



**DETERMINANTS OF EXPORT PERFORMANCE:
EVIDENCE FROM ETHIOPIAN EXPORTING FIRMS**

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Abstract

Despite the great quantity of studies on determinants of export performance in Ethiopia, however, little is known about the relationship between firm characteristics, management attitudes and export marketing strategies versus export performance. Thus, the aim of this research study is to determine the relationship between export marketing strategies and export performances based on the selected exporting firms in Ethiopia. The study was conducted using Quantitative correlational research methods to investigate the correlation between the variables and a sample of 240 firms were taken from the population of active exporting firms which are operating in Ethiopia as a sampling frame. Pre-tested questionnaires were used to collect primary data and analyzed using Statistical Product and Service Solution software SPSS. The study revealed that firm characteristics, management attitudes and export marketing strategies are vital determinants on the mixed export items which are positioned in the top five categories by their level of transaction. Management of exporting firms in Ethiopia should give due attention to properly deal with the strategies related to firm characteristics, management attitude and export performance.

Keywords: Export marketing strategy, firm characteristics, management attitude and export performance in Ethiopia

1. Introduction

1. 1. Background of the Study

Exporting is playing a vital role in the world economy and has countless benefits for firms and countries. Exporting is a fundamental strategy in ensuring firm's survival and growth, and firms can achieve a competitive advantage in international markets (Navarro et al., 2009). In many developed countries export has been serving as the main driver for economic growth by balancing the need of finance to imports. Though, given the limited size of the domestic markets, expanding the export capacity and increasing the competitiveness is vital for economic rapid growth and development (Winnie Gacugu Njeru, 2013).

Ethiopia's external trade has major problems both on the supply side via-its dependency on few primary products, characterized by large fluctuations in volume; and a very high degree of concentration of exports on few commodities and on the demand side, a low income elasticity for the type of commodities, declining prices for its exports, and limited destinations for Ethiopian exports.

Therefore, identifying the actual determinants to export performance in relation to export marketing strategies of the firm is dynamic. Because, export marketing strategy is the road map of how a firm responds to internal and external forces by the use of marketing mix elements in order to achieve firms' objectives. In most cases, the growing trade deficit between import and export is the most important factor that pushed many countries to be tending to improve up the level of exports in the international market. As a result, there is always a need to understand and review which of the firms' export marketing strategy significantly contribute to high export performance. By serving new customers abroad, the firm can also explore and see the sights with economies of scale and achieve lower production costs while producing more efficiently (Lages and Lages, 2004).

So far, different studies have been conducted by different researchers to analyze the determinants of exports and their impact on export performance. However, relatively little empirical research has been developed to identify which elements of the export marketing strategy are most associated with export performance in context of Ethiopia.

In this regard, how Ethiopian exporting firms are doing export? And which export marketing strategies are contributing a lot for their high export performance would be the main concern of this study. In this study the export marketing strategy is classified into two dimensions namely, Firm Characteristics and Management Characteristics.

1.2. Statement of the Problem

Regardless of the different measures taken by the Government of Ethiopia to promote export trade, the sector's growth was fluctuating. Exporting gives companies realistic opportunities for growth because of the limited domestic market and a weak economy (Marco Fugazza and Alain McLaren, 2013). Increasing exports, leads to an enlargement of the customer base. It is in this context that an increasing number of companies are expanding internationally using exporting as a means to penetrate foreign markets. However, weak firm characteristics, and poor management attitudes of Ethiopian exporting firms are contributing to a slow export growth of firm performance. Inappropriate strategies lead to poor performance in the export markets (WorkuTuffa, 2016). This means that the theory on the relationship between export performance and strategy needs to be investigated for exploratory and empirical studies to contribute towards efforts to advance the formulation of an integrated theory.

According to the Ethiopian Export Promotion Agency (2002), exports of Ethiopia are subject to natural vagaries and suffer from supply side constraints caused by domestic factors. These constraints include traditional production system, weak extension system and shortage of production inputs and finance. Moreover, the type of commodities exported and trend in world demand and price for those commodities, the location of market for export, the trade policies of importing countries and exchange rates are major reason for poor performance of export trade in Ethiopia (Abay and Zewdu, 2012). Most of the empirical studies in the area consider either the supply side or the demand side determinants of export but not both, except very few studies. For instance, when we consider the report of the World Bank (1987), it dealt only with the supply side factors in the export function while the studies conducted by Worku (2016) considered only the demand side determinants of export. Therefore, this study was initiated to identify the firm characteristics, management attitude, and firms' exporting marketing strategies that affect export performance of firms. Having the above facts and research gaps, this paper raises the following questions that were addressed in the study. What is the relationship between firm characteristics and export performance? What is the relationship between management characteristics and export performance? And what is the relationship between export marketing strategy and export performance?

1.3. Objective of the Study

The main objective of this study is to identify the relationship between firm characteristics, management attitude, export marketing strategy and export performance of firms operating in Ethiopia.

1.4. Research Hypotheses

Based on the above research question, the following hypotheses were tested:

H₁. There is significant positive relationship between firm characteristics and export performance.

H₂. There is significant positive relationship between firm management characteristics and export performance.

H₃. There is significant positive relationship between export marketing strategy and export performance.

2. Review of Related Literature

2.1. Firm and Management Characteristics

Both managerial characteristics and firm characteristics can be categorized in the firms' controllable factors in relation to export performance. These advantages influence the firm in considering export marketing as a possible strategy.

2.1.1. Firm Characteristics

The assumption in the framework is that strategy adaptation is closely linked to the organizational profile or resource-based paradigm, thus suggesting the effect on export performance by the size of the firm, age, experience, and ownership (O'Sullivan, et al., (2009): Ogunmokun and Wong 2004). The organizational profile factors or firm characteristics are described below as:

1. Size

It is generally believed that firms should be large and experienced in order to compete in the global market (Hendricks and Singhal, 2000). Larger firms are more likely to adapt exporting performance, because of economies of scale in production, full utilization of specialized technology and experienced staff, the opportunity to raise financing at a lower cost, the benefits from bulk purchasing and a high capacity for taking risks than smaller ones (Yang and Cheng, 2009). All firms employing less than 100 workers were regarded as small, compared to large ones that employed 100 or more workforces.

2. Age

Previous researchers have linked the ability to adapt the export marketing strategy and export performance to the age of the firm. This is because breaking into exporters takes time (Leonidou, et al. 2002). The age of the firm is generally used as a proxy indicating the amount of learning and experiencing a firm has acquired over time. In order to enter the export market, firms need to learn more about the markets and marketing strategies. In this study, firms in existence for less

than 20 years were regarded as young compared to ones that existed for more than 20 years which were considered as old.

3. Ownership of the Firm

Previous studies have shown that foreign owned firms were more likely to use adapted export marketing strategies than locally-owned ones. The ownership affects export performance either directly or indirectly by increasing the capacity to design the appropriate marketing strategies (Johnson et al., 2000).

4. The International Experience of a Firm

Lack of knowledge of foreign operations is a weakness to decision-making processes on issues of the adaptation of the export marketing strategy and exporting performance. The following variables were used in this study as indicators of experience overseas management experience, knowledge of foreign culture, relevant training in exports and relevant management style (Johnson et al., 2000).

2.1.2. Managerial Characteristics

The framework assumes that the export strategy is linked to the top-level managerial characteristics because of the following reasons: First experienced managers are a source of sustainable competitive advantage (Douglas and Craig, 1989) in terms of knowledge of foreign operations, which is important to decision-making process. They are also more likely to have the required expertise to make the proper adjustments to the export environment. The understanding of key international marketing issues is normally seen as complex by the less experienced managers (Cavusgil and Zou, 1994). The commitment of the organization to exporting is essential for success. This can be shown by how an organization implements its strategy as well as the amount of resources provided. The resources are necessary in improving the depth of market research and are also required to implement strategies suitable to the needs of different markets.

2.2. Export Marketing Strategy

Export marketing strategy had significant influence on Export performance, and it was distinguished as one of the most frequently used determinants (Abdul Adis and Md. Sidin, 2010). Marketing strategies is a procedure by which companies react to situations of competitive market and forces of market or react to environment forces and internal forces to enable the firms to achieve their objective and goals in the target market, through all aspects of the marketing mix elements, that consist of place, products, prices, promotion, and distribution (Slater and Narver,

2009; Lee and Griffith, 2004). Exportmarketing strategy is the means by which a firm responds to the interaction of internal and external forces to meet the objective of the export venture (Cavusgil and Zou, 1994).

Traditionally, marketing strategy is a plan for pursuing the firm's objective and how the company is going to obtain its marketing goals within a specific market segment (Jorge Mongay, 2006; Kotler and Amertriong, 2009). The scope of marketing strategy is specifying the target markets for a special product or product line. Firms seek competitive advantage and synergy through a well-integrated program of marketing mix elements (Jorge Mongay, 2006). Nagasimha Balakrishna (2014) explained that marketing strategy is a roadmap of how a firm assigns its resource and relates to its environment and achieves corporate objective in order to generate economic value and keep the firm ahead of its competitors. Gbolagade et al., (2013) have explained that marketing strategies have a major impact upon the efficiency and cost structure of an enterprise. The researcher concluded that export marketing strategy is the road map of how firm responds to internal and external forces by the use of marketing mix elements in order to supply and achieve firm's objective. Adaptation of marketing strategy is one of the major elements of export performance and one of the key factors impacting export performance is export marketing strategy (Nagasimha Balakrishna (2014)).

Traditionally marketing strategy was identified as an antecedent and determinant of export performance (Mavrogiannis et al., 2008). Previous research on the significance of the marketing showed the strong association between export marketing strategy and export performance. Also, a positive and direct impact of marketing strategy on export performance was found in the studies (Mulu Gebreeyesus and Tetsushi Sonobe (2011). Salavou and Halikias (2008) found that the majority of exporter companies that obtaining higher export profitability belonged to their marketing-based strategies. Also, evidences in this survey explained that the marketing-based firm strategies resulted in higher export profitability.

2.3. Elements of Export Marketing Strategy

The concept of marketing strategy generally embrace marketing mix elements which consist of product, price, distribution and promotion and export marketing mix determines the export marketing strategy (Mavrogiannis, et al., 2008). In the international marketing research, scholars have applied several dimensions to indicate marketing strategy as export marketing strategy, export strategy or business strategy. However, all of these dimensions based on marketing mix and some scholars add few variables in order to make it more meaningful (Abdul Adis, Md. Sidin, 2010). Especially in export marketing strategy (Mulu Gebreeyesus and Tetsushi Sonobe,

2011: Lee and Griffith (2004); Leonidou et al., 2002) had explained that the export marketing strategy elements are product, price, promotion and place.

2.3.1. Product Marketing Strategy

A product can be defined by its features such as the physical core (design, quality, color, size, style and presentation), the packaging (branding, labels, and trademarks) and the auxiliary services (warranties, spare parts, after sales services and user instructions). Export performance can be affected by the way firms adapt various components of their products in line with the specific needs of the targeted markets (Mulu Gebreeyesus and Tetsushi Sonobe, 2011).

Leonidou, et al., (2002) have studied about marketing strategy of export performance: a meta-analysis with reference to previous studies. They synthesized empirical studies about marketing strategy-export performance relationship and concluded that product design, brand mix, warranty, customer service as pre-and after sales services, and product advantages (such as luxury, prestige, and quality) had positive relationship with export performance. Therefore, product adaption has positive effect on export performance.

2.3.2. Price Marketing Strategy

Price is another part of marketing mix that many researchers assessed in their study and it is one of important items in international market. In recent years, changes in the international market have made pricing strategy increasingly significant for exporting marketing research and practice (Langes and Montgomery, 2005). Many firms follow the Porter's business strategies in export market to compare with their rivals but Lee and Griffith (2004) noted that in today's competitive international market, focusing only on the decrease of manufacturing costs might no longer cause the company's success in export-driven economies. Export profitability can be improved by adapting a pricing strategy in line with the demand conditions, competition, legal and political environment prevailing in the targeted market (Krakow, 2014).

2.3.3. Promotion Marketing Strategy

Promotion is one of marketing mix that many researchers assessed its relationship with export performance to find whether sound promotion would increase sales and export performance. Export promotion is in the following forms: advertising, personal selling, sales promotion and public relations. Different promotional efforts have different impacts across markets and as such should be adapted (Krakow, 2014). Promotional infrastructure like television might not be available in certain markets and hence the needs for the use of other alternative media like radio, newspaper and magazines are more important.

Although the effect of promotion on export profit contribution was limited, it had strong influence on intensity and sale growth of export (Leonidou et al., 2002). Promotion is relatively effective to the campaigns of competitors. From all dimensions of export performance, the most widely researched was advertising that examined advertising procedure the company can inform, introduce, remind or encourage consumer and, therefore, generated more sale and enhance export performance (Leonidou et al., 2002).

The importance of advertising on export performance (EP) is recognized from higher sales of firms that used sound advertising and higher performance result for exporter who have a greater commitment to their target market that use higher level of advertising rather than firms who have less commitment that use low level of advertising (Lee and Griffith, 2004). In the review of studies, they divided the promotion related variable to advertising, sale promotion, personal selling, trade fairs, personal visit, and promotion adaption and conceded that all these variables have positive influence on export performance. Advertising was the most widely researched and was found to have positive relation with financial and nonfinancial or composite measure of export performance. Sales promotion includes coupons, samples, and premiums which are useful in market with advertising restrictions and high competition. Personal selling is used in markets that have restrictions on advertising or the cost of managing a sale force is low. Trade fair improves EP because sale potential of specific export market to be tested, new firm for distribution or other collaboration in foreign market to be found, and it can be used for market research purpose. Personal visit can increase export performance because it enhances experience about problems or opportunities, personalizes relationship, increases direct communication, and provides timely response to export venture's need. They concluded that promotion is associated with performance positively and firms can be more successful in international market with more intensive use of promotional tools.

2.3.4. Place Marketing Strategy

Distribution comes in the form of physical distribution, support to channel intermediaries, selection of distribution channels and outlets, channel management and relationship building. Each market has its own unique distribution system and as such marketers should be prepared to adapt their approach in line with a country's distribution system (Kotler et al., 1999). In recent days, active and advanced exporters have more control on distribution activities, as well as the time of delivery of the product, and distribution channel (Eusebio et al., 2007).

Kotler et al., (1999) found that distribution channel relationship had a positive effect on performance of export. Export channel strategy is imagined as the degree to which a firm applied

direct instead of indirect channels for export its products and it is evaluated by gathering the ratio of direct exports to local distributors, retailers, and producer in whole exports and exporting channel would affect export performance positively. In this research, it is very important to identify that the effect of direct exporting on export performance because many of these companies have not exported directly or have not started to do that recently. Leonidou et al., (2002) have studied about marketing strategy of export performance: a meta-analysis with reference to a previous study. They concluded that dealer support correlated with export performance positively. In addition, they revealed that one of the remaining marketing strategy variables that appeared on a less frequent basis was transportation costs. Using export sales representative office and direct purchasing had positive effect on intensity of sales export while, weak relationship is found between EP and adoption of distributor, agent, and merchant in export market. These result showed that appropriateness of distribution channel was not static and it depended on variable foreign market conditions like economic conditions and distribution structure of foreign market. Abdul-Adis and Md. Sidin (2010), in their research about relationship of export marketing strategy and environmental factors, concluded that the distribution strategy and the support to foreign distributors had no direct relations with export performance of the marketing activities.

2.4. Export Performance

Export performance can broadly be defined as the outcome of a firm's activities in export markets (Ilhem H. and Mustapha Z., 2008). Cadogan et al., (2002) define it as the firm's degree of economic achievement in its export markets. Whereas there is a growing body of literature regarding export performance, its conceptualization and subsequent operationalization has remained a thorny issue in exporting literature (Ilhem H. and Mustapha Z., 2008).

Consequently, several conceptual contributions have appeared seeking to come up with dimensions and measures of export performance. Leonidou et al., (2002) have identified that export intensity, export sales growth; export profit level, export sales volume, market share, and export profit contribution are mostly used measures of export performance. Sousa (2004), observe that export performance of a firm can be measured by using subjective and objective measures since research shows that both yield consistent results (Zou and Stan, 1998). They noted that objective measures are concerned with absolute performance indicators whereas subjective are concerned with performance of a business in relation to its major competitors or relative to a company's expectations. From these submissions, it can be deduced that export performance is a multi-dimensional concept comprising of a firm's international sales, market

share, profitability, growth and export intensity in relation to its competitors. In order for the study to capture the multi-faceted nature of export performance, both financial and nonfinancial indicators of performance are used (Lages and Lap, 2003).

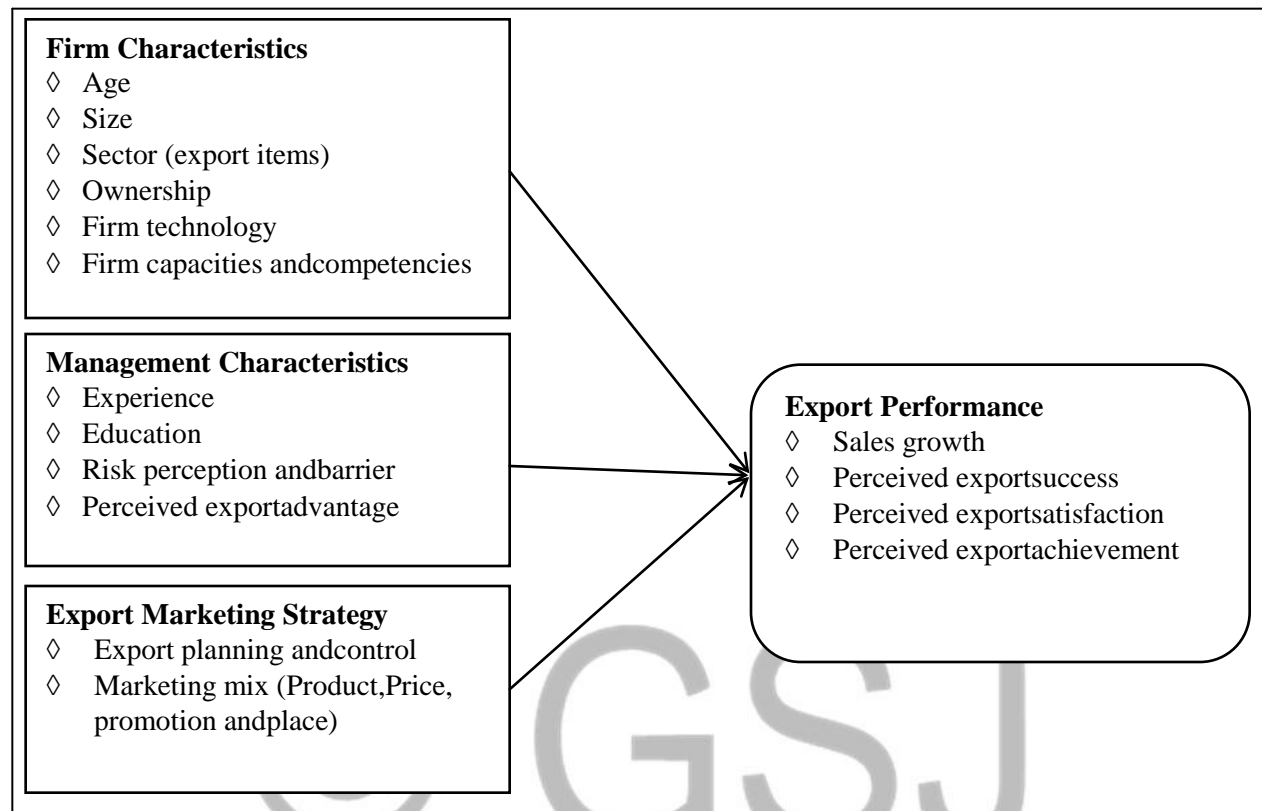


Figure-1: Adapted Conceptual Framework

Source: Adopted from review of literature

3. Materials and Research Methods

3.1. Target Population

The target population of this study was all exporting firms in Ethiopia. According to the Ethiopian Export Promotion Agency report of 2002, there are 4,195 exporter firms operating in Ethiopia. However, given that Addis Ababa is the hotspot of business activities and crowds the majority of exporters, the study was conducted on businesses located in Addis Ababa and in surrounding towns in Oromia regional administration.

3.2. Research Design and Approach

This study is a causal study because it shows the cause and effect relationships of the two variables called independent (Firm characteristics, Management characteristics and Export market strategy) and dependent variable (Export performance). According to Mulu Gebreeyesus

and Tetsushi Sonobe (2011), causal research “cannot be performed except in the cases where the system or problem in question is well defined and understood”. For this reason, the researcher employed causal research design with mixed research approach due to quantitative nature of data required to prepare the report of this study.

3.3. Data Sources and Collection

For the purpose of this study, both primary and secondary data were used. The primary source of data was collected through survey questionnaire and interviews. The secondary source of data were collected from all relevant documents such as books, journals, articles, published and unpublished previous research papers and performance measures of exporter firms through the annual report of National Bank of Ethiopia.

3.4. Sample Size and Sampling Technique

Out of the total 4,195 exporter firms in Ethiopia, the researcher used only 250 exporter firms which located in Addis Ababa and surrounding towns as the sample. The sampling technique took into account the following factors such as; the population variation as indicated statistically by the standard deviation, the population sizes, the margin of error and confidence interval which can be tolerated. The researcher believed that the selected export companies could represent the rest of exporting companies in Ethiopia. Based on the aforementioned, the following were defined:

P: Attribute present in the population. In this case only exporters in Addis Ababa and surrounding, or $250/4195 = 0.0596$ or 5.96%,

Q: $1 - P = 94.04\%$,

Research error selected = 3%

Statistical significance level 95% corresponding to a Z value of 1.96

Then, sample size is $n = (1.96)^2 PQ / e^2 = (1.96)^2 (0.0596) (0.9404) / (0.03)^2$

$n = 239.6 \sim 240$ exporters

The sample size justifies the selection of 250 exporters for the research

3.5. Methods of Data Analysis

Primary data collected through questionnaire were edited, sorted and analyzed using the Statistical Product and Service Solutions, SPSS version 20.0, an IBM product since 2009 (Mulu Gebreeyesus and Tetsushi Sonobe, 2011). Both descriptive and inferential statistical techniques were employed. For data presentation purpose, tables and percentages were used to show the analyzed data in an organized manner.

3.6. Ethical Consideration

To ensure that ethical principles in this study, the researcher maintained the highest ethical standards with regard to issues such as informed consent, confidentiality, privacy and secrecy. All the secondary data obtained from different sources were used only for this research purposes. The researcher had acknowledged all authors' and previous researchers' work in this research in appropriate manner.

4. Result of Analysis

4.1. Response Rate

The final questionnaire was sent to all the firms in the sample in such a way that the response suitability in four different data collection sites was confirmed. Out of the 250 questionnaires distributed, only 242 were returned during a period of one month time. Of the total 242 questionnaires returned, 2 were not fully completed and the rest 240 representing a response rate of 96% were analyzed.

4.2. Descriptive Data Analysis

In this section, frequencies and percentage are used to describe the sample characteristics in terms of: organizational profile, respondents profile, product-market export venture and factors influencing the degree of export performance.

4.2.1. The Organizational Profile

This shows the demographic grouping of all the respondents who participated in the surveying process. Table 4-1 contains information about the age of the firm and export experience. All the firms have at least five years exporting experience.

Table 4-1: The Organizational Profile-age and exporting years

Age of the firm					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Less than 5 years	20	8.33	8.33	8.33
	5 – 10 years	68	28.33	28.33	36.66
	11 – 20 years	80	33.33	33.33	69.99
	21 – 30 years	49	20.42	20.42	90.41
	More than 30 years	23	9.59	9.59	100
	Total	240	100	100	-
Exporting years					

		Frequency	Percent	Valid Percent	Cumulative Percent
	Less than 5 years	45	18.75	18.75	18.75
	5 – 10 years	70	29.17	29.17	48.67
	11 – 20 years	67	27.92	27.92	75.84
	21 – 30 years	36	15.00	15.00	90.84
	More than 30 years	22	9.17	9.17	100
	Total	240	100	100	-

Source: Survey data, 2019

As table 1 indicates the majority of the firms (75.84 %) is old enough in the sector and has more than 10 years of exporting experience. Firms with age group between 11-20 years are also shown significant result (33.33 %). This may be due to the recent emergence of cut flower exporters. Only 18.75% of those firms are less than five years, thus we can conclude that majority of the exporting firms in Ethiopia are old enough.

Table 4-2: Size, export item and ownership of the firms

Size of the firm					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Less than 20	11	4.58	4.58	4.58
	20 – 40	11	4.58	4.58	9.16
	41 – 60	72	30.00	30.00	39.16
	61 – 80	64	26.70	26.70	65.85
	81 – 100	54	22.50	22.50	88.36
	Above 100	28	11.70	11.70	100
	Total	240	100	100	-
Export Items					
		Frequency	Percent	Valid Percent	Cumulative Percent
	Coffee	108	45.00	45.00	45.00
	Other Vegetables	29	12.08	12.08	57.08
	Oil seeds and fruits	57	23.75	23.75	80.83
	Cut flowers and buds	28	11.70	11.70	92.53
	Dried leguminous veg.	18	7.50	7.50	100

	Total	240	100	100	-
Ownership of Firm					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Ethiopian Citizen owned	173	72.10	72.10	72.10
	Foreign owned	36	15.00	15.00	87.10
	Joint venture	31	12.90	12.90	100
	Total	240	100	100	-

Source: Survey data, 2019

Out of the 240 firms 88.36% of them have less than 100 employees and only 11.70% of them have more than 100 employees. This might show, the majority of the firms may not be engaged in production of the export items themselves. 45% of the firms are still coffee exporters. Ethiopians owned firms are 72.10% of the firms, while joint Ethiopian-foreign owned firms were 12.90% of the total and foreign-owned firm's are 15%. The aforementioned data is depicted in Table 2.

Table 4-3: Education level and international experience

Education Level					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Diploma	106	44.17	44.17	44.17
	Degree and above	134	55.83	55.83	100
	Total	240	100	100	-
Abroad experience					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	139	57.92	57.92	57.92
	No	101	42.08	42.08	100
	Total	240	100	100	-

Source: Survey data, 2019

Table-3 shows that out of the 240 sample respondents more than half or 55.83% of them had first degree and above level of education and the rest 44.17% are diploma holders. This reveals for higher positions are taken by educated employees. In addition to that majority of the respondents 57.92% have exposure to abroad.

Table 4-4: Participation on domestic trade fairs

Education Level					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly disagree	54	22.50	22.50	22.50
	Disagree	53	22.08	22.08	44.58
	Neutral	52	21.67	21.67	66.25
	Agree	60	25.00	25.00	91.25
	Strongly agree	21	8.75	8.75	100
	Total	240	100	100	-

Source: Survey data, 2019

Table 4.4 shows that only 33.75% (total of agree and strongly agree) of the respondents have had the experiences of participating on domestic trade fairs. 21.67% of the respondents were neutral of participation on domestic trade fairs whereas 44.58% were not participated on the domestic trade fairs.

Table 4-5: Participation on domestic trade fairs or events

Export Seminar/Workshop /Domestic					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly disagree	69	28.75	28.75	28.75
	Disagree	69	28.75	28.75	57.50
	Neutral	41	17.08	17.08	74.58
	Agree	42	17.50	17.50	92.08
	Strongly agree	19	7.92	7.92	100
	Total	240	100	100	-

Trade Related Experience Visit /Domestic					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly disagree	51	21.25	21.25	21.25
	Disagree	51	21.25	21.25	42.50
	Neutral	52	21.67	21.67	64.17
	Agree	64	26.67	26.67	90.84

	Strongly agree	22	9.17	9.17	100
	Total	240	100	100	-

Source: survey data, 2019

Similarly Table 4.5 shows that only 25.42% of the respondents are participating on domestic trade seminars or workshops, whereas 57.5% of the respondents did not participated on the domestic trade seminar. Apart from that only 35.84% of the sample respondents participate on domestically held trade related experience visit.

On the other hand, Table 4.6 also illustrates how the respondents are reacting for organized events outside of Ethiopia. Relatively small 25.83% of the respondents had the experience to participate on trade fairs and expos abroad, whereas the majority of the respondents (56.67%) of them did not participated on the trade fairs. And 33.75% of them attended workshops and seminars held outside Ethiopia, while the remaining is not attended the workshop held outside of the Ethiopia.

Table 4-6: Participation on abroad trade fairs or events

Trade Fair/Expo /Abroad					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly disagree	69	28.75	28.75	28.75
	Disagree	67	27.92	27.92	56.67
	Neutral	42	17.50	17.50	74.17
	Agree	42	17.50	17.50	91.67
	Strongly agree	20	8.33	8.33	100
	Total	240	100	100	-
Export Seminar/Workshop /Abroad					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly disagree	54	22.50	22.50	22.50
	Disagree	53	22.08	22.08	44.58
	Neutral	52	21.67	21.67	66.26
	Agree	60	25.00	25.00	91.25
	Strongly agree	21	8.75	8.75	100
	Total	240	100	100	-
Trade Related Experience Visit /Abroad					
		Frequency	Percent	Valid Percent	Cumulative Percent
	Strongly disagree	69	28.75	28.75	28.75

Valid	Disagree	69	28.75	28.75	57.50
	Neutral	41	17.08	17.08	74.58
	Agree	42	17.50	17.50	92.08
	Strongly agree	19	7.92	7.92	100
	Total	240	100	100	-

Source: Survey data, 2019

Table 4.7 is showing that the level of the respondents understanding on the flow of the world's financial system is limited and only 48.33% have the understanding about it. However, 89.59 % of them have a clear understanding about multilateral trade agreement and majority of them have the capacity and understanding of negotiation techniques and they are accounted for 91.67 % on aggregate.

Table 4-7: Participation on domestic trade fairs or events

Understanding How World Financial System Works					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly disagree	24	10.00	10.00	10.00
	Disagree	47	19.58	19.58	29.58
	Neutral	53	22.08	22.08	51.66
	Agree	81	33.75	33.75	85.41
	Strongly agree	35	14.58	14.58	100
	Total	240	100	100	-
Understanding Multilateral Trading Agreements					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly disagree	0	0.00	0.00	0.00
	Disagree	0	0.00	0.00	0.00
	Neutral	25	10.41	10.41	10.41
	Agree	128	53.33	53.33	63.74
	Strongly agree	87	36.26	36.26	100
	Total	240	100	100	-
Understand The Negotiation Techniques					

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly disagree	0	0.00	0.00	0.00
	Disagree	0	0.00	0.00	0.00
	Neutral	20	8.33	8.33	8.33
	Agree	154	64.17	64.17	72.50
	Strongly agree	66	27.50	27.50	100
	Total	240	100	100	-

Source: Survey data, 2019

4.2.2. Cross Tabulation

Table 4-8: Cross tabulation between length the company in business and the size of the work force.

Age of The Firm * Size of the Firm Cross Tabulation									
			Size of the Firm						
Age of the Company			Below 20	21- 40	41 - 60	61 - 80	81 - 100	Above 100	Total
Age of the company	Below 5 years	Count	1	1	8	2	4	4	20
		Expected	1.25	1.50	5.83	4.67	4.75	2.00	20.0
	5 - 10 years	Count	6	6	10	18	18	10	68
		Expected	4.25	5.10	19.83	15.87	16.15	6.80	68.0
	11 – 20 years	Count	4	5	24	18	21	6	78
		Expected	4.88	5.85	22.75	18.20	18.53	7.80	78.00
	21 – 30 years	Count	3	4	16	14	10	2	49
		Expected	3.10	3.66	14.30	11.43	11.64	4.90	49.00
	Above 30 years	Count	1	2	12	4	4	2	25
		Expected	1.56	1.88	7.29	5.83	5.94	2.50	25.00
Total	Count	15	18	70	56	57	24	240	
	Expected	15.00	18.00	70.00	56.00	57.00	24.00	240.00	
Chi-Square Value = 20.86 ^a df=20 p=0.036									

Chi-Square Value = 20.86^adf=20 p=0.036

Source: Survey data, 2019

Table 4-8 shows that there is a significant difference between firms in respect to time-length of the company in business operation and the size of the work force for p-value is significant which is p=0.036 less than 0.05.

On the other hand, the critical chi-square value is 31.41 and 37.566 at a level of 5% and 1%, respectively. Since the calculated chi-square value of 20.86 is less than the critical value and found in the acceptance area, we cannot reject the hypothesis that states there is relationship between the age of the company and the size of the company. There is evidence from the sample that there is a relationship between the age of the firm experienced in the operation and the size of the firm. It is true that age of the firm and its size are dependent of each other that is the size of the firm can influenced by its age and vice versa.

Table 4-9: Cross tabulation between length the company in business and the export item types

Age of the Firm * Export Item Cross Tabulation								
			Export Item					Total
			Coffee	Other Vegetables	Oil Seeds and Fruits	Cut Flowers and Buds	Dried Leguminous Vegetables	
Age of the firm	Below 5 years	Count	2	4	5	8	1	20
		Expected	9.08	2.42	4.58	2.33	1.59	20.00
	5 – 10 years	Count	30	4	18	12	4	68
		Expected	30.88	8.22	15.58	7.94	5.38	68.00
	11 – 20 years	Count	40	12	16	4	6	78
		Expected	35.42	9.43	17.88	9.10	6.17	78.00
	21 – 30 years	Count	22	7	12	2	6	49
		Expected	22.25	5.92	11.23	5.72	3.88	49.00
	Above 30 years	Count	15	2	4	2	2	25
		Expected	11.35	3.02	5.73	2.92	1.98	25.00
	Total	Count	109	29	55	28	19	240
		Expected	109.0	29.0	55.0	28.0	19.0	240.0
Chi-Square Value = 36.125 ^a df =16 p=0.000								

Source: Survey data, 2019

There is a significant difference between firms in respect to time-length the company in business and the export item types for which $p = 0.000$ (see table 9). The majority of firms have been exporting coffee for the last 10-20 years and more. The critical value of chi-square is 26.296 at a level of 5%. Therefore, the calculated chi-square value is greater than the critical value. So that we can conclude that there is no relationship between the firm and the export items. On the other

hand, the critical value of the chi-square at 1% level is 32.00. This also indicates the absence of the relationship.

4.3. Inferential Statistics

4.3.1. Correlation Analysis

In this section a correlations analysis were explored to establish whether relationships do exist between variables conceptualized in the framework. The results would enable the researcher to determine theregression on the dependent variable. The researcher used Pearson's correlation methods because of the statistical accuracy that usually results from this method.

Table 4-10: The correlation between variables in the conceptual framework

	Profitability to Sales Performance	Firm Technology	Firms Capability and Competence	Level of Experience	Level of Education	Risk Perception	Perceived Export Advantage	Planning and Control of firms	Marketing Mix
Profitability to sales performance	1								
Firm technology	0.000 0.995	1							
Firms capability and competence	0.477** 0.007	0.123 0.076	1						
Level of Experience	0.554**	0.137*	0.198**	1					
Level of education	0.039 0.134*	0.047 -0.029	0.004 0.042	-0.128 0.640	1				
Risk perception	0.333** 0.003	-0.212** 0.002	0.381** 0.000	-0.022 0.750	0.168* 0.150	1			
Perceived Export advantage	0.719** 0.018	-0.075 0.277	0.225** 0.0001	0.397** 0.000	0.030 0.664	0.407** 0.000	1		
Planning and control of firms	0.986** 0.001	-0.151* 0.029	0.200** 0.004	-0.018 0.791	0.122 0.780	0.494** 0.000	0.465** 0.000	1	
Marketing mix	0.344** 0.006	-0.204** 0.003	0.346** 0.000	0.039 0.574	0.098 0.159	0.603** 0.000	0.494** 0.000	0.265* 0.000	1

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

Source: Survey data, 2019

Table 4-11: The correlation between combined variables in the conceptual framework

Correlations				
		Export Performances	Management Characteristics	Export marketing Strategies
Export performances	Pearson Correlation	1		
	Sig. (2-tailed)			
Management Characteristics	Pearson Correlation	0.480**	1	
	Sig. (2-tailed)	0.000		
Export marketing Strategies	Pearson Correlation	0.425**	0.348**	1
	Sig. (2-tailed)	0.000	0.000	
Firm	Pearson Correlation	0.445**	0.178**	0.113*
				1

Characteristics	Sig. (2-tailed)	0.005	0.010	0.004
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**. Correlation is significant at the 0.01 level (2-tailed).

Source: Primary data, 2019

The Firm Characteristics versus Export Performance

Regarding firm characteristics, the literature review suggests a lot of factors that positively influence export performance. Similarly, there is a statistically significant positive relationship between firm characteristics and export performance ($r=0.445$, $P=0.005$). This implies that the existence of firm characteristics in the firm is likely to lead to better export performance.

Specifically from Table 4.10 firms capability and competence has a positive relationship with export profitability to sales performance ($r= 0.477^{**}$, $p=0.007$). However some elements of the firm characteristics do show no significant relationship with export profitability to sales performance. This might be due to the reason that most firms do not have their own production plant or unit.

The Management Characteristics versus Export Performance

There is a statistically significant positive relationship between Management Characteristics and Export performance ($r=0.480^{**}$, $p=0.000$). This implies that a high degree of management attitude will most likely guarantee a high degree of Export performance in the firm. From table 4.10, the major significant component of management attitude is perceived export advantage which had a statistically significant positive correlation with export profitability to sales performance ($r=0.719^{**}$, $p=0.018$). It is important to note that risk perception and barrier had a statistically significant correlation with marketing mix ($r=0.333^{**}$, $p=0.003$); this implies that managers do not have a courage to trade internationally.

Relationship between Export marketing strategy and Export Performance

There is a statistically significant positive relationship between Export marketing strategy and Export Performance ($r = 0.425^{**}$, $p = 0.000$). In firms where management is highly committed to planning and control as well as marketing mix for exporting, there is a likelihood of high export performance. All the elements of Export marketing strategy were found to be significantly related to export sales performance. For example, marketing mix ($r=0.344^{**}$, $\text{sig}=0.006$).

4.5.2. Regression Analysis

In order to determine the extents of independent variables are able to explain and predict for the variation of dependent variable which is export performance, the researcher conducted regression analysis.

Table 4-12: Shows the regression for export performance

Coefficients								
	Unstandardized Coefficients	Standardized Coefficients						

Model	B	Std. errs.	Beta	t	Sig.	R ²	Adj.R ²	F	P
(Constant)	1.307	0.470		2.782	0.006	0.229	0.218	20.4	0.000
Management Characteristics	0.356	0.114	0.223	3.129	0.002				
Export marketing Strategies	0.489	0.108	0.317	4.516	0.000				
Firm Characteristic	0.184	0.76	0.151	2.412	0.017				
a. Dependent Variable: Export performances									

Source: Primary data

From the above regression analysis elements of firm characteristics, management characteristics and export marketing strategy are strong predictors of export performance. This is confirmed in the adjusted R² of 21.8%. It means the 21.8% of the variance in the export performance are due to management characteristics and export marketing strategy. Therefore in order to improve firms must address all firm characteristics, management characteristics and export marketing strategy.

As the standardized Beta values illustrated the major predictors of the export performance are; export marketing strategy B= 0.317 (t = 4.516, p = 0.000), management characteristics B = 0.223 (t=3.129, p=0.002) and finally firm characteristics with B = 0.151(t=2.412, p=0.017).

5. Summary of Findings, Conclusion and Recommendations

5.1. Summary of findings

Relationship between Firm Characteristics and Export Performance

Results from the research findings showed a statistically significant positive relationship between firm characteristics and Export performance. This finding is of strategically important because, if management in exporting firms improved exporting experience, firm size, firm capabilities and competences (export items, distribution networks, company reputation, price competitiveness, promotional efforts, personal contacts with overseas distributors), then there would be a high chance of Export performance so as to raise the value of the firm.

Relationship between Management characteristics and Export Performance

The study established a strong positive relationship between management attitude and Export performance. Perceived export advantage (low firm prices, proximity to markets, good credit terms with importers, etc.) is the major significant element of management attitudes that influences Export performance. The other elements of management attitude were also found to be correlated to those elements of Export performance. These included risk perception and barriers, management experience and education. Perceived export advantage turned out to be significantly related to Export marketing strategy because most firms are eager to exploit unfolding opportunities even when they do not have any management education and experience and often without seriously considering export risk perception and barriers. The finding that management

attitude is related to Exportmarketing strategy is in agreement with earlier work done by Scholarslike Zou & Stan (1998).

Relationship between Export marketing strategy and Export Performance

Export marketing strategy and Export performance were found to have a statistically significant positive relationship. The elements of Export marketingstrategy that are critical to export performance include: export planning and control and marketing mix. This finding is witnessed by Francis (2000). Therefore, marketing mix, and export planning and control greatlyaccount for variations in export sales performance in the Ethiopian leading export items sector and managers who embrace these marketing practices would be in position to achieve export performance success.

5.2. Conclusions

The study has revealed those variables that drive export performance. Firstly, the study in general revealed that firm characteristics and Exportperformance is related and direct predictor of export performance, therefore H_1 is supported.

Secondly, elements of management attitude (risk perception and perceived barriers, management education & experience) appearedresulted in positive relationship with performance. Therefore, H_2 issupported

Thirdly, firm export marketing strategy is found to be significantly related to Export marketing strategy. H_3 is supported.

5.4. Recommendations

The researcher would like to recommend the following to the managers and policy makers operating on currently leading in the export sector:

1. Managers should give due attention to superior firm characteristics (exporting experience, firm technology, and firm capabilities and competences), management attitudes (Perceived export advantage) and Export marketing strategy (Marketing mix, and Planning and control) in order to continuously achieve better export performance.
2. Managers should employ leading marketing practices like planning and control as well as Marketing mix in order to continuously achieveexport sales performance.

3. Based on the correlation and regression findings, I recommend that further research to be done to relate to this area and would greatly strengthen the conceptual foundation of my research.

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