ST. MARY'S UNIVERSITY

SCHOOL OF GRADUATE PROGRAM

DEPARTMENT OF MARKETING MANAGEMENT

FACTORS AFFECTING EXPORT PERFORMANCE: THE CASE OF OIL SEEDS EXPORT IN ETHIOPIA.

By

MERSHAYE KURABACHEW

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ADDIS ABABA

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A THESIS SUBMITTEDTO THE DEPARTMENT OF MARKETING MANAGEMENT

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Statement of Approval

This is to certify that Mershaye kurabachew has carried out her research work entitled "***Factors affecting export performance: in the case of oil seeds export in Ethiopia.*** '' in partial fulfillment of the requirement for the Degree of Master of Arts in Marketing Management at St. Mary's University School of graduate studies. This paper is an original work and has not been submitted to any diploma or degree in any college or university.

Advisor: Gashaw Tibebe (PhD)

Signature: _____

Date: _____

Declaration

I hereby declare that this study entitled "***Factors affecting export performance: in the case of oil seeds export in Ethiopia.*** '' is my original work prepared under the guidance of my advisor, GashawTibebe (PhD) This paper is submitted in partial fulfillment of the requirement for the Degree of Master of Arts in Marketing Management and it has not been previously submitted to any diploma or degree in any college or university. I would like also to confirm that all the sources of materials used in this study are duly acknowledged.

Name: Mershayekurabachew

Signature: _____

Date: _____

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Acronyms

ERCA	Ethiopian revenue and customs authority
CSA	Central Statistics Agency
GDP	Gross domestic product
ECX	Ethiopian commodity exchange
SD	Standard deviation
SE	Standard error
OLS	Ordinary least square
SPSS	Statistical Package for Social Science
CLRM	Classical linear assumption model
VIF	Variance inflator factor
FAO	Food and agriculture organization
AMA	American market association
ICT	Information and communication technologies
FDI	Foreign direct investment
IMC	International marketing communication
MNC	Multinational corporations
BC	Before Christ

Abstract

Globalization forces companies to internationalize their operation in the global market. Exporting plays a vital role in economic development of a nation as well as for the development of the particular exporting company. Although, the benefits derived from exporting in an increasingly globalized marketplace are enormous, but for many companies, exporting is constrained by numerous challenges. The purpose of the study was to assess the factors affecting export performance of oil seeds export in Ethiopia. The study found out that both internal and external factors are important challenges for the oilseed exporter. The major challenges, which were classified as internal factors and external factors, the researcher concluded that, among the explanatory variables included in the model company, production, market and macro-economic factor except industrial factor were the most significant challenges to affect the oilseed export performance. In additions, among the variables (company, production, market and macro-economic and industry factors) company, production and industry factors has negative and significant relation with oilseed export performance. Therefore, to minimize these problems in addition to the existing policies and regulation, the government need to address additional and revised policies and regulations by considering the dynamic global market conditions, as much as possible infrastructural expansion, the government to explore new markets, provide technical supports.

Keywords: *Oilseeds export, export performance, internal factors, external factors oil seeds, export marketing*

CHAPTER ONE

1. INTRODUCTION

1.1. Background of the study

Countries that are pursuing trade-led economic growth and development, improving the determinants of export performance, such as foreign price level, production/productivity, product quality, Real Effective Exchange Rate, infrastructure/rural feeder road/ are crucial factors. Countries can improve their competitiveness by increasing productivity, reducing the time and costs required for transportation and regulatory requirements involved in the process of exporting or importing any goods. Sometimes, these costs can be a substantial part of the value of the traded items, especially if the value of the time required is taken into account. The significance of trade facilitation by simplifying the regulatory process and procedures of cross-border trade, improving the conditions of transit procedures, and increased and efficient use of information and communication facilities has gained momentum and due importance in recent times.

Completion of any cross-border trade requires fulfilling regulatory and documentary requirements involving parties from both private and public sectors. To perform any such transaction completely, it requires harmonization and cooperation among many actors, service providers and regulators from both home country and partner country. Failure to meet these regulatory and documentary requirements or lack of proper coordination among the actors involved entails significant delays to complete the whole process of exporting, which eventually increases the costs of the items being traded. Improving the productivity, quality measures, procedural and regulatory requirements through necessary reforms such as reducing the amount of certification needed and decentralization or online availability of services can have a significant impact on the predictability of the whole business process and profitability for the parties' ERCA, (2014) involved.

Ethiopia has a predominantly agrarian economy and depends on subsistence farming, with about 84% of the population living in rural area. As of 2006 the agricultural sector accounts for 48% of the GDP followed by service sector (39%) and industry (13%). Tesfaye (2007) said to boost

exports; the Ethiopian government has developed a package of incentives under Regulation No.84/2003 to encourage investments in agriculture.

The oilseeds sector is one of Ethiopia's fastest-growing and important agricultural sectors, both in terms of its foreign exchange earnings and as a main source of income for over three million Ethiopian farmers. It is the second largest source of foreign exchange earnings after coffee. Study reports indicate that Ethiopia is among the top five producers of sesame seed, linseed and nueg or Niger seed (Tesfaye, 2007).Despite its current significance; stakeholders are mainly convinced that the oilseed production in Ethiopia hasn't reached its climax. Gelalcha (2009) asserted that the potential for further growth, both in terms of quantity and quality, through improved production techniques and productivity factors is considered to be great. In line with this, evidence shows there is a growing export of oilseed from Ethiopia to the rest of the world in general.

In a nutshell identifying and examining the challenges that significantly affect Ethiopia's oilseed export and its performance should facilitate the design of policies to improve the performance and ultimately overall economic growth. The objective of this paper is thus to look at the challenges behind the poor export performance of oilseeds and how much these challenges affect the country's export performance in Ethiopia.

1.2.Statements of the problems

Ethiopian export, like many other developing countries, is limited to few primary products, which are mainly agricultural (Ayana, 2015). As CSA-Area (2007) explained further the idea, agriculture employs 80% of the labor force and accounts for 42% of the GDP in Ethiopia, mainly at smallholdings. The highlands are highly fertile, but are threatened by overpopulation causing deforestation and erosion. Most of the farming is rain fed and droughts might cause famine. As Central Statistics Agency (CSA, 2007) Oilseeds are important components of the Ethiopian agriculture next to cereals and pulses. They engage 3 million smallholders on 707,000 ha of land.

The economic crisis, which has hit Africa in the past decade, is raising questions about future prospects for the continent. Questions have been raised about the future position of Africa in world trade and whether Africa has any chance of developing a competitive industrial structure (Tesfaye, 2007). Nations' of the world differ in their resource endowments and level of

technology applied in the production of goods and services. The engagement of nations in the international trade depends upon a nation's specialization in the production of goods in which they have comparative advantages constructs room for improvement of the welfare of the society as a whole (Hailegiorgis, 2010).

Any country, be it developed or developing in terms of economy and technology, requires to export and try to balance the trade. As Ethiopia, in which mostly dependent on agricultural products, needs to work hard in improving the exported materials to be competitive in the international market. A couple of months back National Bank of Ethiopia decided to devaluate the currency by 15% and being devaluated slowly day after day expecting high increment in export. This technique has been used for a couple of times expecting the same outcome. However; Ethiopia has not been able to motivate the export repeated and again.

In 2016 Ethiopia earned 866 million USD exporting 221,000 and tons of coffee and 472.24 million USD by exporting 433,057 tons of oilseeds (EPOSPEA). As oilseeds hold the second highest percent after coffee to be exported from Ethiopia, the country is not able to achieve the gold medal's place in the worlds market. This might be for different reasons. One might be high consumption in the country for household purposes meaning that most of the farmers think of getting immediate cash to fulfill their needs so they sale the oilseed they produce in a household bases. The other might be lack of awareness from the farmers' side at large and any other pertinent parties how to produce a quality oilseed that has acceptance in the international market. This two are most redundantly heard from the stockholders along with other basic challenges like cargo service of freight forwarders and transportation agencies, packaging materials, land capacity and technology in producing oilseeds for commercial purposes with quality into consideration.

Other than the mentioned problems purchasing price of this oil seed fluctuates from time to time. This fluctuations cause's profit fluctuations in which might have impact on the next purchase for exporting oil seeds. This fluctuation highly costs exporters as well as the country when the quality of the commodity could not compete in the foreign market.

This is not the only problem that has been identified by the researcher however to make it manageable and workable the student researcher explained about major problems identified. This

paper is aimed to solve the problem that has been identified after collecting the necessary information from key respondents.

1.3.Research questions

- What are the company effects on oilseed export performance in Ethiopia?
- What are the products effects on oilseed export performance in Ethiopia?
- What are the industry effects on oilseed export performance in Ethiopia?
- What are the market effects on oilseed export performance in Ethiopia?
- What are the macro-environment effects on oilseed export performance in Ethiopia?

1.4.Objectives

1.4.1. General objective

The main research objective of this study is to assess the factors that affect oilseed export performance in Ethiopia.

1.4.2. Specific objective

To reach this objective the following specific objective will be addressed;

- To assess the company effect on the of oilseed export performance in Ethiopia.
- To assess the product effect on the of oilseed export performance in Ethiopia.
- To assess the industry effect on the of oilseed export performance in Ethiopia.
- To assess the market effect on the of oilseed export performance in Ethiopia.
- To assess the macro-environment effect on the of oilseed export performance in Ethiopia.

1.5. Hypotheses

H1: Company has a positive/negative significant effect on export performance of oilseed export.

H2: Product has a positive/negative significant effect on export performance of oilseed export.

H3: Industry has a positive/negative significant effect on export performance of oilseed export.

H4: Market has a positive/negative significant effect on export performance of oilseed export.

H5: Macro-environment has a positive/negative significant effect on export performance of oilseed export.

1.6.Scope of the study

There are many agricultural and manufacturing products exported abroad which includes coffee, leather and hide, meat and many more. However, the study focuses on the factors affecting export performance of oilseeds business in Ethiopia in the international market.

1.7. Significance of the study

This research study contributes significantly to the following parities:

- This study will provide information to the exporters specifically those companies that export oilseeds as part of an input in further investigation in the subject matter and come up with a strategy to enhance the performance so as to be preferred by the customers internationally which leads to the enhancement of companies profit as well as country's economy by increasing the foreign exchange and high satisfaction of customers.
- It provides a base line to other researchers on similar topics for covering the gaps that has not been surveyed in this research paper.
- It provides inputs for policy makers to come up different strategies, maybe a different strategy, to motivate the export of oilseeds with a better quality and optional ways of exporting the product.
- It provides an introduction to researcher in regard of doing research in practical context, which will help the student researcher in conducting other researches in future time.

1.8.Organization of the study

The paper has been organized in such a manner to have five chapters. Chapter one deals with a brief introduction of the study. The next chapter is regarding overview of the factors of oilseeds export performance. Chapter three is concerned about study methodology, data sources and model specification. The fourth chapter was about Research Result. The last chapter consists of conclusions and policy implications of the study.

CHAPTER TWO

2. REVIEW OF RELATED LITERATURE

2.1. Introduction

In this chapter, theoretical reviews containing concepts, models and theories; empirical reviews and conceptual framework of the study will be addressed.

2.2. Theoretical review

2.2.1. International trade

Many scholars and researches dealt with the emergence and importance of international trade in different ways. All of them agreed on international trade are the exchange of goods and/ or services along different geographical territories. According to Bowen (2013), the uneven distributions of natural resources among nations are the governing factor to make international trade transactions. According to Seyoum (2009), International trade with a free exchange of goods started as early as 2500BC and the occurrence of World War I had an impact for the future development of trade and the rise of world economy he also defined International trade as the exchange of goods and services across national boundaries. Hill (2009) also defined International trade as all commercial transactions between two countries.

Kelly (2009) also discussed international trade as it is not only ether the flow of goods and services between countries and investors buy and sell across country boundaries. International business gives an opportunity to invest in other countries i.e. FDI (foreign direct investment) at which organizations undertake FDI for a variety of reasons such as setting up offices, manufacturing, operations and distribution facilities ions for the growth of international business.

Reuvid (2008), Explained that, there are two basic types of trade between countries. The first one is if the country cannot produce the good or service by itself or not enough. The second is even though the countries have a capacity of producing the goods and/or services they will import for different purpose having different reasons for importation. Such as if the price of the imported goods are cheaper than those produced domestically, the imported goods may have better quality, design, technical features etc…

According to Seyoum (2009), international trade allows manufacturers and distributors to seek out products, services, and components produced in foreign countries. In most countries, such trade (international trade) represents a significant share of gross domestic product (GDP).Without international trade; nations would be limited to the goods and service produced within their own borders. In addition to this Belay (2009), explained about the benefits of international trade in acquiring a variety of goods and services, the help to reduce cost of production, increase income and employment, access to learn about advanced technical methods which are used abroad etc.

According to Daniels (2015), every global events and competitions affect all companies regardless of their industry size. They explained that companies will engage in international business having objectives of expanding sales, acquiring resources and reducing risks. Companies can use different modes of international business operations. Merchandise export and imports, service exports and imports (non- merchandise international earnings such as service exports and service imports at which the provider and receiver of payments considered as a service exporter and the recipient payer is recognized as service importer. This sector includes the activities of Tourism and Transportation, Service Performance: like banking insurance rental services, management services etc... , Asset use such as: trademarks, patents copyright franchising, licensing agreements etc…), Investments in the form of Foreign direct investment (FDI) at which the investor takes a controlling interest in foreign company or Portfolio Investment which practice a financial no controlling interest in another entity.

Collinson (2012), argued that ‘’when pursuing international business, private and government enterprises have to decide how to carry out their business such as the mode of operations to be used’’. also explained major objectives that may influence companies engaged in international business are: the need for expanding sales, the need to acquire resources, the diversified sources of sales and supplies and the need to minimize competitive advantages are some of the factors that will influence making transactions internationally.

Trading globally gives consumers and countries the opportunity to be exposed to new markets and products. Business is now more global because of transportation availability, communication

advancement and the costs of transportation and communication are more conducive for international operations Bhalla (2013).

Kelly (2009), has discussed why international business grown much over the past 10-20 years. According to his explanation, there are many interpretations for the growth of international business. The erosion of barriers and borders due to the social political and economic quest of free magnifies the need for international trade. As a result, this has been further enabled trough the wide scale adoption of open information and communication technologies (ICT) which enable trade, communication and collaboration eroding barriers in time, space and language and integration financial political and legal system. He defined liberalization as it has not only resulted in increased mobility of people as workers and migrants but also in the movement of capital goods and services. Consumers want choice quality and low cost products sourced from around the world. E-commerce and the MNC now bring the world to the doorsteps of business and consumers everywhere. The rapid growth of e-commerce anyone can be open for business on an international level 24 hours a day regardless of the physical location of the business. Simply one location can serve the business needs over the entire globe.

Trading internationally is not as simple as trading domestically; countries will face major trade barriers that will determine their business performance Bhalla (2013), explained international business as: firms will operate in the environments which are highly uncertain, subject to rapid change; the rules of the game are ambiguous and contradictory as compared with domestic at trading. According to Bhall (2013), there are parameters and environmental variables that are very important in international business such as the legal system, the foreign exchange market, cultural difference rate of inflation, language at which it is irrelevant to the domestic business. Without international trade, nations would be limited to the goods and service produced within their own borders. Importing and exporting of goods and services are used as a mode of transaction.

According to Gopal (2008), the foreign trade (international trade) consists of a country's inward and out ward movement of goods and services (import and export) with a result of outflow and inflow of foreign exchange. As international Trade in goods and services is one of the means by

which countries linked economically, high government officials in all countries deal with the question of what, how much and with whom their country should import and export Shenkar (2015).

2.2.2. Marketing Definition and Theories

Many authors defined marketing in different time in different ways. For example; American Marketing Association (AMA) (2006) defined marketing as 'Marketing is the process of planning, executing the conception, pricing, promotion and distribution of goods and services'. Also, Chartered institute of Marketing; defined marketing as, 'Marketing is the management process which identifies, anticipated and supplies customer requirement, efficiently and profitably'.

As per Kelly (2009) Marketing is managing profitable customer relationships. The aim of marketing is to create value for customers and capture value from customers in return. We discussed the five steps in the marketing process: understanding customer needs, to designing customer driven marketing strategies and integrated marketing programs, to building customer relationships and Capturing value for the firm. Finally, we discuss the major trends and forces affecting marketing in this age of customer relationships". 2 sum, detail

Again Kelly (2009) also argued that the marketing concept holds that achieving organizational goals depends on knowing the needs and wants of target markets and delivering the desired satisfactions better than competitors do. Under the marketing concept, customer focus and value are the paths to sales and profits. Instead of a product-centered "make and sell" philosophy, the marketing concept is a customer-centered 'sense and respond 'philosophy. The job is not to find the right customers for your product but to find the right products for your customers.

Again they argue that marketing has a broader importance extends to society as a whole. Marketing has helped introduce and gain acceptance of new products that have eased or enriched people's lives. It can inspire enhancements in existing products as marketers innovate to improve their position in the marketplace.

Traditionally, a ‘market’ was a physical place where buyers and sellers gathered to buy and sell goods. Economists describe a market as a collection of buyers and sellers who transact over a particular product or product class (such as the housing market or the grain market).

Kelly (2009) describes the procedures of marketing saying that manufacturers go to resource markets (raw material markets, labor markets, money markets), buy resources and turn them into goods and services, and sell finished products to intermediaries, who sell them to consumers. Consumers sell their labor and receive money with which they pay for goods and services. The government collects tax revenues to buy goods from resource, manufacturer, and intermediary markets and uses these goods and services to provide public services. Each nation’s economy, and the global economy, consists of interacting sets of markets linked through exchange processes.

Kelly (2009) argues the importance of international marketing that “all though the opportunities for companies to enter and compete in foreign market are significant, the risk can also be high. Most companies would prefer to remain domestic if their domestic market were large enough. However companies selling in global market, really have no choice but to internationalize their products since the foreign market presents higher profit opportunity”. On the other side, other authors suggested marketing communication are the fundamental tools to facilitate marketing process.

‘The goal of IMC is to influence or directly affect the behavior of the selected communications audience.IMC considers all sources of brand or company contacts that a customer or prospect has with the product or service as potential delivery channels for future messages’ (Larry, 2008).
‘Today, consumers are exposed to a vast amount of information on a daily basis – everything from news reports on television, radio and in the press, weather forecasts, traffic information, store signs, product packaging, in-store point of sale material, and so on. Advertising is just one of the elements with which the consumer must deal every day. Recent years have seen an explosion in all forms of media’ (Yeshin, 1998).
Marketing communications is an essential factor in the process of creating a trust among the customers and organization. It can be seen as the exchange of processes to create an overtime contextual effect on the relationship between the organization and its customers. Advertising,

mass media advertising to be more precise, has played a major role in business to consumer marketing, and enabled companies to meet communication and other marketing objectives (HouPoh & Adam, 2007).

Marketing communications is one of the most important factors in an organization's success on the market. More and more organizations are moving forward to use marketing communication to reach its customers, and the competition is getting harder. Marketing communication can be used in several ways and it is important to find the way that will gain the best result (Linda, 2007).

Modern marketing call for more that developing a good product, pricing it attractively, and making it accessible marketer should also communicate with present and potential stake holders, and the general public.

Trade facilitation examines how procedures and controls governing the movement of goods across and within national borders can be improved and simplified to reduce delays and costs.

2.2.3. Export Marketing

Export marketing is the most popular mechanism by which firms engage with international markets, understanding the drivers of export market performances a key to explaining firms' international competitiveness (Morgan, Katsikeas & Vorhies, 2011). Export market development is becoming more a matter of survival rather than a matter of choice for many firms in the world (O'Cass & Julian, 2003).

Continued globalization of the world's economies and intensifying worldwide competition has stimulated an ever-increasing number of firms to internationalize (Morgan, Katsikeas & Vorhies, 2011).

Exporting plays a vital role in the world and has countless benefits for firms and countries. Exporting is a fundamental strategy in ensuring firm's survival or growth, and firms may achieve competitive advantage in international markets with a positive influence on current and future export performance and so, many companies recently allocate more attention and resources in order to export their products to foreign markets (Moghaddam et. al., 2011).Integration into global markets offers the potential for more rapid growth and poverty reduction for poorer countries (Martinez &Poole, 2004).

2.2.4. Export marketing factors

Leonidou (1995) defined export barriers as:"The attitudinal, structural, operational, and other constraints that hinder the firm's ability to imitate, develop, or sustain international operations." (Ahmed, Julian, Baalbaki & Hadidian, 2004).

Export problems or barriers are defined as those constraints that hinder the ability of firm to initiate, develop or maintain export marketing activities of the firm (Ahmed, Julian, Baalbaki & Hadidian, 2004).

Different researchers categorized export marketing problems into different categories. Some of them grouped export problems in to "internal" and "external" barriers (Tesfom&Lutz, 2006). Delgado (2006) identified export problems as: production related; processing/marketing related; and economic and political environment. Clarke (2013) generated list of export impediments and grouped them into "generic", "product specific" and "market specific".Karelakis (2008) classified export problems into four groups: "internal-domestic";"internal-foreign"; "external-domestic"; and "external-foreign"(Karelakis, Mattas & Chryssochoidis, 2008).

Bezabih and Hadera (2007) identified the major constraints of marketing slick of markets to absorb the production, low price for the products, large number of middlemen in the marketing system, lack of marketing institutions safeguarding farmers' interest and rights over their marketable produces (e.g., cooperatives), lack of coordination among producers to increase their bargaining power, poor product handling and packaging, imperfect pricing system, lack of transparency in market information system mainly in the export market (O'Cass & Julian, 2003).

World Bank (2004) identified the major constraints in the Ethiopian high value export products as; high freight cost and insufficient cargo space, lack of railway transport system, insufficient airport facilities, existence of illegal traders, poor packaging systems, lack of skilled manpower, insufficient pre and post-harvest infrastructure facilities, access to bank loan, and lack of comprehensive market study (World Bank,2004).

Severe production seasonality, seasonal price fluctuations, poor pre- and post-harvest handling, prevalence of pest and diseases, lack of storage are some of the critical problems encountered oilseed production in Ethiopia (Ahmed et al., 2004).

2.2.4.1. Internal factors

As Leonidou (2004) “The constraints associated with organizational resources/capabilities and company approach to export business” (Vohra, 2008).

These problems are categorized as those which are directly related to the controllable issues within the firm itself (Vohra, 2008) Tesfom and Lutz (2006) classified internal barriers further in to “company barriers” and “product barriers”.

Company barriers influence their choice of marketing strategy and ability to execute that marketing strategy (Porter (1985), cited in Tesfom and Lutz (2006);O’Cass and Julian 2003). Key assets and skills of a company constitute its source of competitive advantage. Company barriers categorized under marketing knowledge and information, financial resources and human resources (Delgado, 2006).

Marketing knowledge and information problems are about lack of knowledge of foreign markets, business practices, and competition; and lack of management to generate foreign sales. Lack of knowledge to locate foreign opportunities and promising markets is perceived to be a major barrier to export from developing countries (Siringoringo, Prihandoko & Kowanda, 2009). According to Lumpkin et al. (2005), expanding the scale of horticulture production is often hindered by lack of market access and market information. Distribution is a major problem area in exporting. Many exporters in developing countries lack information about marketing channels and fail to establish marketing networks Tesfom & Lutz, 2006).Deficient advertising and promotion programs are also mentioned as other factors that constrain export activities (Siringoringo, Prihandoko & Kowanda, 2009).

Financial problem is one of the company barriers. Many exporting companies in developing countries cannot operate for lack of adequate working capital, which endanger the entire production operation and adds cost (Reardon, Codron & Busch, 2001).

Human resource barrier is the key problem which holds back the success of the company. Export marketing activities depend on the attitudes and characteristics of the managers. Export marketing knowledge problems can be attributed to a large extent to the lack of trained and experienced human resources. A company that takes into account the requirements for international activities in its human resource management practices, particularly for its

managerial and professional employees is more likely to do better in its export attempts (Karelakis, Mattas & Chryssochoidis, 2008).

“Product problems are related to quality and technical requirements of the targeted export market segment, such as export product design, style, quality packaging and labeling requirements and product adaptation or modification”(Siringoringo, Prihandoko & Kowanda, 2009).

Cook (1983), cited in Tesfom and Lutz (2006), put that product characteristics affect the competitive advantage and influence the choice between an offensive and a defensive export strategy. The product barriers that influence the export marketing strategy of the firm could be grouped into quality and technical adaptability.

Quality barriers are related with packaging, meeting importers quality standards and establishing the suitable design and image for export markets. There are different quality standards in developing countries. Therefore, fulfilling those standards is mandatory for any exporting company in order to be competitive in the market (Reardon, Codron & Busch, 2001).

In addition, Bharti (2014) identified the challenges for the quality of perishable export products in developing countries as: viability of cold chain; existing facilities are outdated and poorly maintained; and low awareness and demand for cold chain services. Cold chain plays the very vital role in reserving the quality of perishable products like vegetable and fruit export.

Technical/adaptation barrier is another important barrier. Successful firms adapt their products to foreign markets. Most of the problems related to technical adaptability are due to a lack of knowledge of market requirements or a lack of resources to meet the requirements: poor quality control techniques, poor quality of raw material, packaging and labeling requirements, product design and specification. In addition, product diversification is a barrier to internationalization Tesfom & Lutz, 2006).

2.2.4.2. External factors

External problems or barriers are those barriers which are rooted in the external environment and the firm itself has no control over the consequences of such problems. These problems are also referred to as macro environment barriers or industrial barriers Tesfom & Lutz, 2006).Tesfom

and Lutz (2006) further classified external barriers in to “industry barriers”, “market barriers” and “macro environmental barriers”.

Industry barrier is the first category of external problems. The intensity of exporting activities and the nature of export marketing strategies differ considerably across industries. Porter (1985) and Kerin et al. (1990), cited in Tesfom and Lutz (2006), noted that the difference among industries is due to the varying nature of industries. In order to develop a proper export marketing strategy, the differences between market systems, firm sizes and presence of foreign competitors across markets should be taken into account Tesfom & Lutz, 2006).

Industry structure is one of the industry barriers which consists of firm size/economies of scale; lack of new technology; unprepared to face large MNCs; unreliability in raw material supply. The size of the firm is a key determinant of the propensity to export. The larger the firm, the greater the size advantage over the smaller firms; and this will usually have a positive impact on the export activity.

Another important factor for exporting firms in developing countries is the supply of raw materials and inputs. They face unreliability in their supplies either from other domestic firms or from abroad Tesfom & Lutz, 2006).

Competition barrier is another category of industry barriers. Competition should not be considered as a barrier if there is equal information exists among competitors in the market. However, in practice information on export opportunities is costly and not easily available. Therefore, lack of such information dimotivates the firm to go for export and to withstand the existing competition with different exporters around the world (Reardon, Codron & Busch, 2001). The competition barrier includes meeting foreign competitor prices; withstanding with aggressive competitors in the foreign market; lack of competitive prices; and fierce competition in export markets. Especially firms with limited financial and human resources are affected with it Tesfom & Lutz, 2006).

“Export market barriers are factors that affect the export marketing strategy related to customer barriers and procedural barriers” Tesfom & Lutz, 2006).Customer barriers stem from the customer’s perception of product characteristics. An important issue here is that in addition to specific quality problems, exporters from developing countries face the poor image/goodwill of

their country. In addition, bad image of products in the foreign market and insufficient foreign demand; language and culture differences; and country of origin effect are the major problems faced with the customers' preferences (Ahmed, Julian, Baalbaki & Hadidian, 2004).

Procedural barriers are among the export market barriers. Exporting requires knowledge about export procedures. The time and paperwork required to comply with foreign and domestic market regulations is mostly lengthy. Not only government organizations but also other private organizations such as banks, shipping organizations and insurance companies, have their own procedures. Lack of information about export procedures and in particular for inexperienced managers foreign documentation and paper work may is very difficult to cope with. In addition, delay of payments; procedural complexity of paperwork; and delay in duty drawbacks are among the major procedural barriers that affect the exporting process Tesfom & Lutz, 2006).

"Macro environment barriers are one of the external barriers. These are factors beyond the firm's control; which further classified in to direct and indirect export barriers" Tesfom & Lutz, 2006).

Direct export barriers include tariff and non-tariff barriers; cost of transportation; inadequate diplomatic support; lack of export promotion and assistance from the government; complex government bureaucracies; infrastructure; and special customs requirements (Morgan, Katsikeas & Vorhies, 2011).Naidu et al. (1997), cited in Tesfom and Lutz (2006), described that exporting companies suffer because of the inadequacy of government export promotion policies. This includes lack of gathering and provision of information on available export opportunities and ineffective promotion of the country's exports to abroad.

Indirect export barriers are rooted in the macro-economic policy of the country and international trade agreements. They include: exchange and interest rate uncertainties; international trade agreements; foreign exchange rate policy (Reardon, Codron & Busch, 2001). International trade agreements are good for the exporter but they can also discriminate against third party traders Tesfom & Lutz, 2006).

2.3. Empirical review

2.3.1. Ethiopian oilseed export factors and trends

Belayneh and Wondaferahu (2012) noted that Ethiopia's export has been limited to few primary products, which are mainly agricultural commodities. Similarly, World Bank, (2014) illustrated this, Ethiopian economy is strongly depending on the agricultural products accounting above 46.3% of GDP, 83% total export and 80% of the country employment. This indicates that agriculture is the foundation of Ethiopian economy that contributes lion share role to the aggregate economy of the country.

Aysheshm (2007) stated that, oilseed is the major source of foreign currency for Ethiopia. However, its marketing has been constrained by various factors: shortage of modern inputs, shortage of capital, lack of timely and accurate market information, and poor quality of packing materials are few among listed problems. Moreover, the lengthy export procedures, and corruption practices by some institutions are the main and challenging problems for the majority of traders. Even if there are potential opportunities for sesame production and marketing, the Ethiopian sesame sub sector is constrained by many factors. Nonexistence of improved seed varieties, shortage of finance, lack of timely and accurate market information, lack of extension services, inability to explore the potentials of the world sesame market, poor infrastructures, high cost of transportations, unavailability of controlling and facilitating institution in place, and evil malpractices in some institutions are some of identified challenges / constraints.

According to Abera (2009), oilseed is a very important cash crop both for local consumption as well as for export purposes. The major sesame producing regions in Ethiopia are Tigray, Amhara, Oromia and Benshangul Gumuzthe major production areas are concentrated in the north western and south western parts of the country. Because of the growing world market for sesame, farm lands of both small holder and commercial farms were expanded and as a result, the production of sesame has drastically increased in the few years. However Sesame production and marketing in Ethiopia is faced with various challenges that need to be addressed. Market infrastructures are poorly developed in the major producing areas, The absence of adequate road network, market information and warehouse facilities has lowered the quality of sesame seeds and competitiveness of exports, the challenge also observed in sesame trading, which is

characterized by a long value chain, that include producers, village traders or collectors, wholesalers/brokers, oil millers, exporters, retailers and local consumers.

On the other hand, Debela (2009) stated that this globalization era needs to meet basic quality standards and minimum requirements in order to enter and become competitive in international markets. He explained that now a day's consumers become more conscious about health concerns, and suppliers from different sources also become more cost efficient. This fact results, competitiveness become difficult to guarantee. It needs combined efforts on the share of different actors to minimize transaction costs and risks, and meet required quality standards. He stated that the Ethiopian oilseeds value chain is full of challenges, and it has encouraging opportunities to look forward. Regardless of the enormous potential for improving the production and productivity of the sector, and its promising demand for the products, the chain seems to be performing poorly. He said that "Primary producers, especially smallholders, lack the necessary technical and material input to improve their production and productivity; trade arrangements are not well organized, or they are commonly employed by chain actors" he explained chain actors as: different parties who are involved in the entire supply chain; from producers to the export market. They are involved in the collection of the seed, including farmer traders, petty collectors, middle-sized collectors, etc... Once it has reached a certain volume for delivery to the central market, brokers are usually contacted to accept the loaded seed from a transporter and sell it to the exporter .They have dominant open-market supply chain, until the product is sufficiently bulked up for delivery to the central market.

The non-existent or inefficient and ineffective functioning of necessary government policies and the running of regulations contributes as main part for marketing inefficiency. In addition to this, different problems related to the sesame market are identified. price instability, poor quality and an inadequate quantity of supply and a shortage of working capital, supply of poor quality seed to central market buyers who ultimately export sesame, theft of sesame on the way to the port (are the source of complaint and is a phenomenon that is shocking off all the exporters because of its increasing frequency.), lack of a reliable information source and bureaucratic formalities with banks and customs, the gross margin of the producers which is the least in comparison to the other chain actors' margin, that does not take into account their respective transaction costs etc. … are the base for complains and discourage producers not to continue producing seed.; as a

result potential of supplying sesame to the world market and generate the necessary benefits, both at a macro and micro level, is an indicator for the decline of sesame production and export in the future (Debela, 2009).

In addition to the absence of price discovery process puts smallholder farmers in a weak bargaining position. They fully depend on traders and sell their produce immediately after harvesting when supply is abundant and prices are low. On the other hand, small holders output has to pass through the long market chain. The oilseeds chain starts with a very large number of smallholders; those are producing a very limited quantity. In addition, transaction costs are involved in each transaction, lowering the price for the farmers. As a result, low productivity and quality, poor market infrastructure; long and traditional marketing channels created challenges for sesame production and reduced its international competitiveness. Despite this challenge, investment in seed cleaning, oil refining and hulling facilities to add value to sesame seed has a good prospect for European markets. Since sesame contributes more that 80% of the export, earning of oil seeds (Abera, 2009).

Moreover, Jalata (2012), stated that even though there is high potential for increased production of sesame and the rapidly growing demand in the international market for Ethiopian sesame, "it has been observed that the supply chain of oilseed also suffers from different challenges including the adulteration of sesame or mixing of sesame with different sources of varying quality and a lack of transparency among chain actors." In addition to this quality issues such as oil content, percentage of admixture, fatty acid profile are not commonly analyzed due to lack of capacity. Lack of accurate measurements of quality standards for sesame will directly associated with lowering prices and reduces international market shares. As per his citation selecting and grading sesame according to its quality and clearly specifying its characteristics, such as its origin (for traceability), or whether it is organic or a specialty, etc., can create higher market prices as well as fulfill buyer expectations in the end market. The collaboration among different stakeholders staring for production to marketing (trading to international market) is necessary in order to obtain better seed quality and become competitive.

Furthermore as explained by Ayana (2015), Oilseeds are the second Ethiopian export commodity and sesame seed is the main oilseed export product. Due to quality standard issue, Japan is importing Ethiopian sesame seed through China; as the Japanese oilseed refineries seek well

cleaned and sorted according to the color of sesame seed. He stated that the evenness of color, taste, dryness and purity are the determinants for the buying price of sesame for export. The purity of the sesame seed is specified in terms of such as 99-1. The 99 in the figure means that in each 100 grams of sesame seed, no more than 1% contains impurities such as dirt, branches, stones, etc. Hulled seeds and bleached hulled seeds have a higher market value than untreated seeds. He also stated that sesame oil is very quality as compared with to other oil crops; it is profitable and less costly if there is oil processing factories in the county which can label the products for local and international markets. If there is an investment in processing of sesame products in Ethiopia, it will make the product more competent in the international market. In the face of sesame and other oil crops demand less inorganic fertilizers, it is possible to produce organic products from these crops that will consider as prospect of production and export Ethiopian oilseed in general and sesame seed in particular.

2.3.2. Export performance measurement

A conceptual definition of export performance addresses two parts: export and performance. Cavugil and Neviv (1981) cited in Hailegiorgis (2011) export is the international marketing related decisions and activities of internationally active firms. The connotation of the word performance, in the literature sense, does not cause any problem for it is the act of carrying out or accomplishing something such as a task or action. Zou and Stan (1998), Shoham (1991) cited in Hailegiorgis (2011) defined export performance as: success or failure of the effects of nation to sell domestically produced products in the other nations market; or export effectiveness and efficiency as well as continues engagement in the international market:-The success or failure of the efforts of a nation to sell domestically produced goods and services in other nations markets (Zou and stan, 1998); The export effectiveness, export efficiency and continuous engagement in exporting (Shoham, 1991);The composite outcome a nation's international sales (Shoham, 1996); and (iv) the three sub-dimensions which encompasses sales, profit and growth (Madsen, 1987).

2.4. Conceptual framework

The below figure illustrates how five independent variables merge to accomplish movement toward export performance.

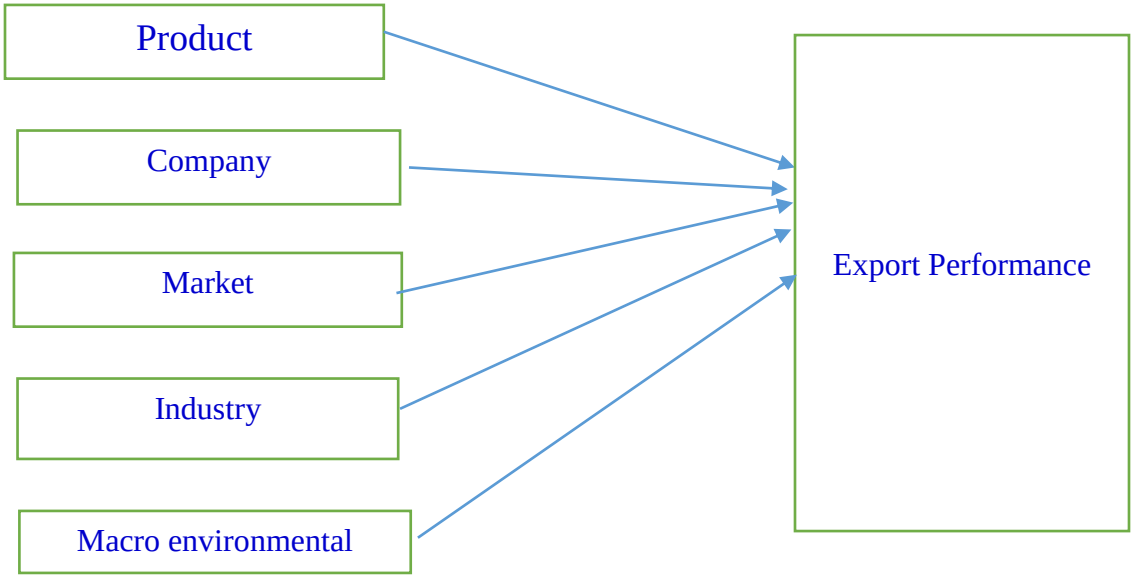

Fig.2.1. Conceptual framework

(Source: Reuvid, J. S., 2008)

CHAPTER THREE

3. RESEARCH METHODOLOGY

3.1. Introduction

This chapter describes the research design and methodology which helps in drawing the logical and coherent link between the data collected, analyzed, summarized, and conclusions and recommendations drawn in the subsequent chapters.

3.2. Research approach

In this study, quantitative approach is preferred to utilize. Quantitative research helps to generalize the evidence found in the sample of a given population in order to understand a certain phenomenon. It provides a wide range of different age groups, indicates the extensiveness of attitudes held by participants, and provides results which can be condensed to statistics. Finally, it is considered the most suitable method to answer the kind of questions that have already been established by theory that can operationalize the main variables of this research.

3.3. Research design

A descriptive survey design was utilize for the study. This design usually enables researchers to investigate current practices, conditions, processes, trends, effects, etc under a study (Singu, 1985). Similarly, Creswell (1994) stated that descriptive survey inquiry helps to gather data at a particular point with the intention of describing the entire nature of the existing conditions in generalizing from sample to population. Consequently, in describing the challenges of oilseed export and the effect on export performance in the study area, descriptive survey design was found to be relevant and appropriate.

3.4. Population

The target population for this study was oilseed exporters in Ethiopia in the present time. According to ECX database, there was 350 active oilseed exporters and proposed to select the representative sample size based on the proportional formula to obtain representative sample from the target population.

3.5. Sampling technique and size

Random sampling technique was used to this thesis to collect unbiased information from oilseeds exporters since the target population is supposed to be homogeneous. This enabled to the researcher to collect normally distributed unbiased data.

From the total population of350, the total sample size is identified using Taro(1967)as cited in Shewamen (2004) statistical formula with 95% confidence level and 5% error. Hence, the total sample size will be 186 and the same population classifies the study for each process.

$$\boldsymbol{n = \frac{N}{1 + N(e)^2}}$$

$$\boldsymbol{n = \frac{350}{1 + 350(.05)^2}}$$

$$\boldsymbol{n = 186}$$

Where

N= total population size= 350

n=sample size= 186

e= sampling error = 0.05

3.6. Data source and collection instrument

Both primary and secondary data sources were used for the study. The primary data sources were all exporter of oilseed. The data were collected through questionnaires. Questionnaires were developed for the selected oilseed exporter. Structured questionnaires were given to each exporter. The major secondary data source was articles, journals, reports, and websites… were cited for the reviewing related literatures.

The questionnaire is developed to collect significant information relating to various export challenges of the Ethiopian oilseed exporter. The questionnaire is developed thorough review of relevant literature or identifying the various export challenges. Finally, a structured questionnaire with 25 questions is prepared on five different categories of challenges based on literature review. The survey was conducted by a five-point Likert scale which is developed ranging from1; “Strongly disagree”, 3; “neither agree nor disagree” and finally to 5; “Strongly agree”.

3.7. Reliability and validity

To measure the consistency of the Questionnaire, the reliability analysis was done using Cronbach’s Alpha (α), the most common measure of scale reliability test. As indicated below in Table 4.12 below the value for Cronbach’s Alpha (α) was 0.821 for all variables which exceed 0.70 the accepted value for Cronbach's Alpha (Field, 2009; Cohen and Sayag, 2010). In short nut, the responses generated for all of the variables used in this research was reliable enough for data analysis.

Table 3.1. Reliability Statistics

	Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
Company factor	.842	.811	5
Product factor	.792	.801	4
Industry factor	.854	.858	4
Marketing factor	.921	.891	6
Macro-environment factor	.782	.798	6
Performance of oilseed export	.774	.788	5
Over all questions	.821	.872	30

Validity is achieved when the methodology and research data that is shown in the survey is accurate and true.Wainer and Braun (1998) describe the validity in quantitative research as “construct validity”. The construct is the initial concept, notion, question or hypothesis that determines which data is to be gathered and how it is to be gathered. They also assert that

quantitative researchers actively cause or affect the interplay between construct and data in order to validate their investigation, usually by the application of a test or other process. In this sense, the involvement of the researchers in the research process would greatly reduce the validity of a test.

3.8. Data analysis method

Descriptive analysis has been used to analyze Likert scale type data. According to Marczyket.al, (2005) descriptive statistical procedures allow researchers to describe groups of individuals and events, examine the relationships between different variables, and examine and generalize results obtained from a sample back to the population from which the sample was drawn. Furthermore, descriptive statistics of frequency tables are used to describe the data collected in research studies and to accurately characterize the variables under observation within a specific sample. The analysis was done with the help of Statistical Package for Social Sciences (SPSS) 20was employed. The responses in the questionnaire were coded into common themes to facilitate analysis. Data was presented in descriptive form supported by tables, frequency distributions, graphs and percentages.

The five-point Likert-scale questionnaires were analyzed by determining the cutoff value of the points. The Problems with mean score of greater than 3.5were considered most important in the exporting activities of the firms; mean scores between 2.5 and 3.5 were considered as moderately important and problems with mean score lower than 2.5 were considered as low degree of importance. The output of the interviews held with selected growers and stakeholders has been jot down and briefly discussed in the findings part of the study.

3.9 Research ethics

In doing any research there is an ethical responsibility to do the work honestly and with integrity. Fraud must be avoided in research and this can come in several forms: being selective in sampling, not reporting survey response/participation rates, deliberately biasing the data collection instruments, making up data, falsifying results, trimming and biased or inappropriate analysis (John et al 2010).

Therefore, taking the nature of the study under consideration, participants were told about the nature of the study to be conducted and they were given the choice of either participating or not participating because any participation should be voluntary. Information collected from the customers was kept confidential and will not be used for any other purpose than this study.

Anonymity of individuals who had participated in filling the questionnaires was remained anonymous throughout the study. In general the study were conducted taking all the above mentioned and other ethical considerations into account and the researcher also tried to avoid all actions that might have an effect on the company, the respondents and all other concerned parties.

CHAPTER FOUR

4. DATA PRESNTATION ANALYSIS AND INTERPRETATION

4.1. Introduction

This chapter presents the analysis and discussions for the research findings obtained from the questionnaires. It reports the investigation results obtained from the analysis

4.2. Response rate

The study targeted a sample size of 186 respondents from which 145 were filled in and returned the questionnaires making a response rate of 78%. This response rate was satisfactory to make conclusions for the study.

4.3. Respondents information

Descriptive statistics using frequencies was used to analyze the demographic characteristics of the respondents and hence the result of the analysis is described in detail hereunder: Output of study indicated that most of the respondents were males and there were few numbers of female respondents.

Table 4.1 respondents age distribution

Gender Category	Frequency	Percent
Female	65	44.8
Male	80	55.2
Total	145	100.0

(Source: 2018/19 survey data)

As it is shown in the table 4.1, about 55.2% of the respondents were male and the remaining 44.8%was female respondents. This indicts females have participated in the export business as**.**

Table 4.2. Age distribution of the respondents

Age Category		Frequency	Percent
Valid	Below 25 years	12	0.08
	26-35 years	21	14.5
	36-45 years	26	17.9
	46-55 years	30	20.7
	Above 56 years	56	38.62
	Total	145	100.0

(Source: 2018/19 survey data)

As it is depicted on the table 4.3, most of the respondents is aged above 56 years, and counts above38.6% of the respondents. The next largest group is aged between 46-55& the remaining few respondents are less between 26-35 years and less than 25 counts 14.5% & 0.08% respectively. So that, most of the respondents fall under the age groups above 56 years old.

Table 4.3. Education level of the respondents

Educational category		Frequency	Percent
Valid	Diploma	29	28.9
	Degree	92	63.4
	Master	11	7.5
	PhD	-	-
	Total	145	100.0

(Source: 2018/19 survey data)

As shown on the table 4.4 above out of 145 respondents about 92 (63.4%) of them were first degree holders and the 11(7.5 %) were also second degree holder. There were respondents having diploma 29(28.9%) while none of the respondents were PHD holders. As a result, the study found that export companies have been managing by educated peoples who hold at least first degree and above and this help them rum the business properly

Table 4.4. Respondent's year of experience in exporting oilseed

Work experience Category		Frequency	Percent
Valid	less than 2 years	29	20.0
	2-5	45	31.0
	6-10	44	30.3
	above 10	27	18.6
	Total	145	100.0

(Source: 2018/19 survey data)

As depicted in the table 4.5 above most of the respondents has experience of between 6-10 year and 2 up to5 years. That is, 31% of them have between 2-5 years and around 30.3 %between 6 up to 10 years that counts together 61.3% of the respondents. The remaining has not more than and less than 2 and 10 years.

4.4. Descriptive analysis

In this section, the analysis is made based on the questions, which were prepared to assess the challenges of oilseed export performance. The questions were categorized under six variables for assessing the study area thoroughly. The data collected for all the six variables are first analyzed separately and then analyzed jointly to associate their cumulative result from the challenges for the sector.

4.4.1. Company factors

Company factors influence their choice of marketing strategy and ability to execute that marketing strategy. Company barriers categorized under marketing knowledge and information, financial resources and human resources

Table 4.5 company factors that affect export performance of oil seeds

Items	N	Mean	Std. Deviation
There is lack of adequate working capital, which endanger the entire production operation and adds cost	145	3.96	.841
There is lack of trained and experienced human resources particularly for its managerial and professional employees better in export market	145	4.13	.819
There is lack of knowledge in foreign markets, business practices, and competition	145	3.99	.821
There is incapacity of management to generate foreign sales	145	3.99	.833
There is lack of expertise in procedure and negotiation power of exporters.	145	3.88	.798
Average mean		3.97	

(Source: 2018/19 survey data)

In the above table, the descriptive analysis of challenges on oilseed export performance with respect to Company barriers related was presented. As one can see in the above table the average/grand mean value of the variables is greater than 3.5 mean value it imply that the respondents agreement on the Company barriers are challenge their oilseed export performance. Therefore, the above result shows mean value of 3.94 of variables.

4.4.2. Product factors

Product problems are related to quality and technical requirements of the targeted export market segment, such as export product design, style, quality packaging and labeling requirements and product adaptation or modification**.**

Table 4.6. product factors that affect export performance of oil seeds

items	N	Mean	Std. Deviation
There is no problem on the quality and quantity of oil seed production	145	3.97	.845
The exported oilseed is not fulfills the required quality	145	3.15	.853
There is failure to meeting importers quality standards	145	2.96	.832
There is inability to establishing the suitable design and image for export markets	145	3.10	.823
Average mean		3.29	

Source: 2018/19 survey data)

The assessment also made from the perspective of product related barriers. As seen in the above table. Most of the respondents were has got neutral position regarding product barriers variable. The average/grand mean value of the variable was 3.29, which is fall under moderate level of agreement i.e. between 2.5- 3.5.

4.4.3. Industry factors

Table 4.7. Industry factors that affect export performance of oil seeds

item	N	Mean	Std. Deviation
There is lack of new technology that facilitate oilseed exports	145	3.99	.858
There is lack of awareness to use technology for marketing	145	4.13	.802
There is low access to technology for processing	145	4.03	.807
There is inability to competing with aggressive competition in the foreign market	145	3.89	.817
Average mean		4.01	

Source: 2018/19 survey data)

The above table show that the majority of respondents agreed on the variable i.e. industry barriers. The average mean value indicate that above 3.5 which is 4.01.

4.4.4. Market factors

Export market barriers are factors that affect the export marketing strategy related to customer barriers and procedural barriers. Can be Customer barriers stem from the customer's perception of product characteristics and Procedural barriers are among the export market barriers. Exporting requires knowledge about export procedures.

Table 4.8. Market factors that affect export performance of oil seeds

	N	Mean	Std. Deviation
Poor image/goodwill of the exporter's country	145	3.91	.781
Bad image of products in the foreign market	145	4.03	.803
There is insufficient foreign demand to the oilseed	145	2.34	.798
There is lack of information about export procedure oilseed	145	4.03	.811
International trade procedural complexity to oilseed export	145	4.06	.762
There is delay of payment to the exported oilseed buyers	145	4.08	.812
Average mean		4	

Source: 2018/19 survey data)

The assessment was also done from the marketing challenges perspective of oilseed export performance. As the data shown above, most of the respondents agreed on there are a market challenges for Ethiopian oilseeds as it has an average mean value of 4.00 that is fall under agreed level of agreement. However, the mean value for the statement of "there is insufficient foreign market demand to the oilseed" scored the mean value of 2.34 that indicates the majority of the respondents disagreed with the statement or the majority agreed that there is high demand to oilseed exports.

4.4.5. Macro-economic factors

Macro environment barriers are one of the external barriers. These are factors beyond the firm's control; which further classified in to direct and indirect export barriers. Direct export barriers include tariff and non-tariff barriers; cost of transportation; inadequate diplomatic support; lack of export promotion and assistance from the government; complex government bureaucracies; infrastructure; and special customs requirements. Indirect export barriers are rooted in the macro-economic policy of the country and international trade agreements.

Table 4.9 macro-economic factors that affect export performance of oil seeds

	N	Mean	Std. Deviation
There is lack of export promotion and assistance from the government	145	3.87	.810
There is insufficient promotion of government export to abroad	145	3.99	.829
There is high transportation cost	145	3.89	.800
The exporting process is costly	145	3.94	.784
There is no adequate market infrastructure available for oilseed export	145	4.03	.828
The foreign exchange policy is not efficient to oilseed exporters	145	4.03	.828
Average mean		3.95	

Source: 2018/19 survey data)

The above table shows the response for the items related to macro-economic variables, which may be considered as a challenge for oilseed export performance. The average mean value of 3.95 indicating the agreements of the majority of respondents on the Macro-economic variables challenges the exports of oilseed. Especially the inadequacy of market infrastructure and inefficiency of foreign exchange policy were seems higher challenges for oilseed exporter that score the mean vale of 4.03

4.4.6. Oilseed export performance

Table 4.10 oilseed export performance that affect export performance of oil seeds

items	N	Mean	Std. Deviation
Your Company's oilseed export volume is increasing.	145	1.99	.808
The company's market share in the international market is increasing	145	2.17	.817
Profit gained from oilseed expert is increasing	145	2.06	.810
The supply of oilseed in Quantity increasing	145	1.91	.799
The supply of oilseed in Quality improving	145	3.01	.795
The company's profit from exported oilseed is increasing.	145	1.88	.795
Average mean		2.16	

(Source: 2018/19 survey data)

The oilseed export performance is also investigated through computing the average results of all the items. As the above table shows, the result providing an average mean value of 2.16 indicating the disagreement of majority of the respondents on the items provided to them in the form of questionnaire. Which indicate a lower level of agreement and fall under below 2.5 values of average mean score

4.5. Correlations

As depicted in Table 4.12 below the correlation between the independent and dependent variables were not high. This indicates absence of Multicollinearity problems among the variables. However, there were strong and positive correlations between the dependent variable; oilseed export performance (POIL) and all the independent variables.

Correlation is significant at the 0.05 level (2-tailed).

Table 4.11. Correlations

		COBA	PRBA	INBA	MABA	MCBA	POIL
COBA	Pearson Correlation	1					
	Sig. (2-tailed)						
PRBA	Pearson Correlation	-.063	1				
	Sig. (2-tailed)	.453					
INBA	Pearson Correlation	.050	.017	1			
	Sig. (2-tailed)	.548	.842				
MABA	Pearson Correlation	.070	.014	.063	1		
	Sig. (2-tailed)	.400	.863	.455			
MCBA	Pearson Correlation	-.083	.100	-.178*	.052	1	
	Sig. (2-tailed)	.323	.233	.032	.533		
POIL	Pearson Correlation	-.004	-.090	-.141	.178*	.131	1
	Sig. (2-tailed)	.964	.280	.090	.033	.116	

*. Correlation is significant at the 0.05 level (2-tailed).

As per Zikmund, (2003) the value of "r" ranges from +1.0 to -1.0, where a positive "r" value indicates a direct relationship and a negative 'r" value represents an inverse relationship between two variables. When "r=0" it implies that there is no relationship between the two variables. When "r=+1" it implies that there is a perfect direct relationship between the variables. When "r=-1" it implies that there is a perfect negative/inverse relationship between the variables. When "r" is in between 0.10-0.29, it implies that variables have weak relationships and when "r" value is in between 0.3-0.49, it implies that the variables have moderate relationship. When "r" value becomes greater or equals to 0.5 it indicates the relationship is strong. Depending on this assumption, all basic constructs were included into the correlation analysis and a bivariate two tailed correlation analysis was done.

4.6. Classical Linear Regression Model Assumptions Test

It is common to test CLRM assumptions before go to the regression result estimation and interpretation. Here the researcher tested some of the important classical linear multiple regression model assumptions which are more related with the cross sectional data. Given the Gauss-Markove Theorem it is known that the Least Squares Estimator β0 and β1 are unbiased and have minimum variance among all unbiased linear estimators, where the expected value of our error terms is zero(€ì)=0 and variance of the error terms is constant and finite. Accordingly, in this thesis five of the multiple regression assumptions have been tested as discussed below.

4.6.1. Normality test

To test the normality assumption it is important to view whether the residuals are skewed or not. If the residuals are not skewed, that means the assumption of normality has been satisfied.

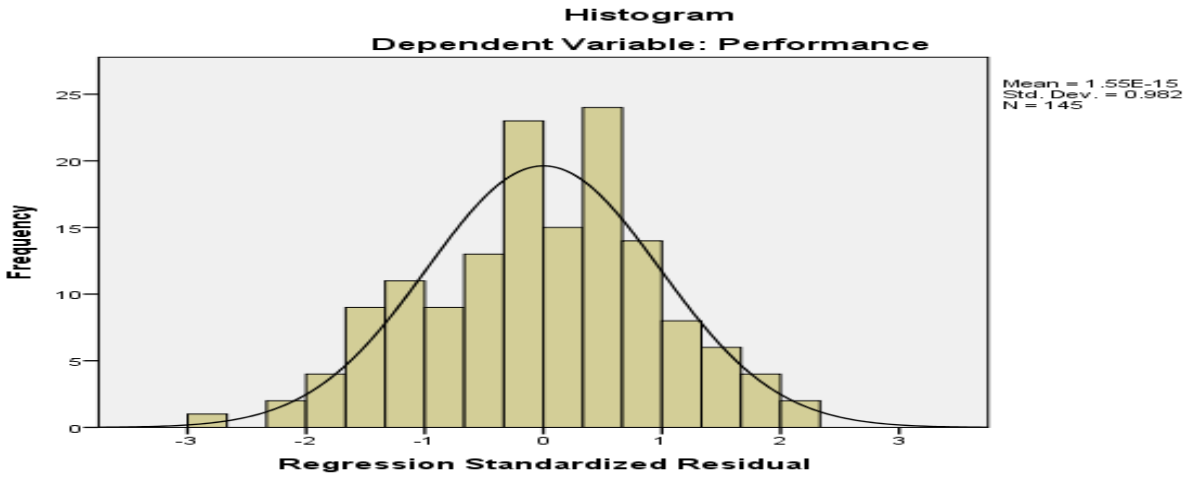

Fig. 4.1. Normality test

According to G.David Garson (2012) the normal distribution takes the form of asymmetric bell-shaped curve. The standard normal distribution is one with a mean of 0 (zero) and Standard Deviation of1 (one). G.David Garson added that normality can be visually assessed by looking at a histogram of frequency or probability plot output that normal distribution forms the asymmetry of bell-shaped curve. As a rule of thumb when the cases are distributed normally, the area under normal curve represents probability of 68.26% of a case will lies within the 1 Standard Deviation of the mean while95.44% lies within 2 SD and 99.14% cases lies within 3sd Standard Deviation.

As it is indicated in the figure 4.1 above, visualizing the figure, the area under the normal curve represents probability of 95.44% case lies within the Standard Deviation of 2. And when the Standard Deviation increased to 3 about 99% of the cases lies under the 3 Standard Deviation. Under the normal distribution of standard error or sample data there less than 0.05% chance that a sample case might lay outside 2 standard deviation of the mean and less than 0.01 chances that sample might lay outside 3Standard Deviation. So this distribution can satisfy the assumption of normality distribution of sample population. Assumption of normal distribution of the sample variable among population has been met. That is the independent variable are normally distributed

4.6.2. Homoscedasticity test

If the classical linear assumption of homoscedasticity is violated or when the error term does not have constant variance it is said to be hetroscedasticsity (Ranjit, 2011). Hetroscedsticity can be occurred because of different reason such as measurement error, model misspecification, etc.

When heteroscedasticity is presented in the model, OLS estimators are no longer BLUE and it doesn't provide unbiased estimator with smallest variance. Therefore, it is important to test the homoscedasticity of the variances of the disturbances in the model. In general there are two ways of detecting the presence of hetroscedasticity; the informal and formal ways of hetroscedasticity detection. The graphical way of inspection is simple to detect the existence of hetroskedasticity (ibd).

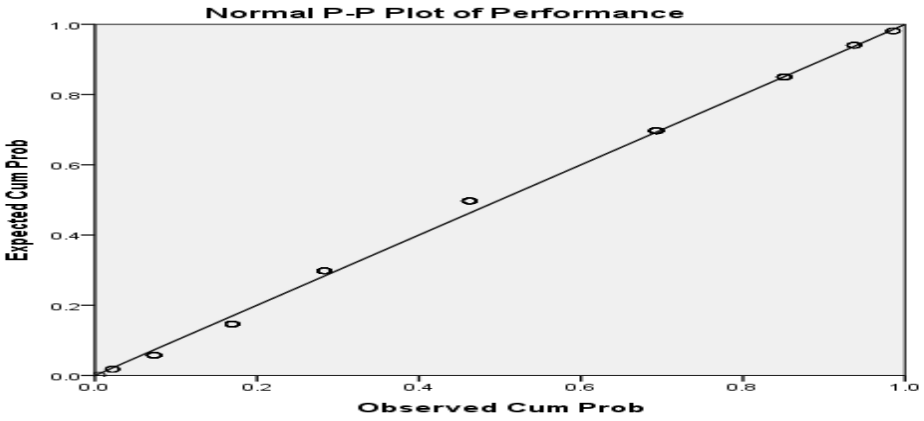

Fig. 4.2.Homoscedasticitytest

The figure 4.2 above indicates that there is no hetroscedasticity in the model which indicates that proper distribution of error term /constant variance of error term. The error terms have constant variance since there are not outliers. I.e. the variance of the error term is constant meaning that error term is dependent on the change of explanatory variables. Since there is homoscedasticity /constant variances/ of the error term the model can met the OLS estimate to be best estimator to the population parameters.

4.6.3. Linearity test

Linearity assumption can be checked using the graphical techniques through scatter plot. The researcher draws the scatter plot of residuals and Y value to test the linearity of the model using SPSS computer software. According to many scholars' such as Gaurav Bansal et,al. (2008) if the scatter plot follows a linear patter (not curvilinear pattern) that shows the linearity assumption has been met. However, if the scatter plot shows curvilinear pattern that means the model do not met the linearity assumption. In line with this guideline the SPSS result shows that, taking Y value on the Y-axis and the standardized residuals plotted on the horizontal X-axis indicated that the model is more or less follows linear pattern that satisfies the linearity assumption.

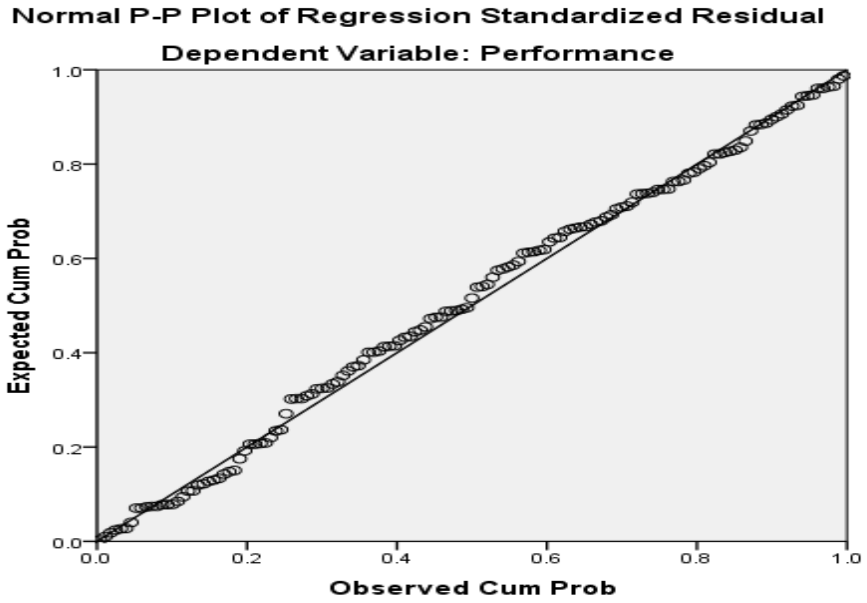

Fig.4.3. linearity test

As depicted in the figure 4.3, follows the linearity patterns that satisfied a linearity assumption. It is linear because there is no any curve linearity patterns although some of the residuals seams doted scatter, all the plots follow the same dimension. So that the researcher concludes that the model is linear.

4.6.4. Multicollinearity test

Assumption of classical linear regression model requires that there is no actual linear relationship among the sample value of explanatory variables. When this assumption of CLRM violated the multicolinearity problems occurs. If the model contains multicolinearity problems this leads to OLS methods estimates no longer provide unique estimators with the smallest variance for the population parameters (Dimitrios Asterious and Stephen G.Hall, 2007).Although there are many diagnostic methods or models to detect the multicollinearity problems the researcher found that it is simplest and understandable to use VIF and R2 to test the multicollinearity problems.

According to Dimitrios and G.Hall (2007) if value of VIF (Variance Inflator factor) exceeds 10, it generally indicates that there is multicollinearity in the model. As VIF value increases the value of SE (standard error) becomes large and the coefficient leads to uncertain. As a result, the OLS estimator not provide unique estimator to the population parameters. Also if the values of R2 and VIF value rise in the same direction it is also indication of existence of multicolinearity. Moreover, tolerance and VIF value move indirectly and indicates that as the tolerance values are near to zero and VIF value become more than 10 then there may be multicolinearity in the model. Fortunately, based on the guideline discussed above, the study's finding indicates that there is nomulticolinearity problem in the model. Because, as clearly indicated in the table 4.10 below, all VIF values is below 10. And the tolerance values also more than zero which moves opposite direction with variance inflator factor (VIF).

Table 4.12 Collinearity Statistics

Model		Collinearity Statistics	
		Tolerance	VIF
1	COFA	.983	1.017
	PRFA	.986	1.015
	INFA	.961	1.041
	MAFA	.987	1.014
	MCFA	.949	1.054

4.7. Goodness of fit of the model test

Before running the analysis, testing of overall significance of the model must be tested. There are number of ways to validate the goodness –of –fit of the model, R^2. However, the researcher used the R2 together with adjusted R^2 to test over all goodness-of-fit of the model. As a result, the study found that adjusted R^2 became 80%, which indicates the model is adequately described by the selected explanatory variables. Most of scholarliness agrees that, as the values of R^2 and adjusted R^2 close to one that tells us the model is significantly determined by the included explanatory variables and the model is more significant. Therefore, the model is correctly specified and the explanatory variables explained the dependent variable, y very strongly. It shows that there are no omitting significant causal variable or including correlated but causally extraneous ones. Similarly, the researcher found that values of R^2 80% of the dependent variable determined by the explanatory variables included in the model. Therefore, it can be concluded the model is specified properly and the OLS model estimated better to the true estimator of

Table 4.13 Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.901[a]	.811	.801	.597

a. Predictors: (Constant), MCBA, MABA, PRBA, COBA, INBA

population parameters

In addition to R2, there is ANOVA model of F-test to overall significance of the explanatory variables in-group. The values of F-test 3.667 with the P-values of 0.004 which is less than the critical value P(0.05) indicates that R^2 is significant measure of overall significance of the model.

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Table 4.14 ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	24.298	5	4.860	3.667	.004[b]
	Residual	212.015	160	1.325		
	Total	236.313	165			

a. Dependent Variable: POIL

b. Predictors: (Constant), MCFA, INFA, MAFA, PRFA, COFA

Therefore, the researcher revealed that the model is specified properly and all the measurements and the parameters beta are linear, and there are no omitted or casually included variables in the model. So that OLS model estimates the best estimator of the sample to the true population parameters.

4.8. Regression result and interpretation

Multiple regression analysis was conducted to examine the relationship between the dependent variable-performance of oilseed export performance, and the explanatory variables.

Looking at the multiple regression result in table 4.16 below the p-value of the statistical t test for each predictor indicates the contribution level of each variable to the model. Using the multiple linear regression models, significance of five explanatory variables such as Company barriers, production barriers, industry barriers, marketing barriers and macro-economic factors were analyzed to examine the contribution of each variable to determine dependent variables.

The coefficient β (the standardized coefficient) provides us with the information to predict the dependent variable (oilseed export performance) from the stated independent variables. In addition, it shows us that whether the independent variable contributes significantly or not.

Table 4.15 Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.729	.509		1	(Constant)
	COFA	.140	.084	.134		COFA
	PRFA	.134	.075	.141		PRFA
	INFA	.031	.086	.028		INFA
	MAFA	.060	.072	.064		MAFA
	MCFA	.168	.081	.165		MCFA

a. Dependent Variable: POIL

POIL=1.729+ .14COFA+ .134PRFA+ .031INFA+ .060MAFA+.168MCBA

Where

POIL= Performance of oil Seed Export

COFA= Company factors

PRFA=Product factors

INFA=Industry factors

MAFA= Marketing factors

MCFA= Macro-environment factors

As one can see from the above table 4.16, the all variables (company, production and industrial factors) have positive relation with oilseed export performance. In addition, the remaining two variables also (marketing and macro-economic factors) have positive relation with oilseed export performance.

According to the above table, company factors significantly affect the oilseed export performance in Ethiopia (β= .14, p=.000). In addition, the beta coefficient of company factors is positive which means the oilseed export performance and company factors has direct relationship

i.e. as company factors increase, oilseed export performance increases. This is may be because the exporter adequate working capital trained and experienced human resources and expertise in procedure and negotiation power of exporters.

Production factors also significantly affect the oilseed performance in Ethiopia (β= .134, p=.030) and the beta coefficient of production factors is positive which means the oilseed export performance and production factors has direct relationship i.e. as production factors increase, oilseed export performance increase. This is because the exporter fulfills the required quality to meeting importers quality standards. Also the exporter is competence to establishing the suitable design and image for export markets

Like the company and product factors, Industrial factors also has positive relation with oilseed export performance, its relation is significant (β= .031, p=.000). Industrial factors increase, the oilseed exports performance increase significantly. Lack of technology facility and access and lack of awareness may lead to the negative relation.

In addition to the above three variables Marketing factor also has positive and significant relation with oilseed export performance (β=.060, p=.011) which implies that while industry factors increase the oilseed export performance also increase.

Like marketing barriers, macro-economic factors also has positive and significant relation with oilseed export performance (β=.168, p=.040). That meant while macro-economic factors increase the oilseed export performance also increase.

Table 4.16. Hypothesis test summery

Hypothesis	***Beta (β)***	***t***	***Sig. (p<0.05)***	***Result***
H1: company has significant effect on export performance of oilseed export.	.140	1.670	.000	Accepted
H2: product has significant effect on export performance of oilseed export.	.134	1.781	.030	Accepted
H3: industry has significant effect on export performance of oilseed export.	.031	.358	.000	Accepted
H4: market has significant effect on export performance of oilseed export.	.060	.830	.011	Accepted
H5: macro-environment has significant effect on export performance of oilseed export.	.168	2.069	.040	Accepted
H1: company has significant effect on export performance of oilseed export.	.140	1.670	.000	Accepted

4.9. Discussion of the result

As the number of reviewed literatures stated the main factor to challenge the export performance in general are similar with findings of this study. For examples most literatures revealed that company, product, industry, marketing and macro-environment factors were noticed as they are highly influencing factors to the export performance.

The Ethiopian oilseed export is also determined by the international company factors; as the as the company barriers increases 1% oilseed export changes by 14%. Likewise, Abiy (2014) noticed similarly in his study that about 86% of the respondents declared the challenges as company factors in the international market.

The study of this thesis found out that product factor are related to quality and technical requirements of the targeted export market segment, such as export product design, style, quality, packaging and labeling requirements and product adaptation or modification are the most significant factor to affect (to develop export) oilseed export performance in Ethiopia. I.e. as 1% increase in product factor causes 13.4% increase in oilseed export performance. Other studies verified that quality of the Ethiopian product (non processed primary products) is not competent to enter in the Japan and Europe market since these markets need processed and purified products for the direct consumption. Similar to these ideas, Soresa (2009) revealed in his study

that, Ethiopian exporters export non processed sesame products to China and China re-export Ethiopian sesame to Japan, adding value though processing.

The study of this thesis found out that macro-economic factor increase is in 1%, oilseed export performance increase in 16.8% the macro-economic policy of the country is the most significant factor to affect oilseed export performance. Most of the studies had discussed similarly that the policy incentives are decisive to develop export sectors. As Tewodros (2015) & FAO (2015) studies revealed the Ethiopian government has given many incentives to the export sector such as duty free, tax holiday, loans access and so on and the incentives help to upgrade its export. That means policy incentives are vital to encourage the export sectors.

CHAPTER FIVE

5. SUMMARY, CONCLUSION AND RECOMMENDATION

5.1. Introduction

This chapter addresses the summary of the findings, conclusion drawn from the study, limitations faced in the time of study and possible recommendations to solve the problems that hinders the performance of oilseed export in Ethiopia. The summaries here focused on the procedures and main findings of the study to achieve the objectives and research questions.

5.2. Summary of major findings

The researcher collected primary data using structured questionnaires questions to collect data. The questionnaire was designed based on Likert scale type data measurement techniques ranged from strongly disagree to strongly agree in order to measure the perceptions of respondents. And the data was analyzed using classical linear multiple regression model. Then after all necessary assumptions had been tested the findings were analyzed and interpreted to estimate the best-estimated Beta coefficient of population parameters to arrive at conclusion. The researcher also distributed 186 questionnaires among them filled and returned 145 that made the response rate 78%.

Consequently, the study found out significant factors that influence the performance of oilseed export in Ethiopia using the primary data collected from respondents. Hence, out of five variables regressed in this thesis, four explanatory variables were the most determinant factors while one of them were less determinant factors to the oilseed export performance in Ethiopia. That is:

- As company factors increase in 1% oilseed export performance increase in 14% and it is significant challenge, which positively related to oilseed export performance. (certes paribus)
- Product factors increase in 1% oilseed export performance, also increase in 13.4% and it is significance determinant of that positively related to oilseed export performance.(certes paribus)

- Marketing factors increase in 1% oilseed export performance increase in 6% and it is significance determinant of that positively related to oilseed export performance.(certes paribus)
- Macro-environment factors increase in 1%, oilseed export performance increase in 16.8% and it is significance determinant of that positively related to oilseed export performance.

5.3. Conclusion

Increasing exports is widely regarded as important factor for the development and growth in developing countries. Exporters are contributors to the exports of the country, which in turn raises the standard of living of the people of the country. Even though exporting companies play vital role for the economic development of the country, they are constrained by several export-marketing problems. According to the findings, the following conclusion is drawn in relation with the data analysis and research objectives.

This study has identified oilseed export market encountered problems. The study found out that both internal and external barriers are important challenges for the oilseed exporter.

The exporter are highly affected by internal factors, which embrace company, product and industry related challenges. Among the explanatory variables included in internal challenges company and product challenges has positive relation and the most significant challenges to affect the oilseed export performance. On the other hand, industrial factors also have positive relation with oilseed export performance. This implied that among the internal factors company and product factor with respective standardized coefficient beta values of .140 and .134 were made highest effect to determine and predict the dependent variables. That means as oilseed export performance increase the company and product factor increase and vice versa.

With regard to the external factors, export market and macro-economic factors are important factors to most of the oilseed exporter, Among the explanatory variables included in external factors export market and macro-economic factors has positive relation and were the most significant challenges to affect the oilseed export performance. That means, the export market and macro-economic factors with respective standardized coefficient beta values of .060 and .168 were made highest effect to determine and predict the dependent variables.

The study also conclude that the company, production, market, macro-economic and industry factor accounted about for approximately 80% (R^2=0.801) in determining the performance of oilseed export. That means, the effect of these five independent variables contributed for the dependent variable; POIL were 80%, and the remaining 20% were other variables that are not included in this study.

5.4. Recommendation

In recent years, the country's highest foreign currency generated from oilseed export. However, the sector is not well developed as the market opportunity proposed. The country should consider its potential and exploit all possible market opportunities. Here are few recommendations proposed to re-evaluate the situation and strengthen the oilseed export activity.

- In addition to the existing policies and regulation, the government needs to address additional and revised policies and regulations by considering the dynamic global market conditions. The sector need trade protection, the government need to think about the establishment agency agreement along with the importing countries.

- The country's need for foreign currency is dependent on its exportable agricultural items. Oilseed is one of the leading exportable agricultural products. The government should give due attention to the growth of the sector and encourage producers and exporters. Promoting mechanized farming, giving tax incentives for importation of capital goods like hulling machines, introducing additional agricultural research and development units for quality seed supply are some of the things need due attention.

- Additional modern road construction, railway expansion and airline service will have a vital role to solve infrastructure and transport related issues.

- Bank should have concern on this export business by checking the terms and conditions of the letter of credits and in giving professional advice to the exporters. They can also play an important role at the time of document preparation and negotiation.

5.5. Suggestion for future Researchers

This study has assessed the challenges of oil seeds export in Ethiopia. Nevertheless, the findings should be interpreted carefully, as there were a number of challenges which also represent opportunities for further research.

Logistics problem, ECX high cost transaction, weight loss and post harvest loss and others are factors that affect the practice oil seeds export including variables that the researcher did not take in to account in this study.

Thus, the future researcher could conduct a study on the same title by considering the above mentioned factors. Moreover, future research may investigate the role of oil seeds export promoting and improving the practice of agricultural product in the international market.

5.6. Limitation of the study

The area, export performance challenges, being vast and crucial for growth and development, many challenges measures could be used for determining export performance. However, a short period of time and budget constraints is other limitations in conducting this research paper.

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St. Mary's University

School of Graduate Studies

MBA Program

Questionnaire prepared for oilseeds exporters

Dear Respondents,

This questionnaire is prepared to collect data for thesis work on the topic of '***Factors affecting export performance: in the case of oil seeds export in Ethiopia''.*** The study is to be undertaken for the partial fulfillment of the requirement for MBA program. For the successful accomplishment of the study, your response will be used as a valuable input. I assure you that the information you will provide will be used only for academic purpose and will be kept confidential. Therefore, I request you to fill the questionnaire genuinely and without bias.

Thank you in advance for your cooperation

Directions:-

- Writing your name is unnecessary.
- Put tick mark as per the questions required in the box and put your short and precise answer in the space provided

A. Demographic information

1. Gender

   Female ☐ male ☐

2. Age

   25 years and lower ☐ 26-35 years ☐

   36-45 years ☐ 46-55 years ☐

   56 and above ☐

3. Educational level

   Diploma ☐ Degree ☐

   Master ☐ PhD ☐

4. How long have you been exported oilseed

Less than 2 years ☐ 2-5 ☐

6-10 ☐ above 10 ☐

B. Please mark what you feel most appropriate, using the scale from 1 to 5 (Where 1 = Strongly Disagree, 2 = Disagree, 3 = Neutral, 4 = Agree and 5 = Strongly Agree).

Company factors		**5**	**4**	**3**	**2**	**1**
1	There is lack of adequate working capital, which endanger the entire production operation and adds cost					
2	There is lack of trained and experienced human resources particularly for its managerial and professional employees better in export market					
3	There is lack of knowledge in foreign markets, business practices, and competition					
4	There is incapacity of management to generate foreign sales					
5	There is lack of expertise in procedure and negotiation power of exporters.					
Product factors						
6	There is no problem on the quality and quantity of sesame seed production					
7	The exported oilseed is not fulfills the required quality					
8	There is failure to meeting importers quality standards					
9	There is inability to establishing the suitable design and image for export markets					
Industry factors						
10	There is lack of new technology that facilitate oilseed exports					
11	There is lack of awareness to use technology for marketing					
12	There is low access to technology for processing					
13	There is inability to competing with aggressive competition in the foreign market					

Marketing factors						
14	Poor image/goodwill of the exporter's country					
15	Bad image of products in the foreign market					
16	There is insufficient foreign demand to the oilseed					
17	There is lack of information about export procedure oilseed					
18	International trade procedural complexity to oilseed export					
19	There is delay of payment to the exported oilseed buyers					
Macro-environment factors						
20	There is lack of export promotion and assistance from the government					
21	There is inefficient promotion of government export to abroad					
22	There is high transportation cost					
23	The exporting process is costly					
24	There is adequate market infrastructure available for oilseed export					
25	The foreign exchange policy is not efficient to oilseed exporters					
Performance of oilseed						
26	Your Company's oilseed export volume is increasing.					
27	The company's market share in the international market is increasing					
28	Profit gained from oilseed expert is increasing					
29	The supply of oilseed in Quantity increasing					
30	The supply of oilseed in Quality improving					
31	The company's profit from exported oilseed is increasing.					

Thank you for cooperation!!!