



St. Mary's ቅዱስ ማርያም
University የኢትዮጵያ
committed to excellence

**ASSESSMENT OF EMPLOYEE'S PERCEPTION
OF FACTORS AFFECTING REVENUE GAINED
FROM EXPORT OF MEAT PRODUCTS:
THE CASE OF LUNA EXPORT
SLAUGHTERHOUSE PLC, ADDIS ABEBA,
ETHIOPIA**

By: Belen Tesfaye

ID: SGS/0061/2009A

ADVISOR: Zemenu Aynadis (Asst.Prof)

**St. Mary's University School of Graduate Studies
January 2019
Addis Ababa, Ethiopia**



St. Mary's ቅዱስ ግርግም
University የኒኮርቲ
committed to excellence

**ASSESSMENT OF EMPLOYEE'S PERCEPTION OF FACTORS
AFFECTING REVENUE GAINED FROM EXPORT OF MEAT
PRODUCTS: THE CASE OF LUNA EXPORT
SLAUGHTERHOUSE PLC, ADDIS ABEBA, ETHIOPIA**

By: Belen Tesfaye

**A Thesis Submitted to the School of Graduate Studies of St.Mary's University
of Graduate Studies in Partial Fulfillment of the Requirements for the Degree
of Masters of Art in General Business Administration (MBA)**

ADVISOR: ZEMENU AYNADIS (Asst.Prof.)

January 2019



St. Mary's University ትድብት ማርያም ዩኒቨርሲቲ
committed to excellence

ST MARY'S UNIVERSITY SCHOOL OF GRADUATE STUDIES
DEPARTMENT OF BUSINESS ADMINISTRATION

This is to certify that the thesis prepared by Belen Tesfaye Gissila Entitled Assessment of Employee's Perception On Factors Affecting Revenue Gained from Export of Meat Product – The Case of Luna Export Slaughterhouse Plc, which is submitted in partial fulfillment of the requirements for the Degree of master in General Business Administration (MBA) complies with the regulations of the University and meets the accepted standards with respect to originality and quality.

Approved by Board of Examiners:

Dean, School of Graduate Studies

Signature

Date

Zemenu Aynadis (Phd)
Advisor

Signature

Date

Internal Examiner

Signature

Date

External Examiner

Signature

Date

Declaration

I, the undersigned, declare that this thesis entitled “Assessment of Employee’s perception of Factors Affecting Revenue Gained from Export of Meat Products the case of Luna Export Slaughterhouse Plc”, is my original work and has not been presented for a degree in any other university or organization, and that all sources of materials used for the thesis have been duly acknowledged.

Declared by:

Name: **Belen Tesfaye Gissila**

Signature: _____

Date of submission: January 2019

Confirmation

This thesis has been submitted for examination with my approval as an advisor

Name of advisor: **Zemenu Aynadis (Asst.Prof.)**

Signature _____

Date: January 2019

January 2019

Acknowledgments

I would like to extend my gratitude to the many people who helped to bring this research project to fruition. First, I would like to thank Zemenu Aynadis (Ass.Prof.) for his help, professionalism, valuable guidance and support throughout this project and through my entire program of study that I do not have enough words to express my deep and sincere appreciation.

I would like to thank all the lecturers who taught me in the General Business Administration department during my stay at the university. I'm also indebted to my friend Mr. Yakob Mekonnen who helped me in distributing and collection of questionnaires. My deepest appreciation also goes to Mr. Tesfalidet Hagos, CEO of Luna Export Slaughterhouse for keeping all doors of communication during data collection.

Finally, I must express my profound gratitude to my parents and colleagues for providing me with unfailing support and continuous encouragement throughout my years of study and through the process of researching and writing this thesis. This accomplishment would not have been possible without them.

Table of Contents

Acknowledgments.....	I
Table of Contents	II
List of Tables	IV
Abbreviations	V
Abstract.....	VI
CHAPTER ONE.....	1
INTRODUCTION	1
1.1. Background of the Study.....	1
1.2. Statement of the Problem	5
1.3. Research Questions	7
1.4. Objectives of the Study	8
1.4.1. General Objective	8
1.4.2. Specific Objectives of the study	8
1.5. Significance of the study	8
1.6. Scope of the Study.....	9
1.7. Limitation of the Study.....	9
1.8. Organization of the Study.....	9
CHAPTER TWO	10
REVIEW OF RELATED LITERATURE	10
2.1. Theoretical Literature Overview	10
2.1.1. Concepts of Export	10
2.1.2. Concepts of Meat Export.....	12
2.1.4. Meat Export in Ethiopia	14
2.2. Factors Affecting Export – Theoretical Literature Review.....	16
2.2.1. Effect of Global Marketing Strategy on Export	16
2.2.2. Product Price.....	17
2.2.3. Product Execution Effect.....	18
2.2.4. Environmental Effect.....	22
2.3. Empirical Analysis	26
CHAPTER THREE	29

METHODOLOGY	29
3.1. Study Design	29
3.2 Population Sample Size and Sampling Techniques	29
3.2.1. Population.....	29
3.2.2. Sampling Technique	29
3.2.3. Sample Size	30
3.3. Source of Data.....	30
3.4. Tools for Data Collection.....	31
3.5. Method of Data Analysis.....	31
3.6. Ethical Considerations.....	31
CHAPTER FOUR.....	32
DATA ANALYSIS AND INTERPRETATION	32
4.1. Introduction	32
4.2. Characteristics of respondents.....	32
4.3. Analysis of the collected data – Data collected through questionnaires	33
4.3.1. Product Execution.....	33
4.3.2. Price	36
4.3.3. Business Environment	37
4.3.4. Global Marketing.....	39
4.4.4. Volume of Meat product export	42
4.4. Analysis of Data – Data Collected through focused group discussions	43
CHAPTER FIVE	46
CONCLUSIONS AND RECOMMENDATIONS	46
5.1. Conclusions	46
5.2. Recommendations	49
REFERENCES	51
APPENDIX I	54
Luna Export Slaughterhouse Employees Questionnaire.....	54
APPENDIX II.....	58
Focused Group discussion with the Management Team	58

List of Tables

List of Tables	Page No
Table 1. Gender of Respondents.....	36
Table 2. Positions of Respondents	37
Table 3.0. Effect of production cost on revenue	37
Table 3.1. Increasing effect of production cost on revenue.....	38
Table 4.0. Effect of increasing production rate on revenue.....	39
Table 4.1. Effect of production rate on Price.....	39
Table 5.0. Effect if price on revenue.....	40
Table 5.1. Effect of increasing price on revenue	40
Table 6. Effect of presence of competitors on revenue.....	41
Table 7. Effect of policy and procedure on revenue.....	42
Table 8.0. Effect of exchange rate on revenue.....	43
Table 8.1. Effect of exchange rate on pricing.....	44
Table 8.2. Effect of government regulation in foreign market on revenue.....	44
Table 9. Effect of channel of distribution on revenue.....	45
Table 10. Revenue from meat export over the past 10 years.....	46

Abbreviations

MNC Multi National Company

FMD Foot and Mouth Disease

PED Price Elasticity of Demand

EOS Economies of Scale

PLC Private Limited Company

GoE Government of Ethiopia

ERCA Ethiopian Revenue and Customs Authority

FGD Focused Group Discussion

EMPEA Ethiopian Meat Producers and Exporters Association

Abstract

Export of meat products is one of the sectors that holds promise in contributing a solution to the country's foreign currency problem. As such, the country's meat product exporters have to tackle different problems in order to keep their firms thriving in the export business. Among the factors that affect the business, specifically the revenue that is gained from export of meat products are product execution, global marketing, the business environment and price are considered in this study. The study sets out to investigate the effect of the mentioned four factors on the revenue gained from export of meat products from the employee's perspective and followed a descriptive research approach. Data was collected through questionnaires, focused group discussions, and by critically reviewing organizational reports as a secondary data source. Focused group discussions guided by structured questions were held with members of the management for a deeper understanding of the subject matter under study. Collected data was then sorted, encoded, analyzed and interpreted. Accordingly, findings revealed that product execution which was measured by parameters of production rate and production cost, affected the revenue gained from export of meat products. Results convey that increasing production cost increases revenue and increasing production rate increases revenue as well by the rules of economies of scale. Moreover, global marketing which was measured with three parameters namely, Exchange rate, Government regulation in foreign market and Channel of distribution. Exchange rate status was found to have a negative effect on revenue, production cost and price. Government regulation in foreign market showed to have negative effect whereas channel of distribution the company uses is shown to have a positive effect on the revenue of the company, according to the findings of the study. The effect of the business environment was assessed in terms of effect of competitors and policy and procedures on the revenue gained by the firm from exporting meat products. The findings have revealed that both have a negative effect on revenue of the firm. Hence, the four factors considered in this study to have an effect on revenue of the firm – from employee's perspective. In order to tackle the problems caused by these factors, it is recommended for the exporters to influence a discussion platform with concerned governmental organs. Moreover, the firm's top management should focus on research and development to bring about operational efficiency.

Key Words: Revenue from Meat export, Global marketing, Product execution, Price, Business environment

CHAPTER ONE

INTRODUCTION

1.1. Background of the Study

Global meat markets are characterized as among the fastest growing consumption sectors of all major agricultural commodities. Quality-conscious urban consumers in developing countries have spurred global demand for meat products and much of this demand has been met by increased meat output in these countries themselves. This rapidly growing demand for meat products in developing countries has shifted the global base of animal production from developed to developing countries. In the year 2010, it was found that nearly 80 percent of ruminant animals are reared in these regions, while the share of poultry and pig meat is slightly less, at 70 percent (Ayele Solomon, 2003).

The nature of the world trading system is deeply mercantilist. Consequently, policy decisions are usually aimed at increasing exports and/or decreasing imports and governments are used to implement import taxes and export subsidies. Export taxes and export restrictions, however, are two policy instruments that appear much more difficult to understand. The contribution of agricultural exports to economic growth of the selected 62 less developed countries was done by using panel data for the period 1974 to 1995. The study used the two theoretical models in the analysis, the first model based on agricultural production function, including agricultural and non- agricultural exports as inputs. The second model was dual economy model, that is, agricultural and non- agricultural where each sector was sub divided into export and non- export sector. The results of the study highlighted the role of agricultural exports in economic growth. The study suggested that the export promotion policies should be balanced. (Dawson, 2005)

At a global level the meat product market share has been declining. Global beef consumption increased by only 1.4 percent per year during the decade 1996 to 2005, Whereas poultry and pig meat spiked by 3.5 and 2.4 percent during the same time line This shift in consumption patterns has been most striking in developed countries, where per capita beef consumption actually declined in the previous decade, whereas in developing countries it grew by almost 1 percent per year. The strongest areas of growth in beef consumption lie in Asia where per

capita consumption growth, although from a small base, has exceeded 2.3 percent per year, mainly due to growth in China and various countries in the Middle East (Ayalew, 2006).

Of the various meat products, the global market for beef was expected to feel the most direct effects from the policy development under the WTO's Agreement on agriculture because both export subsidies and market access barriers were more prevalent for beef than for other meats. While progress towards the restructuring and privatization of the beef sectors in many developing countries continued in the late 1990s, this trend was disrupted as animal disease outbreaks in some developing countries resulted in increasing support to the livestock sector while heightened concerns regarding food safety and animal disease issues escalated the trend for countries to enact legislation to improve meat quality standards. (NEPAD-CAADP, 2005) However, the pressure on many countries to privatize livestock services has been viewed by many as deterring disease prevention and control.

Global markets for meat products, over the 1990's, were characterized by a gradual dismantling of trade barriers, with countries However, increasing instances of animal diseases affecting beef, particularly Bovine Spongiform Encephalopathy (BSE) and Foot and Mouth Disease (FMD) have led countries to impose import bans and stricter sanitary requirements as well as other technical barriers, such as requirements on labeling and animal traceability schemes. (Nancy Morgan, 2006)

World markets for meat products have been historically segmented by disease, quality and in some cases by trade agreements. The Pacific Market is the premium market, and while recently its definition has been broadened to a wider number of Asian countries, it basically consists of countries in the Pacific basin. Meat trade in this market is largely free of FMD, and trade consists both of high value cuts and also manufacturing (cow-grade) beef. The key exporters of this market include the United States, Canada, Australia and New Zealand. In the late 1980's the EU signed an accord known as the Andriesen Agreement, by which the European Commission agreed not to subsidize beef exports into this market. The Atlantic Market is defined generally by the Atlantic basin, and is supplied by the EU, Brazil, Argentina and Uruguay; trade is generally with Europe, Russia and parts of Northern Africa. In this market, exporters struggle for FMD- free status, and beef is largely pasture fed. The other market is the FMD-endemic market which is seen as a residual market where trade

values are low. Trade within this market is also low volume, often local, and may consist of considerable quantities of adjacent border trade in live cattle.

Trade growth for beef products, while about 1.5 percent annually, lags considerably that of total meats in volume terms in the last decade. In fact, beef's share of global meat trade has declined from 50 percent in the early 1990's to an estimated 35 percent the early 2000's as the beef industry has had to compete with growing demand for pork and poultry as the process of vertical integration between the feed and meat sectors has reduced the relative price of these products. In addition, animal disease outbreaks and food safety issues (particularly related to BSE) around the world have raised considerable health concerns among consumers and limited consumption growth (Dawson, 2005).

Africa has not benefited from the growing demand of beef products and continues to be on the suburbs of world markets, accounting for about 7 percent of global consumption, and less than 2 percent of global trade. South Africa and Egypt receive the majority of imports. Both imports and exports from the countries in the Horn of Africa are marginal, constituting less than half of one percent of global totals (Nancy Morgan, 2006). The region has, however, gradually become a net meat exporter, supported by growing sheep/goat meat exports reported from the Sudan to other countries in the region. Meanwhile the beef and sheep/goat industries play an important role in the economies of this region, constituting respectively 45 percent and 26 percent of total meat output and serving as important sources of income for many families in the lowest income groups (Winrock International, 1992).

Livestock and meat products have been among the fastest growing components of the global agriculture and food industry. This growth reflects not only increasing demand for meat as global incomes have risen, but also improved efficiencies in production, processing and transportation declining real feed prices. The so-called livestock revolution has been an important feature of both developed and developing countries. Furthermore, while in many developing countries meat consumption remains a relatively low, it is an important factor in the diet, health and livelihoods of the rural poor. It provides a source of income and food, in addition to a store of value and insurance. Stimulated by better market access provisions under various trade agreements, growing meat demand in developing countries and increasing specialization of production/processing operation, meat trade grew by over 3.5 percent annually in volume terms in the last decade. In value terms meat trade totaled

approximately US \$34 billion in 2004 (FAO, 2004). However, meat trade remains substantially conditioned by animal disease issues, and markets remain heavily segmented according to both disease status and quality. As a result, growth in many developed and developing countries may be contained largely by domestic demand growth. (Mohan & Karpur, 2015)

Trade growth for beef products, while about 1.5 percent annually, lags considerably that of total meats in volume terms in the last decade. In fact, beef's share of global meat trade has declined from 50 percent in the early 1990's to an estimated 35 percent the early 2000's as the beef industry has had to compete with growing demand for pork and poultry as the process of vertical integration between the feed and meat sectors has reduced the relative price of these products. In addition, animal disease outbreaks and food safety issues (particularly related to BSE) around the world have raised considerable health concerns among consumers and limited consumption growth.

Developing countries, while dominating beef output gains over the past decade, have not benefited from growing international beef demand. In 2005, developing countries accounted for 40 percent of global beef imports and exports, virtually unchanged from 1990. Although exports more than doubled over the period (from 1.8 to 4.4 million tons), developing country exports as a share of production grew only from 8.5 percent to 12.7 percent. Constraints to expanded beef exports by developing countries include disease problems, particularly Foot and mouth disease FMD, which is endemic to many countries, and increasing number of SPS regulations which constrain meat trade (OECD and FAO Secretariats., 2013).

Cattle raising, beef production and marketing are highly diverse throughout the world. Breeds of cattle vary significantly from those indigenous to specific regions, to those bred for specific market. As the statistical data provided by OECD-FAO shows that Cattle raising varies from very small to very large units in all countries. Cattle productivity, in terms of meat yield per investment unit (cow) also varies substantially due to breed, feeding regime, and health status (OECD and FAO Secretariats., 2013) . Meat quality and taste can vary substantially according to all these aspects, meaning that marketed meat usually has no fixed standard, but whose value may vary from farm to farm, processor to processor, and country to country. Differing slaughter practices and storage facilities affect the sanitary status of meat and may limit its value in local and urban markets, and particularly in international

trade. Increasingly, traceability of product by origin and production method are demanded by the retail sector Mohan and Kapur (2015)

Ethiopia, like most of the countries in Sub-Saharan Africa, is heavily dependent on agriculture. The agricultural sector plays an important role in the overall development of the country's economy. The sector plays a major role in the national economy and it is the source of income and employment for the rural population (Nigussie, 2001). Livestock production is an integral part of the Ethiopian agricultural system. The subsector contributes 12 and 33% to the total Gross Domestic Product (GDP) and agricultural Gross Domestic Product (GDP), respectively, and provides livelihood for 65% of the population. According to the same source, the sector also accounts for 12–15% of the total export earnings, the second in order of importance following coffee (Livestock Marketing Authority, 2001).

Ethiopia's lowland breeds of cattle, sheep, goats and camels are highly demanded by neighboring countries as well as the strategic livestock markets of the Middle East (Belachew & Jemberu, 2003) According to the same authors, the relatively huge number of livestock resources, proximity to the export markets, conducive investment policies, the liberalization of the economy, the supports and attentions given by the government to export trade gives the country comparative advantages in livestock trade. These conditions have been the driving forces for the establishment of several abattoirs. Ethiopia has the leading livestock population in Africa and the animal population census. (CSA, 2005), estimates the livestock population of Ethiopia at 44.32 million cattle, 23.62 million sheep, 23.33 million goats, 2.31 million camels and over 42 million poultry (excluding agro–pastoral and pastoral areas).

Therefore, the aforementioned facts can help the researcher to study effect of meat export on economic developments in terms of four dimensions such as; global marketing effect, product execution effect, environmental effect and organizational effect.

1.2. Statement of the Problem

International trade is a dynamic environment whose influencers are also dynamic in nature. Global trade policies, inflation, currencies, tax systems and political stability are only some of the factors that have a direct effect on international trade. When we come to export trade, the factors affecting it are personalized to the type of product being exported.

Livestock and meat products have been among the fastest growing components of the global agriculture and food industry. This growth reflects not only increasing demand for meat as global incomes have risen, but also improved efficiencies in production, processing and transportation declining real feed prices. The so-called livestock revolution has been an important feature of both developed and developing countries. In value terms meat trade approximately valued to US \$34 billion in 2004. However, meat trade remains substantially conditioned by animal disease issues, and segmented markets. As a result, growth in many developed and developing countries may be contained largely by domestic demand growth (FAO, 2004).

Developing countries, while dominating beef output gains over the past decade, have not benefited from growing international beef demand. By 2005, developing countries accounted for 40 percent of global beef imports and exports, virtually unchanged from 1990. Although exports more than doubled over the period (from 1.8 to 4.4 million tons), developing country exports as a share of production grew only from 8.5 percent to 12.7 percent. Constraints to expanded beef exports by developing countries include disease problems, particularly Foot and Mouth Disease (FMD), which is endemic to many countries, and increasing number of Sanitary Phytosanitary (SPS) regulations which constrain meat trade (Nigussie, 2001).

African pastoral systems are currently characterized by instability, food insecurity, decreasing income, increasing poverty, environmental degradation, loss of key grazing lands to cultivation, annexation by government and private interest, drought, inappropriate development policies, and population growth (Getachew *et al.*, 2005). Because of this rain of teething troubles, animal agriculture has not been able to provide significant contributions to the general economic development of the continent.

Records show that countries with higher international trade involvement achieve a higher and faster economic growth than those that have less involvement in international trade, more specifically in the export trade. For instance, the experience gained from Hong Kong, Singapore, Taiwan and South Korea, commonly designated as the ‘The Four Asian Tigers’, shows that an export led economy brings forth a faster & higher growth in an economy of a given nation. For a developing country such as Ethiopia, following in the footsteps of the ‘The Four Asian Tigers’ seems like a choice without option. Although there have been previous studies conducted in relation to the issue of agricultural exports and its significance

in bringing about growth in revenue and economy, and studies about the challenges and opportunities of the sector there has not been a study that specifically analyzes the meat product export, and explain the variations in terms of determinant factors. (Jin, 1995)

The economy of Ethiopia is mainly dependent on the agricultural sector thus the export sector is also highly dependent on agricultural productivity. FAO (2004) estimates a 1.1% growth rate for cattle which is against a backdrop of 2.5% human population growth per annum. In other words, the livestock population growth has been lagging behind the human population growth. Since the export sector is characterized by dependence on primary commodities, the country faces different problems. For instance, the basic constraints for Ethiopia exports included: the low volume of exportable products, the limited degree of diversification of exports, frequent economic crises and artificial trade barriers by trading partners among others.

According to NBE (2001/2002) from 1998–2002, there were only five licensed export slaughterhouses in who total have a capacity of handling 7,600 sheep and goats and 200 cattle/day. There are also five meat processing plants located in different parts of the country and have considerable processing capacity, but are not fully operational due to high packing costs and lack of markets for the products. These factors have been putting a stop to the potential growth the meat export sector of the country.

Experiences gained from both international and national markets suggest that, export of meat products has grand economic potentials to tip the scales of the economy of a given country. Thus it is only logical for the researcher to investigate the determinant factors that affect the meat product export market in order to find solutions to road blocks of growth. Due to limitation of time and resources, the research will only consider the factors affecting the export of meat products in the case of Luna export slaughterhouse private limited company and will only be investigating the issue from the perspective of the employee's only.

1.3. Research Questions

During the research study the following questions are raised and addressed;

1. What is the perception of employees of global marketing with respect to revenue?
2. How do employees perceive Product execution with regards to revenue?

3. What is employee's perception of Price in relation to revenue?
4. How do employees perceive the Business environment in the context of revenue?

1.4. Objectives of the Study

1.4.1. General Objective

The overall aim of this study is to determine employee's perspective on factors affecting revenue gained from meat product export in the case of Luna Export Slaughterhouse Plc.

1.4.2. Specific Objectives of the study

1. To know employee's perception of the effect global marketing has on revenue from export of meat products.
2. To assess employee's perception, determine the effect of product execution on revenue gained from export of meat products
3. To identify employee's perception of the power of environment on revenue earned from export of meat products
4. To assess employee's perception of the effect of price on revenue earned export of meat products

1.5. Significance of the study

This study will provide an insight on the factors affecting the export of meat products. It will also provide vital information to Luna export slaughterhouse private limited company on how best to maximize their revenue from exporting meat products. By gaining understanding of the most crucial practices applicable to their method of export, not only will the organization ensure success but also will find strategies to better tackle problems efficiently than competitors. With this knowledge, the company will be able to better prepare for any new challenges and thus operate successfully and be able to compete with other firms. This study will act as a reference point to other researchers in the same field as it is directly linked to the current interest factors affecting export of meat products. The study will also add to the existing body of knowledge and stimulate further research on different aspects of factors affecting export of meat products.

1.6. Scope of the Study

As the economy of Ethiopia is heavily dependent on agriculture, unfortunately so, the same goes true for most of the country's export commodities. However, the country is more often than not facing production shortages of commodities of export. Even though, it is the government's responsibility to mitigate the problem, this responsibility seems to have now fallen onto the burden of the exporter. Hence, this study focuses on one of such exporters, Luna Export Slaughterhouse Plc, and investigates the factors that are affecting the export of meat products.

1.7. Limitation of the Study

The research encountered various challenges. One of which was the dilemma managers exhibited to disclose information during interviews due to confidentiality issues. Other limitation emanated from the findings of the study which could not be propagated to other meat product exporting companies due to differences in social, political and economic environment. In addition, time constraints and reluctance of respondents to take time to respond to interviews and fill out questionnaires were challenges faced by the researcher.

1.8. Organization of the Study

This study consists five chapters. The first chapter is engaged in the background of the study, statement of the problem associated with research, research questions, objective, significance, scope, limitation of the study and organization of the study. The second chapter consists of literature review of related empirical and theoretical components. The third chapter includes research design and methodology and the fourth section cover data analysis and interpretation. The last chapter contains the conclusions, and recommendations

CHAPTER TWO

REVIEW OF RELATED LITERATURE

2.1. Theoretical Literature Overview

It has been suggested that elimination of agricultural trade and domestic policy distortions in global meat markets is expected to have a significant effect on global meat prices, with prices likely to increase between 3 and 22 percent, depending on the specific scenarios and analysis. Prices for beef and sheep meat, the meat products with the highest degree of protection and support are expected to be the most affected, rising 3 to 11 percent depending on the extent of liberalization. For meat, high tariffs and tariff-rate quotas account for more market distortions than domestic support, with the 247 TRQs for meat products, which is second highest number for a sector after fruits and vegetables. In addition, export subsidies for beef distort markets with subsidized WTO volume limits in 2000 totaling 1.2 million tones or 19 percent of world trade. Meanwhile, while global average tariff rates are calculated at 62 percent, average tariffs (WTO bound rates) for the various meats range from to 77 percent for pig meat and poultry to 85 percent for beef. (Nancy Morgan, 2006)

Elimination of domestic support for livestock industries, prevalent in OECD countries, is expected to lead to only a marginal effect on global meat production, with the beef and sheep meat sector most effected. Under most liberalization scenarios, world meat production would raise less than percent with most of the excess supply generated in low-cost meat exporting countries, such as Oceania and North/ South America. Much of the effect would be in the beef and sheep meat sectors in the OECD, particularly in Europe, where average product support estimates (PSE) range from 30 percent to 50 percent respectively. Pig meat and poultry sectors are expected to be less affected as PSEs range from 10 to 20 percent. (OECD and FAO Secretariats., 2013)

2.1.1. Concepts of Export

International trade in exports worldwide has been expanding rapidly in the last decades of the 20th Century, growing on average much faster than both the world GNP and world merchandise trade. In absolute terms, total exports of services more than quadrupled between 1980 and 2000, growing from US\$337bn to US\$1.4 trillion. However, this expansion took

place at a decreasing pace, with the rate of growth slowing down slightly in the early 1990s but more than halving in 1995–2000, with respect to the trend prevailing in the 1980s. (Ram, 1985)

Growth in total exports of services, starting from a much lower basis, has been faster on average in developing countries than in developed countries in all of the three sub-periods, allowing the former to capture an increasing share of world trade. It is also noticeable that, contrary to what happened in the DDCs, growth in services exports from DNC actually accelerated in the early 1990s. However, in the latest period, the growth rate of total exports of services roughly halved, both in developed (from 6.7 per cent in 1990–1995 to 3.6 per cent in 1995–2000) and in developing countries (from 12.1 per cent to 5.9 per cent). These broad statistical trends are consistent with Langhammer's skeptical view: "Measured both in terms of growth and shares, world trade in commercial services has not risen spectacularly... in 1998 merchandise trade still comprised four fifths of world total trade... For developing countries, the contribution of service exports to their total trade was even declining..." (Langhammer, 2002)

In fact, the most recent available data show that in the year 2000, the share of services in developing countries' total exports had actually declined to 14.6 per cent, lower than in 1995 (15.5 per cent) and even than in 1990 (15 per cent). Among regional groups, there are important differences, although the decelerating trend is common to all developing countries. Exports of services from American domestic national companies grew less than the world average in the still-dynamic 1980s and, marginally, in the early 1990s. As a result, even with a modest relative recuperation in the slow-growing late 1990s, their share of world services exports was lower in 2000 (4 per cent) than in 1980 (5.1 per cent). The relative weight of services in Latin American total exports also declined, and by 2000 it was 2.5 percentage points lower than in 1990 (Giles and Williams, 2000).

African domestic national companies, on the contrary, which had experienced a below-average services export performance during the 1980s, were the only regional group which managed to accelerate the dynamism of its services exports over the 1990s. As a result, Africa's share of total world services exports increased a bit, although it remained very low (2 per cent by the year 2000). It is also interesting to note that Africa is the only developing

region where the relative role of services in total exports kept increasing during the 1990s: as result, by the year 2000, the share of services in total exports in Africa was 20.5per cent, the highest among developing regions and higher even than the average for developed countries (Islam, 1998).

2.1.2. Concepts of Meat Export

Livestock and meat products have been among the fastest growing components of the global agriculture and food industry. This growth reflects not only increasing demand for meat as global incomes have risen, but also improved efficiencies in production, processing and transportation (Livestock Marketing Authority, 2001).

Declining real feed prices, the so-called livestock revolution has been an important feature of both developed and developing countries. Furthermore, while in many developing countries meat consumption remains a relatively low, it is an important factor in the diet, health and livelihoods of the rural poor. It provides a source of income and food, in addition to a store of value and insurance. Stimulated by better market access provisions under various trade agreements, growing meat demand in developing countries and increasing specialization of production/processing operation, meat trade grew by over 3.5 percent annually in volume terms in the last decade. In value terms meat trade totaled approximately US \$34 billion in 2004. However, meat trade remains substantially conditioned by animal disease issues, and markets remain heavily segmented according to both disease status and quality. As a result, growth in many developed and developing countries may be contained largely by domestic demand growth. (Wondwossen, 2003)

Trade growth for beef products, while about 1.5 percent annually, lags considerably that of total meats in volume terms in the last decade. In fact, beef's share of global meat trade has declined from 50 percent in the early 1990's to an estimated 35 percent the early 2000's as the beef industry has had to compete with growing demand for pork and poultry as the process of vertical integration between the feed and meat sectors has reduced the relative price of these products. In addition, animal disease outbreaks and food safety issues around the world have raised considerable health concerns among consumers and limited consumption growth. (CSA, 2005)

Developing countries, while dominating beef output gains over the past decade, have not benefited from growing international beef demand. By 2005, developing countries accounted for 40 percent of global beef imports and exports, virtually unchanged from 1990. Although exports more than doubled over the period (from 1.8 to 4.4 million tons), developing country exports as a share of production grew only from 8.5 percent to 12.7 percent. Constraints to expanded beef exports by developing countries include disease problems, particularly FMD, which is endemic to many countries, and increasing number of SPS regulations which constrain meat trade. (Nancy Morgan, 2006)

2.1.3. Export in Ethiopia

A report from ACDI/VOCA (2006) stated that, there were seven abattoirs in Ethiopia which processed canned meat products mainly for the army, domestic market and some exports. They are located in Addis Ababa, Melge Wondo, Dire Dawa, Kombolcha, Gondar and Debre Zeit. Of these plants, Melge Wondo was to some extent preparing frozen beef and that of Debre Zeit abattoir produced chilled beef, sheep and goat meat for both domestic and export markets. With the change of government in 1991, Ethiopia has embarked on policy reforms that aim to bring about a market-oriented economic system. Several macroeconomic policy changes were implemented and the above mentioned factories and enterprises became privatized and made to operate in the proclaimed free market. Latter on as a result of privatization, these state owned plants were sold to Elfora Agro Industry, the biggest private firm operating in the meat industry. With policy reformations after government change in 1991, in response to the available potential for meat export and the liberalization policy, the number of export standard abattoirs has increased to five. The activities and purpose of the meat processing industries in Ethiopia is to produce and supply high quality meat products to the domestic and export markets. The export market is the main market of the meat processing industries of the country. Products supplied to the local and overseas markets by these companies are chilled/frozen beef, goat meat, mutton, chilled veal, chilled camel meat and red offal's.

According to Belachew and Jemberu (2003), there are few legal exporters engaged in the export of live animals and meat in the country. These exporters secure livestock from pastoral areas by themselves or through agents for export in live or meat form (chilled mutton, goat

meat and beef). The Livestock Marketing Authority (LMA, 2004) estimated the annual potential for export at 72,000 metric tons of meat with an equivalent value of US\$136 million.

NEPAD-CAAP (2005) reported that the Middle East and North African countries which are considered important for the country's export in livestock and livestock products (LLP) are: Saudi Arabia, United Arab Emirates, Bahrain, Yemen, Jordan, Kuwait, Oman, Qatar, Iran, Syria and Egypt, respectively. Their annual demand is estimated at US\$1.1 billion consisting of 206,846 tons of meat and 12 million heads of live animals (cattle, sheep and goats). Despite the substantial demand for live animals from Gulf States, export to those markets often face impediments as a result of stringent animal health requirements and repeated bans on import of livestock (Wondwosen, 2003). Livestock exports from Ethiopia are jeopardized by repeated bans, in particular from the countries in the Arabian Peninsula, as they are perceived as carrying the risk of introducing a number of trans-boundary livestock diseases that include Foot and mouth disease, Rinderpest, Contagious bovine pleuropneumonia and Rift valley fever (LMA, 2001). The widely prevalent livestock diseases are major constraints to Ethiopian livestock export. Livestock diseases continue to limit Ethiopia's access to attractive markets. Increasingly stringent sanitary and phytosanitary standards (SPS) are being set for access to major markets, when the country still has a very low capacity for meeting these standards at least in major sources of meat animals.

Based on Workneh (2006), the estimated national off take rates of 10% for cattle, pastoral areas of the country alone, could produce 734 thousand heads of beef cattle per annum. When these are compared to the current demand in the Middle East, they meet only 42% for beef, however, the live beef cattle supplies are well over the demand (144%), requiring new market outlets.

The annual outflow of beef cattle from Ethiopia through illicit (informal) market is very huge. The immediate destinations of this illicit export are Djibouti, Somalia and Kenya which are further re-exported to the Middle East countries after meeting domestic demands (NEPAD-CAAP, 2005).

2.1.4. Meat Export in Ethiopia

According to Solomon (2004), the livestock sector in Ethiopia plays a vital role in the overall development of the country's economy. Yet, the existing income generating capacity of

livestock as compared to its immense potentials in the country is not encouraging. Under these conditions, farmers have no incentives to improve the quality of their animals through appropriate management practices.

Ayele *et al.* (2003) reported that current knowledge on livestock market structure, performance and price is poor and inadequate for designing policies and institutions to overcome perceived problems in the marketing system. Knowledge on how marketing routes and systems could contribute to the spread of diseases and the implications of these for national and international trade in livestock is also highly inadequate to design any policy or institutional innovation to improve marketing for the benefit of the poor.

Recently, several large scale meat processing abattoirs have been established in Ethiopian response to the emerging meat export opportunities to the Middle East and North African Countries. These developments are in the right direction to increase Ethiopia's foreign exchange earnings and improving the livelihoods of livestock producers and other actors engaged in the livestock related activities. One of the major challenges facing the meat export abattoirs has been that the competitiveness of these firms in the domestic and export markets has been limited by the underutilization of their meat processing capacities. It has been observed that the live animal throughput is inadequate and as a result the existing meat processing facilities operate at less than 50% of their operational capacities. There is a need to assess whether and how the existing pastoral cattle production systems can provide sustainable and adequate live animal supply which can meet the demand for domestic consumption and the demand for export markets (Aklilu, 2008).

The Borena Plateau of southern Ethiopia is a pastoral region known for producing high quality cattle (Solomon, 2001). High quality Borena cattle are sought in domestic markets and are exported to the neighboring and Middle East markets (LMA, 2001). According to Solomon (2001), the Borena pastoralists are the dominant ethnic group on the Borena Plateau and they number about 325,000 and herd over one million head of cattle along with fewer numbers of sheep, goats, and camels. Despite such facts, the pastoralists have become increasingly food insecure and vulnerable to drought and other shocks (LMA, 2001). This could be reversed if development interventions are integrated with market development and the pastoralists are sensitized to focus on market-oriented beef cattle production systems.

Belachew and Hargreaves (2005) reported that beef cattle marketing is not characterized by small-scale business with very few assets, personalized trading (mostly with known people), and trading over very short distances. The implication is that animals have to be traded several times in order to reach the large and distant terminal markets. This has the tendency of increasing handling costs, thereby raising retail and suppressing farm gate prices. Markets are dispersed with remote distances lacking price information. Ayele *etal.*, (2003) reported that the number of animals offered in a market is usually greater than the number demanded, so there is usually excess supply.

In Ethiopia fewer cattle are slaughtered than any other animal, even with most butcheries selling only beef and in Ethiopia the meat intake remained with consuming 9kg per capita annually. Although slaughtering takes place at official slaughterhouses throughout the country, most animals for Addis Ababa residents are slaughtered at the Addis Ababa Abattoirs Enterprise (Mahmud, 2000). Even if it is difficult to find accurate data on the number of livestock slaughtered in Addis Ababa as readily available data, suggested that only one third to one-half of the cattle slaughtered at the Kéra abattoir are supplied through the terminal markets of Addis Ababa. Furthermore, according to some estimates, an almost equal number of cattle are slaughtered outside of the designated abattoirs, which are not recorded.

2.2. Factors Affecting Export Theoretical Literature Review

2.2.1. Effect of Global Marketing Strategy on Export

Partly driven by changing patterns of meat demand due to rising incomes, global meat markets have witnessed a profound transformation over the past 15 years. Consumers and retailers are requiring a broader diversity and higher quality of meat cuts, more ease in preparation and enhanced assurances about product safety. Meanwhile a growing preoccupation about the ways in which meat is produced and sold is driving increased certification requirements, product safety guarantees and rising demand for animal welfare and environmental standards. Concurrently, the resilience of the meat sector to trade and price shocks triggered by recurring and pervasive outbreaks of animal diseases are frequently and increasingly tested. (Glasure & Lee, 1999)

2.2.1.1 Exchange Rate Fluctuations

Exchange rate fluctuations and other economic factors such as inflation, interest rate and price controls affect pricing decisions. According to Onkvisit and Shaw (2004), one major pricing problem in international trade and international business involves the currency to be used for billing purposes. Exchange rate fluctuations can have a devastating effect on the finances of MNCs, especially in developing countries where there is high volatility in exchange rates and enormous dependencies on import. For MNCs that sell products into international markets, their marketers must not only keep close watch on the volatility of exchange rate in those foreign countries, but also edge their positions, when necessary.

2.2.1.2 Government Regulations in the Foreign Market

Laws and regulations have a tremendous effect on marketing strategy; hence, they need to be considered while fixing products' prices for foreign markets. According to Schmit (2012), laws and regulations are designed to protect consumers, promote competition and encourage ethical and fair business conduct.

2.2.1.3. Characteristics of the Global Distribution System

The channels of distribution a multinational company uses are mostly dictated by the characteristics of the distribution system prevalent in either its home country or the foreign markets it intends to sell its products. Moreover, the industry sector may also influence the preference of channel of distribution. The industry may favor direct or indirect channels, as well as single or multiple channels. Direct sale to end users is favored in many industries, as it gives the liberty of price manipulation (Onkvisit and Shaw, 2004). Some MNCs distribute products directly to end users through their respective overseas subsidiaries. Which may be inapplicable when coming to countries like Ethiopia in contrast, some multinational companies distribute products through one or more intermediaries (agent, wholesaler, retailer, etc.).

2.2.2. Product Price

Over the past decade, international meat prices, as monitored by FAO's meat price index, have followed a declining trend, particularly since 1996. Meanwhile, increased fluctuations, have been witnessed for most of the meat market since 1995 with all meats, except bovine meat, which shows more volatility over the past five years. Any analysis of meat prices,

however, is complicated by the heterogeneous nature of meat products and the difficulty of finding representative international prices for individual meat cuts. Typically, meat export prices are per unit values which reflect the average value of a number of different cuts. (FAO, 2004)

It is important for global marketers to have a firm understanding of the concept economists call “price elasticity of demand”, which relates to how price changes affect the market demand for a product, *ceteris paribus* (i.e. “all things being equal” or “all other variables held constant”). In other words, price elasticity of demand measures the responsiveness of the quantity demanded to a change in price (Baye, 2010; Nicholson and Snyder, 2012). On the one hand, if the demand for a global product is inelastic, the MNC can fix a high price. On the other hand, if the demand for the global product is elastic, the MNC may have to fix a lower price. Global marketers can use this measure to determine the quantity effect of price hikes or cuts on sales, revenues and profits of MNCs.

However, increasing instances of animal diseases affecting beef, particularly BSE and FMD have led countries to impose import bans and stricter sanitary requirements as well as other technical barriers, such as requirements on labeling and animal traceability schemes.

2.2.3. Product Execution Effect

The so-called Export-Led Growth (ELG) hypothesis is at least as old as the classical school, as both Adam Smith and David Ricardo supported it (Richards, 2001). Among modern economists, Beckerman (1965) attributed exports’ favorable effect mainly to the production efficiency gains stemming from improved resources allocation, while Helpman and Krugman (1985) stressed the relevance of dynamic benefits, such as the improved availability of foreign capital and technology through the release of the balance of payments constraint.

Vernon (1966) focused on the opposite causality channel, in which the self-propelled growth of the domestic economy leads to improved competitiveness and eventually to the expansion of exports. More recent “endogenous growth” theories emphasize the benefits stemming from a dynamic export sector, in a framework characterized by increasing returns to scale and by virtuous technological and managerial spill-over effects towards other sectors (Fedor,

1992). Helpman and Krugman (1985) develop some of Beckerman's and Vernon's ideas, arguing that the initial growth spurt favored by export expansion through the efficiency and allocation effects reverberates in enhanced international competitiveness, fostering a new round of export expansion and paving the way for a virtuous development path.

After several decades and the accumulation of an ever-expanding body of research literature, however, "No consensus has emerged on the theoretical appropriateness of the export-led growth hypothesis...Theoretical disagreement on the role of exports is matched by mixed empirical evidence" (Jin 2002, p.64; Richards 2001). To this respect, it must be taken into account that attempts to show econometrically that exports are a crucial cause of growth face two basic problems. First, exports are themselves a component of GDP, and thus evidence of a correlation is insufficient to prove consistently any actual causal relationship which might in fact exist.

2.2.3.1. Production Cost

Global meat markets are characterized as among the fastest growing consumption sectors of all major agricultural commodities. Quality-conscious urban consumers in developing countries have spurred global demand for meat products and much of this demand has been met by increased meat output in these countries themselves. This rapidly growing demand for meat products in developing countries has shifted the global base of animal production from developed to developing countries. By 2010, nearly 80 percent of ruminant animals will be reared in these regions, while the share of poultry and pigment will be slightly less, at 70 percent. This growth in demand has also stimulated a sustained growth in meat trade, with trade gains for poultry and pigment exceeding that of beef.

Africa has not benefited from the growing demand beef products and continues to be on the fringes of world markets, accounting for about 7 percent of global consumption, and less than 2 percent of global trade. South Africa and Egypt receive the majority of imports. Both imports and exports from the countries in the Horn of Africa are marginal, constituting less than half of one percent of global totals. The region has, however, gradually become a net meat exporter, supported by growing sheep/goat meat exports reported from the Sudan to other countries in the region. Meanwhile the beef and sheep/goat industries play an important role in the economies of this region, constituting respectively 45 percent and 26 percent of

total meat output and serving as important sources of income for many families in the lowest income groups. (Aklilu, 2008)

Cattle raising, beef production and marketing are highly diverse throughout the world. Breeds of cattle vary significantly from those indigenous to specific regions, to those bred for specific meat or milk yield characteristics. Feeding regimes also vary substantially depending on local feed availability/economics as well as pasture land and water availability. Virtually all developing countries graze cattle on extensive pastures, while in developed countries, intensive feeding regimes feature sophisticated least cost balanced nutrient rations that rapidly turn over investment in the livestock herd. Cattle raising vary from very small to very large units in all countries. (Dawson, 2005)

Cattle productivity, in terms of meat yield per investment unit (cow) also varies substantially due to breed, feeding regime, and health status. Meat quality and taste can vary substantially according to all these aspects, meaning that marketed meat usually has no fixed standard, but whose value may vary from farm to farm, processor to processor, and country to country. Differing slaughter practices and storage facilities affect the sanitary status of meat and may limit its value in local and urban markets, and particularly in international trade. Increasingly, traceability of product by origin and production method is demanded by the retail sector.

An important factor affecting the both the productivity and the marketability of beef is the presence of animal diseases. Foot and mouth disease (FMD) is one of the most contagious diseases of mammals. It affects cloven-hoofed animals, and because of its highly contagious nature it spreads quickly through a region. It is very difficult to eliminate as both raw and processed meat can carry the disease. Travelers, tourists, wind and transport vehicles can carry the disease from one region or country to another. The disease has a marked effect on animal productivity; it causes pregnant animals to abort, lowers milk yield and reduces weight gain. North American markets. FMD is the first disease for which the OIE established an official list of free countries and zones free of the disease. As a broad generality, beef prices in FMD endemic zones may be less than half those in disease free zones. For many countries disease free status is gained but then lost in a vicious cycle, particularly if they are bordered by endemic countries. (Nancy Morgan, 2006)

Finally, on the production side, trends in cattle slaughter and meat processing play an increasing role in beef production, marketing and trade. In developed countries, very large and integrated firms such as Cargill have attained significant economies of size both in physical operations but also in stock holding and product transportation. Increasingly meat is traded by cuts, not by carcass as it was previously done. Large plants require access to also large inventories of cattle and economic means of shipment of live animals to plant. Boxed beef trade is now the norm, and cuts are tailored to demand characteristics of retailers in other countries. In developing countries, while such operations may exist close to large cities, varying types of slaughter and processing operations remain, particularly rural and backyard type operations. Relative efficiency among countries is increasingly important in determining future trade.

2.2.3.2. Production Rate

Partly driven by changing patterns of meat demand due to rising incomes, global meat markets have witnessed a profound transformation over the past 15 years. Consumers and retailers are requiring a broader diversity and higher quality of meat cuts, more ease in preparation and enhanced assurances about product safety. Meanwhile a growing preoccupation about the ways in which meat is produced and sold is driving increased certification requirements, product safety guarantees and rising demand for animal welfare and environmental standards. Concurrently, the resilience of the meat sector to trade and price shocks triggered by recurring and pervasive outbreaks of animal diseases are frequently and increasingly tested. (CSA, 2005)

Market disruptions due to animal disease outbreaks affect consumption and meat trading patterns, alter relative meat prices, and impose ripple effects which go beyond the livestock sector. In particular, these effects mean higher costs for input industries. Critical to the medium term outlook of the sector are the policy responses by governments, the nature and the duration of the animal disease outbreaks, the changes in the structure of the industry in response to policies enacted to mitigate the disease effects, and the long term effect on investment in the sector. In addition to the more traditional forces of income and population growth, these factors, along with other demographic changes, including urbanization, will be increasingly important drivers of meat consumption. While this is particularly visible in developed countries, it also more and more the case in developing countries where, over the

past decade three-quarters of the growth in global meat production and consumption has taken place (Mohan and Kapur, 2015)

The medium term global outlook for meats, projected to be characterized by relatively strong growth with demand requirements surpassing those of other commodities, is expected to become cuts and the US cif price for Australian manufacturing grade beef. Pig meat prices consist of the US per unit export value for frozen cuts and Japanese import price for fresh/chilled cuts. The lamb price is the frozen wholesale carcass price in the Smithfield market, London. (NEPAD-CAADP, 2005)

The competitiveness of meat exporters will increasingly hinge on their ability to respond to rapidly changing consumer preference, and to the myriad of international regulations related to food safety and animal health standards. The outlook for global beef production and trade is expected to lag that of other meats. The growing concentration/integration of poultry/pigment sectors, combining with innovation developments in specialization in production and processing, will continue to favor lower prices for these two meats compared with beef. (OECD and FAO Secretariats., 2013)

Despite a little growth in beef consumption in developed countries, world beef consumption is projected to expand by almost 2% annually to 77 million tons in 2015. This is similar to trends over the past decade and represents a 21% increase over the 10-year projection period. As consumers in developing countries diversify their diets away from grains and adopt more western diets and consumption practices, nearly 87% of the growth in beef consumption will occur in these regions. Meanwhile, developed countries are set to account for less and less of a share of global beef consumption, falling from 53% in 1996 to 47% in 2005 and a projected 41% in 2015. A similar trend is expected in beef production from developed countries falling from 54% in 1996 to 46% in 2005 and a projected 40% in 2015. These changing shares also imply that developing countries will also play an increasing role in market influence, including price and policy setting. (ACDI/VOCA, 2006)

2.2.4. Environmental Effect

Investments to improve export-related infrastructure and to boost industrial production are vital for realizing exports potential. Structural reforms are needed to remove supply bottlenecks to strengthen exports. Constraints, particularly in energy and mining, have

prevented Indian exports to benefit from the recent rupee depreciation (IMF,2015b). Investments in improving inland roads/railway lines to ports, enhancing warehousing and cold storage facilities, improving port/airport capacity to handle export consignments are needed.

Investments will also be required to boost industrial production to support export expansion, which in turn will require enhancing the business environment, developing infrastructure, and deepening financial markets (Tokuoka *et.,al*, 2012). Similarly, this study has shown reducing economic policy uncertainty will boost investment and have shown that investment in physical infrastructure and regulatory reforms to improve the business environment lead to higher exports performance. Mohan and Kapur (2015) also emphasize the importance of land reforms, especially in urban areas. They note that there has been a “traditional prejudice” through urban land ceilings and other regulations, against the location of industries in cities, where skilled labor is more likely to be available.

The size of mega cities like Delhi (over 20 million), Mumbai (over 20 million), Kolkata (over 15 million) and Bangalore (over 10 million) are unprecedented. There are over 54 other cities in India with over a million people. The trend is expected to continue over the next two decades at least. Recent studies have shown that informational networks in cities attract a large proportion of high ability workers making them attractive place to live and productivity centers (Venables *et.,al*, 2014). Central and sub-national policy making must utilize the best international resources to solve supply chain congestion and bottlenecks to plan for long term efficiency.

The trade-related structural challenges were notably those of industrializing within an already established pattern of international specialization dominated by already industrialized countries and of managing economies where the balance of payments position (in particular the capacity to import capital goods and to service external debt) was heavily dependent on the price of primary commodities. Preferences excluded most non-tropical agricultural exports or subjected them to quotas. Tariff escalation was widespread and steep, and market access for manufactured products was subject to administrative restrictions such as rules of origin. Trade in textiles and clothing was regulated by a system of quotas under the Multi-Fibre Arrangement (MFA) (FAO, 2006).

2.2.4.1. Competitors

In many countries, the strength of the commercial fleets stems from the competitiveness of the national shipbuilding industry, a mature but still quite relevant industrial sector. Actually, as can be seen from, most major exporters among non-developed countries are either European transition countries or relatively advanced semi-industrialized Asian and Latin American developing countries. As opposed to the cases of other services sectors, it can be generally assumed that developing countries that enjoy a strong exporter position as transport services traders actually own it mainly to the real international competitiveness of their national agents, rather than to the activities of foreign operators. Therefore, transport services exporters amongst developing and transition countries are likely to be in a position to reap most of the potential financial, technological, and economic benefits stemming from international trade.

How competitors price and sell their products will have a tremendous effect on a MNC's pricing decisions (Schmit Andy, 2012). Thus, when taking decision on pricing, global marketers and their MNCs need to evaluate the degree of competition in the international markets they sell their products. On the one hand, if there is high competition, prices may be kept low to enable the MNC effectively face the competition, and on the other hand, if competition is low, prices may be kept high. There are other competition considerations such as competitors' reactions to price changes, competitors' offerings and the competitive nature of the market, as well as whether the MNC is in a commanding position to set or dictate prices as it deems fit

2.2.4.2. Policy & Procedure

The international trading system today incorporates a much broader range of economic issues, rules, disciplines, and commitments than did the pre-1994 regime of the General Agreement on Tariffs and Trade (GATT). Due to the expanded scope of World Trade Organization (WTO) agreements, topics such as services and trade-related aspects of intellectual property rights – whose international dimensions were previously handled through sector- or subject-specific agreements and arrangements– have now been brought within the scope of multilateral trade policy. As a result, not only goods but also the cross-border movements of services, and the protection of intellectual property are now included in the overall agenda of national, regional and international trade policy. Moreover, what were once considered non-trade issues (such as labor practices, environmental standards, and

even human rights) are now being linked to market access conditions, particularly as part of the formation of a plethora of regional trade agreements (RTAs) and preferential trade agreements. Governments, enterprises and civil society are thus called upon to be more comprehensively and cooperatively involved in trade policy formulation and implementation as part of holistic development strategies and policies. (Rodrik, 1999)

The development processes in developing countries are being comprehensively affected by the rules of the trading system, in addition to the trade policies of their major partners. Developing countries need to strategically manage and balance many more variables in the trade and development policy matrix than ever before. Added to this is the challenge of calibrating and using national policy space vis-à-vis the growing panoply of international commitments and disciplines.

Since 1995, the international trading system has undergone a number of major changes. In the pre-Uruguay Round environment, the multilateral trading system was focused mainly on border measures in trade in goods. It recognized the structural and economic challenges faced by developing countries, and provided them with some special and differential treatment. (Langhammer, 2002)

This took the form principally of non-reciprocity in trade concessions, such as preferential market access, the most important of which were the generalized system of preferences (GSP) negotiated in UNCTAD and the Lomé Convention granted by the EU to African, Caribbean, and Pacific countries. It also comprised the dispensation from trade rules constraining domestic policy action. In essence, these related to the flexibility to use import controls to protect infant industries and to deal with balance of payment problems, since contracting parties to the GATT were not obliged to become signatories to all or any of the issue-specific agreements or disciplines on trade-related domestic (behind the border) policies. These included an approach adopted in the Tokyo Round codes which allowed many developing countries to opt out from trade disciplines. (DeeHan, 2002)

2.3. Empirical Analysis

The empirical analysis of agricultural exports and economic growth in Nigeria was done by different Authors.

Oluwanseun *et.,al.*(2013) studied the existence of long run relationship between agricultural exports and economic growth by using time series data from 1980 to 2010. The study made use of unit root tests and Johansen maximum likelihood test of co-integration and discovered that, the long run equilibrium relationship exists between agricultural exports and economic growth and the relationship is elastic in nature meaning that a unit increase in agricultural exports would bring a more than proportionate increase in the Real Gross Domestic Product in Nigeria. also examined the relationship between agricultural export and economic growth by using a multivariate Johansen co-integration analysis for the period covering 1980 to 2012 and found that, agricultural exports are long run determinants of economic expansion. The study recommended that the government of Nigeria should direct efforts to improve agricultural exports in the process of economic growth in the country. Currently another empirical analysis of agricultural exports and economic growth in Nigeria was done by Victor (2015) using time series data from 1970 to 2012. The variables used in the study were gross domestic product as the endogenous variables measuring economic growth as a function of real exchange rate, real agricultural exports, index of trade openness and inflation rate as the exogenous variables. The study used economic techniques of Augmented Dickey-fuller (ADF) Unit root test, Johansen co-integration test and error correction method (ECM) for empirical analysis. The findings of the study showed that agricultural export has contributed positively to the Nigerian economy. Based on the findings, the study recommended that, the government reform agenda should be systematic and sustained irrespective of the professional background of the successive president of the country and that; Agricultural production should be more desired than other sectors that are exhaustive in nature.

Ekanayake (1999) analyzed the causal relationship between economic growth and export growth by using error correction and co-integration models. The author used time series data of eight Asian developing countries covering period 1960 to 1997. The results of the study concluded that there was a bi-directional causality between export growth and economic growth in all the developing countries included in the analysis except Malaysia.

There existed strong evidence for long run Granger causality in all countries. Nadeem (2007) provided the empirical analysis of the dynamic influences of economic reforms and liberalization of trade policy on the performance of agricultural exports in Pakistan. The author examined the effect of both domestic supply side factors and external demand on the performance of agricultural exports. The major finding of the study was that export diversification and trade openness contributed more in agriculture exports performance. The results of the study suggested that agricultural exports performance is more elastic to change in domestic factors.

Shida (2008) analyzed the linkage between Agricultural Exports and Economic Growth in Pakistan. The study estimates three simultaneous equations representing GDP, agricultural exports, and total imports while incorporating factors such as income remittances from abroad, investment, and manufactured exports as independent variables by using the three stage least squares systems (3SLS) approach. The study found that, in GDP equation agricultural export was positive and statistically significant, that is a 1% increase in per capita agricultural exports would ultimately result in an increase of 0.22 to 0.36% in per capita GDP and in the agricultural export equation where GDP is independent variable, positive and significant relationship was found indicating the much larger parameter of GDP than Agricultural export was in GDP equation. Therefore, the larger magnitude of GDP compared to Agricultural exports imply that GDP growth has a much greater effect on Agricultural exports growth than Agricultural export growth has on GDP growth. Based on the empirical results, the study suggested these options; either transferring labor out of agriculture to the industrial or the services sectors, or increasing agricultural labor productivity as two alternatives for increasing the rate of economic growth.

2.3.1. Analytical Framework

In this study independent variable is represented by effect of meat export and it is grouped into four major effect namely global marketing effect, product execution effect, environmental effect and organizational effect to influence dependent variable called economic growth. The analytical model is given below:

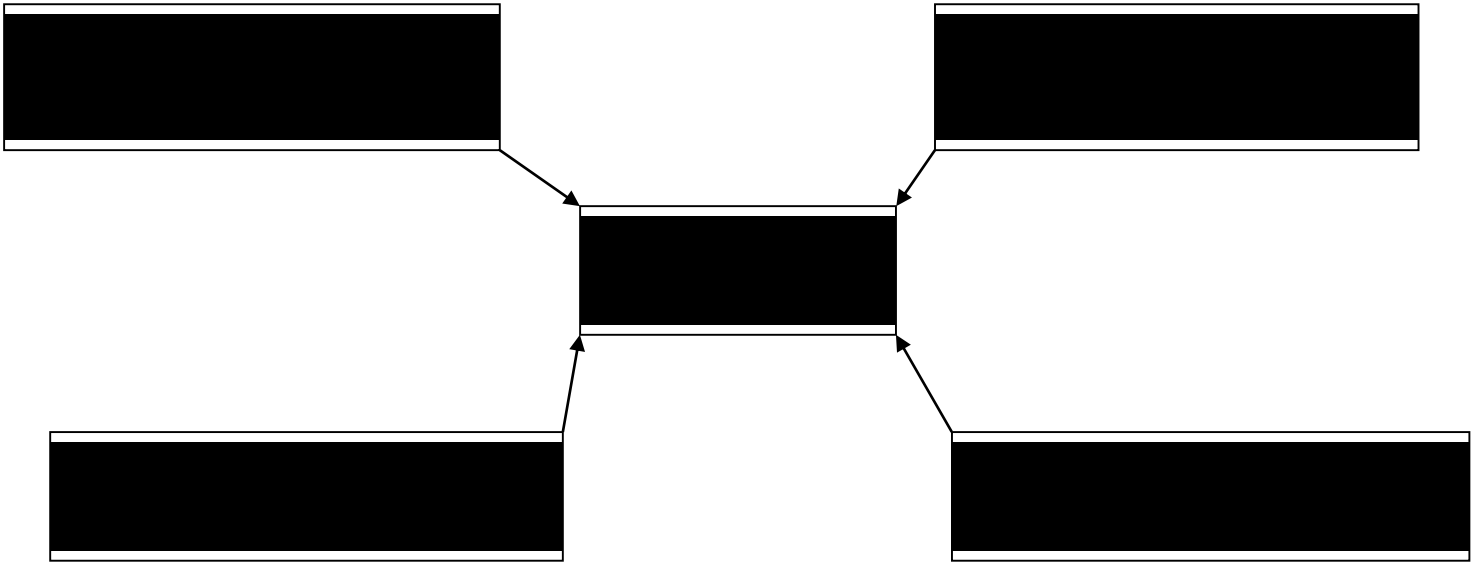


Figure 2.1: Conceptual Framework (Modified by Researcher based on Reviews)

CHAPTER THREE

METHODOLOGY

3.1. Study Design

Research design defines the systematic and scientific procedures used to arrive at the results and findings for a study against which claims for knowledge are evaluated (Kotler P., 2002). To achieve the objectives stated under section I, descriptive type of research design is adopted. The overall design of the research is qualitative since it allows the collection of data through questionnaires as well as interviews on the bases of sample. The strategy employed is used to further investigate the relationship between two or more scenarios. The descriptive research design used is important to gather data that is pertinent to this type of study and to analyze employee's perspective of the factors affecting the export of meat products.

3.2 Population Sample Size and Sampling Techniques

3.2.1. Population

The total population of Luna Export Slaughterhouse is about 282 contract workers and 300 regular workers. The company has about 85 administrative and other personnel who hold different positions of responsibility in the company. Therefore, the study focused on 582 total populations for the current study.

3.2.2. Sampling Technique

Sampling is the process by which a relatively small number of individuals are selected and analyzed in order to find out something about the population (VanderStoep, 2009). The researcher has selected the simple random sampling as a tool for sample selection. In statistics Simple random sampling (also referred to as random sampling) is the purest and the most straightforward probability sampling strategy. It is also the most popular method for choosing a sample among population for a wide range of purposes. In simple random sampling each member of population is equally likely to be chosen as part of the sample.

In addition to these 8 respondents were selected for the FGD among 151 respondents. The respondents belong to management of the two headquarters of Luna Export Slaughterhouse; in Modjo and in Addis Ababa. The 8 respondents are familiar with the topic and are known

to be well informed about the subject matter because of the respective position they hold within the organization.

3.2.3. Sample Size

The sample size is 151 respondents which were calculated using Yamane (1967) formula as follows:

Where

n = Sample size

N = Population size of the study

e = Errors of limits at 7% (0.07)

N = 582, e = 7% (0.07)

Therefore, the sample size for this study will be 151

3.3. Source of Data

Data are facts, figures and other elemental materials past and present serving as basis for study and analysis. The researcher used various types of data depending on their availability and accessibility. In conducting this study, the researcher used both primary and secondary data sources. Primary data collected through questionnaires, Focused Group Discussion and direct observation while secondary data collected from organization's monthly report.

3.4. Tools for Data Collection

The primary data collection was applied using questionnaires, FGD for key informants like managers of departments. Therefore, questionnaires and FGD were used as the main instrument to collect data.

Primary data was collected from sample respondents through using structured interview questionnaires which were designed to generate data on prepared questionnaires based on the identified variables.

3.5. Method of Data Analysis

Based on the type of the data collected through questionnaires the following procedures and statistical tools were employed. Data was checked for consistency and completeness and then coded, checked, and entered to computer. Then, it was processed and analyzed by Statistical Package for Social Sciences (SPSS) version 24. To analyze the data, different kinds of statistical methods including descriptive statistics are used. Furthermore, descriptions were made based on the results of the tables and figures using mean value and percentage. The data collected through open ended questions and FGDs were analyzed qualitatively by descriptive statements.

3.6. Ethical Considerations

All questionnaire respondents were assured of the anonymity of the data collection procedure. The questionnaire was designed to get the required information without compromising the identity of the responder. Secondary data were acquired from the company sources were utilized with discretion.

CHAPTER FOUR

DATA ANALYSIS AND INTERPRETATION

4.1. Introduction

This chapter deals with data presentation, interpretation and analysis of the study. The data that have been described in Chapter 3 are also analyzed and discussed in this chapter thematically. The chapter has four major themes. The themes were selected basically from the statement of the problem, research questions and of course from the responses in the interview and questionnaire. The researcher then focused on the four objectives of the study namely: Employee's perspective of the effect of Global marketing, Product execution, the Environment and Price on revenue. The analysis made on the interview responses are consolidated under each sub-topic according to the order they appeared on the questionnaire, for the sake of clarity and soundness.

4.2. Characteristics of respondents

All the respondents are employees of Luna Export Slaughterhouse PLC and are found holding different positions in the organization. Gender composition of respondents was 98 (64.9%) male and 53 (35.1%) females (Table 1). Moreover, 26 (17.2%) of 151 are working as a daily laborers and 77 (51.4%) and 47 (31.3%) are working in the finance/administration and as a coordinators or supervisors respectively.

Table 1. Gender of Respondents

		Frequency	Percent
Valid	Male	98	64.9
	Female	53	35.1
	Total	151	100.0

Source: Primary Data (2018)

Table 2. Positions held in the organization by respondents

		Frequency	Percent
Valid	Daily Laborer	26	17.2
	Finance	19	12.6
	Coordinator	47	31.1
	Administrative	58	38.4
	Total	150	99.3
Missing	System	1	0.7
Total		151	100.0

Source: Primary Data (2018)

4.3. Analysis of the collected data Data collected through questionnaires

4.3.1. Product Execution

Product execution has been considered as one of the factors affecting the revenue of meat product export. The researcher chose to investigate the concept from two dimensions namely production cost and production rate. Accordingly, questions were posed to respondents with likert scale to enable measurement of their perspectives.

4.3.1.1. Production Cost

Table 3.0. Effect of production cost on revenue - Frequency and Percentage

Production cost has no effect on revenue				Mean	Group Median
		Frequency	Percent		
Valid	Strongly Disagree	33	21.9	2.43	2.43
	Disagree	44	29.1		
	Neutral	48	31.8		
	Agree	25	16.6		
	Total	150	99.3		
Missing	System	1	.7		
Total		151	100.0		

Source: Primary Data (2018)

Table 3.1. Increasing effect of Production cost on revenue - Frequency and Percentage

		Frequency	Percent	Median	Grouped Median
Valid	Strongly Disagree	1	0.7	3.90	3.91
	Disagree	4	2.6		
	Neutral	52	34.4		
	Agree	41	27.2		
	Strongly Agree	49	32.5		
	Total	147	97.4		
Missing	System	4	2.6		
Total		151	100.0		

Source: Primary Data (2018)

When responding to the question whether they believe that there is a relationship between production cost and revenue, 77 (51.3%) (Table 3.0.) of respondents agreed to the existence of a relationship between the two variables. The group median of the responses of employees to the question ‘Increasing production cost increases selling price’ was found to be 3.6. This finding sheds a light on another result of the study;

Table 3.1. shows that 90 (61.2%) of respondents believe that increasing the cost production ultimately increases the revenue. This is related to the idea that if investment is directed towards enhancing the quality of the production process, like for this instance, advanced slaughtering machinery and packaging material, the product would be a standard high end product which can be marketed at a relatively high price.

4.3.1.2. *Production Rate*

Table 4.0. Effect of increasing production rate on revenue

Increasing production rate increases revenue

		Frequency	Percent	Mean	Group Median
Valid	Strongly Disagree	12	7.9	3.56	3.71
	Disagree	15	9.9		
	Neutral	33	21.9		
	Agree	57	37.7		
	Strongly Agree	34	22.5		
	Total	151	100.0		

Source: Primary Data (2018)

Table 4.0. shows that 101 (60.2%) of the respondents think that increasing production rate increases revenue. This result confirms well with the rule of economies of scale (EOS). EOS refers to the cost advantage experienced by a firm when it increases its level of output. The advantage arises due to the inverse relationship between per-unit fixed cost and the quantity produced. The greater the quantity of output produced, the lower the per-unit fixed cost. Economies of scale also result in a fall in average variable costs (average non-fixed costs) with an increase in output. This is brought about by operational efficiencies. Increasing production rate, increasing labor, use of modern technology is found to increase revenue and synergies as a result of an increase in the scale of production.

Table 4.1. Effect of production rate on Price

Production rate has no effect on price

		Frequency	Percent	Mean	Grouped Median
Valid	Strongly Disagree	11	7.3	2.52	2.34
	Disagree	95	62.9		
	Neutral	5	3.3		
	Agree	35	23.2		
	Strongly Agree	5	3.3		
	Total	151	100.0		

Source: Primary Data (2018)

Table 4.1. illustrates the mean and group mean values of the responses given to questions regarding production rate and selling price. The respondents agree that production rate has no effect on price with a mean of 2.52.

4.3.2. Price

Price is one of the 4 factors that affect revenue considered in this study

Table 5.0. Effect of price on revenue

Price has no effect on revenue

		Frequency	Percent	Mean	Grouped Median
Valid	Strongly Disagree	48	31.8	1.80	1.78
	Disagree	84	55.6		
	Neutral	19	12.6		
	Total	151	100.0		

Source: Primary Data (2018)

Results show (Table 5.0.) an almost unanimous reply to the question posed with regards to the effect of price on revenue. 132 (87.4 %) of respondents agree that price has an effect on revenue. In order to further analyze the nature of the connection between price and revenue, a second question was imposed; ‘Increasing the price of the product increases revenue’ to which (Table 5.1.) 102 (67.5%) respondents agreed to.

Table 5.1. Effect of increasing price on revenue

Increasing price of the product increases revenue

		Frequency	Percent	Mean	Group Median
Valid	Disagree	19	12.6	3.95	4.11
	Neutral	29	19.2		
	Agree	42	27.8		
	Strongly Agree	60	39.7		
	Agree				

Total	150	99.3		
Missing System	1	.7		
Total	151	100.0		

Source: Primary Data (2018)

This finding can also be viewed from the prospects of economics, specifically the rules of the price elasticity of demand (PED). PED entails for three types; Perfectly inelastic demand, Inelastic demand and Elastic demand. In order for the revenue of an organization to increase by just increasing the price, the demand for the product has to be perfectly inelastic or at least inelastic. By definition perfectly inelastic demand is whereby a given price change will result in the exact same revenue change, e.g. a 5 % increase in a firm's prices results in a 5 % increase in its total revenue. An inelastic demand, on the other hand, means that a rise in price leads to a rise in total revenue, not necessarily reciprocated as in the case of the inelastic demand.

The third type, price elastic demand, dictates that a rise in price leads to a fall in total revenue. This is where increasing price to increase revenue becomes inapplicable due to the negative consequences it may have – decline in revenue. The principle of PED, however, depends on the nature of the commodity in general; the number of close substitutes and complements in the market and whether it is a normal good or inferior good. When we consider these rules and coming to the pricing meat product export, it is clear that price does indeed affects revenue and the company needs to study all the aspects of the market demand when setting prices.

4.3.3. Business Environment

The researcher has posed questions to aid the assessment of perspective of the effect of the environment on the firm's revenue. According to the literature review this is investigated by using competitors and policy and procedure as parameters.

4.3.3.1. Competitors

Table 6. Effect of presence of competitors on revenue

Presence of competitors has positively affected our revenue

		Frequency	Percent	Mean	Group Median
Valid	Strongly Disagree	33	21.9	2.68	2.48
	Disagree	62	41.1		
	Agree	29	19.2		
	Strongly Agree	26	17.2		
	Total	150	99.3		
Missing	System	1	0.7		
Total		151	100.0		

Source: Primary Data (2018)

Table 6. illustrates the responses of employees to their view of the effect of competitors on revenue. 63% (95) of the respondents disagree that the presence of competitors has positive effect on revenue. They believe that the more competitors there are in the market, the less their sells and hence the lesser their revenue. On the other hand, presence of competitors in the market implies availability of the substitute product in the market. This, as seen from the previous section’s findings, will limit the firm’s ability to manipulate price. One of the tricks of operating in a market where there are competitors is the implications it would have on setting price. The law of demand says that an increase in the price of a good, all other things held constant, will cause a decrease in the quantity demanded of the good and vice versa. According to this law the demand for the product will decrease (demand curve shifts to the left) if the price of the commodity increases as consumers will tend to shift to other suppliers of the product.

4.3.3.2. Policy and Procedure

Table 7. Effect of policy and procedure on revenue

		Policy and procedure have positive effects on revenue			
		Frequency	Percent	Mean	Grouped Median
Valid	Strongly Disagree	34	22.5	2.65	2.80
	Disagree	10	6.6		
	Neutral	81	53.6		
	Agree	26	17.2		
	Total	151	100.0		

Source: Primary Data (2018)

Table 7. depicts the mean and group mean of the responses given in response to the question ‘Policy and Procedures have positively affected our revenue’. The employee’s replies have a group mean of 2.8. This mean the respondents unanimously agree that policy and procedure has negatively affected their revenue. This might be discussed in light of the procedures of exports and regulations of licensing in the country.

4.3.4. Global Marketing

Conditions of the global market is one of the major factors known to affect an international trade. With this in perspective, the literature review has guided the investigation from three perspectives: Exchange rate, Government regulation in foreign market and channel of distribution.

4.3.4.1. Exchange Rate

Table 8.0. Effect of exchange rate on revenue

The status of the exchange rate is positively affecting our revenue

		Frequency	Percent	Mean	Group Median
Valid	Strongly Disagree	60	39.7	1.85	1.68
	Disagree	72	47.7		
	Agree	19	12.6		
	Total	151	100.0		

Source: Primary Data (2018)

According to Table 7.0. 132 (87.4%) of the respondents believe that the exchange rate status is negatively affecting the revenue. Moreover, 125 (82.8%) believe that the exchange rate does affect their production cost. Because all production machinery, spare parts and packaging material are being imported from abroad, increase in the exchange rate means increased investment/expenditure which results in increase in production cost. Table 7.1. below show the responses given to the question ‘Exchange rate status affects product pricing’. In response, 63.6% (96) agree that exchange rate has an effect on price. If the company incurs higher costs during production it should compensate for these increased expenses by increasing the price of the product. Luna export slaughterhouse has a complex slaughter establishment with machines and packaging materials directly imported from abroad. Imported machinery implies imported spare parts during malfunction. If the company is to invest more on importing materials needed for export due to exchange rate, it has to ultimately increase its price to compensate for expenses made. However, as seen from the findings above, this decision of pricing should be made in relation to market structure and competitors.

Table 8.1. Effect of exchange rate on pricing

The status of the exchange rate affects product pricing

		Frequency	Percent	Mean	Group Median
Valid	Disagree	26	17.2	3.68	3.76
	Neutral	29	19.2		
	Agree	62	41.1		
	Strongly Agree	34	22.5		
	Total	151	100.0		

Source: Primary Data (2018)

4.3.4.2. Government regulation in foreign market

Table 9. Effect of government regulation in foreign market on revenue

Government regulation in foreign market has positively affected our revenue

		Frequency	Percent	Mean	Group Median
Valid	Strongly Disagree	79	52.3	1.80	1.64
	Disagree	33	21.9		
	Neutral	29	19.2		
	Agree	10	6.6		
	Total	151	100.0		

Source: Primary Data (2018)

Government regulation in foreign market is known to be one of the factors that heavily affect an export business. Taxation system, customs laws, and Phytosanitary certification laws in the foreign market where the commodity is being marketed in can affect the sales and revenue collected either positively or negatively.

This phenomenon seems to hold true for Luna Export Slaughterhouse PLC. 74.2 % (112) think that the export regulation in the foreign countries is negatively affecting the revenue gained from meat export product business (Table 9.). Government’s like that of the United Arab Emirates (UAE) and Saudi Arabia for instance, are Islamic states which dictate that all meat imported into the country should have a halal certificate proving that the slaughter of the animals for the meat are slaughtered under the customs of the Islamic Religion. The government of Ethiopia has arranged this certificate in collaboration with the country’s Islamic Affair union. There are however some reported incidents where by the certificate ‘runs out’ due to the neglect from the exporter side to arrange in advance for this certificate or the delay created by the union to grant the certificate to the exporter.

4.3.4.3. Channel of Distribution

Table 10. Effect of channel of distribution on revenue

Channel of distribution the company uses has positive effects on revenue

		Frequency	Percent	Mean	Group Median
Valid	Disagree	29	19.2	4.01	4.30
	Neutral	19	12.6		
	Agree	24	15.9		
	Strongly Agree	79	52.3		
	Total	151	100.0		

Source: Primary Data (2018)

Table 10. demonstrates the responses given to the effect of channel of distribution on revenue. In response, 103 (68.2%) respondents agree that the channel of distribution Luna Export Slaughterhouse PLC uses has positive effects on its revenue. Channel of distribution implies to the mechanism of transportation and logistics employed to distribute the export commodity to its final users. Currently, the company uses large refrigerated trucks to transport the packaged meat products from the factory in Modjo to Addis Ababa airport. From there the airport takes over the responsibility of preserving the temperature of the meat products and delivering to the country of destination. According to the experts at the slaughterhouse, meat products are highly perishable products and hence are transported in one of two ways; chilled or frozen. The first is used to transport meat products exported via air and the later those exported via sea. There are some cases reported where the export meat was ruined do to the dropping down of the temperature of the containers during transportation. Such liabilities, however, are always consumed by the exporter.

4.4.4. Volume of Meat product export

The researcher here sought out to evaluate the employee’s perspective of the stability of the revenue of Luna Export slaughterhouse PLC during the past ten years.

Luna export slaughter house PLC has been in operating in the sector for almost the past two decades. In doing so, it has become one of the most experienced meat product exporter among all the other meat exporters in the country in dealing with the ups and downs of the business.

Table 11. shows the report of the mean of employee’s perspective of the stability of revenue gained from export products. The respondents agree that the revenue has neither been

stagnant nor decreasing but has shown frequent fluctuations during the past 10 years with a group mean of 4.4. These fluctuations can possibly be attributed to the factors affecting the revenue corresponding to the findings of this study.

Table 11. Revenue from meat export products during the past 10 years.

Revenue from export has shown fluctuations with peak and low season

		Frequency	Percent	Mean	Grouped Median
Valid	Disagree	10	6.6	4.26	4.40
	Neutral	19	12.6		
	Agree	43	28.5		
	Strongly Agree	78	51.7		
	Total	150	99.3		
Missing	System	1	.7		
Total		151	100.0		

Source: Primary Data (2018)

4.4. Analysis of Data Data Collected through focused group discussions

The FGD was held at Luna Export Slaughterhouse plc’s headquarter office here in Addis Ababa. There were eight participants of the discussion which included the General Manager, Finance manager, Marketing managers, operation managers and the Manager of the slaughterhouse facility – which are members of the management. The discussion was conducted using the structured questions which are in line with the objectives of the study. Accordingly, discussions were properly recorded and data is presented as a report in this study.

Luna export slaughterhouse PLC is one of the eleven active exporters of meat and meat product in the country. According to the respondents, although the company has been in the business of exporting for more than 15 years, the revenue gained from exporting meat products is never stable. Although the company’s primary operation is in this sector, revenues from export is not the main contributor of the company. In fact, the company has multiple local business portfolios which are generating revenue and the company uses these businesses to sustain the export business.

The presence of competitors, as viewed by the participants, is negatively affecting revenue. The company shares its clients with the other eight exporters of meat. Over the years, the management has repeatedly witnessed a boost in their revenue whenever one or more of the other exporters fail to deliver to their clients. The management does not believe that the company can supply to all export clients handedly. They, however, believe that the company has the capacity to increase its export volume to reach more clients.

When discussing about the effect of policy and regulations on the revenue, the participants have reflected the negative effects of policy and regulation on revenue. Although, they believe that presence of policy and regulation is mandatory for a business system to function, the current policies in the country are discouraging the efforts the exporters are making.

According to the participants of the FGD, increasing the price of their product will increase their revenue. However, the fact that the selling price of meat product export is always monitored and controlled by the Ethiopian meat producers and exporters association (EMPEA) has limited the amount of revenue they can earn from export. If this had not been the case, the management believes that they can increase their revenue by increasing the price of the product according to the conditions dictated by competitors and clients.

Cost of production was one of the factors opt for discussion in the FGD. The participants believe that production cost affects revenue in such a way that increasing production cost increases revenue. The management strongly believes that the more the company spends into improving production and strengthening man power, this will inevitably result in high influx of revenue due to the increased quality of the end product marketed.

The export market of Ethiopia's meat product is limited to Saudi Arabia and UAE. This, according to respondents, is due to the regulations in the foreign markets (one of the three parameters of global marketing) that prohibit the exporting of meat produced in Ethiopia to other countries like China and Australia. The management believes the EMPEA should work hard to influence the GoE into intergovernmental negotiations which could turn the regulations in foreign countries in favor of the exporters.

Ethiopian firms involved in international trade, whether import or export are currently struggling either with the availability of foreign currency or its fluctuations of exchange rate. This statement holds true for Luna Export Slaughterhouse Plc. The participants reflected their agitation with the fluctuation of the company's revenue with fluctuating exchange rate. The change in exchange rate does not consider the fixed operational costs the company incurs on a regular basis and the company has no other ways to compensate for the costs.

The channel of distribution was one of the last factors discussed in the FGD. The participants believe that the channel of distribution the company uses to export is positively affecting their revenue. Since meat is a perishable product, there are only two ways to transport it: sea or air. Luna Export Slaughterhouse Plc chose to export via air as it offers faster delivery of relatively fresh meat. This channel of distribution seems to agree well with the clientele, according to the management.

The top management of the organization, Luna Export Slaughterhouse Plc, agree that they need to understand the importance of scientific methods in handling business successfully. As the findings of the research has demonstrated, perceptions of price, competitors and demand require a scientific approach of tackling obstacles.

CHAPTER FIVE

CONCLUSIONS AND RECOMMENDATIONS

This chapter deals with the conclusions driven from the discussions and analysis of the study findings. It also ends up with the recommendations on the basis of the findings of the study.

5.1. Conclusions

Luna Export Slaughterhouse Plc has spent close to two decades in the sector of export of meat products. As such, the firm has faced various problems that either minimize the revenue gained from export or hinder the export altogether. Based on the finding of this research the following factors were found to have an effect on revenue gained from export of meat products as per the perception of employees.

Product execution was the first of the factors considered in this study and was assessed using two parameters; production cost and production rate. Findings convey that revenue is affected by production cost and production cost consequently affects price. Accordingly, an increase in the cost of production could mean an increase in price and later an increase in revenue. The increase in production cost had implication of modernized production and packaging system which adds value to the product. Production rate was also found to affect revenue according to the finding of the study. Increasing production rate, by increasing labor, use of modern technology and other means, is found to increase revenue. (As supported by the principles of EOS).

Price was also considered independently as one of the four factors affecting revenue of meat product export assessed in this study. Accordingly, the study has revealed that an increase in price will show increasing effects on revenue. This finding has showed the importance of employing the scientific principles of PED or other principles of economics when taking merit and intending application.

When assessing employee's perception of the effect of the business environment on revenue, findings show that the presence of competitors negatively affects the revenue. This finding revealed employee's view of competition which is the characteristic of basic human nature – generally people tend to fear/despise

competition as opposed to the expected outcome of losing or being defeated. On the other hand, in reality a firm would find it easy to market its products without competition and increase its revenue as it would grant the power of price manipulation. However, this concept may have a different outcome when viewed from the perspective of the consumer and the balance of the free market.

Policy and procedure are reported to have a negative effect on revenue, according to the findings. The Ethiopian Customs and Revenue Authority (ERCA) could be said to be one of the sectors exporters will have to deal with regularly. According to respondents, ERCA has extensive rules and regulations which change abruptly without notice, either hinder exporters from smoothly operating or potential new exporters from joining the sector altogether.

As Luna Export Slaughterhouse PLC is taking part in the international trade it is not immune to the problems that would affect its revenue in terms of global marketing. Findings reveal that exchange rate (one of the parameters used in this study to measure effect of global market) negatively affects the revenue and it casts an effect on production cost and pricing. In everyday operation sense this would mean that the revenue will rise and fall with the daily exchange rate of the currency of trade (in most cases USD). A rise or fall in revenue in this case is not to be related to increment or decrement in price, the selling price remains the same only the exchange rate is different. On the other hand, findings have revealed that fluctuations of exchange rate may cause the cost of production to increase. Government regulation in foreign market and channel of distribution (both measuring parameters of global marketing in this study) have also been found to have an effect on revenue as per the findings of this research paper. The crises a country faces in relation to foreign currency or exchange rate fluctuations is indicator of the stability of the economy. Moreover, the country is importing more than it exports. As such, problems of the export sector need to be tended to in order to bring about a substantial change and stability in the economy of Ethiopia.

This research paper has revealed in its findings that the volume of export has shown fluctuations in the past decade. This fluctuation can be attributed to the factors affecting the revenue gained from meat export considered in this study and other factors not included in this study. However, the researcher's study was limited by resources and time. The research findings thus show that there is room for further study to analyze and discover other factors that affect the revenue gained from export of meat products.

Some of the factors affecting the revenue gained from export of meat products are associated with governments, both domestic and international, according to the research findings. This is thus a good indicator of the role government could or should be playing in alleviating the problems firms participating in international trade are facing.

Findings of the study revealed that the revenue the company gets from export of meat product is not as much as the company gets from its other operations. However, the prominent business of the company is known to be export by outsiders. But the company cannot sustain even its running if meat export was the only source of its revenue. This has largely to do with price settings depicted and exchange rate status.

5.2. Recommendations

Taking into consideration all the findings, the analysis and the conclusions drawn, the following points were made as recommendations: -

Exporters like Luna export slaughterhouse should have a platform where the challenges and barriers of operation of exporters is discussed with concerned organs of the government of Ethiopia (GoE). This platform should not be a one-time-discussion but a seminar held periodically. These kinds of platforms update the government on the most current issues and help alleviate the problems exporters are facing.

The top management should look for means to further their operational efficiency and invest more in research and design. This will present opportunities of increasing revenue by increasing production rate.

The EMPEA should influence the local government so as to influence policies and regulation of export in the foreign market in their favor. Such advancements are realized through and open and smooth inter-government communication and network.

Exporters should be incentivized and rules and procedures of licensing should be reviewed by the GoE in order to attract more investors to the sector.

Investors should also be encouraged by the GoE to join the sector as it holds potential to contribute a solution to the countries current exchange rate problem,

The production process should strive to follow higher standards of countries like Australia, United states of America and Europe. (The production process implies in this context from breeding of animals for slaughter to packaging of end product). This eventually will raise the standard of meat produced in Ethiopia to the acceptable standards of these countries.

The EMPEA should actively participate in international forums where findings and research advancements are discussed. This will help to create a global network of information and communication that would bring production efficiency to the exporters in Ethiopia.

The GoE should support exporters to participate in international food and beverage exhibitions to introduce their products and business. Currently exhibitions held in the

UAE are supported by the GoE. The effort should propagate to other parts of the world as well.

To make the export sector a sustainable foreign currency source the GoE has to devise diversified exportable items from the manufacturing sector despite highly depend on the agricultural sector to provide for export. The sluggish foreign currency earnings from the export processes are also due to backward and rein fed production of exportable items.

REFERENCES

- (2004). In S. O. Shaw, *International Marketing 4th Edition* (pp. 472 - 495). New York: Routledge .
- (2010). In M. R. Baye, *Managerial Economics and Business Strategy, 7th Edition* (pp. 75 - 82). Indiana: McGraw-Hill/Irwin.
- (2012). In C. M. Walter Nicholson, *Microeconomic Theory: Basic Principles and Extensions* (pp. 164 - 165).
- ACDI/VOCA, A. C. (2006). *Baseline Information for Key Indicators: Pastoralist Livelihood Initiative Livestock Marketing Project*. Addis Ababa.
- Aklilu, Y. (2008). *Livestock Marketing in Kenya and Ethiopia: A Review of Policies and Practices*. Addis Ababa: Feinstein International Center.
- Ayalew, W. (2006). Getting Incentives Right. *Concerns Associated with Expansion of Cattle Export Markets in Ethiopia, Ethiopian Journal of Animal Production*, 99-103.
- Ayele Solomon, A. W. (2003). Livestock marketing in Ethiopia: A review of structure, performance and development initiatives. *A Review of structure, performance and development initiatives. Socio-economic and Policy research Working Paper*, 8.
- CSA. (2005). *Report on Livestock and Livestock Characteristics*. Addis Ababa.
- Dawson, P. (2005). Agricultural exports and economic growth in less developed countries. *Journal of Agricultural Economics*, 145-152.
- DeeHan. (2002). *Diagnostic trade integration study livestock and meat sector: Challenges and opportunities*. Washington DC: Agriculture and Rural Development Department, the world Bank.
- Dhakai, S. S. (1994). Causal analysis between exports and economic growth in developing countries. *Journal of Applied Economics*, 38.
- Enkanayake, E. (1999). Exports and economic growth in Asian developing countries: Cointegration and error-correction models. *Journal of Economic Development*, 43-56.
- FAO. (2004). *The State of Food Security in The World*, 5.
- FAO. (2006). *Livestock Sector Brief: Ethiopia and Botswana Livestock Information; Sector Analysis and Policy Branch*. AGAL.

- Fedor, G. (1992). Exports and Economic Growth. *Journal of Development Economics*, 59-73.
- Gebru Getachew, D. S. (2005). Institutional Innovation for Improving Pastoral Access to Emerging Export Markets for Small Ruminants. 9-10.
- Giles, C. a. (2000). The Export-led Growth: A Survey of empirical literature and some non-causality results, Part 1. *Journal of International Trade and Economic Development*, 9.
- Hangreaves, H. B. (2005). *Consultancy Report on Livestock Export Zones*. Addis Ababa: FAO Project.
- Islam, M. (1998). Export Expansion and Economic Growth. *Applied Economics*, 30.
- Jemberu, E. &. (2003). Challenges and Opportunities of Livestock Marketing in Ethiopia. 207.
- Jin, J. (1995). Export-Led growth and the four little Dragons. *Journal of International Trade and Economic Development*, 20-25.
- Karpur, R. M. (2015). Pressing the Indian Growth Accelerator: Policy Imperatives. *IMF Working Paper*, 18-22.
- Kenichiro Kashiwase, M. N. (2012). Pension Reforms in Japan. *IMF Working Paper*, 5 - 11.
- Langhammer, R. (2002). Developing Countries as Exporters of Services: What Trade Statistics Suggest . *Journal of Economic Integration*, 17.
- Lee, Y. G. (1999). The role of the exchange rate, money and government expenditure for Korea. *Atlantic Economic Journal Development*, 9.
- Livestock Marketing Authority. (2001). *Study on Causes of Cross-Border Illegal Trades in South, Southwest and Eastern Ethiopia*. Addis Ababa.
- Mahmud, A. (2000). *Development Potential Constraints of Hides and Skins Marketing in Ethiopia*. Addis Ababa: International Livestock Research Institute.
- Nancy Morgan, G. T. (2006). Cattle and Beef International Commodity Profile. *Background paper for the Competitive Commercial Agriculture in Sub-Saharan Africa*, 10.
- NBE. (2001/2002). *Annual Report In New Partnership dor Africa's Development (NEPAD)*. Addis Ababa.
- NEPAD-CAADP. (2005). Live Animal and Meat Export. *Ethiopia: Investment Project Profile*, 18.
- Nigussie, T. (2001). *The Productivity and Profitability of Wheat and Teff Technologies in Selected Villages of Ethiopia*. Addis Ababa.

OECD and FAO Secretariats. (2013). *OECD – FAO Agricultural Outlook*. Paris: Orrigenda to OECD.

P.Krugman, E. H. (1985). Market Structure and Foreign Trade. *MIT Press*, 14-22.

Ram, R. (1985). Exports and Economic Growth: Some Additional Evidence. *Economic Development and Cultural Change*, 33.

Richards, D. (2001). Exports as a Determinant of Long-run Growth in Paraguay. *Journal of Development Studies*, 38.

Rodrik, F. R. (1999). Trade Policy and Economic Growth. *NBER Working Paper 7081*, 49-55.

Schmit Andy. (2012). *Marketing Principles*. Creative Commons.

Solomon, T. (2004). *Performance of Cattle Marketing System in Southern Ethiopia With Special Emphasis On Borena Zone*. Alemaya: A Thesis Submitted to School of Graduate Studies Alemaya University, Alemaya.

Venables, A. J., Laird, J., & Overman, H. (2014). *Transport investment and economic performance: implications for project appraisal*. London: UK Department for Transport.

Vernon, R. (1996). International Investment and International Trade in the Product Cycle. *Quarter Journal Of Economics*, 32.

Winrock International. (1992). Assessment of Animal Agriculture in Sub-Saharan Africa. 20.

Wondwossen, A. (2003). Influence of Animal Diseases and Sanitary Regulations on Livestock Export Trade and Cases of Export Restrictions. 17-20.

Workineh, A. (2006). Getting the Incentives Right: Concerns Associated wiht Expansion of Cattle Export Markets in Ethiopia. *Ethiopian Journal Of Animal Production* , 2.

APPENDIX I

Luna Export Slaughterhouse Employees Questionnaire

The researcher who is carrying out this assessment is a student at St. Mary's University, School of Graduate Studies, participating in a graduate program in the field of Business Administration.

As a partial fulfillment of the requirement for the completion of the program, I am undertaking a research pm

from Export of Meat Products: The Case of Luna Export Slaughterhouse PLC, Addis

The purpose of this questionnaire is to collect first hand data and information for academic purposes only. Your full and cordial cooperation in responding the questions is the central theme that will enable the researcher to achieve desired objective. I keep your individual opinions strictly confidential. In data analysis, the answers from all respondents will be combined unanimously and no reference will be made to individuals' opinion in particular.

Thank you in advance!!

Part I

I. General Background of Respondents

1) Gender

Male - 1

Female - 2

2) Age

18 -20 years-1

20-30 -2

31-40-3

41-50-4

51 and above-5

3) Kindly show by ticking your educational background status

12 completed – 1

- Certificate -2
- Diploma -3
- Degree -4
- Masters and above -5

4) Kindly show by ticking your occupation?

- Daily Laborer- 1
- Finance- 2
- Coordinator - 3
- Administrative- 4
- Shareholder - 5

Part II

6) How you rate the contribution of meat export to your company’s total revenue?

Scale	Contribution of meat export to co	1 SDA	2 DA	3 N	4 A	5 SA
1	Meat export is the principal contributor to the company’s overall revenue					

SDA= Strongly Disagree DA= Disagree N=Neutral A= Agree SA= Strongly Agree

7) Kindly show by ticking, your view on the effect of product execution (*Measured by Production cost and Production rate*) on revenue gained from export of meat products in your organization

Scale	Product Execution - Production Cost	1 SDA	2 DA	3 N	4 A	5 SA
1	Increasing production cost increases revenue					
2	Decreasing production cost increases revenue					
3	Production cost has no effect on revenue					
4	Increasing production cost increases selling price					
5	Production cost has no effect on price					

SDA= Strongly Disagree DA= Disagree N=Neutral A= Agree SA= Strongly Agree

Scale	Product Execution - Production Rate	1 SDA	2 DA	3 MA	4 A	5 SA
1	Increasing production rate increases revenue					
2	Decreasing production rate increases revenue					
2	Production rate has no effect on revenue					
3	Increasing production rate increases selling price					
4	Production rate has no effect on price					

SDA= Strongly Disagree DA= Disagree N= Neutral A= Agree SA= Strongly Agree

- 8) Kindly show by ticking, your view on the impact of product price on revenue gained from export of meat products in your organization

Scale	Product Price	1 SDA	2 DA	3 N	4 A	5 SA
1	Increasing the price of the product increases revenue					
2	Decreasing the price of the product increases revenue					
3	Price has no effect on revenue					

SDA= Strongly Disagree DA= Disagree N= Neutral A= Agree SA= Strongly Agree

- 9) Kindly show by ticking your view on the impact of the business environment (*Measured by the parameters Competitors & Policy and Procedure*) on revenue gained from export of meat products in your organization.

Scale	Environment - Competitors	1 SDA	2 DA	3 N	4 A	5 SA
1	Presence of competitors has positively affected our revenue					
2	Presence of competitors has no effect on our revenue					

SDA= Strongly Disagree DA= Disagree N= Neutral A= Agree SA= Strongly Agree

Scale	Environment - Policy and procedure	1 SDA	2 DA	3 N	4 A	5 SA
1	Policy and Procedures have positively influenced our revenue					
2	Policy and procedures have no effect on revenue					

SDA= Strongly Disagree DA= Disagree N= Neutral A= Agree SA= Strongly Agree

- 10) Kindly show by ticking your view on the effect of Global marketing strategy (*Measured by the parameters Exchange Rate, Government regulation in foreign market & Channel of distribution*) on revenue gained from export of meat product of your company

Scale	Global Marketing - Exchange Rate	1 SDA	2 DA	3 N	4 A	5 SA
1	The exchange rate is positively affecting our revenue					
2	The exchange rate affects the production cost					
3	The exchange rate affects the production rate					
4	The exchange rate affects our product pricing					

SDA= Strongly Disagree DA= Disagree N= Neutral A= Agree SA= Strongly Agree

Scale	Global Marketing - Government Regulation in foreign market	1 SDA	2 DA	3 N	4 A	5 SA
1	Government regulation in foreign market has positively affected our revenue					
2	Government regulation in foreign market has no effect on our company's meat product export					

SDA= Strongly Disagree DA= Disagree N= Neutral A= Agree SA= Strongly Agree

Scale	Global Marketing - Channel of Distribution	1 SDA	2 DA	3 N	4 A	5 SA
1	Channel of distribution the company uses has positively affected the revenue					
2	Channel of distribution has no effect on revenue					

SDA= Strongly Disagree DA= Disagree N= Neutral A= Agree SA= Strongly Agree

11) Kindly show by ticking your view on the overall performance of your organization in the revenue gained from export of meat products over the past 10 years in terms of volume?

Scale	Volume of Meat product export	1 SDA	2 DA	3 N	4 A	5 SA
1	Revenue from export has been stagnant for the past 10 years					
2	Revenue from export has been strictly increasing for the past 10 years					
3	Revenue from export has shown fluctuations with peak and low season					

SDA= Strongly Disagree DA= Disagree N= Neutral A= Agree SA= Strongly Agree

APPENDIX II

Focused Group discussion with the Management Team

Assessment Toolkit

Focus Group Discussion

Data Collection Form

Date: _____ Participants: Youth/Adults/Old/Mixed

Moderator: _____ Note taker: _____

Place: _____ Number of Participants in Group: _____

Age range: _____ Gender: Female/Male/Mixed

- 1) How do you evaluate the performance of your organization in terms of revenue gained from export of meat products during the past decade?
- 2) How do you evaluate the effect of the business environment on revenue gained from meat export in terms of *competitors* and *policy and regulation*?
- 3) In your opinion, what do you think is the effect of *price* on revenue gained from export of meat products?
- 4) Do you believe that *production cost* has an effect on revenue gained? If so, how?
- 5) What is your stand on how *exchange rate, government regulation in foreign market and channel of distribution* affect revenue of your organization?