



ST. MARY'S UNIVERSITY
SCHOOL OF GRADUATE STUDIES

**ASSESSMENT OF THE EXPORT PERFORMANCE OF
SELECTED GARMENT FACTORIES IN LEBU
INDUSTRY ZONE, ADDIS ABABA**

BY
TEKLAY GEREZGIHER (ID.SGS/0222/2007B)

JUNE, 2017
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**A THESIS SUBMITTED TO ST. MARY'S
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I, the undersigned, declare that this research project is my original work. All sources of materials used for the research project have been duly acknowledged. I further confirm that the research project has not been submitted either in part or in full to any other higher learning institution for the purpose of earning any degree.

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ENDORSEMENT

This research project has been submitted to St. Mary University, School of Graduate Studies for examination with my approval as a university advisor.

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June, 2017

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LIST OF ACRONYMS

AGOA	African Growth Opportunity Act
CMT	Cut, Make, and Trim
COMESA	Common Market for Eastern and Southern Africa
CSA	Central Statistics Authority
EBA	Everything But Arms
EPOS	Electronically Point-Of-Sale
ERP	Enterprise Resource Planning
ES	Export Sales
ETIDI	Ethiopian Textile Industries Development Institute
EU	European Union
FSTS	Foreign Sales Percent of the Total Sales
GDP	Gross Domestic Product
GSP	General System of Preferences
GTP	Growth and Transformation Plan
ICT	Information and Communication Technology
IE	Industrial Engineering
ILO	International labor organization
LC	Letter of Credit
LS	Local Sales
OECD	Organization for economic cooperation and development
R&D	Research and Development
SMEs	Small and Medium-sized Enterprises
SMV	Standard Minute Value
TS	Total Sales
USA	United States of America
USD	US Dollar
YG	Yearly Growth
VAT	Value Added Tax

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Abstract

This study examines the export performance of selected garment factories in Lebu industry zone based on different dimensions that have direct relevance to the export performance construct. Both primary and secondary sources of data were used to assess the export performance. The researcher has used personal observation, semi-structured interview and questionnaire to collect the data. Results showed that despite the improvement in export figures in the last five years, the companies' export performance was at a low stage compared to plenty of incentives given by government, the capacity they have, companies' goals and major competitors. The researcher has forwarded important recommendations that need to be followed and performed by the companies and other shareholders to enhance the export performance of the assessed and other similar companies as a whole. The companies need to reduce their SMV by enhancing current skill of their workers, finding new work methods, improving line balances and others (Example: Reducing the SMV of basic t-shirt from 7 to 4.5), reduce the level of rework and second grade to 2-2.5% and 1% respectively, reduce the absenteeism rate to 2%, increase their capacity utilization to 85%, enhance the technology of their machineries by introducing some semi-automatic machines for special operations. Moreover, the government institutions such as ETIDI should work in building the capacity of these companies, searching markets, disseminating market information, making researches, proposing new incentive systems, and the actual practice of ETIDI experts 70% facilitation versus 30% technical support should be reversed.

❖ **Key words:** Export Performance, Garment Factories, Lebu Industry Zone, Addis Ababa

CHAPTER ONE: INTRODUCTION

1.1. Background

The garment industry is labor-intensive and it offers entry-level jobs for unskilled labor in developed as well as developing countries. Considering the increasing domestic labor and material costs, most apparel companies in developed countries tend to cooperate with the textile and apparel manufacturers from developing countries for the purpose of reducing production costs by sourcing. Global sourcing has become a growing trend in the textile and apparel industry, and products are often produced in developing countries, sometimes thousands of miles away from the point of consumption (Allen, 2008). Moreover, it is a sector where relatively modern technology can be adopted even in poor countries at relatively low investment costs. These technological features of the industry have made it suitable as the first step on the industrialization ladder in poor countries.

The trend toward globalization of trade and sales activities has increasingly emphasized the importance of understanding the behavior of firms in foreign markets. Exporting represents a viable strategic option for firms to internationalize and has remained the most frequently used foreign market entry mode chosen (Zhao et al., 2002), as it provides the firm with high levels of flexibility and a cost-effective way of penetrating new foreign markets quickly (Leonidou, 1995). This has resulted, over recent decades, in considerable attention being paid to the export performance of the firm.

Firms' survival and expansion, and the consequent economic growth of many countries, is strongly dependent on a better understanding of the determinants that influence their export performance. With the steady rise in global business and the emergence of global competition, an understanding of the determinants of export performance has become particularly important in today's business environment, and numerous studies have been concerned with identifying the key variables that affect it (Sousa et al., 2008).

The study of export behavior has aroused great interest, both in academic and professional, and in public authorities. (Katsikeas et al., 2000) highlight the importance of exports from three

perspectives. Firstly, for politicians, who analyze exports as a way to accumulate foreign currency reserves, increase levels of employment, productivity and social prosperity. Secondly, for managers since exports are a form of corporate growth that imply an increase in production capacity, an improvement in financial results and business competitiveness, and also to ensure the survival of the company in a highly-globalized marketplace. And thirdly, for researchers, who consider exports as a changing but promising area to develop theories.

This research will particularly assess the export performance of garment factories found in Lebu industry zone based on selected dimensions from different studies. The dimensions used in this research are those commonly used by researchers in the field and which are believed to measure the export performance considering specific characteristics in the garment factories in Lebu industry zone.

1.2. Statement of the Problem

Export continues to be an important economic activity for most developing nations including Ethiopia which has export-led industrial strategy. Garment and textile, one of the priority sectors mentioned in industrial strategy of Ethiopia, should have to earn more than 1 billion USD in the last year of first GTP. However, the total export amount was not more than 110 million USD in that calendar year and an average of 100 million USD in the five consecutive years of first GDP (Abebe, 2016). Moreover; it doesn't show significant improvement in the first year of second GTP. This shows us the export performance of the garment and textile factories in Addis Ababa and other parts of the country is too low compared to the potential of the country in this sector, the development of infrastructure and the availability of convenient policies and incentives given to this sector.

Therefore, the export behavior and performance of current exporters is an area of legitimate interest, and such studies can be of importance to both public and private sector administrators concerned with future export development and success. As a result, an understanding of the factors that influence the export performance of Ethiopian firms and assessing performance levels is mandatory for these firms to be competitive in the international market.

Despite a substantial number of studies, the conclusions that can be drawn from the literature on export performance are often conflicting (Zou et al., 1998). A major cause of the conflict arises from the utilization of different measures of export performance. Sousa (2004) and Katsikeas et al.

(2000) who reviewed a number of empirical studies dealing with export performance, contend that export performance is one of the most investigated issues in international marketing and, likely, the most controversial. So, no yet an agreement exists on which are the characteristics that determine the exporting profile (Dejo-Oricain et al, 2009). These divergences may be attributed to a number of causes: (1) differences in methodology, in terms of design, sampling, sample size, data collection, and response rates; (2) context, in the form of the industry or sector contemplated by the research, the country of study, the information source, and moment in time when the data were collected; (3) external environmental factors, such as socioeconomic, political-legal, technological, cultural, and competitive forces; and (4) differences in statistical analysis, in terms of method, reliability and validity issues, and discussion and interpretation of the data (Gertner et al, 2005).

(Sousa et al. 2008) indicate that an increasing number of studies have been conducted outside the USA and contend that there is a void in the literature, as certain parts of Asia, south and central America, the Caribbean and Africa have received little or no attention from researchers. Firms from developing countries are particularly interesting to study in future research because of their growing presence in an integrated global economy. Moreover, as developing countries are often culturally different from the more advanced countries, they provide a suitable context for assessing the generalization of the existing knowledge in this area (Zou et al., 1997).

Most of the researches done on the export performance are generalized which tried to measure the export performance without differentiation for the Garment and other industries. But, there have been few efforts to develop and test models by taking garment producing companies as their sample. (Akyol et al., 2003) for example have tried to explore the international market orientation in the context of Turkish clothing industry.

As mentioned in the above paragraphs, most researches so far in the area of export performance done in the developed countries and might not reflect characteristics of the specific exporting context in the less developed countries. Moreover, one research was done by G/eyesus (2010) but his sample size is not representative since this research considered a single factory and had missed most important departments such as purchasing and quality and important organizations such as ETIDI (government institute established to support the textile and garment sector). Even the situation at that time where the research is done is different from this time. At this time, Ethiopia is developing in terms of infrastructure and a lot of FDI is flowing-in especially in this sector. When

we take Mekele as an example there was only one garment when the research is done but at this time there are four more factories bigger in size than MAA garment. This creates different environment in terms of industry linkage, competition and others.

Due to the above mentioned reasons the researcher is motivated to assess the export performance of the garment factories found in Lebu industry zone in order to come up with suggestions with a way of alleviating the major issues raised.

1.3 Research Questions

Within the context of the above background discussed and the stated statement of the problem, the following research questions are identified by the researcher to be answered at the end of the study. These are;

- What is the level and growth of export sales in the last five years?
- What is the status of the organizations in terms of having a separate export department, export regularity, planning and controlling exports, having research and development in exports, regular export market visits, having an export marketing strategy etc.?
- How experienced are the companies in terms of age in exports, geographic diversification?
- How is the performance of exports in the companies under study in terms of marketing information, firm size, quality of products, incentive systems, and technology, and
- What is the overall rating of export by companies' managers?

1.4. Objectives of the Study

1.4.1. General Objective

The main objective of the study is to assess the export performance of selected garment factories in Lebu industry zone.

1.4.2 Specific Objectives

The specific objectives of the study are to:

- Determine the Foreign Sales Percent of Total Sales (FSTS) of the organizations for the last five years.

- Determine the export sales level and growth rate of the organizations in the recent five years.
- Assess the challenges of the firms towards export.
- Evaluate the overall rating of the export performance of the organizations by companies' managers.

1.5. Significance of the Study

The research paper will deliver something to government institutions such as ETIDI and managers of the garment factories found in Ethiopia to outline strategies and policies that enhance the export performance of this sector. Moreover; this study will be a bench mark for further assessment of export performance of garment factories.

1.6. Scope and Limitations of the Study

The paper tried to assess the export performance of garment factories. This research has given emphasis only to those garment factories found in Lebu industry zone, since the other branches are scattered throughout the country. Unavailability of adequate time and data were the main limitations during preparing this research.

1.7. Organization of the Study

This research paper is organized in five chapters. The first chapter consists of background of the study, statement of the problem, research objective, significance of the study, scope and limitation of the study and organization of the paper. The second chapter focuses on review of related literature which has greater importance in showing the export performance theories from different scholar's perspective. The third chapter deals with research approach and design, sample size and sampling procedure, data source and data collection method. The fourth chapter focuses on findings and analysis, and finally summary of findings, conclusion and recommendation are stated in the last chapter. References or bibliographies and Annexes/Appendices are also written at the back of the paper.

CHAPTER TWO: RELATED LITERATURE REVIEW

2.1 Conceptual Literature Review

2.1.1 Definition of Export

The term export means to sell abroad (Peng, 2013) or the sale of products or services to customers located abroad from a base in a home country or to a third party (Cavusgil et al., 2015). Whereas, import means to buy from abroad (Peng, 2013) or the procurement of products or services from suppliers located abroad for consumption in the home country or a third country (Cavusgil et al., 2015).

2.1.2 Approaches of Exporting

The way a company chooses to export its products can have a significant effect on its export plan and marketing strategies. The basic distinction among approaches to exporting relates to company's level of involvement in the export process. There are at least four approaches, which may be used alone or in combination (Bizmove, 2014).

i). Passively filling orders from domestic buyers who then export the order

These sales are indistinguishable from other domestic sales as far as the original seller is concerned. Some else has decided that the product in question meets foreign demand. That party takes all the risk and handles all of the exporting details, in some cases without even the awareness of the original seller. Many companies take a stronger interest in exporting when they discover that their product is already being sold overseas.

ii). Seeking out domestic buyers who represent foreign end users or customers

Many domestic and foreign corporations, general contractors, foreign trading companies, foreign government agencies, foreign distributors and retailers, and others purchase for export. These buyers are a large market for a wide variety of goods and services. In this case a company may know its product is being exported, but it is still the buyer who assumes the risk and handles the details of exporting.

iii). Exporting indirectly through intermediaries

With this approach, a company engages the service of an intermediary firm capable of finding foreign markets and buyers for its products. Export management companies, export trading companies, international trade consultants, and other intermediaries can give exporter access to well-established expertise and trade contacts. Yet, the exporter can still retain considerable control over the process and can realize some of the other benefits of exporting, such as learning more about foreign competitors, new technologies, and other market opportunities.

iv). Export directly

This approach is the most ambitious and difficult, since the exporter personally handles every aspect of the exporting process from marketing research and planning to foreign distribution and collections. Consequently, a significant commitment of management time and attention is required to achieve good result. However, this approach may also be the best way to achieve maximum profits and long-term growth. With appropriate help and guidance from trade officers, freight forwarders, international banks, and other service group seven small and medium sized firms, can export directly if they also able to commit enough staff time to the effort. For those who cannot make that commitment, the service of trade consultant, or other qualified intermediary are indispensable.

2.1.3 Making the Export Decision

According to Bizmove (2014) Once a company determines it has exportable products, it must still consider other factors, such as the following:

- What does the company want to gain from exporting?
- Is exporting consistent with other company goals?
- What demands will export place on the company's key resources - management and personnel, production capacity, and finance - and how will these demands be met?
- Are the expected benefits worth the costs, or would company resources be better used for developing new domestic business?

2.1.4 Foreign Market Entry

What are the motivations for firms to go abroad? Why would some choose to stay at home?

There are two underlying factors according to Peng (2014): (1) the size of the firm and (2) size of the domestic market. Large firms in a small domestic market are likely to be more enthusiastic internationalisers. On the other side of the spectrum small firms in a large domestic market, which are likely to stay at home or be “occasional internationalisers” because of their relatively poor resource base and large size of their domestic market.

Foreign market involves strategic decision on about where, how, and when to enter a foreign market. According to Peng (2014), underlying each decision is a set of strategic considerations drawn from his “tripod”.

- Industry based consideration on the degree of competitiveness (regulatory risks, trade barriers, currency risks, cultural risks and institutional norms).
- Resource- based consideration on firm specific assets (rivalry among firms, entry barriers/scale economies, bargaining power of suppliers, substitute products/service
- Institution-based consideration on country risk (regional risks, trade barriers, currency risks, cultural distance and institutional norms)

2.1.5 The Need for Export Performance Assessment

In recent decades, there has been a gradual opening and interdependence of economic and political systems that have led to economic globalization. As a result, companies, and particularly SMEs (small and medium enterprises), are the main players in the international arena where exporting is central to their survival (Dejo-Oricain, et al., 2009).

The study of export behaviour has aroused great interest, both academic and professional, and in public authorities. Katsikeas et al. (2000) highlight the importance of exports from three perspectives. Firstly, for politicians, who analyze exports as a way to accumulate foreign currency reserves, increase levels of employment, productivity and social prosperity. Secondly, for managers since exports are a form of corporate growth that imply an increase in production capacity, an improvement in financial results and business competitiveness, and also to ensure the survival of the company in a highly globalized marketplace. And thirdly, for researchers, who consider exports as a changing but promising area to develop theories (Dejo-Oricain, et al., 2009).

2.1.6 Performance and its Measurements

Enterprises considered a vital component of the socio-economic development of both developed and developing countries, usually some of these enterprises collapse within the first few years of their start-up. Of those operating, some grow rapidly, while others grow slowly. So, it is important to identify the cause factors of success because it helps new entrants of the sector to consider the factors and use for their future in the business (Alasadi et al., 2007).

This kind of investigation of the success factor is very important for developing countries like Ethiopia because the research recommendations could be useful for the economic development planners as well as to individual entrepreneurs and business owners. A better understanding of export performance is important as it allows for the accumulation of foreign exchange reserves, increased employment levels, improved productivity, and enhanced prosperity (Czinkota, 1994). In addition, it can be said that research done on export performance is of interest to managers because it is considered as a tool to boost corporate growth, strengthen competitive edge, and ensure company survival in a highly competitive marketplace (Terpstra et al., 2000)

Performance can be defined as the degree to which an achievement is being or has been accomplished (Metcalf et al., 1976). A business enterprise could measure its performance using financial (objective) or non-financial (subjective) measures and a combination of both. Both types of export performance measures will be discussed in brief hereunder.

2.1.6.1 Objective Measures

Sales related measures are widely used to assess export performance. Three performance measures are identified in this subcategory: export intensity, export sales level, and export growth.

Export intensity (FSTS ratio): is the ratio of export sales to total sales (Katsikeas et al., 2000). It reflects the importance of, and/or success of, a firm's international transactions in terms of its overall operations. An FSTS ratio of 0.5 - 1.0 indicates that a firm is getting higher revenue from export sales than it is getting from local sales. And the reverse is true if the ratio is below 0.5.

While it is arguably the most often used independent variable in the export performance literature, it is not without its critics. Some researchers argue that the foreign sales percent of the total sales (FSTS) may not measure performance, but rather a firm's level of internationalization, its relative

dependence on foreign markets, or even its failure in the domestic marketplace. The prevalent use of FSTS, in spite of its shortcomings, may derive from its ease of collection (White et al., 1998).

Export sales level: is the size of export earnings in dollar value for a country (Shoham, 1996)

Export growth: is an increase of exports over a certain time period (Aaby et al., 1989).

A company's export sales level and its growth is a manifestation of its international business success. Thus, firms with better export sales and growth are those that have better advantage to be competitive in the international arena and take hold of substantial market share.

Export sales growth measure could be used which may be criticized for overstating performance because of price escalation and market growth, or understating performance because of experience curve effects and deteriorating demand (Kirpalani et al., 1987). As with sales related measures, these measures are open to criticism in that export-related profit may not be known with any degree of certainty and that it might raise comparability problems because of different accounting practices across firms (Lages et al., 2004).

Among objective measures, market related measures are seldom used. Three performance indicators were identified under this category: export market share, export market share growth and market diversification (number of markets entered). Market related measures have been promoted as a good indicator for success, the reason being that high market share leads to scale and experience advantages on the cost side as well as more power in approaching customers (Madsen, 1998). However, due to the difficulty in measuring actual market share, these measures have been criticized and rarely employed.

2.1.6.2 Subjective Measures

The use of subjective measures has been suggested in cases where managers may be unwilling or unable to provide objective financial data or because of the difficulty in reconciling cross national or cross industrial differences in accounting practices, variations in exchange rates, and financial reporting between countries (Woodcock et al., 1994).

These subjective export performance measures include managers' degree of satisfaction with overall export performance, overall export performance compared to competitors, export success,

meeting expectations. The argument for using these kinds of measures is that the general perception of export performance probably best captures the essence of the construct, and it shows the perceived degree of economic success also including the managers' opinions of strategic elements of success, such as market expansion, competitive response, market penetration, and so forth (Solberg, 2002). Firms that meet or exceed their objectives are more satisfied than firms which have not met their objectives.

Overall, given the advantages and the complementary nature of objective and subjective measures, it's advisable to employ both types of measures. This approach of using several measures to grasp the construct appears to indicate that it would lead to more accurate results and, therefore, that it is preferable to use multiple items to operate export performance (Shoham, 1998).

This research project work has used both types of export performance measures as the collected data are both qualitative and quantitative types.

2.1.7 Challenges of Firms towards Exporting

Exporting to foreign countries poses challenges not found in domestic sales. The challenges of exporting are described as follows.

2.1.7.1 Export Experience

According to Chetty et al. (2006), the international experience is defined as the "experiences from past businesses in diverse foreign markets". It has been found that a firm's exporting experience has a positive effect on export performance, the degree of internationalization, and attitudes towards future exports (Katsikeas et al, 1995). The theoretical explanation for the relationship between exporting experience and export performance lies in the issue of uncertainty and the way firms cope with it (Erramilli, 1991). Less experienced exporters are likely to perceive considerable uncertainty, which in turn might adversely affect their perceptions of potential risks and returns about overseas markets and operations. Nonetheless, with increasing exporting experience, firms are likely to perceive less uncertainty in their exporting activities; have a better understanding of foreign market mechanisms; develop a network of personal contacts and customer relationships abroad; and, consequently, design and implement effective export marketing programmes (Madsen, 1989). The age of the firms in exports, the Geographic diversification and foreign subsidiaries and shareholders are main aspects to assess the Export Experience of the firms

Age in exports: Gripsrud (1990) identified that the more experienced firms were in exporting to a foreign market, the more positive the attitude they would have toward that market and as firms gain more market experience and knowledge; the firms gradually gain positive perceptions of export market environment.

Geographic diversification: has also been considered as a determinant of export behavior. It is defined as expansion across the borders of global regions into different geographic markets. It is, therefore, an indicator of the geographical scope and technological and cultural diversity of the export destination countries (Zahra et al., 2000). The presence in a large number of markets allows a company to spread the risk, especially when markets are not perfectly correlated. Moreover, it may favor the company to increase and improve its competitive advantage, which could lead to an increase in exports.

The choice of market for the company to direct its exports is determined by the opportunities and threats presented. Among the factors to take into account is, firstly, the potential demand (Cavusgil et al., 1994), because it provides information on potential consumers who will receive the exported products. Secondly, economic development, as the higher the level of development of a market, the more attractive as an export destination it is. This is because, in general terms, further development is associated with increased purchasing power of the population (Ramírez et al., 2006). And thirdly, the proximity to the country of origin since internationalization of a company follows a gradual process, such that the company first exports to countries which are psychologically similar. Then, as it gains experience, it will look towards other markets. EU followed by United States of America are the current export destinations for the companies' products which have huge market potential, purchasing power and advanced living standards of human beings. EU countries have imported textile products with a value of 83 billion USD whereas USA has imported textile products with a value of 28 billion USD in 2014. The leading exporter of textile products is china which is exporting textile products with a value more than 112 billion USD.

Research on cultural similarity and internationalization indicates that firms initially tend to select countries culturally similar to their own in order to increase their export performance. Foreign market entrants often perceive a significant amount of uncertainty when entering countries not deemed similar to the home country. Quite simply, firms tend to enter nations with like consumer

behaviors, market conventions, industry structures, institutional settings and local business conventions, which create a feeling of market similarity (Sullivan et al., 1990).

To measure Geographic Diversification, according to Chetty et al. (2006), the number of export destination countries/market, rate of new export market entry and foreign subsidiaries and/or shareholders is used. The number of countries served by a firm indicates its success in reaching the international community. An implicit link exists between the number of foreign markets entered and international success, given that if a firm is successful in its international expansion, it continues to expand, while if unsuccessful, it will often take a defensive position and retreat to the sanctity of the domestic marketplace.

- **Foreign subsidiaries and/or shareholders:** the empirical results of Kneller et al. (2004) show that foreign subsidiaries are more likely to export than domestic enterprises. Indeed, if they already export they probably do so in greater numbers. And Requena (2005) finds that the existence of foreign shareholders favors the internationalization of the company.

As a company gains international experience through existence of foreign shareholders and existence of international subsidiaries it creates international bonds with customers, suppliers and other business partners. Thus, networks emerge that foster relationships between companies by establishing channels of information that stimulate exports and help overcome the disadvantages of being foreign. Among the international bonds the company may have foreign shareholders and foreign direct investment, as they are generally considered channels for the international transfer of technology.

2.1.7.2 Availability of Export Staff

To carry out global operations, companies need people with a variety of specialized skills. Managers and employees must have a global mindset that is sufficiently free of national prejudices and sufficient knowledge about the global environment that they can exert the leadership necessary to attain a global mission. Operating personnel, particularly those with direct international responsibility, must be able to affect a proper balance in well-being between corporate and national operations.

Better-educated managers with a good command of foreign languages and extensive professional experience are more successful in exporting. Lages et al. (2005) found a positive relationship between managers' international experience and export performance due to the fact that managers with greater experience in international business have a better understanding of foreign markets, which may help a firm to identify opportunities while avoiding threats in international markets (Sousa et al., 2008).

2.1.7.3 Regular Export Market Visits

Making regular visits enhances experiential knowledge (which is developed on the basis of information obtained through direct market and customer contact e.g. participation in trade fairs/missions, international market research, or personal visits overseas) and objective knowledge (which is linked to indirect foreign market information acquisition, primarily through published reports or statistics from various governmental agencies) development in relation to overseas markets and operations (Serinhaus, 1986).

2.1.7.4 Export Regularity

Greenaway et al. (2007) highlight the importance of distinguishing between firms that export continuously and those that do not, as the introduction into international markets creates substantial input costs, such as gathering information about destination markets, developing distribution channels, modifying products and packaging to the country of destination, knowledge and compliance with international standards, among others.

Export Regularity, according to Greenaway et al. (2007), is estimated by differentiating between regular and occasional exporters. "Regular exporters" are those firms who exported every year in the period of study covered by the researchers.

In an attempt to overcome certain innate drawbacks implicit in several exporter classification schemes identified in the literature, Samiee et al. (1991) pursue a distinction between sporadic and regular exporters. It appears that the export function is underdeveloped among sporadic exporters. These firms pay relatively limited attention to their export marketing activities, in comparison with regular exporters. The authors also suggest that many sporadic exporters do not intend to follow a pattern of natural development to becoming regular exporters.

Export Planning and Control: as indicated by Valos et al. (1996), Aaby et al. (1988) and Louter et al. (1991) found control systems contributed to export marketing performance and it was found that the absence of formal marketing planning and marketing analysis contributed to poor export marketing performance.

2.1.7.5 Research and Development in Exports

Several empirical studies have mentioned that marketing research is an important element in the firm's foreign success. In the new era of global competition, it is asserted that firms succeed not because they have superior control over scarce resources (Inkpen, 1998), but because they are able to learn and to use this learning more efficiently than others (Larsson et al., 1998).

Since the adoption of an export approach based on marketing capability is intrinsic to export performance, it is essential that substantial export marketing skills be augmented and maintained among those firms pursuing regular export operations. Further, exporting manufacturers are more likely to perform well in export markets when they commit adequate resources to undertaking export marketing research. Despite the difficulties and costs involved, the adoption of such activities would be tantamount to reducing the relatively high level of uncertainty which is likely to surround international marketing decisions (Katsikeas et al., 1995).

2.1.7.6 Export Marketing Strategy

a large number of studies have explored the importance of export marketing strategy on export performance, particularly the extent to which the elements of the marketing program (product, price, promotion and distribution) are standardized or adapted across markets.

A firm's propensity and capacity to establish and maintain regular exporting activity depends on its competitive position in those overseas markets targeted in its export strategy. Firms may be able to choose among a number of different methods to compete in export markets. Each pattern of competitive export strategy is correspondingly connected with specific competitive advantages. The market character of export destination might be an important factor influencing the adoption of a suitable export competitive posture, leading to export survival and success (Katsikeas et al., 1995).

As the firms in a developing country like Ethiopia are likely to be smaller in export experience than those in developed countries, these firms are likely to use a number of intermediaries to reduce their cost and risk to sell their products in the external market. Through export intermediaries, the exporting firms can gain access to international markets without having to incur the costs associated with measures such as searching for new markets, establishing in house marketing channels for external markets, developing knowledge base of foreign market, costs associated with developing trust and credibility with customers in external markets, negotiating and monitoring contracts to ensure performance (Czinkota et al., 1983).

Earlier research done by Aaby et al. (1989); Cavusgil et al. (1994) and Francis et al. (2000) has found that distribution strategies, including the use of intermediaries and strategic partnerships, are related to export commitment. Moreover, committed exporting is dependent on ongoing distribution arrangements and frequent visits to foreign representatives as per the research done by (Beamish et al, 1993).

2.1.7.7 Technology

The technological development in the world affects the export oriented firms adversely. Most recent development in technology is considered to be pervasive to all types of firms engaged in the manufacturing and service sector of developed and developing nations as (James, 1994, Domes et al. 1997) states. Many developing countries have been able to strengthen their comparative advantage by focusing on the building of technological capability, on adoption of new technologies, and on the development of skills to use these new technologies effectively and efficiently (Noland, 1997). The intensity of adoption of Information Technology (IT) was the most significant variable that influenced the export performance of firms (Lal, 1999)

In order to remain competitive in the global market garment exporting firms are forced to adopt up to date technology. Most garment manufacturing firms worldwide use IT mainly in the design and pre-assembly stages of manufacturing process. These IT tools are (1) Integrated management Information systems (IMIS). (2) Computer- aided- design (CAD). (3) CAD integrated with high resolution scanner used for embroidery work on fashion clothes. Information management system is used for office automation and other managerial activities. CAD and MMS are used in the design, grading, and pattern-making stages whereas the computerized embroidery system is used at the assembly stage.

Among the main concepts in ICT is the development of the Internet, because it allows foreign customers to have more detailed knowledge about the image and international reputation of the company, thereby facilitating exports. In addition, according to Petersen et al. (2002), one of the main barriers to international expansion is the uncertainty of foreign markets, and the Internet can be a tool for reducing asymmetric information (facilitating the creation, retention and transfer of tacit knowledge).

For the efficient and effective decisions of firms on distribution (sales) of goods or/and sourcing supplies (local or imported), the need of relevant, accurate and timely information is very significant. Firms that have such advantages are in a better position to respond for local and export market and in turn can be highly competitive. Access to relevant, accurate and timely information depends on the level of firm information technology or computerization of information exchange technology (Tinsae, 2006).

2.1.7.8 Marketing Information

Foreign market information acquisition reduces “psychic distance” and enhances knowledge of export market practices (Douglas et al.,1983) thereby according with Johanson et al. (1990) contention that export market knowledge generates business opportunities and consequently drives the internationalization process.

2.1.7.9 Quality

Fulfilling the requirements of a customer is one of the basic things to attain the buyers in hand and attract new ones. Thus, improving the quality standard of products is a basic task in parallel with improving the productivity of firms. Quality has direct relation with export performance.

2.1.7.10 Company Size

Cavusgil et al. (1987) concluded that the larger the company the more likely it is to export. Reid (1983) found that size has a significant effect on the decision to enter new export markets. There are three fundamental factors leading to the formation of expectations that company size is related positively to firms’ behavior and performance in export markets. These pertain to organizational resources, economies of scale, and the perception of risk in international activity. Specifically, larger exporting manufacturers are widely considered to possess more financial and human

resources; enjoy higher levels of scale economies; and perceive lower levels of risks about foreign markets and operations (Bonaccorsi, 1992). These size-related advantages are likely not only to facilitate understanding of foreign market characteristics, but to enhance a firm's ability to respond effectively to the requirements of overseas customers, thus potentially leading to higher export performance levels.

The criteria for defining the size of business differ from country to country, with many countries having programs of business rate reduction and financial subsidy for SMEs. The researcher used the definition given by Peter (2015) to do his research. According to him, the SME are the enterprises that have up to 500 employees.

2.1.7.11 Raw Material

The important contributor to the final cost of most of the products is the raw material cost. The firms usually face the quandary of cost or quality. It is well known that the cost and quality has direct relationship but inverse relationship to value addition. The value of products can be enhanced by either reducing the price or increasing the cost. Sometimes the cost and availability of raw material (Lal, 1999) is very much affected by the price and availability of substitutes. Taiwan's polyester fibre textile industry confronts a situation of price instability due to increased competition. The export of polyester is affected not only by the weather, but also by other causes such as the output of cotton, the price of petroleum, and market demand (Li, et al., 2008).

2.1.7.12 Transportation Facility

The distribution channel relationships have a positive impact on the export performance of the firm. Marketing relationship involves the creation of strong, long-term relationships with selected customers, suppliers or other value-chain partners of a firm, and is based on two axioms: mutual cooperation and mutual interdependence (Sheth et al., 1995).

2.1.7.13 Labor Productivity

Labour cost and labour issues played an important role in augmenting the export intensity of textile industry (Taneja, 2012; Lal, 1999). The uncertainty of future on the eve of phasing out of quota and allowing open international competition has negatively influenced the Sri Lanka's garment industry, in the short-run there will be an adverse impact on employment (Dheerasinghe, 2003). In the case of India, the textile industry benefits from low wage rates and access to a huge domestic

market, an abundant supply of skilled labour, and a large production base for raw materials and intermediate inputs. However, low productivity and product quality, limited product diversification and differentiation, high energy and capital costs, and an underdeveloped infrastructure, undermine the textile export industry's competitiveness (Shetty, 2011).

Wiedersheim et al. (1978) attribute a firm's entry into the world market to competitive advantage: they contend that unique competence leads a firm to seek the exploitation of world markets, via trade or investment. According to them, when a firm is aware of the unique assets it possesses, it is more likely to search for wider exploitation of its advantages, including the testing of foreign markets. Technological competence, labor cost, and company image are three areas of strategic advantage that appear directly relevant to the garment industry.

Ghironi et al. (2005) showed that a link existed between a firm's productivity and its ability to enter the export market. They also showed that trade would induce only the more productive firms to export, the less productive firms to serve the domestic market and the least productive firms to exit. Arnold et al. (2005) analyzed the relationship between firm productivity and export behavior in German manufacturing firms by using a total factor productivity approach; they found that highly productive firms self-selected for export market entry, while exporting itself did not play a significant role in productivity improvements.

2.2 Empirical Literature Review

Despite a substantial number of studies, the conclusions that can be drawn from the literature on export performance are often conflicting. A major cause of the conflict arises from the utilization of different measures of export performance. Shoham (1998) identified 29 measures of export performance found in the literature. More recently Sousa (2004) reviewed 43 empirical studies published between 1998 and 2004 and noted 50 different operational aspects of export performance. Katsikeas et al. (2000), who reviewed more than 100 empirical studies dealing with export performance, contend that export performance is one of the most investigated issues in international marketing and, likely, the most controversial. They argue, "To some extent, this problem can be ascribed to difficulties in conceptualizing, operationalizing, and measuring the export performance construct, often leading to inconsistent and conflicting results".

So, no yet an agreement exists on which are the characteristics that determine the exporting profile (Dejo-Oricain et al., 2009). These divergences may be attributed to a number of causes: (1) differences in methodology, in terms of design, sampling, sample size, data collection, and response rates; (2) context, in the form of the industry or sector contemplated by the research, the country of study, the information source, and moment in time when the data were collected; (3) external environmental factors, such as socioeconomic, political-legal, technological, cultural, and competitive forces; and (4) differences in statistical analysis, in terms of method, reliability and validity issues, and discussion and interpretation of the data (Gertner et al., 2005).

Although some researchers have advanced useful conceptual and operational frameworks, they all suffer from content limitations (in terms of collective exhaustiveness of the construct's domain) as well as methodological shortcomings (e.g., the modeled relationship between indicators and construct). A critical review of these classification and characterization efforts indicates that the complex and multidimensional nature of the export performance phenomenon has been acknowledged along the years. This evolution notwithstanding, there remain some flaws in the analytical frameworks that have been proposed: some of them are incomplete because they do not include some key characteristics of the export performance phenomenon; some tap aspects that conceptually lie outside the export performance domain (Carneiro et al., 2007).

A systematic review of the pertinent empirical literature suggests that the vast majority of the research efforts have surveyed firms connected with exporting from highly industrialized countries, particularly the US and Canada. An implication of this is that it may be both dangerous and potentially misleading to infer generalizations from such findings to export marketing contexts in other countries, especially those at a different stage of development and/or with a different domestic market size (Katsikeas, 1995).

Despite the rise in the number of studies conducted outside the USA, there are still countries from certain parts of Asia, South and Central America, the Caribbean and Africa that have received little or no attention from researchers. Firms from developing countries are particularly interesting to study in future research because of their growing presence in an integrated global economy. Moreover, as developing countries are often culturally different from the more advanced countries, they provide a suitable context for assessing the generalization of the existing knowledge in this area (Dejo-Oricain1 et al., 2009).

However, despite these research efforts to identify and examine the influence of various determinants of export performance, the literature is fragmented and theoretic, hindering scholarship and practical advancement in the field (Katsikeas et al., 2000). The resulting lack of a comprehensive theory base for explaining export performance makes it difficult to integrate findings from different studies into a coherent body of knowledge (Aulakh et al., 2000). In fact, the literature on export performance is probably one of the most widely researched and least understood areas of international marketing. Not surprisingly, therefore, the current literature on export performance is (a) fragmented, consisting of numerous studies that are characterized for adopting a variety of analytical techniques and methodological approaches, (b) diverse, investigating a substantial number of different determinants of export performance, and (c) inconsistent, reporting different and often contradicting findings on the influence of various determinants of export performance, causing confusion and misunderstanding with regard to those constructs that significantly affect performance in this respect.

Most of the researches done on the export performance are generalized which tried to measure the export performance without differentiation for the Garment and other industries. But, there have been few efforts to develop and test models by taking garment producing companies as their sample. Akyol et al. (2003) for example have tried to explore the international market orientation in the context of Turkish clothing industry. Though very limited in its scope and dimensions used to conceptualize the export performance construct; a recent study by Daniel (2016), an assessment of the factors affecting the performance of garment exporting industries in Ethiopia: the case of Addis Ababa is a notable research done to assess the determinants of export performance for Ethiopian Garment producing firms.

This diversity of empirical findings gives some credibility to the view that considering the characteristics of the specific exporting context leads to a better understanding of those factors that influence export performance. This implies that it may be difficult to suggest universally valid prescriptions for export success, and that situation-specific elements are recognized and emphasized in the process of designing and implementing effective models of export marketing behavior (Walters et al., 1990).

As mentioned in the above paragraphs, most researches so far on the area of export performance are done in the developed countries and might not reflect characteristics of the specific exporting

context in the less developed countries. This research will particularly measure the export performance of the garment factories found in Lebu industry zone (Addis Ababa) based on selected dimensions from different studies. The dimensions that we are going to use in this research are those commonly used by researchers in the field and which are believed to measure the export performance considering specific characteristics in the garment factories found in Lebu industry zone.

CHAPTER THREE: RESEARCH METHODOLOGY

3.1 Research Approach and Design

Taking specific predictions, with narration of facts and characteristics concerning export performance of garment factories descriptive research design was implemented. The approach adopted is a case study that has used both qualitative and quantitative approaches.

3.2 Sample Size and Sampling Procedure

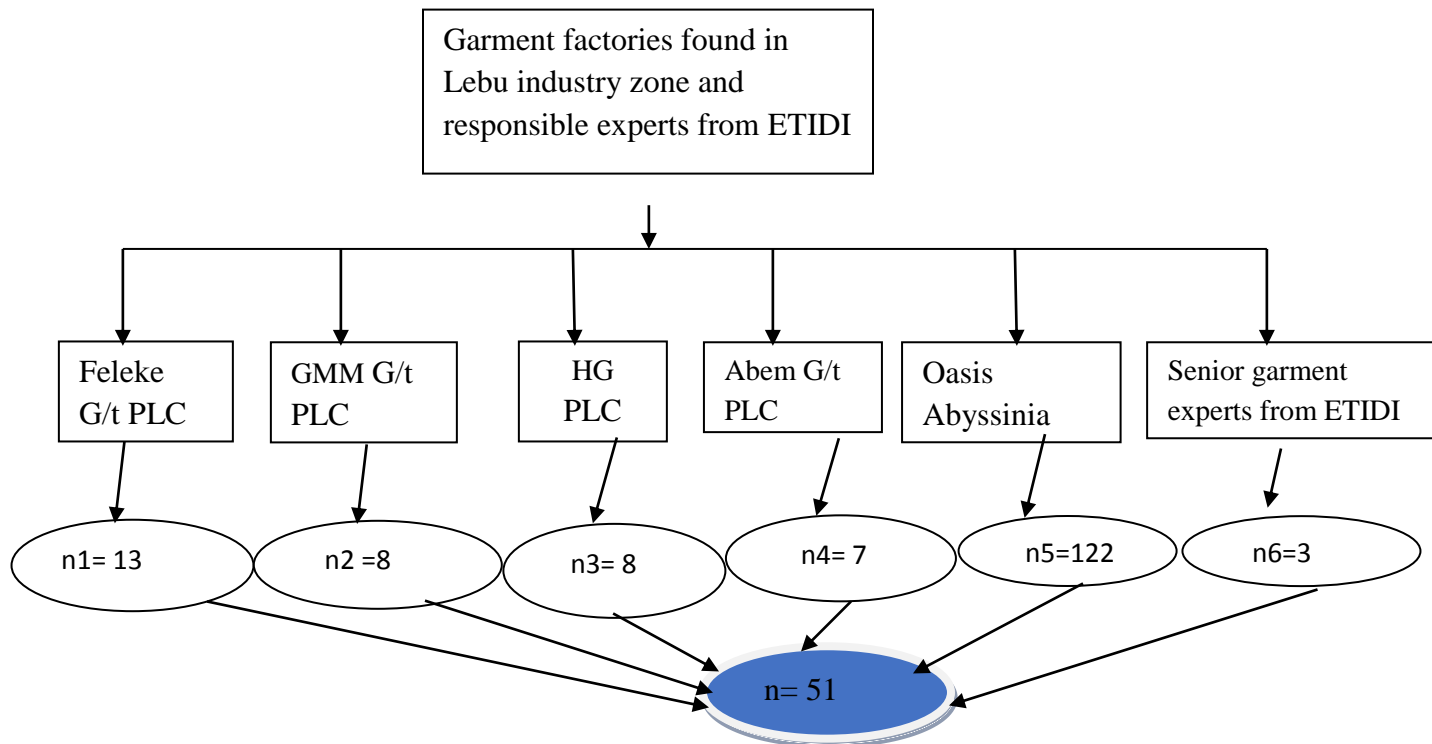


Fig: 3.1 Sample Size taken from each factory

The Ethiopian textile sector profile catalogue published in January 2016 by Ethiopian Textile Industries Development Institute shows that, there are 5 garment factories in Lebu industry zone (Nifas silk lafito sub city, Addis Ababa). Even though these factories have around 695 employees, the researcher selected the managers and experts for marketing, finance, industrial engineering, supply, quality, production and planning in each factory since it is believed that these are the key informants who could provide rich-content information regarding the study area. All of the

concerned personnel under these job titles was included in this research. Moreover, those senior garment experts from ETIDI assigned to support & follow these garment factories under study were part of this research. This shows us the researcher has chosen purposive sampling method.

(In this case $N=695$, $n=51$, where N =Population size, n =sample size).

3.3 Data Sources and Data Collection Method

The researcher used both primary and secondary data since they are relevant for the study. The researcher conducted survey through interview, observation and questionnaire to collect primary data. Nevertheless, the researcher took secondary data from annual sales, production and quality reports.

The researcher has used three types of data collection methods to collect data. These are personal observation, semi-structured interview and questionnaire. The questionnaire is distributed to all selected samples. However, interview was conducted with general manager and marketing manager of the companies, and senior garment experts who assigned to follow & support these factories under study.

3.4 Data Analysis Method

This research is focused in assessing what has already happened in garment factories regarding export and comparing with what the theory says which is descriptive type of research. Moreover, the data which the researcher collected through questionnaire and interview are qualitative and quantitative type. Due to this, the researcher has chosen analysis techniques from the qualitative and quantitative category such as mean, median, rate and frequency.

CHAPTER FOUR: RESULTS AND DESCUSSION

Under this section, presentation, analysis as well as interpretation of the data that are collected from the selected departments of the organizations is done.

As per the sample size a total of 51 structured questionnaires were distributed. Except 3 out of 51 questionnaires the remaining 48 respondents returned the filled questionnaire. The findings and discussions of the data collected through interview, distributing questionnaire, observation and from taking their annual financial and production reports are described as follows:

4.1 Export Intensity (Foreign Sales Percent of the Total Sales)

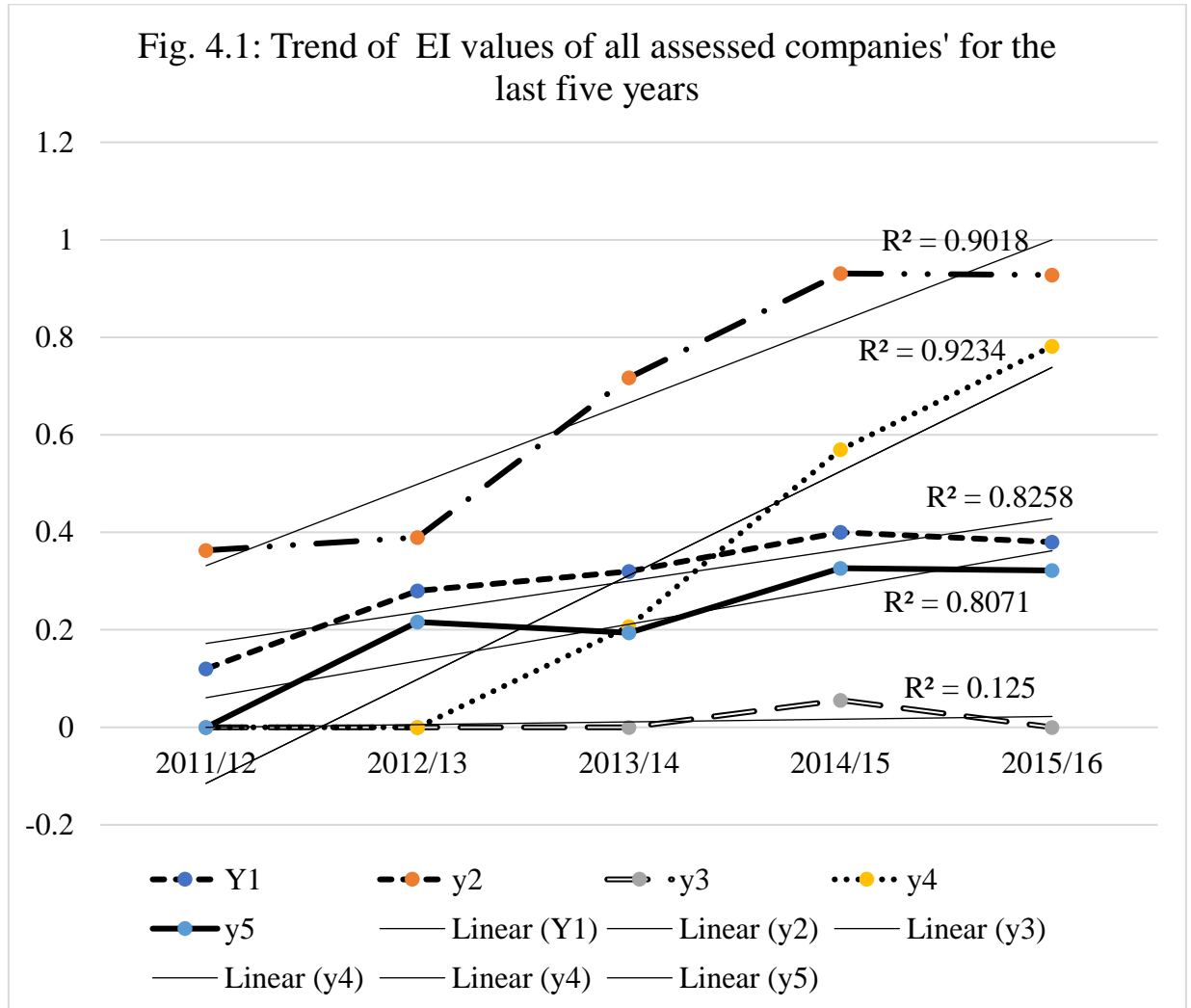
The export intensity of the companies under study is calculated and listed as follows.

Table 4.1: The Export Intensity (Foreign Sales Percent of the Total Sales/ FSTS Ratio)

Company	Year	2011/12	2012/13	2013/14	2014/15	2015/16
Feleke	TS	5933898.7	10662649.6	11784127.6	13151794.5	12907834.8
	ES	735300.00	2992500.00	3796174.80	5292126.00	4901875.00
	EI	0.12	0.28	0.32	0.40	0.38
GMM	TS	5043075.96	7260684.48	7818148.00	10425420.60	11181373.12
	ES	1830960.00	2827532.50	5607600.00	9704656.50	10373932.80
	EI	0.36	0.39	0.72	0.93	0.93
HG	TS	3740995.8	7619236.32	6049561.20	8782435.50	10751508.0
	ES	0.00	0.00	0.00	489300.00	0.00
	EI	0.00	0.00	0.00	0.06	0.00
Oasis	TS	8602528.2	8382112.55	9889392.80	11146406.0	13768970.4
	ES	0.00	0.00	2045484.60	6348755.70	10764072.00
	EI	0.00	0.00	0.21	0.57	0.78
Abem	TS	3118432.6 5	2778786.54	3756852.30	4710421.98	5912543.12
	ES	0.00	599564.00	727720.00	1537305.00	1900668.00
	EI	0.00	0.22	0.19	0.33	0.32

Source: Computed from companies' annual sales

❖ TS=Total Sales, ES= Export sales, EI=Export Intensity



❖ Y1=Feleke , Y2= GMM, Y3=HG, Y4=Oasis, Y5=Abem

As explained in the literature review, FSTS ratio of 0.5 - 1.0 indicates that a firm is getting higher revenue from export sales than it is getting from local sales. And the reverse is true if the ratio is below 0.5. As per the FSTS Ratios for the companies under study for the last five years displayed in Table 4.2 above, though they have increasing trend, the ratios are below 0.5 throughout the five years except GMM and Oasis which indicate that the companies were highly relied on local sales than export sales for revenue generation. In the case of Oasis and GMM the EI ratio becomes above 0.5 starting from fourth year and third year respectively which indicates the shift of the

companies' sales from domestic to foreign market. This comes due to an increment in CMT export orders as a result of improving the capacity, quality and productivity of these factories, unavailability and high cost of local raw materials made it tough to feed the factories and sell their products at a competitive price in local market, shortage of hard currency, government incentives for exporters and others.

Though the export Intensity of almost all the companies had an increasing trend over the years, still the companies were selling big amount of their products locally than expected (85% export) due to higher cost of their service results from low productivity and high cost of quality comparing with that of east Asian countries such as china, India, Sirilanka, Bangladesh etc and that of local products. In this situation, it is difficult to compute in terms of price and delivery time unless they ought to sell their products in low export profitability and accept small orders.

4.2 Export Sales Level and Growth

A company's export sales level and its growth is a manifestation of its international business success. Thus, firms with better export sales and growth are those that have better advantage to be competitive in the international arena and take hold of substantial market share. Table 4.2 shows the export sales level and growth rate of the companies' during the last five consecutive years.

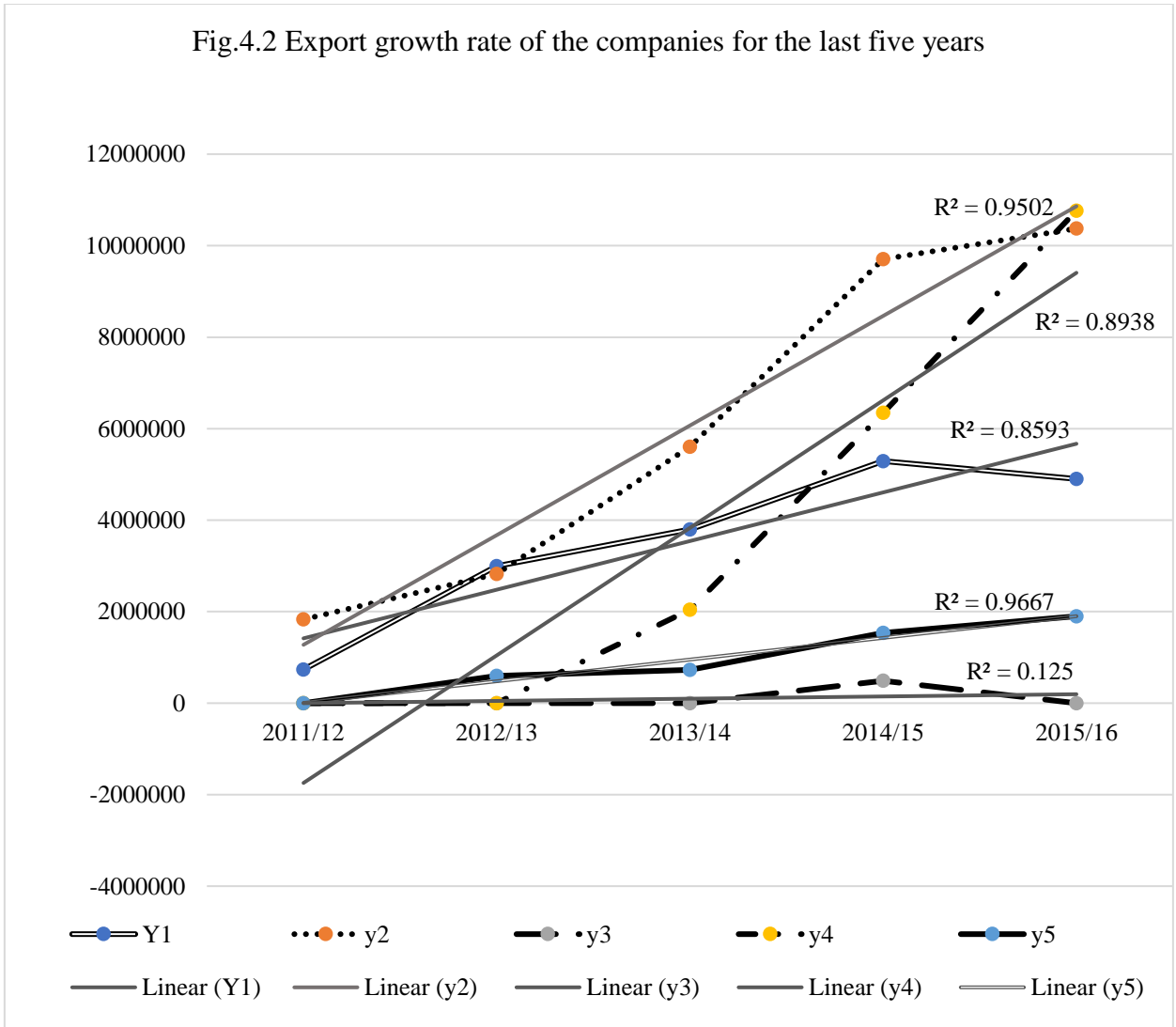
As we can see from figure below, almost all the companies under consideration had high growth rate except HG. This increment seems to be large but this happened because of increasing the capacity of the factories and commenced almost from null, though improvements are already there in different aspects. The export figures are low compared to the companies' yearly export plan, their capacity that can achieve, different incentives provided by government and the international market demand for Garments which has highly increased in recent years following the increment in world population and its purchasing power. The companies under consideration have exported an average of 724,755.3 USD each during the five years' time. Compared to other garment producing companies, the companies' level of export sales is very low. Prominent competitors around Addis Ababa such as JAY JAY and Shintex for instance are exporting this amount within one month. Other garment producing companies located in East Asia having efficient and large-scale production and low costs of production have exported far better the company under consideration.

Table 4.2: Measures of export level of the companies' over the last five years

Company	year	2011/12	2012/13	2013/14	2014/15	2015/16
Feleke	ES(birr)	735300.0 0	2992500.0 0	3796174.8 0	5292126.0 0	4901875.00
	GR	0.86				
	Mean(Birr)	3543595.16				
	Median(Birr)	3796174.80				
GMM	ES(birr)	1830960. 00	2827532.5 0	5607600.0 0	9704656.5 0	10373932.8 0
	GR	0.95				
	Mean(Birr)	6068936.36				
	Median(Birr)	5607600.00				
HG	ES(birr)	0.00	0.00	0.00	489300.00	0.00
	GR	0.13				
	Mean(Birr)	97860.00				
	Median(Birr)	0.00				
Oasis	ES(birr)	0.00	0.00	2045484.6 0	6348755.7 0	10764072.0 0
	GR	0.89				
	Mean(Birr)	3831662.46				
	Median(Birr)	2045484.60				
Abem	ES(birr)	0.00	599564.00	727720.00	1537305.0 0	1900668.00
	GR	0.97				
	Mean(Birr)	953051.40				
	Median(Birr)	727720.00				

Source: Computed from companies' yearly sales

❖ ES=Export Sales, GR=Growth Rate



❖ Y1=Export Sales Growth Rate of Feleke Garment, Y2=Export Sales Growth Rate of GMM Garment, Y3=Export Sales Growth Rate of HG Garment, Y4=Export Sales Growth Rate of Oasis Garment, Y5=Export Sales Growth Rate of Abem Garment

4.3 Challenges of Firms

4.3.1 Availability of Export Marketing Strategy

As per the interview conducted with the managers and CEOs of the companies, the researcher understood that except GMM the remaining four companies don't have documented export marketing strategy than annual marketing plan. This will adversely affect their journey towards goal.

4.3.2 Qualification and Work Experience of Export Staff

Table 4.3: Profession and work experience of marketing staff

Company name	Number of marketing personnel	Their profession	Work experience inside the company	Work experience outside the company	Remark
Feleke	1	Degree in Management	8 years' experience as marketing manager	More than 40 years' experience in running his own business	There was high turnover in the companies throughout the companies' experience. Due to this the researcher, couldn't find enough information about this issue. Most of the information are taken for only that of the last 2 years.
GMM	2	Diploma in accounting	2 years as store keeper in governmental organization	1 year as store keeper one year as marketing expert	
		MBA in marketing	1 year as sells manager in supermarket	2 years as marketing manager	
HG	2	Degree in Management	6 months' experience as merchandiser in different company	2 years' experience as senior merchandiser	
		12 complete	running his own business for more than 20 years	More than 10 years experience as marketing manager	
Oasis	1	Degree in Management and History	3 years' experience as Human resource manager in different sector	1 year experience as marketing manager	
Asbem	1	Degree in Marketing	2 and half years' experience as marketing manager in different sectors	3 years' experience as marketing manager	

Source: Human resource of the companies'

In his assessment, the researcher insisted that the companies lack marketing and merchandizing personnel with sufficient knowledge and skill about international business operations and the characteristics of the sector. Comparing all the companies the marketing manager of Feleke

garment is more experienced in export than its competitors around it. In most of the companies, marketing department is staffed with people less than three-year experience in garment exporting and 2 to 4 years' experience in other area though their back ground is complementary. Moreover, the efforts made to enhance their skill and knowledge about the global environment through regular export market visits in tradeshows and workshops is not satisfactory.

4.3.3 Export Regularity

According to the interviewed result and findings from secondary data most of the companies were not exporting regularly. Even companies like Feleke and Oasis which have better performance than HG and Abem were not exporting for months each year due to shortage of orders. However; GMM was exporting at least once in a month for the last three consecutive years and this is the only company which can be considered as regular exporter. HG is the worst of all the companies under study.

4.3.4 Availability of Export Department

The marketing managers of the organizations were responsible for the overall marketing activities including export marketing. The companies so far don't have a separate export department/division responsible for exports; hence, both local and export marketing tasks are handled by the same department. Even in factories like Feleke, Abem and HG the marketing department is staffed with a single person entitled with marketing manager and are highly influenced by CEOs of the companies. This indicates us the minimum attention given by companies' CEOs on this department.

The fact that the organizations are established with a foreign market orientation and have stayed in export business for about 3 to 8 years, they need to establish a separate export division to take effective care of all the activities connected with the export business. Under such arrangement, the export department can have personnel trained and equipped with all sufficient knowledge and experience to deal with matters connected with overseas market. A separate division could also impart an export orientation to the staff and shows better commitment to the export business.

4.3.5 Research and Development in Exports

Due to the absence of a separate R&D staff, qualified export staff, and research budget, all the companies didn't have conducted any research and development activities in exports yet. Knowledge of exports, and its acquisition and exploitation, which could have served to create sustainable competitive advantages, has been very minimal since the companies started export business.

4.3.6 Export Planning and Control

The companies' export planning and control activities are handled together with the domestic plan by the production, marketing and IE departments. The companies set annual export plan and deliver to ETIDI each year though there is no tight control by government personnel and managements of the companies.

The export plan of most of the companies under the period could not be found except last year's plan because of the poor information management system in the organizations. As per last year's data found in ETIDI the companies (Feleke, GMM, HG, Oasis and Abem) have achieved about 48%,62%,0%,23% and 32% of their export sales plan respectively. Moreover; the managements of the factories and that of ETIDI experts have insisted that the factories under consideration have achieved less than this in the remaining last four years.

This low level of performance is mainly due unable to retain customers as a result of failed to achieve their requirements (delivery and quality), unable to search for new customers and their poor supply chain. Moreover; the companies have a maximum of one year plan but failed to have long-term plan (strategic plan) of their exports which is believed to be a positive contributing factor to performance.

4.3.7 Regular Export Market Visits

According to the interview result, the CEOs/owners of the companies do make overseas visits at most 4 times a year in search of markets or suppliers and to attend trade fairs and workshops. This has facilitated the contacting of new potential customers and suppliers in recent years. Gaining such knowledge is critical to the company as it facilitates the identification of foreign market opportunities, which in turn leads to export market commitment decisions. Allowing such trips to

marketing and supply managers could enhance the experiential and objective knowledge of the companies, though not yet done. In the last five years' period, Feleke garment PLC is the only garment organization which allowed and sends his marketing personnel to participate in the African textile exhibition host in Sudan, Khartoum.

4.3.8 Export Experience

To assess the Export Experience of the firms the age of the firms in exports and the Geographic diversification and the existence of foreign subsidiary and/or shareholder are included in this study and are discussed as follows.

4.3.8.1 Age in Exports

The Companies have been in export business for less than eight years implies that they have relatively short period of export experience compared to other international competitors which have stayed in the export business for decades. In fact, firms like GMM and Feleke were able to reduce foreign market uncertainty and manage and overcome potential barriers in export markets through their international operations in the last 8 years comparing with three of the remaining companies.

4.3.8.2 Geographic Diversification

As stated on literature review, number of export destination countries/markets and Rate of new export market entry are used to measure Geographic Diversification.

Number of export destination markets/countries: Ethiopia currently has free access to many markets under General System of Preferences and Bilateral agreements between different states. These include the AGOA, the Everything But Arms (EBA) in which all Ethiopian export products except arms can enter the EU market free of duty and without quota restrictions, the Common Market for Eastern and Southern Africa (COMESA) where Ethiopia is a member of the agreement embracing 20 countries in Eastern and Southern Africa and where exports and imports with member countries enjoy preferential tariff rates. Ethiopia has also signed bilateral trade agreements with 16 nations such as Russia, Turkey, Yemen etc which provide legal framework for enjoying most-favored-nation treatment and removing tariff barriers.

According to Generalized System of Preference (GSP), most of the products made in Ethiopia enjoy tariff treatment in the United States, Canada, Switzerland, Norway, Sweden, Finland, Austria, Japan and the majority of EU member nations. The companies thus could expand their market to those where they can enjoy tariff and quota free exports as it enables the reduction of prices and hence increased competitiveness for the companies' products.

As per the companies' five years' production report annexed at the back, majority of the companies were working with clients such as Steeve Horn, Champro Sports, PVH and Superior Group Uniforms all of which are American origin. Abem PLC is the only garment factory served Both European and American markets. Of all the exports in the five-year period more than 90% were sent under the AGOA General System of Preferences. The main reason for the expansion of trade to the USA has been the existence of the African Growth Opportunity Act (AGOA) since 2001. Under AGOA, sub-Sahara region of Africa, specifically 48 countries, including Ethiopia are given special preferential trade policy. Ethiopia was entitled AGOA qualifications to export textiles and garments to the United States free of duty and without quota restrictions. All the exports to the USA were sent under the AGOA General system of Preferences.

As explained above, few customers (companies) from USA have been served showing the low level of geographical diversification the companies have in their market base.

Unlike the literature, the companies under consideration has been exporting to countries more or less with different consumer behaviors, market conventions, industry structures, institutional settings and local business conventions than that of Ethiopia. The companies thus could benefit from exporting to other (African) nations which are near to the country and have better similarities than those of Europe and the USA. Exporting to such countries involves less transportation cost and reduced uncertainty. Moreover, they have to exploit that of other GSPs and Bilateral agreements.

Rate of new export market entry: one region, namely, the USA was served by most of the companies within the considered five years. This shows that except Abem the companies were serving only one market and has been very slow in expanding their export trade to other new markets. According to the managers, lack of orders from other regions of the world rather than the USA was the main reason for the low level of expansion observed. Some of the companies was

tried to contact some European buyers such as H&M but they couldn't receive an order due to price disagreement. This indicates that, the companies were inactive to proactively look for new markets and were incompetent in terms of price.

4.3.8.3 Subsidiary and/or Share holder

The companies under consideration are wholly owned by local investors and don't have a subsidiary abroad implying the lower level of internationalization and exports compared to those owning subsidiaries across the globe. This situation will increase the burden of complexity of exporting. The companies need to enhance the international experience of its managers as they are the ones who are directly responsible for their operations. This could be facilitated through regular export market visits in tradeshows, experience sharing from experienced companies, reading sector specific newspaper and Magazines, visiting different websites, and workshops and others.

4.3.9 Shortage of Raw Materials

Access to high quality inputs at reasonable prices determines the competitiveness of garment industries at the local as well as the international market. The companies under consideration imported 85.4% of fabric, and 78.2% of accessories and packaging materials respectively from China and Turkey implying heavy dependence of the companies on foreign inputs. Carton and PP bag are the only inputs purchased from local. The firms are competing in the international market with firms or countries that have their own fabric and accessories components industries or with those that import their inputs from a very near location. These conditions help foreign competitors to reduce their unit cost of production and in turn to be competitive in the international market.

High cost, unavailability and low quality of local inputs and high cost of foreign inputs was mentioned as a severe problem. The high cost of imported fabric comes as a result of high transportation cost, and high cost of local fabric comes from scarcity of local fabric suppliers and high unit cost of production incurred due to inefficiency of those fabric producing factories was found out to be a challenging factor to be competitive in the international market since fabrics holds a large share of costs in the production of garments.

Since there was delay and bureaucracy in clearing goods through customs, absence of reliable suppliers and the time taken to arrive in Addis Ababa from the place where the fabric is produced

is too long, the companies' average lead time i.e. the time required to order and get inputs from abroad is around 3 months implying that once an order is received, production of the ordered items may not start for months until the inputs arrive. Compared to other garment producing companies that could get their input requirements from a nearby location easily the company is at a disadvantage to deliver products competitively though reliability for delivery is as important as cost of producing a garment item. Some textiles and apparels are seasonal and should be delivered on smaller lots and in a timely manner to save inventory cost and to reduce risks of the retailers.

Due to these and other problems in supply chain the firms have shifted to CMT works instead of producing garments by using own-purchased accessories and raw materials and delivering to customers. The availability of cut, make, and trim (CMT) opportunities is in fact an advantage to the companies as it reduces the supply chain related problems. According to CMT, the company gets all the required material from the customer (which is industry customer) and is expected to do the finishing part. This increases the competitiveness of the firm in the international market as delivery problem is much reduced and input is directly provided by the foreign customer. Due to this most of the garments under consideration has shifted to CMT works especially in the final three years and holds 93% share.

4.3.10 Transportation Problem

Even though they are not perishable goods, Garment products should be delivered in a timely manner to reduce turn around cost and risks of the retailers since some of them are seasonal. Due to this fast and reliable distribution systems and access with a reasonable cost is mandatory. When the researcher analyzes this in Ethiopian context especially in Addis Ababa, the land transport access from Addis Ababa to Djibouti port and vice-versa is good but too costly ,30 birr/40” container/KM. Some companies such as AYKA and those factories in Bolle-lemi industry zone are enjoying minimum transport cost since they have been registered on this system due to their high-level export performance achievement. But those factories in saris industry zone couldn't able to do so. Moreover, the Ethio-Djibouti railway which will start its operation soon will contribute a lot in reducing cost of transportation.

Though it is so costly, the Ethiopian airlines is facilitating the transport activities by delivering urgent products especially for those products in which their delivery time have passed due to companies' inefficiencies.

Regarding the relationship with in distribution supply chain the companies have not created strong, long-term relationships with selected customers, suppliers or other value-chain partners of a firm. This has to be a big mountain to climb in case they have an interest to improve their export performance.

4.3.11 Firm Size

In export performance research, the most commonly used criteria for measuring firm size are the number of employees and/or total sales volume. Firms under consideration had 86 to 239 employees. This indicates these factories are categorized under small and medium-sized enterprises. This makes them difficult to compute with the large garment factories found in East Asia and even with those FDIs established their factory in Bole-Lemi industry zone such as JJ Apparelz PLC and Shintex Textiles PLC which have more than 2000 employees at this time and will hire additional of more than 4000 employees each. To reduce the burden coming from this some of the companies under consideration like Feleke and GMM have started some activities to expand their capacity.

4.3.12 Technology

In recent times, the world is coming narrower and transaction activities are taking place with in short period of time due to swift development of Information and communication technology and the level of implementation of ICT has become a determinant for export behavior since proper processing and using information helps to effectively reduce the uncertainty and risk associated with exporting.

According to the interviewed managers and senior experts and personal observation of the researcher, the firms under consideration don't have ERP system that controls and easily manages the resources within the companies and enable them to have a direct real-time link with their customers and suppliers but try to browse for potential input suppliers using various web sites to import inputs. They also use the Internet to look for potential buyers of the companies' products.

This shows that the firms are loosely integrated with suppliers of inputs, wholesalers, and customers around the world. A look at the companies' websites show that the websites don't have a feature for customers to make online orders and customers are forced to make orders through the phone, E-mail or by using a third party. This limitation to respond to products order in real time according to customer requests is a hindrance for the firms to do business on the basis of online electronic information exchange. However, all the firms have a Broad Band Internet that enables them to meet their customers and suppliers by using E-mail which is the most frequently used means of communication for the companies and three of the companies (GMM, Feleke and Oasis) do have intranet that enables them to facilitate their communication within their departments or functional areas.

As per the researcher's observation during companies visit GMM has better technology and machines from well-known brands such as JUKI and PEGASUS followed by Abem, though it has less technology compared with that of garment factories found in Bole-lemi industry zone. Those companies in Bole Lemi industry zone have owned highly advanced machines such as automatic spreading, cutting, marker making and pattern making machines which will help them to improve their quality and productivity.

Moreover, none of them use CAD/Electra system which will contribute a lot in improving the design of the garments and marker efficiency and INA system which controls and calculates the efficiency of each operator and the factory at all but Velocity Apparelz PLC do.

4.3.13 Labor Productivity

The fact that the Garment industry is a labor- intensive industry is an advantage to the companies as they could easily get cheap unskilled, semi-skilled and skilled labor in the Ethiopian labor market. With cheap cost of labor, Ethiopia can provide sufficient labor force with cost-competitiveness for the development of labor intensive textile sub-sector. The cost of labor in the Ethiopian textile sector is lower than African average.

Though labor cost and availability are not big issues in Ethiopia, labor productivity is low and is one of the main reasons for this low level of export performance. The Benchmark SMV for Basic T-shirts is 4-5 minutes but the factories under consideration are consuming 7-8 minutes, According to interviewed ETIDI experts and factories' IE.

There are a number of aspects that contribute to low productivity. Skill gap and low working culture of the existing manpower is a major obstacle to improve productivity and become competitive in international business. The management of these factories such as Feleke has a plan to encourage (motivate) and boost the working spirit and culture of its employees by introducing piece rate system and other programs.

As per the interviewed garment experts, down time of the factories is 30% indicating the substantial amount of time spent due to power interruptions, maintenance problems, and absenteeism which all have a profound implication in the garment industry. There were frequent power interruptions with an average of 30 minutes per day and the companies' daily Absenteeism rate is around 10% which is very high with respect to benchmark (2%). These and others adversely affect the productivity of these garment company.

4.3.14 Availability of Marketing Information

An interview held with the managers of the companies and senior garment experts and collected questionnaires revealed that internet, exhibitions host by ETIDI and chamber of commerce, marketing directorate from ETIDI, contacting brand label companies who opened branch office in Ethiopia, suppliers and company visits are the major source of information about customers, new products, technology and suppliers for the firms. The companies' websites are also to some extent means of communication between the companies and their customers. The companies get orders through the Email from customers as their current website does not have features that enable online ordering of products.

Regardless of the contribution of all points discussed above most of the customers served so far were those who visited the companies through ETIDI and CMT purchase orders gained on subcontract from large manufactures and from those which have better reputation than these companies without being contacted by the companies showing the low level of proactiveness in the company's marketing activities. Moreover, it has been observed that the companies' interaction was to some extent limited to the distributors in the supply chain and does not have direct contact with final consumers of its products.

4.3.15 Product Quality

The firms accept orders and make the products according to the specification. According to the managers, the company has put in place quality control personnel and AQL systems at each stage of the production process other than pre-production stage. However, the quality personnel are managed by production leaders which could affect the quality of products.

According to the companies five years' production report, these companies (Feleke, GMM, HG, Oasis and Abem) had an average rework % of 8.1, 9.6,5.6,5.7, 6.1 and an average B-grade % of 4.1, 5.6, 3.4,4.3,4.7 respectively. These figures are very far from bench marks of B-grade and rework which are 1% and 2-2.5% respectively. Moreover, we can observe that those factories which sold most of their products to local market had low rework % and less B-grade % than that of exporters. Because the standard of exported products is higher and are little more complex than local ones.

4.4 Overall Rating of the Export performance by Managers

According to tables 4.4 below and the interviews conducted, all the managers believe that the company's export performance has been at a low stage compared to competitors and company plans and expectations. The company has exported little compared to major competitors around the world and has miserably failed to attain its own goals and aspiration of becoming a major exporter of garment products. Moreover, it has failed to expand its sales to countries for which there are a preferential market accesses and has shown a decline in the shares of export sales in recent years. According to the managers, the company could have exported more with respect to their capacity and the availability of different incentives.

Table 4.4: Frequency distribution on level of satisfaction of export performance

Company	Descriptions	Strongly agree	Agree	Neutral	Disagree	Strongly disagree
Feleke	you are satisfied with overall export performance of your company compared to other competitors and your plan			2	2	
GMM	you are satisfied with overall export performance of your company compared to other competitors and your plan			1	1	1
HG	you are satisfied with overall export performance of your company compared to other competitors and your plan				3	1
Oasis	you are satisfied with overall export performance of your company compared to other competitors and your plan		1		2	
Abem	you are satisfied with overall export performance of your company compared to other competitors and your plan				1	1

Source: Own computations

CHAPTER FIVE: CONCLUSION AND RECOMMENDATION

5.1 Summary of Findings

The findings are summarized as follows:

- The FSTS Ratios for the companies under study were below 0.5 in almost the whole five years, though they have increasing trend.
- The export sales of the companies (Feleke, GMM, HG, Oasis, and Abem) hadan average growth rate of 29.23, 133.49, 0.00, 52.20, and 47.35 % respectively during the period under consideration.
- The companies are utilizing 60% of their capacity.
- The average absenteeism rate of the companies is 10%.
- The actual SMV of t-shirt is 7-8 minutes.
- The lead time of these imported raw materials is 3 months.
- The rework and second grade of their finished products is 7.3 and 4.4 % respectively.
- The transport cost/kilometer from Ethiopia to Djibouti is almost double than that of east Asian countries
- Most of the companies don't have documented export marketing strategy than annual marketing plan.
- In most of the companies, marketing department is staffed with people less than three-year experience in garment exporting and 2 to 4 years' exporting experience in other area though their back ground is complementary.
- Due to the absence of a separate R&D staff, qualified export staff, and research budget, all the companies didn't have conducted any research and development activities in exports yet.
- The companies are fully owned by local investors.
- The companies like other Ethiopian garment producing firms highly rely on foreign inputs and accessories.
- High cost, shortage and low quality of are the characteristics of local inputs/raw materials.

- Most of the companies don't create strong and long-term relationships based on mutual cooperation and mutual interdependence with suppliers and clients.
- The companies have low technology.
- The firms possess competitive advantages in the following areas:
 - ❖ The location they are found.
 - ❖ The availability of comparatively cheap labor supply in the Ethiopian labor market
 - ❖ The availability of youth and educated manpower in the market who can train at low cost and fit to the industries
 - ❖ The firm is operating in an environment where textile and garment is viewed as a priority sector to industrial development and that is provided by so many incentives for its development. The company is currently exploiting different incentives provided by the government
 - ❖ Low electricity cost
 - ❖ The privileges of EUEBA, AGOA, COMESA and other regional treaties
 - ❖ The divergence of the direction of huge European and American clients to Africa especially Ethiopia

5.2. Conclusions

This thesis was aimed at assessing the export performance of selected garment factories in Lebu industry zone, one of the industry zones in Addis Ababa. The researcher attempted to assess the export performance of these garment factories considering the main challenges of the firms and other dimensions which can measure export performance. In general, the export performance of the factories under study is very low due to low productivity and high absenteeism rate of labour, high down time, high rework and second grade % of finished products, high cost of transportation, shortage and low quality of raw materials, size and low capacity utilization of the companies, inadequate marketing information, low experience in exporting and concentrate on local market, absence of qualified marketing staff, low technology level and other reasons.

Based on the assessment, it is suggested that future researches can be done on assessing the export performance of garment factories found in different areas of Ethiopia, so that possibly such results may be compared and new theories could be established.

5.3 Recommendations

This section deals with possible recommendations for the enhancement of the export performance of the cased organizations. These recommendations forwarded by the researcher are based on the previous findings and conclusions.

To change the current trend of export performance the companies need to:

- Reduce their SMV by enhancing current skill of their workers, finding new work methods, improving line balances and others. (Example: Reducing the SMV of basic t-shirt from 7 to 4.5)
- Reduce the level of rework and second grade to 2-2.5% and 1% respectively
- Reduce the absenteeism rate to 2%.
- Increase their capacity utilization to 85%.
- Enhance the technology of their machineries by introducing some semi-automatic machines for special operations
- Have capable and qualified personnel in every position to execute every activity effectively and efficiently. This can be done by hiring professional personnel from the beginning, giving appropriate and adequate training for current employees, hiring expatriates for critical positions such as design and maintenance by cooperating with ETDI.
- Boost the working culture of their employees which currently is at very low stage. Different attitudinal changing and awareness creating programs and incentive schemes shall be arranged to motivate employees and decrease absenteeism rate and idle times.
- Establish strategic relationships with suppliers to solve the problems related to supply chain by reducing the lead-time and reliability problems.
- Produce at full capacity to enjoy economies of scale benefits and hence decreased prices for the companies' products.
- Adopt an export strategy that results from matching the firms' skills and resources, environmental opportunities and managerial preferences to achieve and sustain positional advantages through the efficient execution of planned competitive strategy.
- Expand their market and exploit the privileges of AGOA, COMESA, EBA & others especially with better similarity to the Ethiopian market or demand.

- Establish a separate export section to render a lot of benefits in terms of enhancing better focus and commitment to exports, retaining knowledge pertaining to exports and triggering researches, better planning and control of exports and imparting an export orientation to the employees.
- Make regular visits of trade fairs and foreign markets to enhance experiential knowledge and objective knowledge development in relation to overseas markets and operations.
- Have better export planning and control system and needs to adopt a long-term plan which dictates how export should operate. Its plans need to be realistic and achievable.
- Enhance their supply chain by means of joint purchasing in collaboration with other garment producing firms. The main advantage that is derived from this mechanism is economies of scale in which firms benefit from reduction in cost of production and decreased setup cost.
- Exploit the opportunities provided by the government agencies to better enhance its exports.
- The management of the companies needs to be committed to export sales.
- Moreover:
 - ❖ The government institutions such as ETIDI should work in building the capacity of these companies, searching markets, disseminating market information making researches, proposing new incentive systems, and others.
 - ❖ The government should encourage the exporters to participate in foreign trade fairs and exhibitions
 - ❖ All the shareholders should breathe by a single heart to support and solve the main obstacles so as to boost the export performance of the companies. The government should help them in hiring foreign expatriates in critical positions

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APPENDICES

APPENDIX-A

QUESTIONNAIRE

ST. MARY'S UNIVERSITY

MBA-IN GENERAL MANAGENT PROGRAM

A: Introduction

Dear respondent, I am a graduate student in MBA in General management, St. Mary University. Currently, I am undertaking a research entitled 'Assessment of the export Performance of selected Garment factories in Lebu industry zone, Addis Ababa'. You are one of the respondents in the industry selected to participate on this study. Please assist me in giving the correct and complete information regarding **export Performance of your factory** for the last five years. Finally, I confirm you that the information that you share me will be kept confidential and only used for the academic purpose. No individual's responses will be identified as such and the identity of persons responding will not be published or released to anyone.

Thank you in advance for your kind cooperation by allocating sufficient time.

B. General information

➤ About the organization

Name of the organization: _____ . Year of establishment: _____ . Origin _____

➤ About the respondent

Position in the organization _____ . Sex ____ . Educational background _____ Age ____

C. Main body of the questionnaire

I. Underline the phrase or sentence you chose to be an answer for each question.

1. What was the motive behind exports? (Diminishing domestic sales, Saturated domestic market, Intensifying domestic competition, Unsolicited orders from abroad, Production capacity availability, Economies resulting from additional orders, Managerial beliefs about exports, Managerial export experience, Attractive export incentives, National export promotion policies, Attractive profit and growth opportunities overseas, New information about sales opportunities overseas, Possession of unique products appropriate for serving export markets, Favorable currency movements, Opportunity to increase the number of country markets and reduce the market-related risk, Eased product regulations in target Country, other)
2. Where is the main market segment for the firm? (Domestic, Foreign, Both)
3. What are the main reasons of difficulty in obtaining skilled Labor in Exports? (Low wage, inconvenient working place, Scarcity of labor, nature of the job) Other please specify: _____
4. Do you arrange trainings / education to your staff to equip them the knowledge required in international business? (Yes/no). Where? (Trained in house, trained in special courses in country, trained in special courses in abroad, other)
5. Which preferential markets the firm export its product? (European Union everything but arms, African growth and opportunity Act (AGOA), COMESA, Canadian, Japan). Why? _____

6. What are the reasons for the firm to operate a garment plant in Ethiopia? (Low Labor cost, Skilled labor availability, Trade incentives, Investment incentive, Good infrastructure, AGOA& other initiative, Reputation for quality textiles, Over all political and business environment, Other)

7. What are the problems with importing inputs? (Taking too long time to import goods, Delay in clearing goods through customs, Duty exemption is not recognized, Reliability on foreign suppliers is problematic, Problem with licensing/authorization to import, High cost of inputs, Minimum order size), others, specify if any _____
8. Why the company didn't use locally produced inputs instead of importing? (Absence of inputs, Lack of inputs, Inferior quality, Problem with reliability, High cost of inputs relative to imported, Other
9. How do you sell your products? (Direct Sale, Intermediaries...)
10. Who searches market (customers)? (Self, Ethiopian Government, Agents, Chamber of Commerce, others specify) _____

11. How does the firm communicate with its foreign suppliers and customers? (E-mail, fax, post service, Website, other)

12. How does firm seek market for its products? (On subcontract to large manufactures, by contacting brand label companies, by contacting retailer on the foreign/domestic market, by using its own destination market, by using Jobbing, Other) _____
13. What are the sources of information for learning about export market/new technology/ product? (TV, radio, film; Foreign newspaper and Magazines; Internet; Government (foreign affairs); Chamber of commerce or professional association; Exhibition and trade fairs; Material input and Equipment supplier; Wholesaler or retailer abroad; Personal brokers, Other)
14. Which incentive scheme are you currently using? (Duty drawback scheme, Voucher scheme, Bonded manufacturing warehouse scheme)
15. What problems do you face with regard to incentives? (Insufficient devaluation of the domestic currency, Complexity of export documentation requirements, Complexity in customs clearance, Ineffective national export incentive promotion programs, Lack of government assistance in overcoming export barriers....)

16. What are the factors that contribute for competitiveness of firms in the past? (Reduce production cost, Advanced technology, Specialized production, Diversified production, on time supply, make use of preference capital, direct access to quota, Marketing system economize material input, Good management staff, Skill of labor, other)
17. What was the strategy to improve competitiveness of the firm in the past/ and in the future, if any? (Improve the networks with input suppliers, expand total production capacity and invest in advance production technology, computerize design and manufacturing, advertising and marketing, Diversify domestic sales into exports, Other)
18. Is there a strong international competition and who is/ are the main competitor(s) of the firm in the foreign market? (Domestic firms, Other African countries, East Asian countries, East Europe, Caribbean and North America, other)
19. The company has a website. (yes/no)
20. The company has export research and development. (Yes/no)
21. Does the company has established long term relationship with parties on the supply chain? (yes/no)
22. Does the company has reliable foreign suppliers? (yes/no)
23. Top management is reluctant to allocate adequate resources to export tasks. (yes/no)

II. Pease give a short answer in the space provided.

1. State the organizational structure of the Marketing department of your organization? Does the company has a separate department and /or executive /responsible for Exports? _____
2. What attempts have been made to expand your export market base? _____

3. Which type of inputs do you import and which do you purchase locally? _____

4. What problems do you encounter in distributing goods? _____

5. What is the Average turnaround time from order to delivery and what is the average lead time in the company? _____

6. How do you get data / information regarding foreign markets? _____

7. What do you think are the reasons for the low level of exports compared to other international exporters & market potential? _____

8. Does the company has an export marketing strategy apart from local marketing strategy? If any, do you think its exporting strategy can contribute a lot to improve competitiveness of the firm in the future? _____

9. Does the company has Export Planning and Control mechanisms? _____

10. Does the company has a foreign subsidiary and/or shareholder? Explain (if your answer is yes) _____

11. How many % of the quantity ordered in the recent five years has been shipped? _____

12. Do the marketing personnel and /or general manager of the organization make export market visits abroad each year? If your answer is yes, for how many times each year? _____

13. Does the company has high level of production technology compared to other companies involved in similar business? Explain. _____

14. does top management is reluctant to allocate adequate resources to export tasks? (Yes/no) _____

15. what is your qualification? Your detail work experience in and outside this company? (to be filled only by marketing staff) _____

16. Does the company has effective communication with overseas customers and getting enough information about foreign markets? (yes/no) if your answer is yes, specify _____

III. State your level of agreement or disagreement by marking your own mark on the box provided in front of each sentence.

Descriptions	Strongly agree (5)	Agree (4)	Neutral (3)	Disagree (2)	Strongly disagree (1)
1. You are satisfied with the assistance and incentives in exports from the Ethiopian government.					
2. You are satisfied with overall export performance of your company compared to other competitors and your plan.					

APPENDIX-B**Feleke Garment PLC****Five years' company performance extracted from yearly financial and production reports****For the years 2011/12 to 2015/16 G.C or 2004 to 2008 E.C**

S/n	Description	2011/12	2012/13	2013/14	2014/15	2015/16
1	Total					
1.1	Total Produced quantity (PCS)	237,595	489,112	601,231	674,451	658,563
1.2	Total Sales	5,933,898.7	10,662,649.6	11,784,127.6	13,151,794.5	12,907,834.8
2	Local					
2.1	Total quantity sold to local market (PCS)	216,045	384,112	415,144	464,446	480,313
2.2	Value in Birr	5,198,598.7	7,670,149.6	798,7958	8,111,674.5	8,228,772.3
3	Export					
3.1	Exported quantity (PCS)	21,550	105,000	186,087	210,005	178,250
3.2	Value (USD)	40,850	157,500	189,808.74	252,006	222,812.5

APPENDIX-C**GMM Garment PLC****Five years' company performance extracted from yearly financial and production reports****For the years 2011/12 to 2015/16 G.C or 2004 to 2008 E.C**

S/n	Description	2011/12	2012/13	2013/14	2014/15	2015/16
1	Total					
1.1	Total Produced quantity (PCS)	201,723	288,122	341,731	460,271	477,451
1.2	Total Sales	5,043,075.96	7,260,684.48	7,818,148.0	10,425,420.60	11,181,373.12
2	Local					
2.1	Total quantity sold to local market (PCS)	155,173	209,797	61,351	40,156	52,431
2.2	Value in Birr	3,212,116	4,433,152	2,210,548	1,182,890.6	1,278,982.7
3	Export					
3.1	Exported quantity (PCS)	46,550	78,325	280,380	420,115	425,020
3.2	Value (USD)	101,720	148,817.5	280,380	462,126.5	471,542.4

APPENDIX-D

HG PLC

Five years' company performance extracted from yearly financial and production reports

For the years 2011/12 to 2015/16 G.C or 2004 to 2008 E.C

S/n	Description	2011/12	2012/13	2013/14	2014/15	2015/16
1	Total					
1.1	Total Produced quantity (PCS)	138,555	272,112	201,652	274,451	298,653
1.2	Total Sales	3,740,995.78	7,619,236.32	6,049,561.20	8,782,435.50	10,751,508
2	Local					
2.1	Total quantity sold to local market (PCS)	138,555	272,112	201,652	252,951	298,653
2.2	Value in Birr	3,740,995.78	7,619,236.32	6,049,561.20	8,269,835.50	10,751,508
3	Export					
3.1	Exported quantity (PCS)	0	0	0	21,500	0
3.2	Value (USD)	0.00	0.00	0.00	23,300.00	0.00

APPENDIX-E

Oasis Abyssinia PLC

Five years' company performance extracted from yearly financial and production reports

For the years 2011/12 to 2015/16 G.C or 2004 to 2008 E.C

S/n	Description	2011/12	2012/13	2013/14	2014/15	2015/16
1	Total					
1.1	Total Produced quantity (PCS)	97,756	102,221	115,532	144,466	159,765
1.2	Total Sales	8,602,528.21	8,382,112.55	9,889,392.80	11,146,406	13,768,970.45
2	Local					
2.1	Total quantity sold to local market (PCS)	97,756	102,221	106,777	123,265	121,115
2.2	Value in Birr	8,602,528.21	8,382,112.55	7,741,634.83	4,495,328.6	2,760,260.40
3	Export					
3.1	Exported quantity (PCS)	0	0	8,755	21,201	38,650
3.2	Value (USD)	0.00	0.00	102,274.23	302,321.70	489,276.00

APPENDIX-F

Abem Garment PLC

Five years' company performance extracted from yearly financial and production reports

For the years 2011/12 to 2015/16 G.C or 2004 to 2008 E.C

S/n	Description	2011/12	2012/13	2013/14	2014/15	2015/16
1	Total					
1.1	Total Produced quantity (PCS)	122,650	102,913	141,768	174,456	208,101
1.2	Total Sales	3,118,432.65	2,778,786.54	3,756,852.30	4,710,421.98	5,912,543.12
2	Local					
2.1	Total quantity sold to local market (PCS)	122,650	70,731	109,568	113,956	142,651
2.2	Value in Birr	3,118,432.65	2,147,666.54	2,992,746.30	3,100,342.98	3,968,678.10
3	Export					
3.1	Exported quantity (PCS)	0	32,200	32,200	60,500	65,450
3.2	Value (USD)	0.00	31,556	36,386	73,205	86,394

APPENDIX-G**Feleke Garment PLC****Taken from five years' company's production performance report****For the years 2011/12 to 2015/16 G.C or 2004 to 2008 E.C**

S/n	Years	Customer	Items/articles	Total produced quantity	% of A-grade	Average A-grade (%)	% of reworks	Average rework %
1	2015/16	Local	Different items such as work wears, jackets, shirts etc	497,712	96.4	95.9	4.8	6.5
		Steeve Horn	Overall and overcoats	80,102	94		13	
		Champro Sports	Raglan t-shirt and short pants	110,005	94.6		8.9	
2	1014/15	Local	Different items such as ladies tights, work wears, polo t- shirts etc	478,843	97.9	96.3	5.3	8.3

		Steeve Horn	Overall and overcoats	47,503	93.7		17	
		Champro Sports	Raglan t-shirt	176,281	94.1		11.5	
3	2013/14	Local	Different items	429,358	96.6	95.8	6.8	8.6
		Champro Sports	Raglan t-shirt	186,087	94.2		13	
4	2012/13	Local	Different items such as work wears, basic t-shirts, casual trouser etc.	397,694	95.8	95.4	7.2	9
		Champro Sports	Raglan t-shirt	111,392	93.9		15.6	
5	2011/12	Local	Different items such as work wears, basic t-shirts	216,045	96	95.6	8	8.7
		Export	-	23,375	92		15	

Source: production report of the company for the last five years

APPENDIX-H

GMM Garment PLC

Taken from five-year company's production performance report

For the years 2011/12 to 2015/16 G.C or 2004 to 2008 E.C

S/n	Years	Customer	Items/articles	Total produced quantity	% of A-grade	Average A-grade (%)	% of reworks	Average rework %
1	2015/16	Local	Different items such as basic t-shirts, classical trousers, polo t-shirts etc	54,044	97	95.5	4	7.5
		Superior Group Uniforms	Polo t-shirt	445,065	95.3		8	
2	2014/15	Local	Different items such as shirts, basic t-shirts, polo t-shirts	41,409	97	94.4	4.3	10.8
		Superior	Polo t-shirt	444,489	94.2		11.4	

		Group Uniforms						
3	2013/14	Local	Different items such as men's shirts, over coat, classical trousers, polo t-shirts etc	63,935	95.8	92.7	5	12.4
		Superior Group Uniforms	Polo t-shirt	302,908	92		14	
4	2012/13	Local	Different items	219,927	95.2	94.9	6.2	8
		Export	V-shape and round shape basic t-shirt	83,101	94		13	
5	2011/12	Local	Different items	163,012	95	94.4	7.6	9
		Export	Basic t-shirt and over coat	49,962	92.7		13.8	

Source: production report of the company for the last five years

APPENDIX-I**HG PLC****Taken from five years' company's production performance report****For the years 2011/12 to 2015/16 G.C or 2004 to 2008 E.C**

S/n	Years	Customer	Items/articles	Total produced quantity	% of A-grade	Average A-grade (%)	% of reworks	Average rework %
1	2015/16	Local	Different items	248,653	97	96.1	3.8	3.8
2	2014/15	Local	Different items	251,751	97	96.4	4	4.6
		PVH	Polo t-shirt	22,823	94		12	
3	2013/14	Local	Different items	201,647	97	95.4	5	5
4	2012/13	Local	Different items	272,215	96.3	94.9	6.1	6.1
5	2011/12	Local	Different items	138,570	95.8	94.6	8	8

Source: production report of the company for the last five years

APPENDIX-J

Oasis Abyssinia PLC

Taken from five years' company's production performance report

For the years 2011/12 to 2015/16 G.C or 2004 to 2008 E.C

S/n	Years	Customer	Items/articles	Total produced quantity	% of A-grade	Average A-grade (%)	% of reworks	Average rework %
1	2015/16	Local	Different items such as basic t-shirts, classical trousers, polo t-shirts etc.	161,970	96.6	96.1	4	4.8
		CVS	Polo t-shirt and V-neck t-shirt	40,856	94.3		8	
	2014/15	Local	Different items such as shirts, basic t-shirts, classical trousers, polo t-shirts etc	142,989	97	96.4	4.3	5.2

		Superior Group Uniforms	Polo t-shirt	22,686	93		11.4	
	2013/14	Local	Different items such as men's shirts, over coat, classical trousers, polo t-shirts etc	115,532	96	95.3	5	5.5
		Export	Basic t-shirt (round neck)	8,755	88.2		12	
	2012/13	Local	Different items	102,221	94.9	94.9	6.2	6.2
	2011/12	Local	Different items	97,756	94.6	94.6	7.6	7.6

Source: production report of the company for the last five years

APPENDIX-K

Abem Garment PLC

Taken from five years' company's production performance report

For the years 2011/12 to 2015/16 G.C or 2004 to 2008 E.C

S/n	Years	Customer	Items/articles	Total produced quantity	% of A-grade	Average A-grade %	% of reworks	Average rework %
1	2015/16	Local	Different items such as cargo trouser, classical trousers, polo t-shirts etc.	204,699	96.9	97	4	3.8
		PVH	Men's and ladies' shirts	68,855	94.8		7.7	
	2014/15	Local	Different items such as shirts, basic t-shirts,	171,189	96.2	96.75	4	4.6

			casual trousers, etc.					
		ZACCARIA	Apron	63,767	94.6		11.6	
	2013/14	Local	Different items such as men's shirts, over coat, classical trousers, etc.	139,514	96	97	5	5
		CG	Bib trousers	34,454	93		12.1	
	2012/13	Local	Different items	102,920	96	96.3	6.2	6.1
		Export	Apron	35,420	90		12.8	
	2011/12	Local	Different items	122,750	93	95.8	6.5	8

Source: production report of the company for the last five years

APPENDIX-L

SAM/SMV of main items/articles

Descriptions	Basic T-shirts	Basic Polo's	Basic Shirts	5 Pockets Trousers
SAM (Best practice) min/pcs	3.5-4.5	12-14	18-20	11-13

Source: Gerzi training manuals prepared in 2012