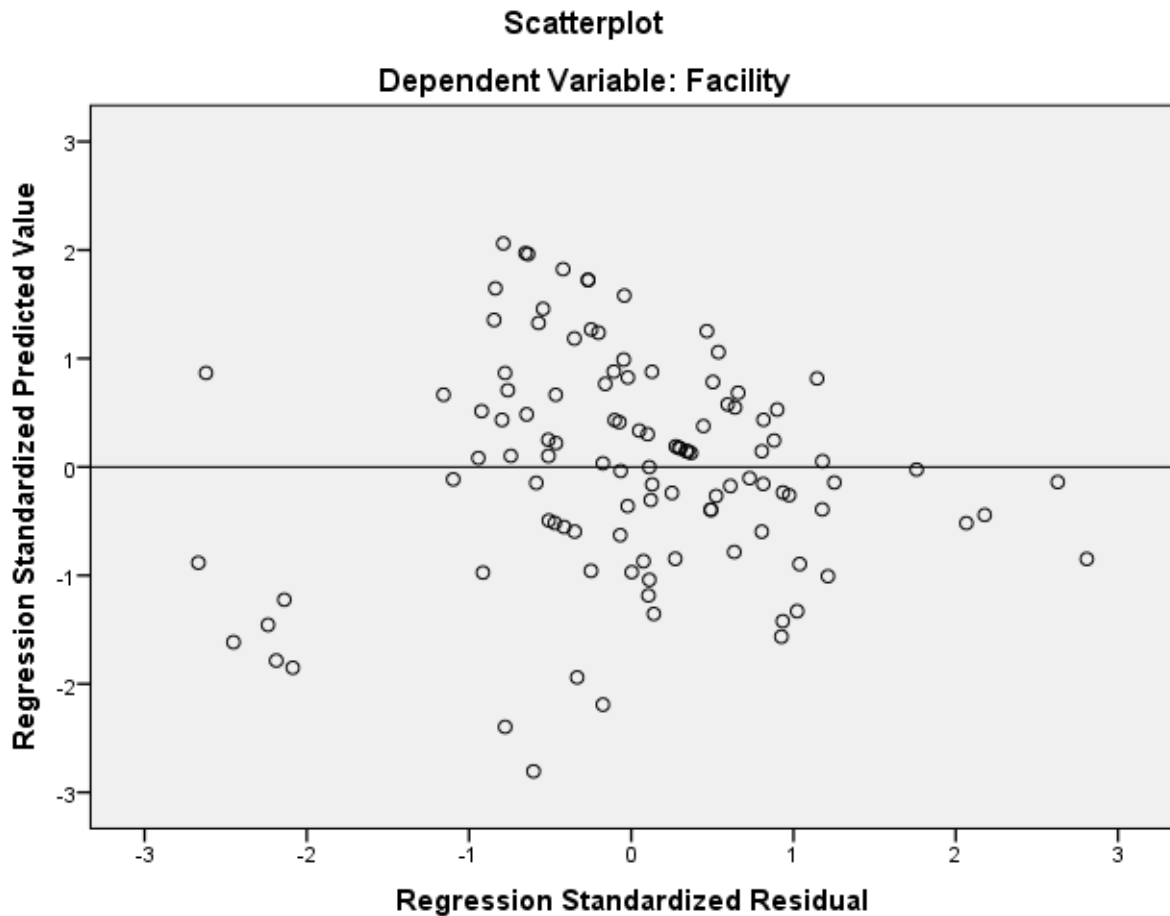
4.8 Diagnostic Tests of Assumptions of Classical Linear Regression

Model (CLRM)

The Classical linear regression model such as homoscedasticity, autocorrelation, Multicollinearity, and normality were conducted and well discussed under.

4.8.1 Homoscedasticity Test

One of the main assumptions of the traditional linear regression model is homoscedasticity. This denotes that for all explanatory variable values, the error variance is the same. Heteroscedasticity, in contrast, is the absence of homogeneity of the variance when the disturbance factors do not have the same variance. A scatter plot diagram can be used to validate assumptions. In the outcome, the model's predicted values are plotted versus the measured residuals. The variation in the residuals should be fairly analogous as the projected values rise. The graph resembles an arbitrary collection of dots. The model is hence Homoscedastic.



Source: Own computation, survey 2022

Figure 4.1 Homoscedasticity Test

4.8.2 Autocorrelation Test

While any pair of observations' error terms are correlated, or not independent of one another, this occurrence is known as autocorrelation, sometimes known as serial correlation. Numerous things, including as ignoring non-linearity in a model and overlooking variables, can be a reason for autocorrelation. The most prevalent test to find autocorrelation in a model is the Durbin Watson test. It can be decided that there is no autocorrelation in the model if the Durbin Watson Statistic (d) is near to 2. If the Durbin-Watson statistic is around 2, the residuals are not correlated, and a valid range is between 1.50 and 2.50. As it can be shown from the table below the Durbin-Watson statistic value is 1.986 and this value almost approaches 2 therefore, there is no autocorrelation problem in this model.

Table 4.5: Autocorrelation Test

Model Summary					
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.847 ^a	.717	.703	.54243	1.687
a. Predictors: (Constant), Performers, Mission, Consistency, Involvement, Adaptability					
b. Dependent Variable: Facility					

Source: Own calculation of the survey using SPSS, 2022

4.8.3 Multicollinearity Test

Multicollinearity denotes to the presence of strong linear or correlated relationships between two or more independent variables in a regression model. The regression coefficients of the independent variables may not be determined with immeasurable standard errors if the model is multicollinear (Gujarati, 2004). This diminishes the p-values of important variables, making them less significant and resulting in low t-statistics values. Therefore, major factors may appear to be insignificant in regression results with multicollinearity. By get rid of highly linked variables, the multicollinearity issue is resolved (Ahmad & Bashir, 2013). The successive results should be present more impactful variables than before. Numerous problems could lead to multicollinearity in a regression model. These include, data that is 100% observational, insufficient data, the inclusion of a variable in the regression that is actually a combination of two other variables and finally the inclusion of two variables that are almost indistinguishable. In this study, the Pearson correlation matrix and Variance inflation factor (VIF) are used to check for multicollinearity. By inspecting their link and calculating by what means possibly it is that these factors will have an influence on the dependent variable, a Pearson correlation matrix is applied to examine the multicollinearity of the independent variables (Ahmad & Bashir, 2013). The VIF is a test applied to endorse multicollinearity in a model and quantifies how much the variance is inflated. Sekaran and Bougie (2016) state that the tolerable spans for the variance inflation factor (VIF) and tolerance are, respectively, above 0.10 and below 10. According to table 4.6, the independent variable's tolerance and VIF values are all more than 0.1 and lower than 10, respectively. Consequently, this model does not have a large multicollinearity issue.

Table 4.6: Multicollinearity Test

Model	Collinearity Statistics	
	Tolerance	VIF
(Constant)		
Involvement	0.597	1.675
Consistency	0.652	1.534
Adaptability	0.100	9.960
Mission	0.712	1.404
Performers	0.102	9.799

Source: Own calculation of the survey using SPSS, 2022

4.8.3.1 Normality Test

The sample distribution is typically assumed to be normal when p-values are calculated, thus the assumption of normality must be tested. To determine normality, many statistical tests are utilized. One of the additional assumptions of the linear classical ordinary least Square approach is the normality test. The residuals must be regularly distributed in order for multiple regressions to work. Statistical methods like skewness and kurtosis can be used to determine if the data is regularly distributed or not. Kurtosis and skewness distribution, the normal probability plot, and the Histogram plot test are some of the test methods used to determine whether the given regression model is normal. In this study, the test is checked using a histogram plot. Thus, the error term in the model is normally distributed.

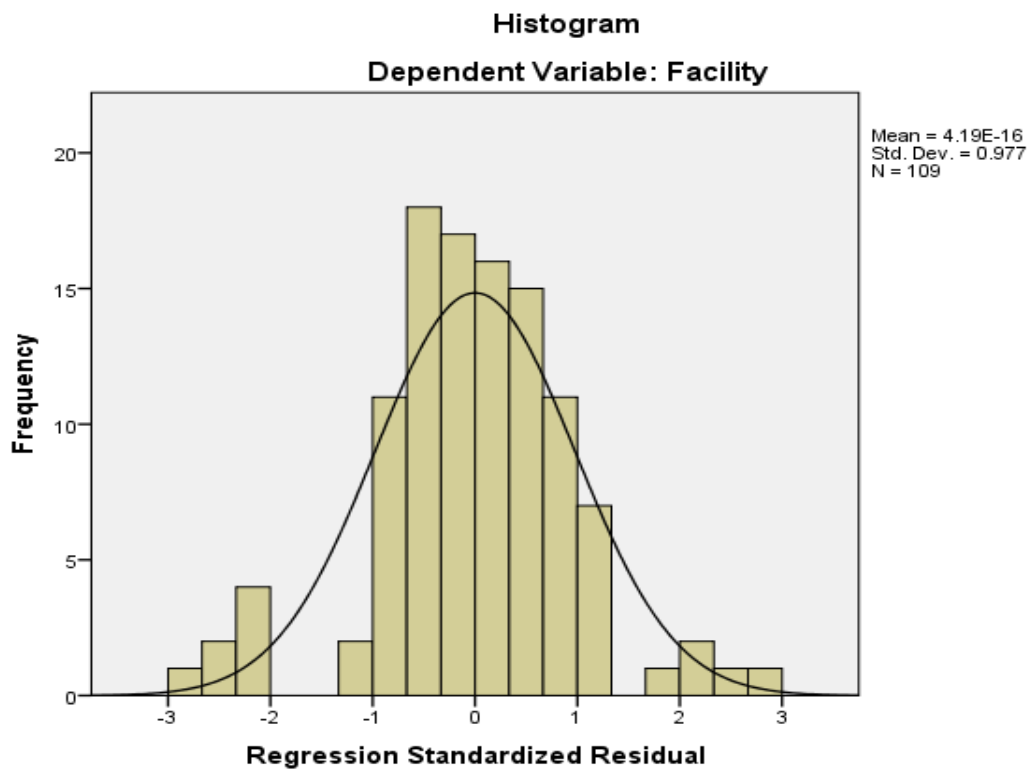


Figure 4.2: Normality Test

4.9 Regression result and discussion

The outcomes of the regression analysis, as well as the impact of organizational culture on the performance of pre-shipment credit facilities mediated by performers competence in the case of Commercial Bank of Ethiopia, will be presented in the following section. Multiple linear regression analysis was used to create the regression model by determining the model summary, ANOVA, and beta coefficient..

Model Summary

The correlation between the independent and dependent variables is represented by the R value. The value of the correlation coefficient (R) between a group of independent factors (Performers, Mission, Consistency, Involvement, and Adaptability) and the dependent variable (quality of pre-shipment credit facility) was 0.848, according to the model description in Table 4.7. Accordingly, the independent variables and dependent variable had a strong positive linkage. The R square and coefficients of determination are both 0.719, according to Table 4.7. As a result, Performers, Mission, Consistency, Involvement, and Adaptability, the used explanatory variable, account for 71.9% of the variation in the quality of pre-shipment credit facility. This denoted that there are additional elements, which the study did not include, which account for the 28.1% difference in pre-shipment credit facility quality.

Table 4.7: Model Summary

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.848 ^a	.719	.705	.54031
a. Predictors: (Constant), Performers, Mission, Consistency, Involvement, Adaptability				

Source: Own calculation of the survey using SPSS, 2022

ANOVA test

In this scrutiny, analysis of variance was used to assess how well the model fit the data. For the data in Table 4.8 below, the test's F value is 53.117. the p-value for the F value, which is.000 and less than 0.05 for alpha. Additionally, the ANOVA table denotes that the independent variables substantially influences the dependent variable, and the model used to anticipate the dependent variable was highly effective.

Table 4.8: ANOVA table

ANOVA ^a						
Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	77.535	5	15.507	53.117	.000 ^b
	Residual	30.362	104	.292		
	Total	107.896	109			
a. Dependent Variable: Facility						
b. Predictors: (Constant), Performers, Mission, consistency, Involvement, Adaptability						

Source: Own calculation of the survey using SPSS, 2022

5 Regression and Mediation analysis

Table 4.9: Model one (Credit Performers' Competence as dependent variable)

Variables	Coefficient	Std. Err.	t-statistic	p-value
Involvement	-0.027888	.0427951	-0.65	0.515
Consistency	0.1075641	.0474456	2.27	0.023
Adaptability	1.20111	.0564286	21.29	0.000
Mission	.0695256	.0656177	1.06	0.289
_Cons	-1.273677	.2400839	-5.31	0.000

Source: Own calculation of the survey using SPSS, 2022

Table 4.10: Model two (Quality of Pre-shipment export credit Facility as dependent variable)

Variables	Coefficient	Std. Err.	t-statistic	p-value
Performers	.5401306	.1814474	2.98	0.003
Involvement	.170802	.0815978	2.09	0.036
Consistency	.3940467	.0923761	4.27	0.000
Adaptability	-.6477111	.2429584	-2.67	0.008
Mission	1.202159	.1255085	9.58	0.000
_Cons	-2.793924	.5120125	-5.46	0.570

Iteration 0: log likelihood = -466.69133

Iteration 1: log likelihood = -466.69133

Source: Own calculation of the survey using SPSS, 2022

5.1 Regression output

In line with regression result above in model two from the total of four independent variables all variables i.e mission, consistency, involvement and adaptability were significant effect on quality of pre-shipment export credit facility in commercial bank of Ethiopia.

Involvement

In accordance with the regression output above shows the coefficient of Involvement is positive and statistically significant effect on quality of pre-shipment export credit facility. This denotes that when Involvement increased by one unit then quality of pre-shipment export credit facility increased by 0.1708 being other variables are constant. Fusch and Gillespie (2012) indicated that developing a positive workplace culture leads a performance improvement in the organization. Organizational culture is an important determinant factor for organizational performance (O'Reilly et al., 2014). Uddin et al. (2013) confirmed the existence of a strong relationship between organizational culture and organization performance.

Consistency

As per the regression output of model, the coefficient of consistency is positive and statistically significant at 1 percent level of significance. This implies that a one-unit increase in consistency leads to 0.0923 unit increase in quality of pre-shipment export credit facility being other variables are constant. The linear link between Consistency and quality of pre-shipment export credit facility due to the fact that consistency provided in the organization.

Adaptability

In the regression output the coefficient of adaptability is negative but statistically significant effect on quality of pre-shipment export credit facility in commercial bank of Ethiopia at 5 % level of significance. This denoted that when adaptability increased by one unit then the level of quality of pre-shipment export credit facility in the organization decreased by -0.6477 units being other explanatory variables constant. Even though there is negative relationship between adaptability and quality of pre-shipment export credit facility its significance level is below 5% so statistically significant in commercial bank of Ethiopia.

Mission

As per the regression output of model, the coefficient of mission is positive and statistically significant at 1 percent level of significance. This implies that a one-unit increase in mission to 1.2021 unit increase in quality of pre-shipment export credit facility being other variables are constant. The positive relationship between mission and quality of pre-shipment export credit facility was not as anticipated.

A postulated causal chain called mediation occurs when one variable influences a second variable, which then influences a third variable. The mediator is the intervening variable, M. It "mediates" the connection between X, a predictor, and the result. Once the model was tested for its fitness with observed data, the contribution of the mediating variable (credit performers' competence) was examined to explain the relationship between exogenous variable and quality of pre-shipment export credit. Estimation of the influence of independent variable on quality of pre-shipment export credit through the mediation effect of credit performers' competence was performed by using SPSS-Amos statistical package.

The pre-shipment export credit quality was the dependent variable (y) and the credit performers' competence was the mediating variable in the mediation model (M). A few key requirements must be met in order to assess if the competence of the credit performers can serve as an intermediary variable to explain the mediation effect of independent variables on the quality of pre-shipment export credit in the commercial bank of Ethiopia. The model's estimation of the total effect was done to guarantee this condition. First, independent variables (x) should have an influence on the caliber of the export credit before shipping. Second, independent variables (x) should have an impact on the mediator's or credit performers' proficiency (M). Third, the quality of pre-shipment export credit (y) should be influenced by the credit performers' competence, which was the mediating variable (M). All in all, so as to test the impact of mediator variable through two regression model. These regression models are: a regression model between mediator variables and independent variables and a regression model between dependent variable and both independent variable and mediator variable. If the mediator variable significantly affects the dependent variable there is mediation effect in the model.

Model one

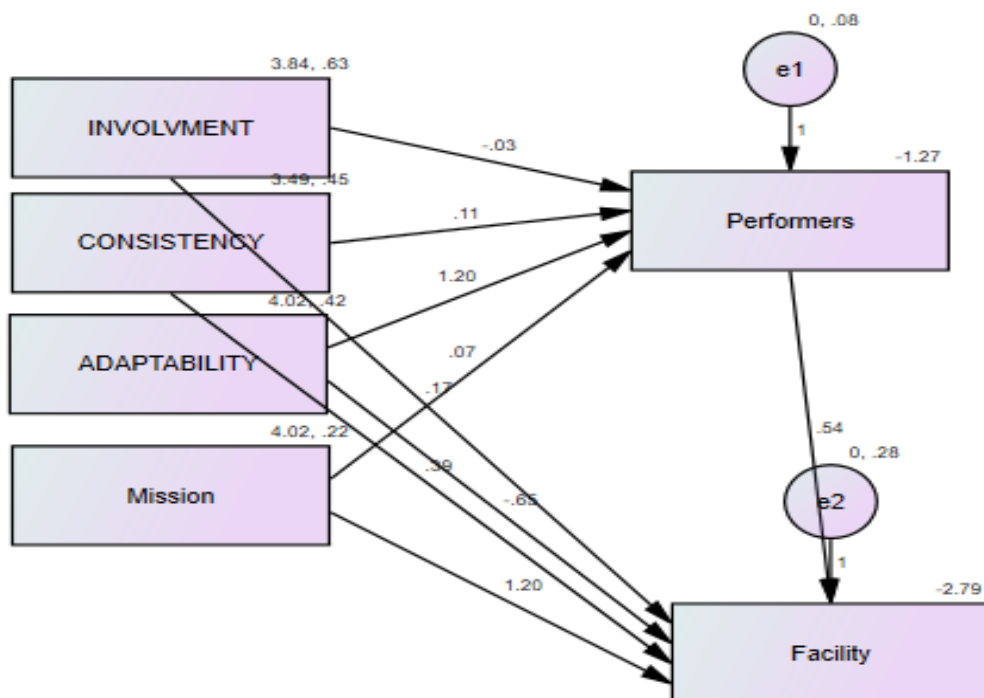
In accordance to the first model, there is a link between the independent variables of mission, consistency, participation, and flexibility and the mediator variable of credit performers' competence. The results of the regression suggest that, at a 1% level of significance, consistency and flexibility have a positive and significant influence on the competence of credit performance. According to the coefficient of consistency, when consistency increased by one unit, the competence of credit performers increased by 0.1075. According to the coefficient of adaptability, when adaptability rose by one unit, the competence of credit

performers rose by 1.201 units. But, the influence of mission and involvement on the competency of credit achievers was insignificant.

Model two

Model two presents the regression output of dependent variable with independent and mediator variables. In this mode the impact of mediator variables i.e credit performers' competence on the quality of pre-shipment export credit in commercial bank of Ethiopia is positive and statistically significance effect 1 % level of significance. The coefficient of the mediator variables denotes that a one unit increase in credit performers' competence leads to 0.54 unit increase in quality of pre-shipment export credit of commercial bank of Ethiopia. With regarding to the mediating role of credit performers' competence in the relationship between independent variables and quality of pre-shipment export credit in commercial bank of Ethiopia; credit performers' competence there is a mediating role in the relationship between dependent and independent variables since there is a significant effect of mediator variable on dependent variable and independent variable on mediatory variable. In this study the mediator variable mediates in the relationship between quality of pre-shipment export credit and independent variables is partially since there is a significant relationship between dependent and independent variable. All in all, the above mentioned two model present diagrammatically in the following manner.

Figure 4.3: Mediation analysis result



CHAPTER FIVE

SUMMARY, CONCLUSION AND POLICY INFERENCE

5.1 Introduction

Subsequent to the study's findings, this section of the study provides the conclusion, policy suggestion, and summary of the findings. The ambition of the study was to determine how organizational culture affected the quality or performance of the pre-shipment credit facility. Furthermore, it endeavored to propose fresh empirical data on the function of credit performers' competence in mediating the link between organizational culture and the effectiveness of the pre-shipment credit facility in the commercial bank of Ethiopia.

5.2 Summary

The study's main ambition is to identify how organizational culture, as mediated by credit performers' competence in the case of Commercial Bank of Ethiopia, affects the quality of pre-shipment credit facilities. Four independent variables of organizational culture i.e. Mission, Consistency, Involvement, and Adaptability as well as the mediating variable, Credit Performers' Competence, were recognised based on the literature study covered in Chapter two.

An aggregate of 114 questionnaires were prearranged and forwarded to the respondents, and 110 (96.49%) of those were fully completed and ready for analysis when they were collected through a self-administered survey. The information was then entered into SPSS for doing descriptive statistics of respondents.

The questionnaires' that is designed explicitly to be completed by the respondents without the researcher assistance or bias resulted in the collection of 114 questionnaires, 110 (96.49%) of which was accurately completed and prepared for analysis. A social science statistical tool was used to analyze the collected data (SPSS). The hypotheses were tested using regression analysis and mediation analysis. The following post-estimation tests were run: multicollinearity, normality, and homoscedasticity tests, as well as regression analysis, reliability, correlation analysis, and others.

The test of reliability was overseen to check whether the questionnaire is dependable or not. In this regard per Table 3.3 illustrates all the quaternary were reliable and acceptable with an overall Cronbach's Alpha result of 0.960.

According to Table 4.2's respondent demographics, there were 77 employees, with 70% of them being men. 40% of them were between the ages of 41 and 50 in terms of age. Concerning educational attainment, it was once more shown that the majority of the staff members had a BA. Besides, the lion share of respondents had between 10 and 15 years of work experience in positions related to organizations and credit. About job grade within the company, the majority of respondents had job grades of 13 or below 13.

Influence of organizational culture on quality of pre-shipment credit facility in the commercial bank of Ethiopia was tested using multiple regression analysis. The final findings of the assessment depicted that out of four independent variables four variables were significant effects on quality of pre-shipment credit facility in the commercial bank of Ethiopia. These variables are Mission, consistency, Involvement and Adaptability.

The mediation analysis also approved that the credit performers' competence partially mediates the relationship between quality of pre-shipment credit facility and organizational culture in the commercial bank of Ethiopia.

5.3 Conclusions

The foremost aim of the study is to assess the effect of organizational culture on quality of pre-shipment credit facility as Mediated by credit performers' competence in case of Commercial Bank of Ethiopia. In line with the obtained results the study made the following conclusions:

- The outcomes of the study finalized that the effect of Involvement on the quality of pre-shipment credit facility in the commercial bank of Ethiopia is positive and significant. This entails that when the organization is provided with Empowerment team orientation and Capability developments then quality of pre-shipment credit facility will be improved.
- The outcomes of the study confirmed that the effect of Consistency on the quality of pre-shipment credit facility in the commercial bank of Ethiopia is positive and significant. This signifies that when the organization is provided with Coordination

and Integration, agreement and Core values then the level of quality of pre-shipment credit facility will increase.

- The final end results of the study specified that the effect of mission on the quality of pre-shipment credit facility in the commercial bank of Ethiopia is positive and significant. This denotes that when the organization is provided with good Strategic Direction and Intent, Goals and Objectives and Vision the level of quality of pre-shipment credit facility will increase.
- The end result of the study verified that credit performers' competence partially mediates the effect of organizational culture on quality of pre-shipment credit facility. This suggests that organizational culture affects quality of pre-shipment credit facility in two ways; directly by organizational culture and indirectly through credit performers' competence.

5.4 Policy Recommendation

The under mentioned recommendations are made based on the conclusion reached on the major findings of the research. They are as follows:

- The bank should maintain its current organizational culture. However, it should periodically revise organizational culture depending on feedbacks collected since the business environment is volatile.
- The effects of the organizational culture variable of Involvement under study have a significant relationship between them. Thus commercial bank of Ethiopia should consider empowerment, team orientation and capability developments so as to boost the quality of pre-shipment credit facility in the bank.
- Since there is a significant positive relationship between the variable of consistency and quality of pre-shipment credit facility the bank should consider coordination & Integration, agreement and core values in the bank to improve quality of pre-shipment credit facility in the bank.
- Since there is a significant positive relationship between the variable of mission and quality of pre-shipment credit facility the bank should apply excellent strategic Direction and Intent, Goals and Objectives and Vision to increase the level of quality of pre-shipment credit facility of the bank.
- Credit performers' competence has a mediator role in the relationship between quality of pre-shipment credit facility and organizational culture in the commercial bank of

Ethiopia. Therefore, the bank human resource organ should maintain and improve the level of credit performers' competence through organizational culture.

5.5 Suggestion for future research

Supplementary research focusing on other commercial banks shall be carried out as this study was restricted to the Commercial Bank of Ethiopia at the Head Office level only. The study also advocates that more research shall be done by including more organizational culture dimension variables because organizational culture has various dimensions in order to better understand the relationship between organizational culture and quality of pre-shipment credit facility in other commercial banks.

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Appendix

Questionnaire

Addis Ababa University

Faculty of business and economics

Department of MBA in financial services

This questionnaire is to collect data for academic study entitled “Challenges of pre-shipment export credit financing in Commercial Bank of Ethiopia”. As credit performers of CBE, you are kindly requested to respond to the following questions in order to have a valuable study results.

I thank you in advance for your time and genuine response. Do not write your names on the questionnaire and your frank response is vital for the success of the study

Part one – Demographic background

Please encircle on your choice

1. Gender

A. Male B. Female

2. Marital Status

A. Single B. Married C. Divorced D. Widowed

3. Educational Qualification

A. Diploma B. Degree C. Masters

Other (Please specify) _____

4. Job Grade (JG)

A. JG 11 B. JG 12 E. JG 13

F. JG 14 H. JG 15

Other (Please specify) _____

5. How long have you been employed at this company?

A. Less than 5 year B. 5 year – 10 years C. 11 years – 15 years

D. More than 15 years

6. How long have you worked at credit operation in this company?

A. Less than 5 year

B. 5 year – 10 years

C. 11 years – 15 years

D. More than 15 years

Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
1	2	3	4	5

Part two – Organizational Culture Questionnaire

Put ✓ mark on your choices

	Description	1	2	3	4	5
A.	INVOLVMENT					
1.	Empowerment					
1.1.	Most credit performers in this organization are highly involved in their work.					
1.2.	Decisions in credit operation are usually made at the level where the best information is available.					
1.3.	Information is widely shared in credit operation so that performers can get the needed information.					
1.4.	Every credit performer in this organization believes that s/he can have a positive impact on quality of loans.					
1.5.	Business planning in our directorate is ongoing and involves everyone in the process to some degree					
2.	Team orientation					
2.1.	Cooperation and collaboration across functional roles are actively encouraged in credit operations.					
2.2.	Working in credit operation division is like being part of a team.					
2.3.	Work is sensibly organized in this organization so that each person can see therelationship between his/her work and the goals of the organization.					
2.4.	Teams are the primary building block of this organization.					
2.5.	The credit operation process relies on horizontal control andcoordination to get work done,rather than hierarchy.					

	Description	1	2	3	4	5
3.	Capability development					
3.1.	This organization delegates authority so that people can act on their own.					
3.2.	The capability of the people in credit division is viewed as an important source of competitive advantage.					
3.3.	This organization continuously invests in the skills of its employees.					
3.4.	The "bench strength" (capability of credit performers') of this organization is constantly improving.					
3.5.	Problems often arise in credit operation because we do not have the skills necessary to do the job.					
B.	CONSISTENCY					
1.	Coordination and Integration					
1.1.	The approach of doing credit operation business is very consistent and predictable.					
1.2.	There is good alignment of goals across levels of this organization.					
1.3.	People from different credit units still share a common perspective.					
1.4.	It is easy to coordinate credit operations across functional units in this organization.					
1.5.	Working with someone from another department of this organization other than credit performer is like working with someone from a different company					
2.	Agreement					
2.1.	When disagreements occur in the process of credit operation, we work hard to achieve "win-win" solutions.					
2.2.	This organization has a strong culture.					
2.3.	There is clear agreement about the right way and the wrong way to do credit operations in this organization.					
2.4.	It is easy for credit performers to reach consensus, on difficult credit related issues.					
2.5.	We often have trouble reaching agreement on key credit operation issues.					
3.	Core values					

	Description	1	2	3	4	5
3.1.	There is a clear and consistent set of values in this company that governs the way we do credit operations.					
3.2.	This company has a characteristic management style and a distinct set of management practices.					
3.3.	The managers/directors of each credit unit in this company "practice what they preach.					
3.4.	This organization has an ethical code that guides our behavior and tells us right from wrong.					
3.5.	Ignoring the core values of this organization will get you in trouble.					
C	ADAPTABILITY					
1.	Creating change					
1.1.	This organization is very responsive and changes easily especially in its credit services.					
1.2.	This organization responds well to competitors and other changes in the external business environment.					
1.3.	This organization continually adopts new and improved ways of doing credit operations.					
1.4.	Attempts to change this organization usually meet with resistance.					
1.5.	Different units in this organization often cooperate to create change.					
2.	Customer focus					
2.1.	Customer comments and recommendations on credit operation often lead to changes in this organization.					
2.2.	Customer input directly influences our credit decisions.					
2.3.	All members of this organization have a deep understanding of credit customer wants and needs.					
2.4.	We encourage direct contact with credit customers by members of the organization.					
2.5.	The interests of the final credit customer often are ignored in our decisions					
3.	Organizational Learning					
3.1.	This organization encourages innovation and rewards those who take risks in your own work.					
3.2.	We view failure as an opportunity for learning and					

	Description	1	2	3	4	5
	improvement.					
3.3.	Lots of credit issues "fall between the cracks" (over looked, mismanaged) in this organization.					
3.4.	Learning is an important objective in your day-to-day work.					
3.5.	You make certain that the "right hand knows what the left is doing." (attentively watching the actions of other credit performers to avoid dysfunction)					
D.	Mission					
1.	Strategic Direction and Intent					
1.1.	This organization has a clear mission that gives meaning and direction to your work.					
1.2.	This organization has a long-term purpose and direction.					
1.3.	The strategic direction of this organization is unclear to me.					
1.4.	This organization has a clear strategy for the future.					
1.5.	Our organization's strategy is leading other competitive firms to change the ways that they compete.					
2.	Goals and Objectives					
2.1.	There is widespread agreement about the credit goals of this organization.					
2.2.	The leaders of this organization set credit goals that are ambitious, but realistic.					
2.3.	The leadership of this organization has "gone on record" (say officially and in written) about the credit objectives we are trying to meet.					
2.4.	We continuously track our progress against our stated credit operation goals.					
2.5.	The people in this organization understand what needs to be done for us to succeed in					
3.	Vision					
3.1.	We have a shared vision of what this organization will be like in the future.					
3.2.	The leaders in this organization have a long-term orientation.					
3.3.	Short-term thinking often compromises long-term vision.					
3.4.	Our vision creates excitement and motivation for our employees.					

	Description	1	2	3	4	5
3.5.	We are able to meet short-term demand without compromising our long-term vision.					

Part 3 – Credit Performers’ Competence

1.	Credit Performers’ Competence					
1.1.	Educational qualification has significant impact on credit recommendation and decision culture of each credit performer					
1.2.	Experience has significant impact on credit recommendation and decision culture of each credit performer					
1.3.	Training culture (adequacy, relevance and timing) of the organization on credit operation areas plays an important role in boosting the credit performers’ competency.					
1.4.	Credit related directors / Managers /officers operation culture to withstand the pressure from customers and higher authority plays an important role in making quality credit recommendations and decisions					
1.5.	Higher credit officials including directors adopt coaching culture as an integral way of managing and developing other credit performers’ competency.					
1.6.	The actual technical skill of each credit performer affects his/her recommendation and approval competency					
1.7.	The culture of integrity(commitment to doing the right thing) affects the competency of credit performers.					
1.8.	The culture of empowerment in your organization has its own role on the competency of credit performers					

Part 4 – Questions on Quality of Pre-shipment export credit Facility

1.	Quality of Pre-shipment export credit Facility					
1.1.	The credit performers’ involvement in their work affects the quality of pre-shipment export credit facility.					
1.2.	Enhancement of capacity of each credit performer is positively related with maintaining quality of pre-shipment export credit facility					
1.3.	For the sake of maintaining the quality of pre-shipment export credit facility, the banks’ credit operation is more adaptive to create and responds to changes.					
1.4.	The quality of export credit facility of the bank deteriorates because, credit performers didn’t comprehend the appropriate lesson from past credit decisions					

1.5.	The level of credit performer understanding on the mission of the bank is associated with maintaining the quality pre-shipment export credit facility					
1.6.	Lack of unanimous and consistent credit decision by credit performers affects the quality pre-shipment export credit facility					
1.7.	Core values knowhow and implementation by each credit performer is related with the maintenance of quality pre-shipment export credit facility in the bank					
1.8.	The competency level of each credit performer has directly linked with the maintenance of quality pre-shipment export credit facility					

Interview guide for bank professionals

1. How do you see the credit culture of CBE
2. What is your opinion about the quality of pre-shipment credit facility of the bank?
Or Why do pre-shipment loans go bad?
3. How do you evaluate credit performer's competency in the bank
4. What do you propose to improve the situation?

Endogenous variables

Observed: Performers Facility

Exogenous variables

Observed: INVOLVMENT CONSISTENCY ADAPTABILITY Mission

Fitting target model:

Iteration 0: log likelihood = -466.69133

Iteration 1: log likelihood = -466.69133

Structural equation model Number of obs = 110
 Estimation method = ml
 Log likelihood = -466.69133

	Coef.	OIM Std. Err.	z	P> z	[95% Conf. Interval]	
Structural						
Performers <-						
INVOLVMENT	-.027888	.0427951	-0.65	0.515	-.1117649	.0559889
CONSISTENCY	.1075641	.0474456	2.27	0.023	.0145724	.2005558
ADAPTABILITY	1.20111	.0564286	21.29	0.000	1.090512	1.311708
Mission	.0695256	.0656177	1.06	0.289	-.0590827	.1981338
_cons	-1.273677	.2400839	-5.31	0.000	-1.744233	-.8031211
Facility <-						
Performers	.5401306	.1814474	2.98	0.003	.1845001	.895761
INVOLVMENT	.170802	.0815978	2.09	0.036	.0108733	.3307306
CONSISTENCY	.3940467	.0923761	4.27	0.000	.2129928	.5751005
ADAPTABILITY	-.6477111	.2429584	-2.67	0.008	-1.123901	-.1715213
Mission	1.202159	.1255085	9.58	0.000	.9561665	1.448151
_cons	-2.793924	.5120125	-5.46	0.000	-3.79745	-1.790398
var(e.Performers)	.0762145	.0102768			.0585142	.099269
var(e.Facility)	.2760145	.0372178			.2119122	.3595074

LR test of model vs. saturated: chi2(0) = 0.00, Prob > chi2 = .