ST. MARY'S UNIVERSITY
SCHOOL OF GRADUATE STUDIES

AN ASSESSMENT OF CONSUMER'S PERCEPTION TOWARDS THE QUALITY OF ETHIOPIAN LEATHER SHOE PRODUCTS

BY NEBIYU TESFAHUN

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APPROVED BY BOARD OF EXAMINERS

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DECLARATION

I the undersigned, declare that this thesis is my original work, prepared under the guidance of Dr. Solomon Markos. All source of material used for the thesis have been duly acknowledged. I further confirm that the thesis has not been submitted either in part or in full to any other higher learning institution for the purpose of earning any degree.

Name	Signature
St. Mary's University, Addis Ababa	June 2015

ENDORSMENT

This thesis has been submitted to St. Mary's University, school of Graduate studies for examination with my approval as a university advisor.

_____	_____
Advisor	**Signature**

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Acronyms

CSA	Central Statistical Agency
ECBP	Engineering Capacity Building program
ELIA	Ethiopian Leather Industries Association
ELICO	Ethio Leather Industry Private Limited Company
GDP	Gross Domestic Product
GOE	Government of Ethiopia
LIDI	Leather Industry Development Institute
LLPI	Leather and Leather Products Institute
LLPTI	Leather and Leather Products Technology Institute
MoTI	Ministry of Trade and Industry
MTFF	Mean time to first failure
MTBF	Mean time before failure
UNIDO	United Nations Industrial Development Organization

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Abstract

The paper is designed to demonstrate the perception of customers towards the quality of Ethiopian leather shoe products. Leather industry, as it is one of the potential economic sectors, it should be given proper attention for sustainable development of the country. Thus, the purpose of this paper is to propose improvement regarding quality issues of Ethiopian leather shoe products to improve their productivity by analyzing the problems associated with it. To accomplish the stated objective the paper assessed previously made researches and also distributed 180 questioners for leather shoe consumers. The researcher selected 6 shoe factories through quota sampling to make contact with consumers. From the six factories the researcher selected 30 consumers from each shoe manufacturing companies on convenience basis. The questions were prepared based on the eight dimensions of quality and customers respond their perception towards the quality of domestic leather shoe products accordingly. And the researcher deployed Statistical package for social science (SPSS) and Microsoft excel software to analyze the collected data. The collected data is analyzed, interpreted and summarized to provide conclusions on the customer's perception towards leather shoe products quality. Finally the paper gives recommendation on the quality issues of leather shoe products. The paper reveals that customers believed the quality of domestic shoes regarding performance, durability and reliability dimensions are very good but domestic leather shoe products lacks aesthetic value including design, style, and choice. Due to this reason domestic leather products are not competent with imported leather products.

CHAPTER ONE

INTRODUCTION

1.1 Background of the Study

The leather and leather products sub-sector is one of the most promising manufacturing industries in Ethiopia. Due to its strong backward linkages with the rural economy, it has considerable potential for poverty reduction. To date it has created about 10,000 jobs in the formal industry, plus a much greater number in informal handicraft and trading activities (Altenburg 2010).

The livestock population of Ethiopia is first in Africa and tenth in the world. The sub-sector has large resources, which include 50.88 million cattle, 25.98 million sheep, 21.80 million goats and 42.05 million poultry (Ethiopia Investment Guide 2012).

Currently, there are 26 tannery industries in operation. The tanneries have 153,650 sheep and goat skin soaking capacity and 9,725 cowhides soaking capacity per day. Together they also employ 4577 persons. Ethiopia Tannery with 12,000 sheep and goat skin and 1,200 cowhide soaking capacity and Ethio-Leather - ELICO with 15,500 sheep and goat skin and 1,050 cowhides soaking capacity are the two largest industries. Most tanneries seem to be working below capacity. There are 15 large mechanized shoe industries currently in operation. Except for Sheba all shoe factories are located in Addis Ababa and its neighbor hoods. Together, they can produce about 10,000 pairs of shoes per day (UNIDO 2012).

Recently the government of Ethiopia is giving special attention for the leather industry as a priority area and the sector has huge potential to be one of prominent industries to enhance the GROWTH AND TARNSFORMATION PLAN. Despite the fact that Ethiopia is endowed by hide and skin the leather industry is facing different impediment for not being able to be the prominent industrial sector.

The major problems related to the leather industry includes, wages and poverty issues; Physical infrastructure and customs; Access to finance; Design weaknesses; Competition with low cost shoe imports. The above all problems related to the leather industry influences the quality of leather products and the overall market (UNIDO 2012).

Regarding consumers perspective towards Ethiopian leather products customers are buying domestic leather products due to their low price. Even with this low price, the inferred customers are not purchasing these products in frequent manner. These customers have identified the possible shortcomings of the domestic shoe products. The products are exhibiting short service life, mostly determined as 6 months to one year. This is due the fact that the sole part of this product is easily wearable and suddenly breaks down while on use. The upper part of the leather footwear is also remarkably known for ease of fading, breaking and wearing. This fact pointed out that the leather upper is experiencing ease of fastening to rubbing and low water resistance, which is the undesirable characteristic of uppers. Moreover, the leather upper possesses limitations on the flexing and scratch resistance, which determined the life-long suitability of the leather and even shortens the service life at large (Ashebre, Kahsay, Berhe 2013)

Both the upper leather and the sole components are experiencing various pitfalls to possess the aesthetic values and use properties, hence, it is wise to recommend that local tannery plants and sole manufacturer should look into their supplied products to determine the quality requirements and the gaps. Tannery plant that produce finished leather for footwear upper consumption should regularly measure and determine the physical and mechanical properties of the up-pers. The sole component manufacturers had better to investigate the outsole design and the performance measures through the art technology. Customers buy Ethiopian products mostly because of their low purchasing price. Some also voiced that they buy such products to encourage and appreciate local shoe manufacturers (Ashebre et al, 2013).

Accordingly the paper aspires to identify the major problems influencing the quality of leather product and relate the impact of those major problems for customer's perception on the quality of leather products.

Conducting the research on this issue is very significant for the leather industry to improve the market of Ethiopian leather products through filling the gap between customers perception and producers intention. The paper will suggest possible solutions for the problems to improve the quality of leather products. Designers, tanneries, hide and skin collectors, the government bodies, will be able to use the paper for analyzing consumer's perception and also researchers may use the paper for further research.

1.2 Statement of the Problem

Consumers make many buying decisions every day. Most large company's research consumer buying decisions in great detail to answer questions about what consumers buy, where they buy, how and how much they buy, when they buy and why they buy. Marketers can study actual consumer purchase to find out what they buy, where, and how much. But learning about the whys of consumers buying behavior is not so easy- the answers are often locked deep within the consumer's mind (Kotler and Armstrong 2005).

The consumer's choice results from the complex interplay of cultural, social, personal and psychological factors. They can be useful in identifying interested buyers and in shaping products and appeals to serve their needs better. Marketers have to be extremely careful in analyzing consumer behavior (kotler. et al, 1999).

According to the recent CSA publication on livestock resources, Ethiopia has 53.4 million cattle, 25.5 million sheep and 22.7 million goats (CSA 2011). This puts the country as one of the richly endowed countries in livestock resources. The sheep skins are well known for their quality. The goat skins in particular are known for their quality and international acceptance. Both goat and sheep skins are preferred for leather garments and gloves manufacturing in addition to being used for shoe upper. The resource endowment of the country illustrates the considerable potential of the country in the leather industry (CSA 2011).

The leather and leather products industry has multiple linkages to the wider rural economy. It is also highly labor intensive in the raw material sourcing, transportation, processing and marketing phases. The industry thus possesses an enormous potential to create much needed non-agricultural employment, and looks set to play an important role in poverty reduction. Yet this potential has remained largely unexploited. In the presence of far reaching structural problems unique to the leather

sector, ranging from ad hoc hide and skin collection systems to poor marketing infrastructure, it is not immediately clear whether the sector would take off without proper policy support (Cherkos 2011).

Ethiopia's share in the global footwear market is lower than its position in leather trade. In the year 2010, Ethiopia accounted for 0.13% of the total world production while China and Italy, the two major producers, accounted for 41.7% and 5.4 %. Ethiopian leather products are mainly destined to Europe and Asia. The share of Europe in 2007/08 and 2008/09 was around 70% while Asian shares for the same years were around 25%. America and Africa receive a very small percentage of the export. Italy (35%), Germany (19%) and China (15%) were the three most important export destinations in 2008/09 (UNIDO 2012).

The problem is well pronounced in the case of our country Ethiopia, especially on the view of its abundant resource in hide and skin but still in trade balance deficit in leather products. Such complete dependence on imported products brings the question on attitude of consumers to wards Ethiopian leather products. For instance Ethiopia has negative trade balance for shoes. For the period 2005- 2010, Ethiopia imported on average 25.6 million USD while its export for the same period was only 4.9 million USD. The negative trade balance reflects the high domestic demand for shoes, which the national shoe industry is apparently unable to satisfy, leading to foreign currency outflows of 20.7 million USD per year on average.

Basically our country Ethiopia has been exporting crust hide & skin for long period of time, but now a days the government gives special attention on the value adding process to produce semi fished and fished leather products which creates opportunity to produce finished leather products of final users.

Accordingly finished leather products are available in domestic market ever than before on wide range of choice and style, but the perception of consumers on the quality of leather products nowadays remain unknown. There is limited information regarding the attitude of domestic consumers on the quality of leather products. The researcher identified the perception of consumers on the quality of leather shoe products.

Conducting the research regarding the perception of consumers on the quality of leather shoe products disclose customer's level of satisfaction on domestic leather products and other issues including customer's tendency to buy, influence of imported leather shoe products over domestic products, and

also factors affecting consumer's perception on buying leather products. The above mentioned issue advocates the importance of conducting the research.

1.3 Basic Research Questions

1. What is the level of consumer's perception on the quality of Ethiopian leather shoe products?
2. What are the major issues influencing the quality of Ethiopian leather shoe products
3. How far is an imported leather product influencing local consumers from buying domestic products?
4. What are the ways to minimize problems related to quality and enhance the domestic consumption of leather shoe products?

1.4 Objective of the Study

1.4.1 General Objective

The General objective of this study is to determine the level of consumers' perception on the quality of Ethiopian leather shoe products.

1.4.1 Specific Objective

The study has the following specific objectives:

- To measure customers perception and their level of satisfaction with quality of leather shoe products
- To identify factors affecting the consumers perception against the leather shoe products (the eight quality dimensions).
- To measure to what extent the imported product attributes influenced local consumers preference.

- To suggest possible solutions for problems related to quality to improve leather shoe products quality.

1.5 Significance of the Study

Due to the fact that leather industry is one of the fast growing sector in Ethiopia, and taking special attention by the government this paper have determined result on revealing the perception of consumer perception and measuring level of customers satisfaction on domestic leather products. Accordingly the implication of the paper will be able to identify the customers' level of satisfaction with the products of domestic leather shoe products.

The paper will be helpful on contributing to quality of decision making by management of the leather products, producing companies and fill the knowledge gap by revealing the consumers perception towards leather products.

This study is also helpful to organizations under consideration for identifying the areas of customer dissatisfaction so as to take measures on improving quality of their products.

And also in the future the paper will be helpful to researches to make further study regarding Ethiopian leather shoe products as an input.

1.6 Delimitation/Scope of the Research

Due to the fact that having time and resources constraint the researcher is obliged to limit the scope of the study in the following manner:

Even if the leather products include shoe, leather bags, gloves, wallet, leather belt, the research focused only on leather shoe products.

Even though there are many factors that affect Leather industry, the researcher will only study the consumer's attitude over the quality of leather Shoe products; In addition the researcher will only focus on selected domestic shoe manufacturing companies' customers.

1.7 Organization of the Paper

This study organized under five chapters. The first chapter is the introductory part, Chapter two presents literature review. Chapter three provides the research design part of the study, in which it includes research methodology and the adopted research design for the study. Chapter four presents results and discussion of findings. Finally, chapter five presents study's conclusions part that based on the major findings and recommendations of the study.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

Leather is one of the most widely traded commodities in the world. The leather and leather products industry plays a prominent role in the world's economy, with an estimated global trade value of approximately US$100 billion per year (UNIDO 2012).

The leather industry is one of the many economic sectors, which should be given attention for the development of our country. This sector is one of the leading industries playing a significant role in the generation of foreign currency, which ultimately the country utilizes, for developing all the other sector of its economy (Misikir 2004).

According to The Federal Democratic Republic of Ethiopia Growth and Transformation Plan (GTP) 2010/11-2014/15 End of 2014/15 the Leather and Leather Products Industry is receiving special attention to be priority industries. The Quality improvement of the leather products is very important on the growth of the sectors. Measuring and reducing Quality problems related to leather and leather products at the national level enhance the national goods and products acceptance level in the international markets.

Most empirical case studies of industrial policy focus on the old industrialized countries or the famous success stories of technological catching up (such as Korea, Taiwan, Singapore, Malaysia, Brazil, and Chile). Much less is known about the quality and the outcomes of industrial policies in low- and lower-middle-income countries (Altenburg 2010).

The challenge is not only to develop more productive ways of doing business in already established activities but also to accelerate the structural transformation from low-productivity activities in agriculture, petty trade and skill-extensive services to new activities that are knowledge-intensive and exploit the advantages of inter-firm specialization (Altenburg 2010).

The industrial sector in Ethiopia has been characterized by a low level of development, even by the standards of many least developed countries. This sector is basically intended for the production of both for the local market as well as the export market. Ethiopia, as it is known, is the leading African country in its livestock wealth. This huge potential resource will play a significant role for the leather industry sector to be further enhanced. In addition, this sector is one of the sectors that are believed to play a significant role in the enhancement of the overall economy of the country thereby contributing a paramount share towards the five-year goals of the Growth and Transformation Plan (GTP) being implemented by the Government of Ethiopia (GoE). The leather industry sector is one of the leading foreign currency generating sectors of the country. Therefore, the sector needs more foreign and local investments to come in the areas of footwear, glove, leather garment, leather goods and articles (Cherkos 2011).

2.2 Industry overview

2.2.1World Leather Industry overview

China has been, by far, the most significant player in all sectors of the leather industry in recent years. The country now dominates every category of manufacture by a considerable margin. Lately, China has recognized that it has allowed development without proper environmental safeguards, and it is now starting to take corrective action. It has also reduced its support for footwear manufacture since it hopes to make similar progress with products with a higher level of value added (UNDO 2010).

Hide and skin supply is likely to continue to grow at slightly less than 3% per annum. The sourcing shift from developed to developing countries has raised issues of land use, raw material quality, and farming efficiency. Over the last decade, China has become the largest hide producer in the world, followed by India, Brazil and the USA *(Ibid).*

The large expansion in the use of leather for footwear, in spite of a reduction in the use of leather soles, was a defining feature of the industry in the third and fourth quarters of the twentieth century *(Ibid).*

It is logical, therefore, that tanneries in countries like Italy, which has close links to European fashion houses, should remain and work with imported raw material rather than move overseas. The Korean tanning industry, which grew in order to meet a strong domestic demand, has also chosen to remain at

home and to build up exports as its customers move abroad. One should also mention that the labor content varies between tanneries and leather processing industries. Also, raw material quality varies around the world. Finally, what is left of the leather industry in the USA and the EU produces mostly upholstery leather for automobiles and aviation and luxury leather goods (UNDO 2010).

2.2.2 African Leather Industry overview

Industrialization is a term that is mostly associated with the development experience of countries in Western Europe and North America during the 19th and early 20th centuries. In this early sense it referred to a marked departure from a subsistence economy that is largely agricultural towards a more mechanized system of production that entails more efficient and highly technical exploitation of natural resources in a highly formal and commercialized economic setting. As such, industrialization was understood purely in economic terms particularly the physical presence of industrial plants that were involved in manufacturing capital goods as well as processing raw materials into finished goods either for further industrial use, general commercial use or purely for domestic use or purposes3. By the early 20th Century therefore a country's industrialization was measured by the percentage of plants and/or industries involved in manufacturing as well as the volume of labor within such industries4. By around 1820, industrial activity had picked in Europe where coal was used run the steam engine among other industrial machines (Mumo 2010).

The African continent suffered a reduction of its share of the world leather trade in the last twenty-five years of the 20th century. Africa faces problems related to animal husbandry, raw material quality, technical knowledge, and market access. These problems persist in spite of significant technical assistance programs implemented by several UN specialized agencies (most notably UNIDO, UNDP, ITC, ILO) and bilateral aid (e.g., through GTZ, DANIDA). Political changes and civil unrest have often had an adverse impact on development (UNDO 2010).

Regarding the market position of African hides and skins, leather and leather products, African countries‟ share of the global market in hides and skins, leather and leather products is not commensurate with their share of raw materials, nor is it keeping pace with the increasing market share of other developing countries in relation to developed countries. The increase in domestic demand for shoes in Africa itself, though still modest, is satisfied mainly by cheap imports from other developing

countries, and by second hand footwear from developed countries. A wide range of factors throughout the leather supply chain contribute to this low level of competitiveness: poor physical infrastructure, low levels of foreign direct investment, inadequate levels of technological development, low productivity, poor workmanship, inadequate training, lack of working capital, lack of effective environmental control mechanisms, and factors more directly related to trade and marketing. Most of these challenges to the African leather supply chain lie within its own resources and capacities (Endalew 2011).

Sub-Saharan Africa Observers of the leather industry have mixed opinions about the future of the Sub- Saharan leather industry. Major brand manufacturers show little enthusiasm about doing business in the region, but Ethiopia has made some successful moves which indicate that strong action may be able to build up a significant manufacturing sector using locally made leather (UNDO 2010).

The development of BRIC economies and globalization are relevant here. While Asian workers started to earn more in the last 25 years, their counterparts in Africa saw their earnings drop. This could provide opportunities for companies seeking low-cost labor. However, large countries like India and China have captured most of the textile and leather jobs, which leaves African countries searching for a niche position in the world market, with the local industry not yet being able to export and having to compete with Chinese imports. This is a generalization, but one that is well supported by key industry figures (UNDO 2010).

For those optimistically minded, there is some indication of self-generated progress in the Sub-Saharan region and a realization that large raw material resources are available domestically. These abundant resources should lead to a substantial leather industry suited to generate both import substitution and exports (UNDO 2010).

2.2.3 Ethiopian Leather Industry overview

According to a recent CSA publication on livestock resources, Ethiopia has 53.4 million cattle, 25.5 million sheep and 22.7 million goats (CSA, 2011). This puts the country as one of the richly endowed countries in livestock resources. It is estimated that the country can collect 3.7 million cattle hides, 8.4 million sheep skin and 7.7 million goat skin. The sheep skins are well known for their quality. The goat

skins in particular are known for their quality and international acceptance. Both goat and sheep skins are preferred for leather garments and gloves manufacturing in addition to being used for shoe upper. The resource endowment of the country illustrates the considerable potential of the country in the leather industry (UNIDO 1012).

With abundant and available raw materials, a highly disciplined workforce and the cheap cost of doing business, Ethiopia's leather sector, including the footwear industry and tannery, enjoy significant international comparative advantages. Currently, Ethiopia's leather industry is in the forefront of the leather sector development within the Eastern and Southern Africa region. The sector is shifting into semi-processed export products. In this connection, the Ethiopian Leather Technology Institute, a strategic innovation and research institute, plays important role in the productivity and quality of the leather sector. Ethiopia head quarters the Leather Association of Common Market for Eastern and Southern Africa /COMESA/. Currently, there are more than 40 tanners, footwear and leather product manufacturers in the country (Ethiopia trade and investment 2010).

Ethiopia's leather and leather product sector produce a range of products from semi-processed leather in various forms to processed leathers including shoe uppers, leather garments, stitched upholstery, backpacks, purses, industrial gloves and finished leather.

Ethiopia has a huge livestock population consisting of cattle, sheep and goats. Hides and skins are one of Ethiopia's most important export products. Already in 1928, the country's first tannery and shoe factory was established. Exports of semi-processed leather as well as finished leather products, such as shoes and bags, have grown steadily, reaching an annual average of US$ 83 million in the period 2004/5 to 2007/8 (ecbp 2009).

Today the sector consists of 800 registered hides/skins traders and about 6,000 tanneries and leather goods factories (World Bank Group 2006). Until recently, foreign investment in leather tanning was not allowed, and only in the last two or three years has foreign investment in tanneries and footwear production got underway (Altenburg 2010).

Manufacturing of footwear is a promising option to increase the value added of the leather industry, making use of Ethiopia's low labor costs. The production of leather shoes on a handicraft basis has a

long tradition in Ethiopia, but only a handful of modern factories have been established. In the early 2000s, the footwear industry suffered a serious crisis when Chinese imports of cheap synthetic shoes flooded the domestic market, driving many small-scale producers out of business. Larger enterprises, however, reacted to the challenge, importing modern machineries and improving the quality, design, and durability of shoes. Soon after the first wave of Chinese imports, consumers became aware of the low quality and durability of these synthetic products, returning to buy genuine leather shoes from domestic producers. Today mechanized factories are clearly competitive and growing, whereas small producers of low-quality shoes are still struggling to compete with Chinese imports (Altenburg 2010).

In 1998 the Ethiopian Leather and Leather Products Technology Institute (LLPTI) was established, with support from the Italian government. LLPTI is now the main service provider for tanneries and the leather processing industry. It provides consultancy and training in areas relevant to the industry, including factory management, marketing and branding, effluent treatment, and laboratory testing of quality parameters. In 2009 a benchmarking program was set up to work more systematically on productivity enhancement (Altenburg 2010).

LLPTI also offers standard training modules for the many hundreds of micro and small producers in the country. The Institute is expected to recover 25−30% of service costs from user fees. To encourage exports, the National Export Development Committee, chaired by the Prime Minister, sets export and productivity targets. These are negotiated with large enterprises both private and state-owned – on a case-by-case basis, and individual targets are agreed upon. Participating companies benefit from a range of government incentives – e.g. tax holidays for exporters and tax-free import of machinery – and support services. In 2004, the government offered land for an industrial zone. In it the military built semi-constructed plants, which were handed over free of charge to producers on the basis of business proposals (Redi 2009).

Moreover, the Engineering Capacity Building Program has been mandated to design and implement, in collaboration with the major partners and stakeholders, a leather value chain upgrading program which addresses problems simultaneously and in a coordinated manner. The program consists of ten work packages including an Ecto-parasite control program for livestock, investment promotion and matchmaking services to attract foreign buyers support for international exposure of Ethiopian firms,

firm level support for productivity improvement, introduction of quality management systems, and capacity building for ELIA and LLPTI, among others. The program includes a twinning arrangement between LLPTI and German leather technology centers. In parallel, UNIDO is assisting the government in promoting synergies among the small footwear producers and traders in local clusters such as Mercato. All these activities taken together, the government offers a quite comprehensive and reasonably integrated sector strategy (Altenburg 2010).

The ECBP listed the main problems related to quality issues on the leather industry. Combining the findings of this study with the findings of the present evaluation, the main constraints of the Leather and leather product industry can be summarized as follows:

I.) Shortage of hides and skins: Acute shortage and quality of hides and skins is a major problem faced by tanners in Ethiopia (COMESA, 2012). This is considered to be one of the reasons for the tanneries' low capacity utilization. The problem is associated with the value chain starting from animal husbandry, poor animal veterinary services, and traditional ways of slaughtering to poor collection and handling of hides and skins at different levels. There has been a move to overcome the problem by importing duty free hides and skins from abroad. This however is not a lasting solution since those countries currently exporting hides and skins will soon develop their own capacity and process the same. Such move also defeats the purpose of establishing a competitive industry using the country's rich resource endowment (CoMESA, 2010)

ii) Shortage of finished leather: Leather garment and footwear industries face increased cost of production, underutilization of capacity and inability to deliver for export market mainly as a result of the shortage of finished leather (COMESA, 2012). Until recently the Ethiopian tanneries used to export semi-processed leather particularly wet blue, pickle and crust. Such practice led to low earnings as semi processed goods have low value-addition an also created shortage of finished leather availability in the local market. Since December 2011, the government poses a tax of 150% on crust export with the intention of discouraging the export of semi-processed leather. As a result, the export of finished leather has increased and leather prices for the local industries are on the rise. Reportedly the price of finished leather increased from 11 Birr per square foot in 2011 to more than 40 Birr in 2012.

iii) Imported inputs: According to a COMESA (2012) study the leather garment and footwear industries use at least 40 different components but only five of these can be sourced locally. Buying components from abroad is a lengthy process that affects time bound exports. Holding components on stock is difficult on account of differences in the demand of exporters and lack of working capital (ibid) The sourcing of inputs like chemicals from abroad is also found to be problematic due to long lead time, unavailability of chemicals locally, bureaucratic procedures of the custom office etc.

iv.) Skilled labor: The lack of skilled labor has been cited as major constraint of the sector, in particular in design and cutting (EEA, 2011).

v.) Difficult access to export markets and low profit margins: Shoe manufacturers find it difficult to access export markets directly. They often depend on brokers who provide linkages to buyers but keep the lion share of benefits from such arrangements. Shoe manufacturers report that their bargaining power is pretty low due to heavy competition. As a result, export profit margins tend to be low, often extremely low or even inexistent.

vi.) Competition with low cost shoe imports: The Ethiopian shoe market is considerable and increasing size but the Ethiopian shoe industry seems to be unable to make full use this opportunity. Low cost shoe imports in particular from China have been an issue. As a result, Ethiopia's import/export balance for shoes is negative. However, Ethiopian consumers seem to be increasingly aware that low cost imports are often of very low quality, leading to a stabilized demand for quality shoes from Ethiopia.

vii) Design weaknesses. Import competition is particularly heavy for lady's shoes because Ethiopian shoe manufacturers find it difficult to compete with the sophisticated and fast changing design of these shoes.

viii) Access to finance: The survey conducted by the Ethiopian Economic Association identified that finance, physical infrastructure and institutions constrain the sector (EEA, 2011). In terms of finance, the main problem is lack of access to finance due to collateral requirement, high transaction cost, high interest rate and low credit ceilings.

ix) Physical infrastructure and customs: In terms of infrastructure the major problems are power, water and transport services. Complicated customs procedures and delays are also quoted as major export constraints.

x) Labor, wages and poverty issues: Wage levels in the Ethiopian LLPI tend to be below wages in other industries. While tanneries are able to pay higher wages, the low profit margins in the shoe industry seem to be leading to problems of "working poor". There are signs of increased labor mobility to other sectors and even labor scarcity (UNDO 2012).

2.3 Conceptual Framework

In the search for an inclusive frame work of product quality dimensions, Garvin(1984) has reviewed several research disciplines, including philosophy, economics, marketing, and operation management and he has identified five approaches to viewing product quality.

The Five major approaches identified by Garvin to the definition of quality can be are:

1. The transcendent approach of philosophy;
2. The product based approach of economics;
3. The user based approach of economics, marketing, and operation management;
4. The manufacturing based approach; and
5. The value based approaches of operation management.

1. The Transcendent approach

According to the transcendent view, quality is synonymous with "innate excellence". It is both absolute and universally recognizable, a mark of uncompressing standards and high achievement. Never the less, proponents of this view claim that quality cannot be defined precisely; rather it is a simple un-analyzable property that we learn to recognize only through experience. This definition borrows heavily from Plato's discussion of beauty. In the symposium he argues that beauty is one of the "platonic forms" and therefore, a term that cannot be defined. Like other such terms that philosophers consider to be "logically primitive" beauty (and perhaps quality as well) can be understood only after one is exposed to a succession of objects that display its characteristics.

2. The product based approach

Product based definition are quite different; they view quality as a precise and measureable variable. According to this view, differences in quality reflect differences in the quality of some ingredient or attribute possessed by a product. For example high quality ice cream has high butterfat content, just as fine rugs have a large number of kont per square inch. This approach lends a vertical or hierarchical dimension of quality, for goods ranked according to the amount of the desired attribute that they possess. However, unambiguous ranking is possible only if the attributes in question are considered preferable by virtually all buyers.

There are two obvious corollaries to this approach. First higher quality can only be obtained at a higher cost. Because quality reflects the quantity of attributes that product contains, and because attributes are considered to be costly to produce, higher-quality goods will be more expensive. Second, quality is viewed as an inherent characteristic of goods, rather than as something ascribed to them. Because quality reflects the presence or absence of measurable product attributes, it can be assessed objectively, and is based on more than preferences alone.

3. User based approach

User-based definition starts from the opposite premise that quality "lies in the eye of the beholder". Individual consumers are assumed to have different wants or needs, and those goods that they regard as having the highest quality. This is an idiosyncratic and personal view of quality, and one that is highly subjective. In the marketing literature, it has led to the notion of "ideal points"; precise combination of product attributes that provide that greatest satisfaction to a specified consumer.

A more basic problem with the user-based approach is it equation of quality with maximum satisfaction. While the two are related, they are by no means identical. A product that maximizes satisfaction is certainly preferable to one that meets fewer needs, but is it necessarily better as well? The implied equivalence often breaks down in practice. A consumer may enjoy a particular brand

because of its unusual taste or features, yet may still regard some other brand as being of higher quality. In the latter assessment, the product's objective characteristics are also being considered

Even perfectly objective characteristics however, are open to varying interpretations; today durability is regarded as an important element of quality. Long lived products are generally preferred to those that wear out more quickly. This wasn't always true; until the late nineteenth century, durable goods were primarily possessions of the poor, for only wealthy individuals could afford delicate products that required frequent replacement or repair. The result was a long standing association between durability and inferior quality, a long standing association between durability and inferior quality, a view that change only with the mass production of luxury items made possible by the industrial revolution.

4. **The manufacturing-based approach**

User-based definition of quality incorporates subjective elements, for they are rooted in consumer preferences, the determinants of demand. In contrast, manufacturing-based definitions focus on the supply side of the equation, and are primarily concerned with engineering and manufacturing practice.

Virtually all manufacturing based definitions identify quality as "conformance to requirements." Once a design or a specification has been established, any deviation implies a reduction in quality. Excellence is equated with meeting specifications, and with "making it right the first time."

While this approach recognizes the consumer interest in quality a product that deviates from specifications is likely to be poorly made and unreliable, providing less satisfaction than one that is properly constructed. It is primarily focus is internal.

5. **The value based approach**

Value based definitions take this idea one step further. They actually define quality in terms of cost and prices. According to this view, a quality product is one that provides performance at an acceptable price or conformance at an acceptable cost. Under this approach, a $500 running shoe, no matter how well constructed, could not be a quality product, for it would find few buyers.

The difficulty in employing this approach lies in its being of two related n=but distinct concepts. Quality, which is a measure of excellence, is being equated with value, which is a measure of worth. The result is a hybrid "affordable excellence" that lacks well defined limits and is difficult to apply in practice.

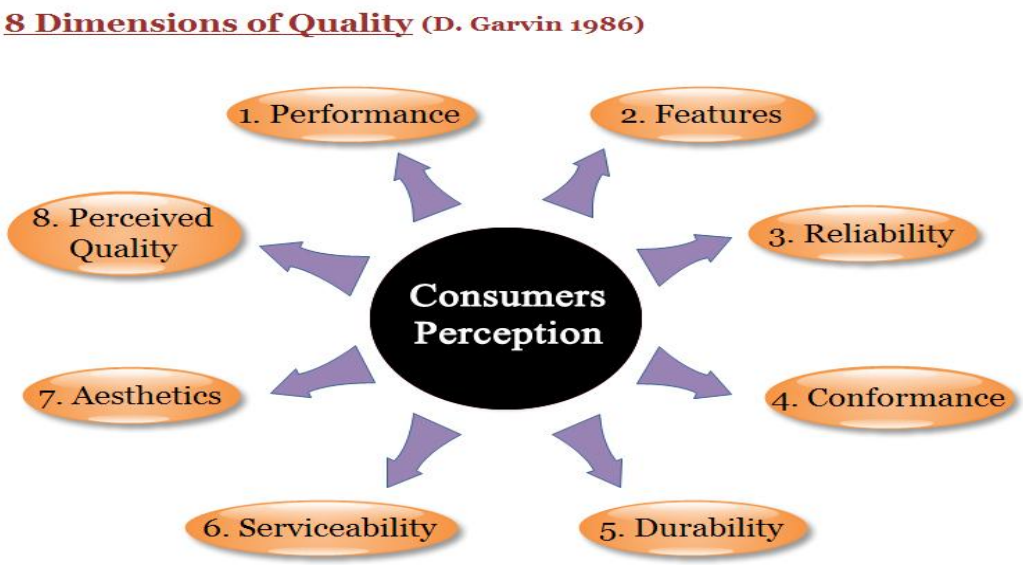
Eight Dimensions of Quality

Based on the synthesis across the five approaches, Garvin proposes eight dimensions to capture inclusively the construct domain of product quality:

1. performance,
2. features,
3. reliability
4. conformance,
5. durability,
6. serviceability,
7. aesthetics, and
8. Image (perceived quality).

Eight dimensions of quality by D. Garvin (1987) can be identified as a framework for thinking about the basic elements of product quantity:

Fig 2.1 Garvin's Eight Dimension of Quality



Conceptual frame work of the study adopted from eight dimension of quality by Garvin (1987).

Components of the Conceptual frame Work

1. Performance

First on the list is performance, which refers to the primary operating characteristics of a product. This dimension of quantity combines elements of both the products and user-based approaches. Measurable product attributes are involved, and brands can usually be ranked objectively on at least one dimension of performance. The connection between performance and quality, however, is more ambiguous. Whether performances differences are perceived as quality differences normally depends on individual preferences. Users typically have a wide range of interests and needs; each is likely to equate quality with high performances in his or her area of immediate interest. The connection between performances and quality is also affected by semantics. Among the words that describe product performance are terms that are frequently associated with quality as well as terms that fail to carry the association. For example, a 100-watt light bulb provides greater candlepower (performances) than a 60-watt bulb, yet few consumers would regard this difference as a measure of quality. The products simply belong to

different performance classes. The smoothness and quietness of an automobile's ride, however, is typically viewed as a direct reflection of its quality. Quietness is therefore a performance dimension that readily translates into quality, while candlepower is not; these differences appear to reflect the conventions of English language as much as they do personal preferences.

All goods possess objective characteristics relevant to the choices which people make among different collections of goods. The relationship between a good and the characteristics which it possesses is essentially a technical relationship, depending on the objective characteristics of the good.

Individuals differ in their reaction to different characteristics, rather than in their assessments of the characteristics it is these characteristics in which consumers are interested the various characteristics can be viewed as each helping to satisfy some kind of "want".

In these terms, the performance of a product would correspond to its objective characteristics, while the relationship between performances and quality would reflect individual reactions.

2. Features

The same approach can be applied to product features, a second dimension of quality. Features are the "bells and whistles" of products, those secondary characteristics that supplement the product's basic functioning. In many cases, the line separating primary product characteristics (performance) from secondary characteristics (features) is difficult to draw. Features, like product performance, involve objective and measurable attributes; their translation into quality differences is equally affected by individual preferences. The destination between the two is primary one of centrality or degree of importance to the user.

3. Reliability

Reliability is "quality over time". It reflects the probability of a product's failing within a specified period of time; in other words it reflects the propensity of a product to perform consistently over its useful designed life.

Reliability is a third dimension of quality. It reflects the probability of a product's failing within a specified period of time. Among the most common measures of reliability are the mean time to first failure (MTFF), the mean time between failures (MTBF), and the failure rate per unit time. Because these measures requires a product to be in use for some period, they are more relevant to durable goods than they are to products and services that are consumed instantly. Japanese manufacturers typically pay great attention to this dimension of quality, and have used it to gain a competitive electronics, semiconductors, and copying machine industries.

4. Conformance

A related dimension of quality is conformance, or the degree to which a product's design and operating characteristics match pre-established standards. Both internal and external elements are involved. Within the factory, conformances are commonly measured by the incidence of defects: the proportion of all units that fail to meet specifications, and so require rework or repair. In the field, data on conformance are often difficult to obtain, and proxies are frequently used. Two common measures are the incidence of service calls for a product and the frequency of repairs under warranty. These measures, while suggestive, neglect other deviations from standard, such as misspelled labels or shoddy construction that do not lead to service or repair. More comprehensive measures of conformance are required if these items are to be counted.

Both reliability and conformance are closely tied to the manufacturing-based approach to quality. Improvements in both measures are normally viewed as translating directly into quality gains because defects are field failures are regarded as undesirable by virtually all consumers. They are, therefore, relatively objective measures of quality, and are less likely to reflect individual preferences than are rankings based on performance or features.

5. Durability

Durability, a measure of product life, has both economic and technical dimensions. Technically, durability can be defined as the amount of use one gets from a product before it physically deteriorates. A light bulb provides the perfect example: after so many hours of use, the filament burns up and the

bulb must be replaced. Repair is impossible. Economists call such products “one-hossshays,” and have used them extensively in modeling the production and consumption of capital goods.

Durability becomes more difficult to interpret when repair is possible. Then the concept when takes on an added dimension, for product life will vary with changing economic conditions. Durability becomes the amount of use one gets from a product before it breaks down and replacement is regarded as preferable to continued repair against the investment and operating expenses of a newer, more reliable model. In these circumstances, a product’s life is determined by repair costs, personal valuations of time and inconvenience, losses due to downtime, relative prices, and other economic variables, as much as it is by the quality of components or materials.

This approach to durability has two important implications. First, it suggests that durability and reliability are closely linked. A product that fails frequently is likely to be scrapped earlier than one that is more reliable; repair costs will be correspondingly higher, and the purchase of a new model will look that much more desirable. Second, this approach suggest be interpreted with care. An increase in product life may not be due to technical improvements or to the use of longer-lived materials; the expected life of an automobile has risen steadily over the last decade, and now averages fourteen years. Older automobiles are held for longer periods and have become a greater percentage of all cars in use. Among the factors thought to be responsible for these changes are rising gasoline prices and weak economy, which have reduced the average number of miles driven per year, and federal regulations governing gas mileage, which have resulted in a reduction in the size of new models and an increase in the attractiveness to many consumers of retaining older cars. In this case, environmental changes have been responsible for much of the reported increase in durability.

6. Serviceability

A sixth dimension of quality is serviceability, or the speed, courtesy, and competence of repair. Consumers are concerned not only about a product breaking down, but also about the elapsed time before service is restored, the timeliness with which service appointments are kept, the nature of their dealings with service calls or repairs fail to resolve outstanding problems. Some of these variables can be measured quite objectively; others reflect differing personal standards of what constitutes acceptable service. Responsiveness is typically measured by the mean time to repair (MTTR), while technical

competence is reflected in the incidence of multiple service calls required to correct a single problem. Because most consumers equate more rapid repair and reduced downtime with higher quality, these elements of serviceability are less subject to personal interpretation than are those involving evaluations of courtesy or standards of professional behavior.

CHAPTER THREE

RESEARCH METHODLOGY

3.1 Introduction

This part of the research deals with the overall approach of the research. And it includes research design, population, sample size, and sampling techniques, source of data, data collection tools and data analysis method that the study used.

3.2 Research Design

The paper is designed to assess and evaluate the attitude of consumers towards the quality of Ethiopian leather shoe products. Accordingly descriptive research design is believed to suit the study since it helps to identify the relationship of quality and consumers attitude towards leather products by raising several relevant questions about different aspects of leather shoe products market. The paper focused on end users to analyse customer's perception on the quality of leather shoe products. The method implanted to analysis the data is descriptive on its very nature. The research identified the relationship among different variables. The dependent variable is consumers perception towards Ethiopian leather products and the independent variables include the eight dimensions of quality by D. Garvin (1987) that can affect consumers choice includes performance, features, reliability conformance, durability, serviceability, aesthetics, and Image perceived quality. All the above listed quality dimensions impact the consumer's perception will be evaluated.

3.3 Population and Sampling Technique

The total population of the paper are the end users of leather products. According to the Leather Industry Development Institute Currently, there are 26 tannery industries in operation and there are more than13 large mechanized shoe industries currently in operation. The researcher selected 6 shoe factories through quota sampling to contact consumers. The selected shoe manufacturing companies are Anbessa shoe factory, Jamaica shoe factory, Bermero, Ras Dashen shoe factory, Sheba shoe factory, and Tikur Abay which are taken with simple random sampling technique. From the six factories the researcher selected 30 consumers from each shoe manufacturing companies on convenience basis. The consumers are selected from each shoe producing company department store.

The questionnaires are distributed to each manufacturer's end user whom directly uses leather products. Of the respondents which are selected randomly the total number of the respondents are be 180. Out of the 180 respondents the researcher able to collect 172(95.5%) questionnaires and the rest 8(4.5%) questionnaires remain uncollected.

3.4 Sources of Data and Data collection tools

The researcher employed both primary and secondary data. The researcher identified 180 leather product consumers which are selected from 6 shoes (Anbessa shoe factory, Jamaica shoe factory, Bermero, Ras Dashen shoe factory, Sheba shoe factory, and Tikur Abay) factories for a questionnaire to identify customer's perception towards leather products. Identified Quality dimensions are deployed to measure consumer's perception. The quality factors that can affect consumer's choice performance, features, reliability conformance, durability, serviceability, aesthetics, and Image perceived quality. All the above listed eight dimensions of quality by D. Garvin (1987) impact on the consumer's perception are evaluated. Source of Secondary data - includes the collected secondary data from Leather Industry development Institute(LIDI), Growth and transformation plan(GTP), previously made researches, report UNIDO Evaluation group, annual report of Ethiopian Leather Industries Association, different newspapers, hand outs and websites. In addition critical literature study conducted on secondary data regarding previously made researches, reports and literatures.

3.5 Method of data collection

Questionnaires – the questionnaires are distributed for 6 factory end customers selected on random bases. Accordingly the questionnaires are distributed equally among each company and customers. In data collection process the researcher implemented random sampling and quota sampling for distributing questionnaire. Researcher will deployed a five-point Likert scale for the questionnaires ranging from 5-very good/very much, 4-good/a lot, 3-satisfactory/little, 2- poor/very little and 1-very poor/none. Due to the fact that easiness to focus on the objective of the paper and time saving mostly closed ended type of questionnaire are implanted in the data gathering process and one open question is Incorporated in the questionnaire.

The questionnaire is prepared including three parts; questions on the first part are basic questions about the respondent. The second part of the questionnaire presents question about the quality of leather products and the level of consumer's perception towards leather products on the bases of eight dimensions of quality by D. Garvin (1987) including performance, features, reliability conformance, durability, serviceability, aesthetics, and Image perceived quality.

3.6 Method of Data Analysis

After the completion of collection of data, data analysis is followed by arranging the data in such manner to enable to answer the basic questions.

The collected data from the questionnaire are organized, processed and interpreted by using tables, frequency, percentage, bar chart and column charts and descriptive statistics. For doing so, statistical package for social science software (SPSS) and Microsoft excel software were used to generate the data output. The researcher followed the path of summarised and analysed data so as to give interpretation which enable to achieve the objective of the research.

CHAPTER FOUR

RESULT AND DISCUSSION

4.1 Introduction

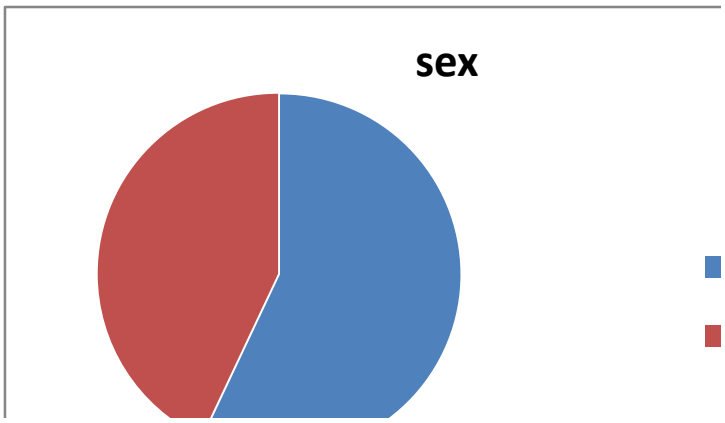
For the research purpose 180 questionnaires are distributed to each manufacturer's end user whom directly uses leather products. Of the respondents which are selected randomly the total numbers of the respondents are 180. Out of the 180 respondents the researcher able to collect 172(95.5%) questionnaires and the rest 8(4.5%) questionnaires remain uncollected.

The questionnaires included demographic data and customer's perception on the quality of leather shoe products. Hence, questions were designed as follows. Question 1-3 are comprises demographic data, Questions 4 encompass level of customer satisfaction on leather shoe products. Question number 5 includes the influence of imported leather shoe products on domestic products. Questions number 6-22 cover respondents answers on the eight dimensions of quality by D. Garvin (1987) including performance, features, reliability conformance, durability, serviceability, aesthetics, and Image perceived quality. Also the questions cross relate the impact of imported quality with domestic leather shoe products on selected dimensions. Question number 23 encompasses the attitude of customers about the competitiveness of leather market on international level. The last question asks for customer's suggestion on the quality of Ethiopian leather shoe products. In the following section, the collected data results are analyzed and discussed.

4.2 Sex of the respondent

The Figure demonstrates that, the majority of 98 respondents were male, accounted for 57 percent and the rest 74 were female, accounted for 43 percent of the total respondents.

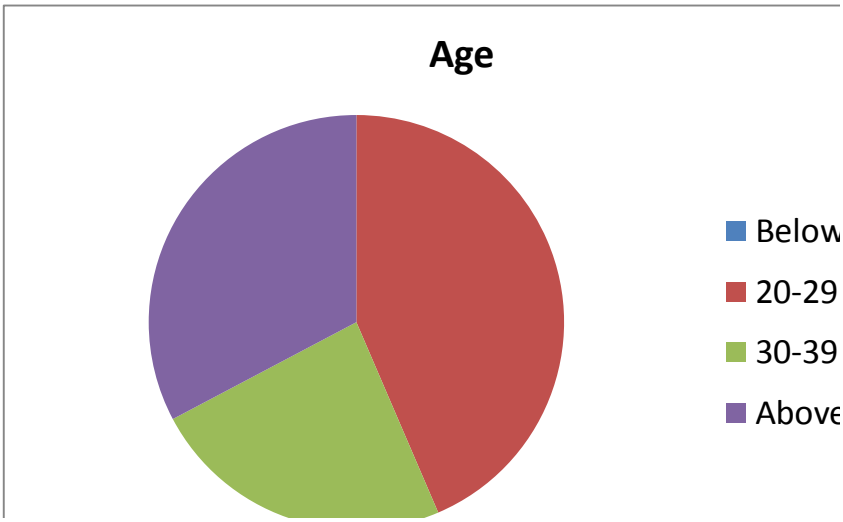
Figure4.1 Sex of the respondent



4.3 Age of the respondents

Figure 4.2 represents the respondents' age group classified to four groups, Under 20, 21-30 and 31-40 and above 40 respectively. Among the four age groups, respondents found between 20 and 29 constituted for 36.4 %, followed by age group above 40 hold 51, 27.3 %. The age group 30-39 constituted for 19.8% the rest of respondents were under 20 constituted for 16 respondents (6 %). The age group data shows most of the respondents were young consumers found between the age group 20 and 29.

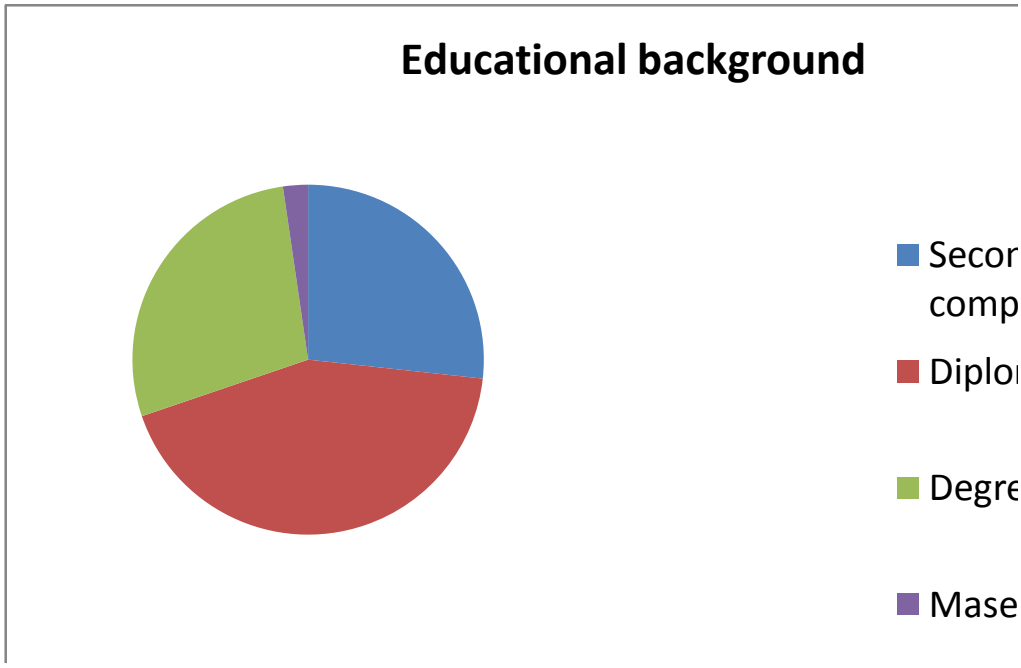
Figure 4.2 Age of respondents



4.4 Educational Background of the respondents

With respect to the educational level of respondents, Figure 4.3 shows that most of respondents (74 respondents 43.0%) were at diploma level, 48 respondents (27.9%) accounts for degree level. More similarly secondary level complete constituted for 46 respondents (26.7%). The remaining four respondents (2.3%) were at Masters and above educational level. As the Educational level data reveals the lion shares of the respondents are diploma holder customers.

Figure 4.3 Educational Background



4.5 Level of Customer Satisfaction with Leather shoe Products

Regarding the level of customer satisfaction on leather shoe products, out of 172 total respondents 102(54.5%) agreed the leather shoe products quality is good. 27(14.4%) of the total respondents responded that the leather shoe products are very good. Customers that reacted the quality of leather products are satisfactory are 23(12.3%) the rest replied poor quality. The mean of the customer's response lays around 3.78 this implies most of the respondents believed the leather shoe products relatively satisfy their demand.

Table 4.1 Level of Customer Satisfaction on Leather shoe Products

Response level	Frequency	Percent	Valid Percent	Cumulative Percent
Very poor	7	4.1	4.1	4.1
Poor	10	5.9	5.9	10.1
Satisfactory	23	13.6	13.6	23.7
Good/a lot	102	60.4	60.4	84.0
Very good	27	16.0	16.0	100.0
Total	172	100.0	100.0	

4.6 Leather Shoe Products Quality in Relation to Performance

Table 4.2 shows customers response on the quality domestic leather products based on performance. Accordingly almost half of the respondents 93(49.7%) replied the performance of domestic leather shoes are Good. Also 28(15%) respondents replied Very good. 26(13.9%) of the respondents agreed the performance of leather shoes is Satisfactory. The remaining 26(13%) and 23(12.3%) of the respondents replied Satisfactory and poor respectively. Only 1(0.5%) of the respondent replied Very poor. the mean of respondents is 4.2 and the desperation of mean is 0.0914. the mean value shows customers believed the performance of the leather shoe is better

Table 4.2 Leather Shoe Products Quality in Relation to Performance

Response level	Frequency	percent	Valid percent	Cumulative Percent
Very poor	1	0.6	0.6	.6
Poor	23	13.5	13.5	14.0
Satisfactory	26	15.2	15.2	29.2
Good	93	54.4	54.4	83.6
Very good	28	16.4	16.4	100.0
Total	172	100.0	100.0	

4.7 Quality of Ethiopian Leather Shoe Products In Terms Of Its Features

Table 4.3 presents the customers perception on the quality of domestic shoe products with respect to its features. Among the total respondents 56(29.9%) rated the features of Ethiopian shoe products are Satisfactory, relatively 49(26.2%) responded good. Meanwhile 33(17.6%) respondents replied poor. 25(13.4%) respondents believed that the quality of leather products in terms of its feature is very good. The remaining 9(4.8%) of the respondents replied very poor. On the view of customers, the mean statistics of the total respondents is 3.2 which shows most of the respondents are satisfied with the features of the leather shoe products. But in relation to the performance dimension of the leather shoe products the features dimension of the shoes are inferior by its quality.

Table4.3 Quality of Ethiopian leather shoe products in terms of its features

Response level	Frequency	Percent	Valid Percent	Cumulative Percent
Very poor	9	5.2	5.2	5.2
Poor	33	19.2	19.2	24.4
Satisfactory	56	32.6	32.6	57.0
Good	49	28.5	28.5	85.5
Very good	25	14.5	14.5	100.0
Total	172	100.0	100.0	

4.8 Qualities of Ethiopian leather shoe products in terms of consistency

From the total respondents regarding the consistency of domestic leather shoes 88(51.8%) rated satisfactory. 36(20.9%) rated good followed by 32(18.6%) respondents rated Very good. The remaining 8(4.7%) equal amount of respondents rated poor and Very poor. Out of the total 172 respondents with cumulative of 156(90.69%) of the respondents replied satisfactory and above regarding the quality of leather shoes in relation to their consistency. The mean value of question is 3.4 which explained most of the respondent's response lays near satisfactory. Even if the mean value of consistency dimension the response is better than feature dimension of quality the consistency dimension remain near to satisfactory level.

Table4.4 Qualities of Ethiopian leather shoe product in terms of consistency

Response level	Frequency	Percent	Valid Percent	Cumulative Percent
Very poor	8	4.7	4.7	4.7
Poor	8	4.7	4.7	9.3
Satisfactory	88	51.2	51.2	60.5
Good	36	20.9	20.9	81.4
Very good	32	18.6	18.6	100.0
Total	172	100.0	100.0	

4.9 Quality of leather shoe products in relation to conformance

Regarding current leather shoe products compiling with the customers demand table 4.8 summaries the customer response. Based on the responses 56(32.6%) of the respondents approve that the quality of leather shoes are poor/very little regarding compliance. Out of the total respondents 40(23.3%) rated satisfactory and 28(16.3%) rated good. 25(14.5%) of the respondents replied very poor and 23(12.3%) replied Very good. From the total respondents 121(70.3%) accounted for satisfactory and below.

Table 4.5 Quality of leather shoe products in relation to conformance

Response level	**Frequency**	**Percent**	**Valid Percent**	**Cumulative Percent**
Very poor	25	14.5	14.5	14.5
Poor	56	32.6	32.6	47.1
Satisfactory	40	23.3	23.3	70.3
Good	28	16.3	16.3	86.6
Very good	23	13.4	13.4	100.0
Total	172	100.0	100.0	

The mean value of conformance dimension is around 2.8 which shows most of the respondents replied below satisfactory level. This figure implies the conformance dimension of quality with regard to the leather shoe products is below satisfactory and customers believed that the leather shoe products lack

compliance. In other words the leather shoe products serve below the intended value that customer hopes to obtain.

4.10 Quality of Ethiopian leather shoe products in terms of durability

The table below shows customers response on the quality of leather products based on durability. Hence 85(49.4%) of the respondents rated very good and 48(27.9%) respondents rated good. 28(16.3%) of the respondents replied satisfactory. Only 11(6.4%) respondents replied poor/very little. None of the respondents replied that the quality of shoes is very poor in relation to durability.

Table 4.6 Quality of Ethiopian leather shoe products in terms of durability

Response level	Frequency	Percent	Valid Percent	Cumulative Percent
Poor	11	6.4	6.4	6.4
Satisfactory	28	16.3	16.3	22.7
Good	48	27.9	27.9	50.6
Very good	85	49.4	49.4	100.0
Total	172	100.0	100.0	

Regarding the quality of Ethiopian leather shoe products in terms of durability almost half of the respondents replied very good. And the mean value is as high as 4.2 showing how much the customers of leather products are influenced by the durability dimension of quality about the leather products. Based on the mean value out of the other dimensions the durability dimension of quality get more credit based on customers decision. This clearly states the Ethiopian leather products are better on their durability.

4.11 Leather Shoe Products Quality in Relation to serviceability

As Table 4.7 shows, majority of respondents 69 (40.1%) rated satisfactory on the availability of competent customer service satisfactory and 47 respondents rated poor/very little. Respondents replied the availability of competent customer service good is 25(14.5%) on the other side 24 respondents rated poor/very little. The rest 7(4.1%) respondents replied Very good.

Table 4.7 Availability of competent customer service including warranty and after sales service related to the leather shoe products

Response level	Frequency	Percent	Valid Percent	Cumulative Percent
Very poor	24	14.0	14.0	14.0
Poor	47	27.3	27.3	41.3
Satisfactory	69	40.1	40.1	81.4
Good	25	14.5	14.5	95.9
Very good	7	4.1	4.1	100.0
Total	172	100.0	100.0	

The mean value of customer's response regarding serviceability places around 2.8 which denotes the customers believed the availability of competent customer service on the leather shoe products is below expected also the customer's attitude towards the serviceability dimension is very low in relation to other dimensions of quality.

4.12 Leather Shoe Products Quality in Relation to Design

Table 4.8 shows quality of leather products concerning design on the view of respondents, based on customers response 52(30.4%) of the respondents believed the quality of leather shoes based on design is poor, 38(22.2%) respondents rated satisfactory and 35(20.5%) of the respondents rated very poor. The rest 27(15.8%) and 19(11.1%) of the respondents replied good and very good regarding the quality of leather products in relation to the design. Accordingly on the cumulative view respondents 125(73.1%) rated the quality of leather shoe is satisfactory or less.

Table4.8Leather Shoe Products Quality in Relation to Design

Response level	Frequency	Percent	Valid Percent	Cumulative Percent
Very poor	35	20.5	20.5	20.5
poor	52	30.4	30.4	50.9
Satisfactory	38	22.2	22.2	73.1
Good	27	15.8	15.8	88.9
Very good	19	11.1	11.1	100.0
Total	172	100.0	100.0	

The mean value of the response on the design dimension is 2.66 which show the average response of the customers place below satisfactory level. Accordingly the respondents believed the design of the

leather shoe products are poor and below customers expectation. In relation to other dimensions of quality regarding the leather shoe products the design dimension is the least attractive in the case of leather shoes. The standard deviation is 1.2 showing slightly dispersed from the mean and customers have different opinion over the design dimension of quality over the leather shoe products.

4.13 Leather Shoe Products Quality in Relation to style

Table 4.9 shows customers response on the quality of leather shoe products in relation of style. Consequently 47(27.3%) of the respondents replied satisfactory, more similar to those customers 46(26.7%) respondents replied poor/very little and 41(23.8%) respondents rated good. Those respondents who rated very good are 25(14.5%) and the rest 13(7.6%) respondents rated very poor.

Table 4.9 Leather Shoe Products Quality in Relation to style

Response level	Frequency	Percent	Valid Percent	Cumulative Percent
Very poor	13	7.6	7.6	7.6
Poor	46	26.7	26.7	34.3
Satisfactory	47	27.3	27.3	61.6
good	41	23.8	23.8	85.5
Very good	25	14.5	14.5	100.0
Total	172	100.0	100.0	

The mean value of style dimension of quality is 3.11 which shows most of the respondents agreed the style of leather shoe products are on satisfactory level. But cumulatively from the total respondent 77.8% rated satisfactory and below satisfactory, which shows the style dimension is below customer's expectation.

4.14 Leather Shoe Products Quality in Relation to Variety/ choice

The Table below illustrates the response of customers about their perception on the quality of leather shoe products in terms of Variety/choice of products. For that matter 79(47.4%) of the respondents rated Poor/very little, 47(27.5%) of the respondents replied satisfactory. Those respondents who rated good are 27(15.8%), and 16(9.4%) of the respondents rated Very good. The remaining 2 (1.2%) respondents rated very poor.

Table 4.10 Leather Shoe Products Quality in Relation to variety/ choice

Variety/ choice

Response level		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Very Poor	2	1.2	1.2	1.2
	Poor	79	46.2	46.2	47.4
	Satisfactory	47	27.5	27.5	74.9
	Good	27	15.8	15.8	90.6
	Very good	16	9.4	9.4	100.0
	Total	172	100.0	100.0	

Regarding the availability of choice or Variety of shoe products customers the mean is 2.8 resulting customers are rate below satisfactory with the current availability of Variety leather shoe products. In relation to other dimensions Variety dimension of qulity is at minimum level and most of customers agreed leather products lack choice.

4.15 Leather Shoe Products Quality in Relation to Perceived Quality

Table 4.11 summarizes the response of customers for the question of whether they get the perceived quality from the leather shoe products and 73(42.4%) of the respondents replied good/ a lot, 39(22.7%) of the respondents replied very good/very much. 28(16.3%) respondents replied that they are satisfied on the perceived quality of leather shoes, 25(14.5%) of the respondents replied poor/very little. The remaining 7(4.1%) of the respondents rated very poor. cumulatively 140(81.4%) of the total respondents replied satisfactory and more than satisfactory.

Table 4.11 Leather Shoe Products Quality in Relation to Perceived Quality

Response level	Frequency	Percent	Valid Percent	Cumulative Percent
Very poor	7	4.1	4.1	4.1
Poor	25	14.5	14.5	18.6
Satisfactory	28	16.3	16.3	34.9
Good	73	42.4	42.4	77.3
Very good	39	22.7	22.7	100.0
Total	172	100.0	100.0	
			4.1	

I general view of the perceived quality of leather shoe products customers agreed they obtain the intended value from using the shoe products. The mean value is 3.6 and this implies despite the fact that leather shoes lack design, style, variety dimensions of quality customers mostly agreed it is worthy of buying domestic leather products.

4.16 Capability of Ethiopian leather industry to produce internationally competent Quality product

Table 4.12 shows customers attitude towards Ethiopian leather industry capability to produce quality leather products competent in the international market. Out of the total respondents 71(41.5%) replied good, 39(22.8%) rated satisfactory, 36(21.1%) rated very good and 24(14.0%) of the respondents rated poor. Only one respondent replied the capability of leather industry capability is poor.

Table 4.12 Capability of Ethiopian leather industry to produce internationally competent Quality product

Response level	Frequency	Percent	Valid Percent	Cumulative Percent
Very poor	1	0.6	0.6	.6
Poor	24	14.0	14.0	14.6
Satisfactory	39	22.8	22.8	37.4
Good	71	41.5	41.5	78.9
Very good	36	21.1	21.1	100.0
Total	172	100.0	100.0	

From the above table we can confirm most of the respondents agreed on the subject matter of capability of domestic leather shoe industry is competiveness to manufacture internationally competent leather shoe products.

4.17 Imported Products Influence on Customers Choice for Domestic Leather Shoe Products

Table 4.13 shows that 86(46%) of the respondents replied imported product influence over domestic shoe products is very high, followed by 59(31.6) respondents agreed import influence is still much. Out of the total respondents 16(8.6) replied very little do have the imported shoes over domestic products. Only 7(3.7%) and 4(2.1%) of respondents replied the imported shoe influence over domestic shoes are poor and very poor respectively.

Table 4.13 Imported Products Influence on Customers Choice for Domestic Leather Shoe Products

Response level	Frequency	Percent	Valid Percent	Cumulative Percent
Very poor	4	2.3	2.3	2.3
Poor	7	4.1	4.1	6.4
Satisfactory	16	9.3	9.3	15.7
Good	59	34.3	34.3	50.0
Very good	86	50.0	50.0	100.0
Total	172	100.0	100.0	

Regarding the level of customer satisfaction on quality of domestic leather shoe production most of the respondents are satisfied on the quality of domestic leather shoe products. But the lion share of the respondents agreed that they are highly influenced by imported substitute leather shoe products.

4.18 Domestic Leather Shoe Quality In Relation To Imported Leather Shoe Based On Performance

Table 4.14 shows customers perception on the quality of domestic leather products in relation to imported leather shoes based on its Performance. Accordingly 84(44.9%) of the respondents replied the performance of Domestic leather product in relation imported leather products are good. furthermore 39(20.9%) of the respondents replied satisfactory. Among the total respondents those who rated very good are 36(19.3%) the remaining 6(3.2%) and 3(1.6%) rated poor and Very poor respectively.

Table 4.14 Domestic leather shoe quality in relation to Imported leather shoe based on performance

Response level	Frequency	Percent	Valid Percent	Cumulative Percent
Very poor	3	1.8	1.8	1.8
Poor	6	3.6	3.6	5.4
Satisfactory	39	23.2	23.2	28.6
Good	84	50.0	50.0	78.6
Very good	36	21.4	21.4	100.0
Total	172	100.0	100.0	

On the performance of domestic leather shoe products in relation to imported leather products customer's believed domestic leather shoes are superior than imported based on performance. And customers have trust on the domestic leather shoes perform better than imported shoe products.

4.19 Domestic Leather Shoe Quality In Relation To Imported Leather Shoe Based On Features

Table 15 shows customers perception on the quality of domestic leather products in relation to imported leather shoes based on its features. Out of the total 172 respondents 59(31.6%) believed the features or shape of domestic shoes are good in relation to imported shoes, Also 46(24.6%) of the respondents rated satisfactory. Subsequently 28(15%) respondents replied the features of domestic leather shoes in relation to imported shoes are poor and 24(12.8%) rated very good with regard to the topic. The remaining 15(8%) of the respondents replied very poor.

Table 4.15Ethiopian Leather shoe products in relation to imported leather shoe products based on features

Response level	Frequency	Percent	Valid Percent	Cumulative Percent
Very poor	15	8.7	8.7	8.7
Poor	28	16.3	16.3	25.0
Satisfactory	46	26.7	26.7	51.7
Good	59	34.3	34.3	86.0
Very good	24	14.0	14.0	100.0
Total	172	100.0	100.0	

Regarding the quality of domestic leather products in relation imported leather products base on its features customers prefer imported leather products than domestic shoe products showing the domestic shoes are inferior by their quality base on their features.

4.20 Quality of Leather Shoe in Relation to Imported Leather Shoe in Terms of Reliability

Based on the reliability dimension of quality, perception of customers on domestic leather shoe in relation to imported shoes is presented in table 11. From the total respondents 60(35.9%) rate good on the reliability of domestic shoes in relation to imported shoes and 40(24%) of the respondents replied that they are satisfied. 39(20.9%) respondents rate very good and 27(16.2%) replied Poor on the

reliability of domestic leather shoes in relation to imported shoes. Only 1(0.6%) respondent rated Very poor/none.

Table 4.16 Quality of Leather shoe in relation to imported leather shoe in terms of reliability

Response level	Frequency	Percent	Valid Percent	Cumulative Percent
Very poor	1	0.6	0.6	.6
Poor	27	16.2	16.2	16.8
Satisfactory	40	24.0	24.0	40.7
Good	60	35.9	35.9	76.6
Very good	39	23.4	23.4	100.0
Total	167	100.0	100.0	

For comparing domestic Leather Shoe in Relation to Imported Leather Shoe in Terms of Reliability still customers believed domestic shoes are reliable. reliability dimension is one of the quality domestic shoe products which is relatively better than imported shoes.

4.21 Quality of Domestic in relation to imported leather shoe products in terms of durability

Table 4.17shows the response of customers on the durability of domestic leather shoes in relation to imported leather shoes. Out of the total 172 respondents 67(35.8%) rated the durability of domestic leather shoes is very good and 52(27.8%) rated good respondents replied satisfactory are 31(16.6%). 17(9.9%) respondents replied poor and the rest 4(2.3%) replied Very poor.

Table 4.17 Quality of Domestic in relation with imported leather shoe products in terms of durability

Response level	Frequency	Percent	Valid Percent	Cumulative Percent
Very poor	4	2.3	2.3	2.3
poor	17	9.9	9.9	12.3
Satisfactory	31	18.1	18.1	30.4
Good	52	30.4	30.4	60.8
Very good	67	39.2	39.2	100.0
Total	171	100.0	100.0	

In a similar way to performance and reliability dimensions durability dimension of domestic leather products shows better quality than imported leather products. The mean value is 4.2 shows customers agree the quality of the shoe products is reliable, and customers prefer domestic shoes concerning the reliability of leather shoe quality.

4.22 Quality of Domestic Leather Shoe Products in Relation to imported leather shoe products in terms of design

Table 4.18 below shows the quality of domestic leather shoe products in relation to imported leather shoe products in terms of design. Based on customers response 61(35.7%) of the respondents rated poor about the quality of domestic shoe products in relation to the imported products in terms of design, 45(26.3%) of the respondents replied satisfactory and 43(25.1%) of (the respondents rated very poor. The rest 17(9.9%) and 5(2.9%) rated good and very good respectively. The cumulative of 149(87.1%) of the respondents replied satisfactory or below satisfactory.

Table 4.18 Quality of Domestic Leather Shoe Products in Relation to imported leather shoe products in terms of design

Response level	Frequency	Percent	Valid Percent	Cumulative Percent
Very poor	43	25.1	25.1	25.1
Poor	61	35.7	35.7	60.8
Satisfactory	45	26.3	26.3	87.1
Good	17	9.9	9.9	97.1
Very good	5	2.9	2.9	100.0
Total	172	100.0	100.0	

The mean value of customer's response over design dimension is 2.2 which show customers believed the design of Ethiopian leather shoe products is poor in relation to imported leather shoe products. The reason behind is the imported leathers comes from developed countries which uses more sophisticated and improved technology to design their products. Consequently domestic shoe products still are not competent enough to meet customer expectation of quality regarding design dimension.

4.23 Quality of Domestic Leather Shoe Products in Relation to imported leather shoe products in terms of style

Table 4.19 shows the attitude of customers towards the quality based on style of domestic leather products in relation to imported leather shoe products. Consequently customers responded as follows. 61(36.6%) rated poor, 42(25.1%) rated satisfactory and 27(16.2%) respondents replied Very poor. Those who responded good are 19(11.4%). The rest 18 responded very good. Cumulatively regarding the Quality of Domestic Leather Shoe Products in Relation to imported leather shoe products in terms of design 130(77.8%) of the respondents replied satisfactory and below satisfactory.

Table 4.19 Quality of Domestic Leather Shoe Products in Relation to imported leather shoe products in terms of style

Response level	Frequency	Percent	Valid Percent	Cumulative Percent
Very poor	27	16.2	16.2	16.2
Poor	61	36.5	36.5	52.7
Satisfactory	42	25.1	25.1	77.8
Good	19	11.4	11.4	89.2
Very good	18	10.8	10.8	100.0
Total	172	100.0	100.0	

In general from the total respondent ¾ of the respondent rated satisfactory and below satisfactory and the mean value is 2.6 which shows most of the respondents agreed the style of domestic shoe product is not satisfactory in relation to imported leather shoe products. Accordingly both the design and style of domestic shoe products are below customer's desire.

4.24 Quality of Domestic Leather Shoe Products in Relation to imported leather shoe products in terms of Variety/choice

Table 4.20demonstrates the Quality of Domestic Leather Shoe Products in Relation to imported leather shoe products in terms of Variety/choice. Out of the total 172 respondents 68(39.8%) rated poor, 47(27.5%) rated satisfactory, 26(13.9%) respondents rated goo, 18(10.5%) respondents rated very good. The rest 12(7.0%) respondents rated very poor. Based on cumulative view 127(74.3%) of respondents replied satisfactory and below satisfactory.

4.20 Quality of Domestic Leather Shoe Products in Relation to imported leather shoe products in terms of Variety/choice

Response level	Frequency	Percent	Valid Percent	Cumulative Percent
Very poor	12	7.0	7.0	7.0
Poor	68	39.8	39.8	46.8
Satisfactory	47	27.5	27.5	74.3
Good	26	15.2	15.2	89.5
Very good	18	10.5	10.5	100.0
Total	172	100.0	100.0	

The customer's attitude towards domestic leather products in relation to the variety/choice has mean value of 2.6 which implies customer's response lays around satisfactory and below satisfactory level. In general the variety of domestic leather shoe products is lower than customer's expectation level.

CHAPTER FIVE

CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

The purpose of this last chapter is to present conclusion of major findings and forwarded possible recommendations. Hence, the first section presents the conclusion of major findings and the second section presents recommendations.

5.2 Conclusion

Based on the results of the study and analysis conducted on this study the following important conclusions are drawn below.

With respect to demographic factors Out of the total respondent's relative amount of respondents participated from both sex. And most of the respondents are found in young age group. Regarding the level of education most of the respondents are diploma holders.

The level of customer satisfaction on quality of domestic leather shoe production most of the respondents are satisfied on the quality of our leather shoe products. But the lion share of the respondents agreed that they are highly influenced by imported substitute leather shoe products. This show the imported leather shoes are highly influencing the buying decision of customers besides competing on the market.

Customer's attitude towards the quality of leather products based on the performance dimension is good showing the consumers found the performance of leather shoes are superior quality. On the performance of domestic leather shoe products in relation to imported leather products still customer's believed domestic leather shoes are superior than imported based on performance. And we can conclude domestic leather products perform better than customer's expectation

Based on the features of leather shoe products most of customers are more or less satisfied on the quality of leather products. Also regarding the quality of domestic leather products in relation imported

leather products customers are to some extent satisfied. In general even if domestic shoes are good in their durability and performance still lacks features on the view of customers.

With reference to the consistency/reliability dimension of quality more than half of the customers are satisfied with the quality of leather shoe products. For comparing domestic Leather Shoe in Relation to Imported Leather Shoe in Terms of Reliability still customers believed domestic shoes are reliable. Alike durability and performance customers believed the domestic leather shoes are more reliable than imported shoe products.

Regarding the quality of leather shoe products in relation to conformance (complying with intended value) most of the respondents are not satisfied. This is because of the shoe products are giving less than what the customers are expecting.

Customers of leather shoe products agreed that the qualities of leather shoe products are durable. And respondents approved The Quality of Domestic leather shoe products are durable in relation with imported leather shoe products. In general customers have trust on the quality of leather products based on their durability. Due to the fact that Ethiopian leather is authentic by its very nature it gives competitive advantage over other imported leather shoes on their durability.

On serviceability dimension of quality respondents approved availability of competent customer service including warranty and after sales service related to the leather shoe products is below expected level. Generally the leather market lacks to offer competent customer service and marketing alternatives to maximize sales of the leather shoe products.

Respondents regarding to Leather Shoe Products Quality in Relation to Perceived Quality granted they obtained the expected value from leather shoe products. And most of the respondents agreed on the subject matter of on capability of domestic leather industry competiveness to manufacture internationally competent products.

On the view of customers regarding aesthetics value **(the most subjective dimension)** of the quality of leather shoe products happened to be inferior in design, style and choice/Variety. Also On customer's

perception about the Quality of Domestic Leather Shoe Products in Relation to imported leather shoe products in terms of design, style and Variety/choice turn out lesser than imported shoes.

The reality is that customers believed the quality of domestic shoes by performance, durability and reliability dimensions are very good but domestic leather shoe products lacks aesthetic value including design, style, and choice. Due to this reason domestic leather products are not competent with imported leather products. In general the result shows critical effort is required on those dimensions of quality which need improvement.

5.3 Recommendations

- Even if the research output shows domestic leather products are better in performance, durability and reliability dimensions more effort is required to promote the quality of the leather products regarding their best performance, durability and reliability.
- Even if the domestic leather products are the best in durability there must be a lot to be done to create competent customer service, and after sales service access subsequently the leather industry can improve and customers able to fetch expected satisfaction.
- As far as the researcher is concerned Ethiopian leather shoe products are poor to provide aesthetic value to the customers. Hence domestic shoe companies and factories found in Ethiopia should come up with new styles, design and choice with new product line extensions to bring back competitive advantage and let the leather industry flourish.
- To overcome design style and choice difficulties training, scholarships should be facilitated to designers and representatives to develop their insight so as to enable to come up with designers and styles beyond customer's expectation.
- The lack of competent customer's service implies that the leather companies should develop ways of creating and sustaining customer service during and after sales of a product so as to enable customers to be dependable and trust full for choosing domestic shoe products.
- Due to the fact that customers are insightful to their buying decision leather shoe companies must differentiate their products based on age and gender group for being able to provide variety of desired leather shoe products on customer's choice.
- Intuitions like Ethiopian Investment Agency, Leather and Leather Products Technology Institute. Leather and Leather Products Industry, and Leather and Leather Products Training Institute should work together to promote the quality of Ethiopian leather shoe products regarding their authenticity, durability and performance.

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Appendix – 1

Consumer perception on leather shoe products

St. Mary's University
School Of Business

Dear Participant,

This questionnaire is designed to gather data on Assessing consumer's perception on the quality of domestic leather shoe products. The purpose of the study is to fulfill a thesis requirement for the Masters of Business Administration (MBA) at St. Mary's University. Your highly esteemed responses for the questions are extremely important for successful completion of my thesis. The information that you provide will be used only for the purpose of the study and will be kept strictly confidential. You do not need to write your name. I appreciate your cooperation for devoting your valuable time for my request. The questionnaire includes three parts: the first part is general question about your background. The second part is about your attitude about Ethiopian leather shoe products. The last part includes your comment on the leather shoe products as a whole. Thank you in advance for your cooperation.

Address
Nebyu Tesfahun, St Mary's University MBA graduate class.
Tel. 0913015554
Email dubdubdat82@gmail.com

1. BASIC QUESTIONS

N.B Indicate your response by putting a tick (√) in the provided box.

1. Sex ☐ Male
☐ Female

2. Age ☐ Under 20
☐ 20- 29
☐ 30 -40
☐ Above 40

3. Educational level ☐ High school complete
☐ Diploma
☐ Degree
☐ Masters degree and above

2. QUESTIONS ON THE QUALITY OF ETHIOPIAN LEATHER SHOE PRODUCTS

The following questions are prepared to evaluate the customer's perception in relation to the quality of Ethiopian leather shoe products. You are kindly requested to genuinely answer the questions based on your opinion towards Ethiopian leather shoe products. Answering the questions properly will help the researcher to understand your opinion towards Ethiopian leather shoe products.

Each question contains five (5) choices, and each number represents answer for the questions representing different level of response;

5-very good/very much 4-good/a lot 3-satisfactory/little 2- poor/very little and

1- Very poor/ none.

Questions	5	4	3	2	1
1. How do you rate the quality of Ethiopian leather shoe products on the subject of satisfying your needs?					
2. How much influence does imported products have on your choice for domestic leather shoe products?					
3. On your opinion do you believe Leather shoe products perform as the same as your expectation?					

4. How do you rate Ethiopian Leather shoe products in relation to imported leather shoe products based on its performance?					
5. How do you rate the quality of Ethiopian leather shoe products in terms of its features?					
6. How do you rate Ethiopian Leather shoe products in relation to imported leather shoe products based on features?					
7. Do you believe that the qualities of Ethiopian leather shoe products are consistent to provide the intended value?					
8. How do you rate Ethiopian leather shoe products in relation to imported leather shoe products in terms of reliability?					
9. Do you believe the quality of current leather shoe products comply/conform to satisfy customer demand?					
10. How do you rate the quality of Ethiopian leather shoe products in terms of durability?					
11. How do you rate Ethiopian leather shoe products in relation with imported products in terms of durability?					
12. How do you rate the availability of competent customer service including warranty and after sales service related to the leather shoe products?					
13. Do you believe that quality of Ethiopian leather shoe products can satisfy your desire in terms of design?					
14. How do you rate the quality of Ethiopian leather shoe in terms of design in relation to imported shoe products?					
15. How do you rate the quality of Ethiopian leather shoe products in terms of style?					
16. How do you rate Ethiopian leather shoe products in relation with imported products in terms of style?					
17. Do you believe that quality of Ethiopian leather shoe products can satisfy your desire in terms of Varity/ choice?					
18. How do you evaluate Ethiopian leather shoe products in relation with imported products in terms of Varity/choice?					

19. Based on your experience of did you find the perceived quality leather shoe products to be worthy of buying in relation to the money you spent?					
20. Do you believe that Ethiopian leather industry is qualified to produce internationally competent product?					

21. If you have any comment/suggestion on the quality of the Ethiopian leather shoe products please write on the space below