



ST.MARY'S UNIVERSITY

SCHOOL OF GRADUATE STUDIES

**ASSESSMENT OF THE CHALLENGES OF COFFEE AND OIL SEED
EXPORTERS IN ETHIOPIA**

BY

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February, 2022

Addis Ababa, Ethiopia

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SCHOOL OF GRADUATE STUDIES

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**A THESIS SUBMITTED TO ST.MARY'S UNIVERSITY, SCHOOL OF
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REQUIREMENTS FOR THE DEGREE OF MASTER OF BUSINESS
ADMINISTRATION**

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ST. MARY'S UNIVERSITY
SCHOOL OF GRADUATE PROGRAM
DEPARTMENT OF MANAGEMENT OF BUSINESS ADMINISTRATION

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DECLARATION

I certify that this paper, named “Assessment of the Challenges of Coffee and Oil Seed Exporters in Ethiopia “is my original work, prepared under the supervision of GirmaTegene (Associate Professor).

This paper is being presented in partial completion of the Master of Arts in Business Management degree requirement, and it has never been submitted to any college or university. I'd also like to clarify that all of the materials used in this work have been properly acknowledged.

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ENDORSEMENT

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

Advisor

Signature

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ACRONYMS

CHA	Customs Handling Agent
ECX	Ethiopian commodity exchange
ESLSE	Ethiopian Shipping and Logistics Service Enterprise
GDP	Gross domestic product
GDP	Gross Domestic Product
GOE	Government of Ethiopia
IBD	International Banking Department.
LDCs	Least Developed Countries
MNC	Multinational Corporations
MOA	Ministry of Agriculture
NBE	National Bank of Ethiopia
RII	Relative Importance Index
SD	Standard deviation
SOB	Shipped on board
SPSS	Statistical Package for Social Science

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ABSTRACT

International trade, if properly managed, can contribute to a nation's economic growth. One of the reasons for international trade is the presence of the imbalance of natural resources of countries. The efficiency of a given country's international trade is highly dependent on the efficiency of the participants of in this sector. One of the main actors in international trade is exporters. The main purpose of this research was to assess the major challenges of coffee and oil seed exporters in Ethiopia. Among different barriers, this study aimed at identifying the major challenges in the area of foreign management, identifying institutional obstacles, challenges related to organizational capacity, and logistics-related challenges. From different scholars and research, major variables are self-extracted in each category and prioritize the problem of coffee and oilseeds exporters. Despite the fact that these variables are also used in other research pilot studies were conducted to communicate with respondents before the questionnaire was distributed for the data collection process. To get a clear picture of the challenges Non-probability sampling method called convenient sampling technique used. The data analysis process completed using SPSS statistical packaging software and descriptive statistics relative importance index (RII) methods of analysis used to prioritize the challenges faced by both exporters. The findings showed that most exporters are unable to generate profit from this sector and they are doing business to get foreign currency to import different materials because of a high transaction cost in local and international transportation, lack of financial resources, lack of researching and market segmentation were identified as serious factors which influence this sector. Therefore government and other concerned stakeholders should address the identified problems accordingly by considering the dynamics of the global market.

Keywords: *Coffee and oilseeds export, foreign market management, Logistics barriers, and institutional obstacles*

CHAPTER ONE

INTRODUCTION

1.1. Background of the Study

One of the primary goals of any society in the world is economic development and economic growth. The economics literature backs up the idea that development necessitates economic growth in order to alleviate poverty, and that greater access to global markets is seen as a prerequisite for faster growth. There are many factors that influence economic growth, but trade is the most essential source of growth for each country. One of the essential sources of growth for all countries is export. It contributes a crucial role to a nation's economic growth, eases poverty in developing countries, and increase the profitability and growth of exporting firms. (Ventura, Jaume (2005).

According to Hatcher, Thomas Michael (1989) different strategies developed in LDCs to achieve industrialization and economic developments are the outward-looking and inward-looking strategies. The first strategy emphasis the allocation of resources in export-oriented industries without price distortions and emphasizes involvement in international commerce. On the other hand the second strategy emphasis imports substitution. However, since export is considered to be one of the most important accelerators of a country's economic growth, the focus has switched to enhancing export performance. As a result, today's economic development theories place a premium on boosting export performance as a key component of international competitiveness, quick growth, and development.

Ethiopia's export sector is unstable in an international market with a major focus on agriculture primary products. Due to this, it has a negative balance of payment by focusing mainly upon foreign aid and loans to finance its main imports i.e consumable goods. Agriculture is the backbone of Ethiopia's economy. The sector contributes half of the gross domestic product (GDP), 83.9% of exports, and 80% of total employment. In a country like Ethiopia where there is high import and less export, the government of Ethiopia should find a way to increase import substitution and encourage the exporting sector (Kassahun, B. (2013). For example, according to a World Bank report in 2019, Ethiopia exported \$7.6 billion and imported \$20.0 billion, resulting in a negative trade balance of -\$12.4 billion. Therefore addressing the challenges of the first two sectors will clearly give a clear picture of the challenges of exporters in Ethiopia.

The slow growth of exporting agricultural products is one of the major constraints of the economic development of the country. Different scholars identified different kinds of constraints that affect the business of agricultural exporters. The world economic forum (WEF) has identified burdensome customs administrative procedures, the high cost of logistics, and access to credit and foreign exchange as major challenges to small and medium-sized enterprises (SMEs) in Ethiopia. Tadele, 2017 also added that this sector is challenged by unfavorable world prices, weak support from the government, poor quality of products, and lack of competition (Tadele, 2017). In addition to the above constraints according to Biruk, the sector is challenged by market access, low level of private investment, high transaction costs, infrastructural deficiencies, delays in service delivery, limited market knowledge, and shortage of skilled workforce. According to the coffee and oilseed exporters' association website, there are around 215 active coffee exporters under the coffee exporters association and 128 active oil seeds exporters in the county. Maintaining the benefits of the export market in the country plays a vital role in the economic development of a nation as well as for the development of the particular exporting company. However different companies are now constrained by numerous challenges and affected by these challenges. The purpose of this study is to assess the major obstacles faced by exporting companies and by prioritizing the problem it will suggest ways for policymakers and concerned bodies.

1.2. Statements of the problem

African countries include a high degree of production variability, relatively low crop yields, and dependency on primary exports with low-income elasticity and high price volatility. Relative to other developing regions, Africa's agriculture is undercapitalized, uncompetitive, and underperforming; the sector is relatively weak as its productivity lags behind that of other regions and often declining performance is symptomatic of the myriad challenges it faces. Similarly, most Sub-Saharan African countries depend almost on primary commodities for their foreign exchange earnings. According to the website export.gov, in 2017/2018 the major exports of Ethiopia are coffee which accounts (29.5%), oil seeds (14.9%) and pulses (9.5%). The export sector in Ethiopia highly depends on these agricultural products. However, the shares of the total export of coffee declined from 30.6 % in 2010/11 to 26.4 % at the end of 2011/2012. ERCA (2012).

In the case of Ethiopia, as shown in fig 9 Data collected and analyzed from 2010 to 2020 showed that there is a negative trade deficit. There are different factors are responsible for the decline in export and the rise of imports in the country. It is certain that exports of primary goods are less competitive in the world market and highly perishable in nature with a high degree of risk and uncertainty due to its perishable in nature. As Ethiopia exports are mostly dominated by these perishable export materials measures need to be taken to improve and reward the sectors in an international market. The success or fail of the export earning of Ethiopia is highly dependent on the success of agriculture exports business companies. Since the decline of the share of the country's earnings, the country is not able to achieve great success in the world's market. These might be for different reasons. The first and for most reason might be internal problems arises from the business companies itself. The other reason might be the knowledge gap in an international business interaction to excel from other competitors in the world's market. In addition to these, the overhead costs of the business might affect the business and lead to profit fluctuations. Different factors, not only mentioned above, are determinants of the success of the development of agricultural export business. However, all small works were done specific to the challenges identification and analysis from their Therefore, this study will unleash the barriers of the agriculture business in conducting their export business by collecting relevant information from the exporters.

1.3. Research Question

Based on the above statement of the problem and research objectives into consideration the research will answer the following questions.

- What are the challenges in foreign market management which affect agriculture exporters' business?
- What are the institutional obstacles which hinder their exporters' business?
- What are the barriers related to logistics which hinder their exporters' business?
- What are the internal barriers of exporters which hinder their exporters' business?

1.4. Objectives of the Study

1.4.1. General Objective

The general objective of the study is to assess the challenges or barriers faced by the Ethiopian exporter market in the case of coffee and oil seeds exporters.

1.4.2. Specific Objectives

- To assess the challenges in foreign market management of coffee and oilseed exporters
- To identify institutional obstacles of coffee and oilseed exporters
- To identify barriers related to logistics of coffee and oilseed exporters
- To examine the internal barriers of coffee and oilseed exporters

1.5. Scope of the Study

Ethiopia exports different primary agricultural products internationally like coffee, oilseeds, and cut flowers based on their export share. Their business can be affected by so many factors. However, this study only focused on the major export barriers of coffee and oil seeds exporters.

Recently the number of exporters from both coffee and oil seeds are found to be higher than the number on the official website of the coffee and oil seed exporters' association. In order to fix the number of respondents in the data collection process, the research only takes data from the official website of the coffee and oil seed association.

1.6. Significance of the Research

In addition to being a reference to the other new research in this area, the research will help the government, institutions which are involved in this sector or area and other stakeholders to identify the major challenges of coffee and oil seeds exporters and take corrective measures. The research also gives a new insight to new organizations and private companies who wish to engage in this sector and plan in the future. In addition to the above significance of research, the research specifically supplied the following information.

- It provides a baseline to other researchers on similar issues for bridging the gaps that have not been investigated in this study.

- It clearly specifies and differentiates the major bottlenecks of export. Therefore policy makers and exporters and other stakeholders will update themselves and act accordingly.
- It prioritizes the problems from the active participant i.e exporters side

1.7. Limitation of the study

The nature of exporter barriers to their business development is enormous and wide in nature. Due to time and budget constraints, this research considered a few variables only. To get a clear picture of the problems different actors' respond and views should be included, however, for this short period of time the research only addressed the exporter's responses and prioritize their barriers accordingly.

1.8. Organization of the Research

The research has been organized into five major chapters. The first chapter introduces briefly the research area and study; chapter two literature review mainly focused on relevant findings conducted in this area; chapter three covered research design and methodology; chapter four, which emphasizes data results analysis and discussion; and finally chapter five, which provides conclusions and recommendations of the study.

1.9. Definition of Terms

- **Export barriers** are constraints that make it difficult for the firm's capability to launch, develop business operations in the international markets (Morgan &Katsikeas, 1997). Export barriers intensify malfunction in international operations, bringing financial losses alongside negative attitudes towards international business activities (Leonidou, 1995).
- **Agricultural export:** Agricultural export means shipping any agricultural commodity or product whether raw or processed out of the port of a country or selling agricultural goods produced in the home country to other markets.
- **Oilseeds:** Oil Seeds refer to all classes of seeds from which oil is derived. Oil Seeds that are grown and traded as commodities include soybeans, cottonseed, rapeseed, niger seed, sesame, and sunflower seeds. After the oilseed extraction process, the residue can be used as a source of protein for animal feed, creating products such as oil-seed cake and press cake.

- **Mercantilism** A classical, country-based international trade theory that states that a country's wealth is determined by its holdings of gold and silver.
- **Trade surplus** “-When the value of exports is greater than the value of imports.
- **Trade deficit:** When the value of imports is greater than the value of exports.
- **Absolute advantage:** The ability of a country to produce a good more efficiently than another nation.
- **Comparative advantage** the situation in which a country cannot produce a product more efficiently than another country; however, it does produce that product better and more efficiently than it does another good.
- **Logistics** is a total systems approach to the management of the distribution process that includes the cost-effective flow and storage of materials or products and related information from point of origin to point of use or consumption.
- **Foreign market management:** The practice of designing an international plan around product, price, promotion, and distribution is referred to as global marketing management.

CHAPTER TWO
LITERATURE REVIEW

2. LITERATURE REVIEW

2.1. Theoretical Review

The main reason that explains why countries trade with each other is related to economics. Basically, it is the difference in resource endowments of nations that make necessary international trade. In support of this idea, Ayele Kuris (2006, pp. 70-71), states: “The main reason that countries trade with one another rather than run completely independent economies is that the earth’s resources are not equally distributed across its surface.”

To better understand how modern global trade has evolved, it’s important to understand how countries traded with one another historically. Over time, economists have developed theories to explain the mechanisms of global trade. The two main historical theories are referred to as modern and are firm-based or company-based. Both of these categories, classical and modern, consisting of several international theories.

Classical Country-Based Theories	Modern Firm-Based Theories
Mercantilism Absolute Advantage Comparative Advantage Heckscher-Ohlin	Country Similarity Product Life Cycle Global strategic Rivalry Porter's National Competitive Advantage

Figure: 1 Theories of International trade (A. K. (1980)

2.1.1. Classical or Country-Based Trade Theories

2.1.1.1 Mercantilism

According to Hill (1998, p.126), the mercantilist doctrine advocates government intervention through policies to maximize exports by subsidizing exports and to minimize imports by using tariffs and quotas to limit imports. This results in a management of balance of trade surplus.

It is developed in the sixteenth century; which was one of the earliest efforts to develop an economic theory. This theory stated that a country's wealth was determined by the amount of its gold and silver holdings. In its simplest sense, mercantilists believed that a country should increase its holdings of gold and silver by promoting exports and discouraging imports. In other words, if people in other countries buy more from you (exports) than they sell to you (imports), then they have to pay you the difference in gold and silver. The objective of each country was to have a trade surplus, or a situation where the value of exports is greater than the value of imports, and to avoid a trade deficit, or a situation where the value of imports is greater than the value of exports.

While export-oriented companies usually support protectionist policies that favor their industries or firms, other companies and consumers are hurt by protectionism. Taxpayers pay for government subsidies of select exports in the form of higher taxes. Import restrictions lead to higher prices for consumers, who pay more for foreign-made goods or services.

2.1.1.2 Absolute Advantage

Jeannot and Hennessey (2001, p. 42) tried to explain the theory of absolute advantage as 'While there are many variables that may be listed as the primary determinants of international trade, productivity differences rank high on the list'.

Recent versions have been edited by scholars and economists. Smith offered a new trade theory called absolute advantage, which focused on the ability of a country to produce a good more efficiently than another nation. Smith reasoned that trade between countries shouldn't be regulated or restricted by government policy or intervention. He stated that trade should flow naturally according to market forces.

2.1.1.3 David Ricardo's Theory of Comparative Advantage

David Ricardo's theory of comparative advantage is explained by Hill (1998, p. 131), as a situation in which a country specializes in the production of those goods that it produces most efficiently and to buy from other countries those goods that it produces less efficiently, even if this means buying goods from other countries that it could produce more efficiently itself.

The challenge to the absolute advantage theory was that some countries may be better at producing both goods and, therefore, have an advantage in many areas. In contrast, another country may not have any useful absolute advantages. To answer this challenge, David Ricardo, an English economist, introduced the theory of comparative advantage in 1817. Ricardo reasoned that even if Country A had the absolute advantage in the production of both products, specialization and trade could still occur between two countries. Comparative advantage occurs when a country cannot produce a product more efficiently than the other country; however, it can produce that product better and more efficiently than it does other goods. The difference between these two theories is subtle. Comparative advantage focuses on the relative productivity differences, whereas absolute advantage looks at absolute productivity.

2.1.1.4 The Heckscher-Ohlin Theory of Trade

According to Hill (1998), the Heckscher-Ohlin theory argues that the pattern of international trade is determined by differences in factor endowments. It predicts that countries will export those goods that make intensive use of locally abundant factors, and will import goods that make intensive use of factors that are locally scarce.

In the early 1900s, two Swedish economists, Eli Heckscher and Bertil Ohlin, focused their attention on how a country could gain a comparative advantage by producing products that utilized factors that were in abundance in the country. Their theory is based on a country's production factors—land, labor, and capital, which provide the funds for investment in plants and equipment.

They determined that the cost of any factor or resource was a function of supply and demand. Factors that were in great supply relative to demand would be cheaper; factors in great demand relative to supply would be more expensive. Their theory also called the factor proportions theory, stated that countries would produce and export goods that required resources or factors

that were in great supply and, therefore, cheaper production factors. In contrast, countries would import goods that required resources that were in short supply, but higher demand.

2.1.2. Modern or Firm-Based Trade Theories

In contrast to classical, country-based trade theories, the category of modern, firm based theories emerged after World War II and was developed in large part by business school professors, not economists.

2.1.2.1 Country Similarity Theory

Swedish economist Steffan Linder developed the country similarity theory in 1961, as he tried to explain the concept of intra-industry trade. Linder's theory proposed that consumers in countries that are in the same or similar stage of development would have similar preferences. In this firm-based theory, Linder suggested that companies first produce for domestic consumption. When they explore exporting, the companies often find that markets that look similar to their domestic ones, in terms of customer preferences, offer the most potential for success

2.1.2.2 The Product Life-Cycle Theory

Raymond Vernon, a Harvard Business School professor, developed the product life cycle theory¹¹ in the 1960s. The theory, originating in the field of marketing, stated that a product life cycle has three distinct stages: (1) new product, (2) maturing product, and (3) standardized product. The theory assumed that the production of the new product will occur completely in the home country of its innovation. The theory suggests that trade patterns are influenced by where a new product is introduced first. The theory focuses on the role of technology, economies of scale, transportation costs, and changing input requirements.

2.1.2.3 Global Strategic Rivalry Theory

Global strategic rivalry theory emerged in the 1980s and was based on the work of economists Paul Krugman and Kelvin Lancaster. Their theory focused on MNCs and their efforts to gain a competitive advantage against other global firms in their industry. Firms will encounter global competition in their industries and in order to prosper, they must develop competitive advantages. The critical ways that firms can obtain a sustainable competitive advantage are called the barriers to entry for that industry. The barriers to entry refer to the obstacles a new

firm may face when trying to enter into an industry or new market. The barriers to entry that corporations may seek to optimize include:

- Research and development,
- The ownership of intellectual property rights,
- Economies of scale,
- Unique business processes or methods as well as extensive experience in the industry, and
- The control of resources or favorable access to raw materials.

2.1.2.4 Porter's National Competitive Advantage Theory

In the continuing evolution of international trade theories, Michael Porter of Harvard Business School developed a new model to explain national competitive advantage in 1990. Porter's theory stated that a nation's competitiveness in an industry depends on the capacity of the industry to innovate and upgrade. His theory focused on explaining why some nations are more competitive in certain industries. To explain his theory, Porter identified four determinants that he linked together. The four determinants are (1) local market resources and capabilities, (2) local market demand conditions, (3) local suppliers and complementary industries, and (4) local firm characteristics.

2.2 Empirical review

According to export.gov, Ethiopia is endowed with abundant agricultural resources and has diverse ecological zones. Agriculture is the mainstay of the economy. The Government of Ethiopia (GOE) has identified key priority intervention areas to increase the productivity of smallholder farms and expand large-scale commercial farms.

Agricultural production is dominated by smallholder households which produce more than 90% of agricultural output and cultivate more than 90% of the total cropped land. Smallholders drive their income either in cash or through own consumption from agricultural production. According to the national accounts, the agricultural sector consists of crop, livestock, fishery, and forestry sub-sectors. Crop production is the dominant sub-sector within agriculture, accounting for more than 60% of the agricultural GDP followed by livestock which contributes more than 20% of the

agricultural GDP. The contributions of forestry, hunting and fishing do not exceed 10% (Mulat *et al.*, 2004).

One of the salient features Ethiopian export sector is its lack of diversification or concentration on few commodities. As a part of the developing world, agricultural commodities constitute the major share of Ethiopian exports meaning there are insignificant nonagricultural exports in total merchandises export. For the past four decades, primary agricultural products accounted for 80-90 percent of the merchandise export earnings of Ethiopia.

2.2.1 Challenges of Export in Developing Countries

Export-oriented agriculture gives rise to a new set of challenges because foreign food safety and agricultural health requirements may differ sharply from domestic requirements, especially in the case of low-income countries (Dong and Jensen 2004). Some regulatory, technical, and administrative capacities represent a greater constraint on developing-country exports of agricultural and food products than do others.

There is no consensus among scholars in differentiating the barriers of export. However, the most common ones are presented below.

2.2.1.1 Internal Problems

Leonidou (2004) defined internal problems or barriers as:

“The constraints associated with organizational resources /capabilities and company approach to export business” These problems are categorized as those which are directly related to the controllable issues within the firm itself. Tesfom and Lutz (2006) classified internal barriers further into “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 are categorized under: marketing knowledge and information, financial resources, and human resources.

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 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, G. and Lutz, C. (2006).

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. 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 accounts 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. “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. Tesfom, G. and Lutz, C. (2006)

2.2.1.2 External Problems

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 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. 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.

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 demotivates the firm to go for export and to withstand the existing competition with different exporters around the world. 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. Julian, C.C. (2003)

“Export market barriers are factors that affect the export marketing strategy related to customer barriers and procedural barriers”. 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. (Kuppusamy, J. and Anantharaman, R.N, 2014)

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, G. and Lutz, C. 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”. 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. (Tesfom& Lutz, 2006)

Other barriers under the knowledge gap and general issues pointed by Kimberley C. is that negotiating with foreign buyers, Language barriers and/or inadequate overseas telecommunications facilities, lack of knowledge of cultural heritage and other 12 variables. This author has also classified the challenges under marketing agricultural products internationally by mentioning 13 challenges. Under this challenges for example International transport logistics, including freight coordination and insurance availability, Length of time for payment receipt forex port transactions, Package design and other challenges were mentioned and analyzed.

Logistics: Supplying Inventory in Overseas Markets. Selling goods across national boundaries also may cause problems with resupplying the foreign market adequately. Transportation delays, demand fluctuations, and unexpected events can create shortages of the company's products abroad.

Transport and logistics services facilitate international trade and play an important role in the growth and development of the local economy. The quality and efficiency of logistics services can matter for international trade as a weak logistics infrastructure and operational processes can be a major obstacle to global trade integration (Devlin & Yee, 2005).

According to Arvis, the world bank bank's performance index below is the most comprehensive international tool to compare international trade. These are :

1. The Efficiency of the clearance process by customs and other border agencies
2. Transport and information technology infrastructure
3. Local logistics industry competence
4. Ease and affordability of international shipments
5. The facility to track and trace shipments
6. The timeliness with which shipments reach their destinations. (Arvis, et al.2014)

According to Alberto Behar et.al the speed of international trade can be affected by the process involved in the clearance process at customs and other obligatory institutions. However, if the problems are solved and tackled by easing the process, it will speed up the workflow.

As per Crick, 2002 et al resources related barriers to export development is resource barriers, and the most frequently cited barriers identified in his work include inadequate production capacity, lack of expertise in export development, lack of working capital financing, lack of local banks with export credit lines, inadequate/slow return on investment, funding the cost of export market development and high cost of overseas travel.

In addition to the barriers of exporters in this business, Belay Seyoum identifies the twelve most common mistakes of exporters in foreign management are:-

Failure to obtain qualified export counseling and to develop a master international marketing plan before starting an export business, insufficient commitment by top management to overcoming the initial difficulties and financial requirements of exporting, insufficient care in selecting overseas distributors, chasing orders from around the world instead of establishing a basis for profitable operations and orderly growth, neglecting export business when the U.S. market booms, failure to treat international distributors on an equal basis with domestic counterparts, assuming that a given market technique and product will automatically be successful in all countries, unwillingness to modify products to meet regulations or cultural preferences of other countries, failure to print service, sale, and warranty messages in locally understood languages, failure to consider use of an export management company, failure to consider licensing or joint venture agreements and failure to provide readily available servicing for the product.

CHAPTER THREE

RESEARCH DESIGN AND APPROACHES

This part of the research provides the methods used for research design, the source of data, sample size and sample method, and means of data collection to analyze the problems.

3.1. Research Design

This research design integrated the different parts of the study in a logical and meaningful way of presentation. It outlined the collection analysis of data to address the research equation effectively. The research used a combination of both descriptive and exploratory research methods. The descriptive methods of data collection help the research to describe and interpret about the status of exporters. Exploratory study design is used to analyze the qualitative part of the findings.

3.2. Source of data and data Collection Method

The research used both primary and secondary source of data. The primary source of data collected from the exporters and key stakeholders in the exporting business sectors through the questionnaire with the help of Google form by sending to their email address which are found from their association website and by distributing the questionnaire directly to the exporters. The secondary data collected from research papers, website and available international magazine data. The questionnaire collected significant information related to the barriers using a five-point Likert scale questionnaire.

3.3. Data Collection Methods

The research prepared the questionnaire in both open-ended and close-ended questions as a primary means of data gathering technique. The closed types of questions consisted of the demographics of the respondents and the second part had different challenges identified by different research and from different articles consisted of a five-point Likert Scale that are strongly disagree, disagree, neutral, agree and strongly agree. The open ended questions helped the researcher to identify the different kinds of challenges faced by exporters and shared their thoughts to alleviate the problems.

3.4. Pilot testing

The variables on the questionnaire are constructed in a self-explanatory manner which can be communicated with the respondent easily. However, to assure the validity of the questionnaire the instrument was initially tested by different individuals from this sector and gave feedback and witnessed the reliability for further analysis.

3.5. Methods of Data Analysis

The data analysis process performed after the data collection process completed. Quantitative data obtained by survey questioners analyzed by using simple tabular and percentage based on respondent information. Qualitative data also analyzed by using theoretical or descriptive frame work. Descriptive statistics such as percentage was conducted subsequent to the validation and reliability process to ascertain the percentages of nominal variables. The study was carried out using the Statistical Package for Social Sciences (SPSS) version 21. To make analysis easier, the questionnaire responses were classified into common themes. Tables, frequency distributions, graphs, and percentages were used to portray the data in a descriptive manner. To get an overall challenge of exporters the percentage in each variable is presented. And also to give priority to the challenges mentioned in each category the five-point Likert-scale questionnaire relative importance index methods of analysis (RII) used in this study, having the highest values considered as most important challenges as compared to those which score-less.

3.6. Sampling Technique and Sampling Size

Sampling is the process of selecting the representatives of the population in order to make statistical inferences about the total population. Since it is impossible to address all exporters sampling technique was employed to collect data from the respondent. Therefore, the research collected relevant data from the target population by selecting representatives that's called a sample using non probability sampling; convenient sampling.

To determine the sample size from the population of both coffee and oil seed exporters, the Slovinc's (1960) formula $n = \frac{N}{1 + Ne^2}$ was applied. (Where: n is the sample size, N is total population and e is 0.5 sample error). Therefore the total number of 185 respondents surveyed with this questionnaire. According to the coffee and oil seed exporters association website there

are total of active 215 coffee exporters and 128 oil seed exporters. Therefore the total sample size of the sample with 95% confidence level is calculated below using the above formula.

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

$$n = \frac{343}{1 + 343(0.05)^2}$$

$$\underline{n = 185}$$

Where:-

N= Total population size= 343

n= Sample Size= 185

e= sampling error = 0.05

3.7. Validity and reliability

Since the major goal of any kind of research is to obtain validity and reliability, the findings are analyzed using analytical tools.

3.7.1. Validity

In order to achieve validity of the methodology and research, the research questionnaire constructed the concept and data gathered carefully and classify questions into clusters to avoid ambiguity. As presented above, the pilot study was conducted in order to ensure effective construction of a research and make the interaction between researcher and respondents smooth.

3.7.2. Reliability analysis

"Reliability is the extent to which the variables or set of variables is consistent in what is intended to measure. If multiple measurements are taken, the reliable measure will be consistent in their values. It differs from validity in that, it relates to not what should be measured, but

instead, it relates to how it is measured (Hair, Black, Babin, & Anderson, 2013, p. 3)". To measure the reliability or consistency of data collection techniques or analysis the questionnaire Cronbach's Alpha reliability analysis was used. According to Zikmundet Al, 2010s, Cranach's alpha score of 0.7 or higher is under the category as enough to measure reliability by using SPSS.

Table 1: SPSS output good and acceptable range

Reliability Statistics

Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	No. of Items
Total	.795	26
Foreign market management	.787	6
Organizational	.817	10
Logistics	.745	5
Internal	.762	5

Source: Own survey result (2021)

Hence, under this circumstance, the reliability of the items in this study appeared acceptable for analysis as the obtained alpha Cronbach's score is 0.795, which indicates that the scale has good internal consistency (reliability). The reliability Cronbach alpha coefficient gives a green light to continue the analysis stage.

3.8. Ethical Consideration

In any kind of research, there is ethical issue regarding proper citation, formulating and clarification of the topics, design, access and use of data, analysis, and reporting of the findings in a moral and responsible way. In this research, the researcher collected the data from the

exporters based on their willingness, by protecting their privacy and adequate confidentiality of the research data by assuring them that source of the data was collected for research purposes only. Individuals who took part in filling out the surveys coded throughout the research. In general, the study was carried out with all of the above and other ethical issues in mind, and the researcher tried to avoid any acts that would have an impact on any parties involved in this research.

CHAPTER FOUR

DATA PRESENTATION, ANALYSIS AND INTERPRETATION

4.1. Introduction

In this part of the research, the data collected are analyzed and findings and their interpretations are presented. Accordingly, the demographic profile of the respondents, rate of consumption and other related topics are discussed. At last, summary of the findings are presented.

4.2. Response rate

The target numbers of the sample size from the total number of 343 exporters were 185. Since the data were collected from email questionnaires and manual data collection, 142 respondents filled the form and returned the questionnaire. And the response rate was 76% which is satisfactory to analyze and make decisions for the study.

4.3. Demographic Characteristics of Respondents

The demographic characteristic in this research consists of gender, age, marital status and educational background of respondents.

Table 2: Gender description of the respondents

		Frequency	Percent	Valid Percent	Cumulative Percent
	Male	129	90.8	90.8	90.8
	Female	13	9.2	9.2	100.0
	Total	142	100.0	100.0	

Source: Own survey result (2021), SPSS output

As shown above, from table 1, 90.8 percent of the respondents were male and the rest populations are female. Regarding the age structure of the respondents, the majority of the populations are lying under the age group from 27-36 years. From table 2, the second most respondents contacted during research questionnaire collection was 26 below and 37-46 years.

Based on the survey 87 percent of interviewees' marital statuses were found married and followed by the unmarried group with 54 percent.

Table 3: Age of respondents

	Frequency	Percent	Valid Percent	Cumulative Percent
26 Years and Below	29	20.4	20.4	20.4
27-36 Years	74	52.1	52.1	72.5
37-46 Years	29	20.4	20.4	93.0
57 and Above	10	7.0	7.0	100.0
Total	142	100.0	100.0	

Source: Own survey result (2021), SPSS output

Table 4: Martial status of respondents

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Single	54	38.0	38.0	38.0
	Married	87	61.3	61.3	99.3
	Divorced	1	.7	.7	100.0
	Total	142	100.0	100.0	

Source: Own survey result (2021), SPSS output

The educational levels of the respondents are presented in table 3 below. As shown in the table the majority of the interviewees are degree holders with 78.2 percent of the total number of 142 respondents. The second most categories of the populations finished their second degree or hold

their master's degree. Since this sector needs a skilled worker, it is much appreciated the majority of the respondents were found to be well educated.

Table 5: Educational level of respondents

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Diploma	3	2.1	2.1	2.1
	Degree	111	78.2	78.2	80.3
	Masters	28	19.7	19.7	100.0
	Total	142	100.0	100.0	

Source: Own survey result (2021), SPSS output

Most of the respondent's working experience is found to be above seven years. As presented below more than 50 percent of the population engaged in this export business for more than seven years. To understand better the situation and possible factors the number of working experience is very helpful.

Table 6: working experience of respondents

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	2 Years And Below	10	7.0	7.0	7.0
	3-6 Years	23	16.2	16.2	23.2
	7-11 Years	57	40.1	40.1	63.4
	Above 11 Years	52	36.6	36.6	100.0
	Total	142	100.0	100.0	

Source: Own survey result (2021), SPSS output

4.4. Analysis of Collected Data

4.4.1. Logistics Barriers to Exporters

It is stated in the literature that one of the major barriers of exporters in developing countries is logistics problems. The overall assessment of barriers in logistics can depict the nature and depth of the problems of exporters.

As the results from the respondents in relation to logistics barriers mentioned below, the exporters were asked about the presence of complex paperwork in different local service providers and 62 % percent of the respondent agreed about these barriers. Next to that 15.5% of the respondents on the contrary strongly disagree. The third higher value is 12.7% that is disagrees with the presence of complex work in this logistics service provider. Regarding transportation delays from shipping lines and local transport sectors, 36.6% percent strongly agree and 35.2% agree about this problem. Less than 10 percent of the population responded to this question as strongly disagree, disagree, and neutral. In connection to international shipment costs and procedure, 42.3 % percent, 38.0% percent of the population agree and strongly agree respectively. When the research tried to see the overhead cost of transportation in exporting their goods, 59.2% percent of the total population strongly agrees and 26.1% percent agrees. The respondents were asked about the quality of forwarding agencies in order to handle the logistics and customs handling process. There is a lack of quality services, according to 57.7% of the population. Furthermore, 15.5 percent of the respondents strongly agree that the problem exists.

The respondents were asked about the quality of forwarding agencies in order to handle the logistics and customs handling process. There is a lack of quality services, according to 57.7% of the population. Furthermore, 15.5 percent of the respondents strongly agree that the problem exists. From the response of the respondents in connection to the presences of complex work in different local service provider found that there is still a timely consuming paper work existed in their day to day work. More than 60% of exporters are now still use the old type writer to submit different forms in service providers. This is because the form found still cannot be printed using modern printing machine.

The second problems in logistics barriers is the dalliance of shipping and local transport sectors, as per the above findings exporters are encounter this problem due to the pandemic of COVID and the political unrest in the country. The pandemic of COVID affects the business in terms of

the restriction of movements from one place to place by different countries. Due to this fact vessels are stranded in one place for long period of time. From the open-ended questions, 72% or the majority of the exporters faced a shortage of containers and vessels schedule due to the pandemic of COVID 19 worldwide. This problem is also verified by Ethiopian Shipping and Logistics Service Enterprise (ESLSE) officials that they are now buying containers to solve the problem. In turn shipping companies' schedules were affected and sometimes the cancelation of booking was resulted. This also affects the costs of the transport for handling shipments and to manage the crowd by incurring additional costs. This problem is also agreed by majority or 70 percent the respondents. In local transport is also the presences of political instability in the country affect not only affect the availability of trucks and containers but also increased the overhead cost of the transport business. The other major factor is the responsiveness and quality of forwarding sectors in handling the business as per the new modern era business. In this regard more than fifty seven percent of the population agreed on this problem. The efficiency of the customs handling agent in this business can hinder or facilitate the process greatly. In prioritizing the problems which affect exporters most, the data revealed that the presences of high local transportation cost and overhead cost internationally with the mean value of and in addition to complex and costly international shipments is also affect the business. In addition to the above factors the major reasons for high transportation cost and costly international shipments are lack of improved infrastructure in the country which contributed for the export business negatively. Especially since Ethiopia is using other countries port for delivering export products for sea shipments as being a landlocked country, exporter's presences in handling business are limited. The response from the respondents also confirmed that they are paying high demurrage at port of lading.

In summary logistical barriers under this study concerns any constraints that limit exporters from their daily and periodic routine activities in achieving their export objective during the course of product export process. Accordingly, specifically with regard to coffee and oil seed exporters it is found that there were certain dominant factor that challenges the exporter, according to the findings of this study complex paperwork, transportation delays from shipping lines and local transport sectors, high international shipment costs and procedure, high overhead cost of transportation in exporting their goods, low services quality, and modernization of the business in line with the existing technology are some of the dominant factors that constrain exporters

currently. Among others it is the export performances that mainly determine the economic capability and strength of a nation; therefore, since the export performance has a significant implication on the overall economic progress of the country every obstacle that hinder its performance should be minimized if not illuminated within a short period of time. It is well known that Ethiopia's dominant export that contribute to the hard currency collection is the export of coffee and oil seed, therefore, it should be exerted an effort to minimize the challenges since the problem that come from the shortage of hard currency would be diversified to the other pillars of the economy.

Table 7: Logistics barriers of Exporters

LOGISTICS BARRIERS TO EXPORTERS	F/P	SD	D	N	A	SA	N	RII	Rank
Presence of complex paper work in different Local service providers	F	22	18	2	88	12	142	0.6704	5
	P	15.5	12.7	1.4	62.0	8.5	100.0		
Transportation Delays from shipping lines and Local transport sector	F	13	13	14	50	52	142	0.7619	3
	P	9.2	9.2	9.9	35.2	36.6	100.0		
There is high local transportation and overhead cost.	F	13	8	0	37	84	142	0.8408	1
	P	9.2	5.6	0.0	26.1	59.2	100.0		
Lack of quality services from forwarding agents.	F	15	13	10	82	22	142	0.7169	4
	P	10.6	9.2	7.0	57.7	15.5	100.0		
The presence of complex and costly international shipment	F	6	8	14	60	54	142	0.8084	2
	P	4.2	5.6	9.9	42.3	38.0	100		

Source: Questionnaire 2021

4.4.2. Organizational Obstacles to Exporters

Different stakeholders or organizations are the input of the success of export sectors by providing information and other tangible and intangible resources to the sector. Exporters in this matter asked by the researcher and the results are presented below. Regarding unreliability of export products in terms of quality and quantity, 38% percent of the respondents strongly agree that there is a problem. 24% percent of exporters also agree on this problem. Therefore, the findings suggest that there is a slight quality problem in getting quality products from the local market. Respondents were also asked about the presence of unfair competition due to MNCs in the market, by the 38.7% percent of the respondents that is the higher score in the question are in a neutral group. Twenty-nine percent of the population however strongly agrees that there is unfair competition. The other issue forwarded to exporters is whether there is a competitive price to exporters or not. Thirty-eight percent of the respondents are under the “agree” group, 33.8 percent of the respondent fall under strongly agrees segments. Next 12.7 % and 5.6 % disagree and strongly disagree respectively. In this regard, it is confirmed by the majority of the respondent that there is a competitive price advantage in their business. Furthermore, question was raised related to the relationships that existed between Ethiopian institutions and capitalists or importers. More than thirty-seven percent of the population strongly agrees that there is a quality and ongoing relationship between institutions and capitalists. In addition to this 26.1 percent of the population agrees that about this kind of problem. With regard to customer perception the result found from this study showed 40.8% percent of the population disagrees on this respect. 23.9 % of the population is under a neutral group, 17.6% of the population agrees that there is a negative image of their product in the mind of customers.

Interviewed respondents on the lack of credit services from private sectors affirmed that there were these problems for 44.4% percent of the population by putting their marks on “agrees”. More than twenty three percent of the population strongly agrees the lack of private sectors in facilitating credit to their business. As mentioned by Tesfom & Lutz, 2006, exporters are challenged by lack of assistance and promotions from the government, it is also confirmed in this research that there is a lack of assistance from the government side that 45.1% percent of the population agree that there is a promotion problem to their business. Furthermore, 12.0% of the population strongly agrees that there is the aforementioned problem. Countries’ rules and regulations can affect exporters positively and negatively by making rules and regulations. As

interviewed response showed that 46.5% of the population said that this problem strongly agrees and 35.2 percent of the population agrees on this problem. This implies that there is a problem to the exporters that rules and regulations of countries enormously affect in order to make plans in the long run to their business development. Lastly, in this category are the presences of high-level standards which are very difficult to meet for developed countries. From their response, 31.7% percent of the interviewed disagree that this problem affects their business. On the contrary, 21.8% of the respondents however encountered this problem in doing their business. It is known that Ethiopian agricultural products are well known in the market for a long period of time that there is no any issue in meeting the standards of developed countries. However due to the usage of different chemicals to produce the agriculture products and different documents needed from bank side to open LC and precede the payment process after the shipment is affected.

In summary the findings of the study shows that there are institutional factors that constraints exporters; the main findings with regard to institutional constraints are unreliability of export products in terms of quality and quantity, negative image of products in the mind of customers, lack of credit services, lack of assistance from government, Countries' rules and regulations, and the presences of high-level standards. Institutions are the pillars any export in fastening the bureaucracy; therefore, institutional factors also have a significant contribution in transforming agricultural export performance. In line with this Export products are subjected to different requirements and standards by different institution locally and internationally. Getting quality products from local sources is a bit challenge for those who do not owns the farm and produce agricultural export products. As in sighted above from the findings survey results above exporters are encountered the absence of quality products from the market and fluctuation in quantity in export products. The fluctuation determines the quantity to be exported by the exporters and the agreements entered in to the business with the importers. Unavailability of enough as per the required export products is one of the main problems which affect the business efficiency in terms of economies of scale. Maintaining relationship with the capitalist and importers are very important in addressing different issues raised in connection with business interaction. For example, as shown above from exporters businesses are affected by poor relationships between capitalist and our institutions. In the meantime during collecting information from the respondents they said that there is a poor payment guarantee if there is any

default from buyer side. The reason behind this is there is a lack of strong foreign affairs and relationships with exporters.

One of the major actors of the export business is credit institutions. In this case exporters are lack credit facilities from the private institution to explore other market and expand their business. Credit facilities increase their efficiency and customer confidence by supplying the required amount of export products as per the schedule by keeping the quality of the products in case of delay of remittance. However, these exporters are lack this services from local service providers. Financing also helps to boost sales in different products which are not practiced in the country.

Not only from private institutions exporters are lacks financing and enough support, but also exporters are not gaining the major kinds of assistance form the government promotion departments. Another barriers found in the export business in this category is meeting the requirements and standards of importing countries. Importers country's rules and regulations and also standards which are difficult to meet or costly requirements forced exporters to withdraw from participating in exporting their products. Even after passing challenges from and exporting their goods they are encounter delay of payment without submitting the required documents at bank. Exporters lack international market information which helps them to set the price and adjust their products as per the needs of the globe market. It is also found that there is a problem in promotion from the government sectors to enhance a company's market share in an international market.

Table 8: Organizational Barriers to exporters

ORGANIZATIONAL OBSTACLES TO EXPORTERS		SD	D	N	A	SA	Total	RII	Rank
Unreliability of export product supplies from the market	F	28	10	15	35	54	142	0.7084	6
	P	19.7	7.0	10.6	24.6	38.0	100.0		
There is unfair competition due to the presence of large MNCs industries in the market	F	16	6	55	24	41	142	0.6957	8
	P	11.3	4.2	38.7	16.9	28.9	100.0		
Lack of international market Information from the government	F	16	8	3	67	48	142	0.7732	2
	P	11.3	5.6	2.1	47.2	33.8	100.0		
Competitive price for the exporters	F	8	18	14	54	48	142	0.7634	3
	P	5.6	12.7	9.9	38.0	33.8	100.0		
Inability of our institution to maintain relationships with capitalists or importers	F	15	22	15	37	53	142	0.7282	4
	P	10.6	15.5	10.6	26.1	37.3	100.0		
Negative customer perception about their product: Ethiopian coffee and oil seeds	F	15	58	34	25	10	142	0.5394	10
	P	10.6	40.8	23.9	17.6	7.0	100.0		
Lack of private sector firms providing credit	F	21	13	11	63	34	142	0.7070	7
	P	14.8	9.2	7.7	44.4	23.9	100.0		
Lack of promotion from export incentives department towards their products	F	8	0	53	64	17	142	0.7154	5
	P	5.6	0.0	37.3	45.1	12.0	100.0		
Unfavorable home countries rules and regulations	F	8	9	9	50	66	142	0.8211	1
	P	5.6	6.3	6.3	35.2	46.5	100.0		
The presence of high level standards associated with the implementation of high level sanitary and other standards	F	16	45	29	31	21	142	0.5943	9
	P	11.3	31.7	20.4	21.8	14.8	100.0		

Source: Questionnaire (2021)

4.4.3. Addressing Foreign Market Management

The first question in assessing the challenge in foreign management was lack of negotiation skills in foreign export business to business interaction. From the total respondents 43.7 percent of the population disagrees about the problem. Next to that in percentage, 25.4 % of the respondents agree about the problem which means that they need negotiation skills for gaining bargaining power in price setting and business procedure. In this case the problem of negotiation skills persists in some exporters only. To maintain the bargaining power in the market, the need for negotiation skills is unimpeachably. The other variable in foreign management skills is training and ability in processing export documents in different service providers like banks, shipping and customs. As far as concerns about skills in processing export documents in different service providers like banks, 38.7% of the population agrees and 28.2% strongly agree about the problem. When we come to the export market segmentation, 50% percent of the population agrees that there is a barrier in foreign management, on the contrary 22.5 % percent of the population disagree that this problem does not affect their business. Differentiating the export market segment is crucial in handling the business prudently. Exporters gave also their response 45.1% percent of the population agrees that packaging problem could affect them which implies that there is a problem in the exporting market that there is a problem in exporters to making their products in a manner that the new brand new generations of business demand. Finally from this category, the last question was about the absence of knowledge on researching and finding markets from the globe. Exporters whether working by conducting research in the export market or not are another question forwarded to the respondents. Only 37.3% percent of the population agrees that this is a challenge that affects them. Surprisingly, other respondents are shared the rest values as 19.7 % percent strongly agree, 15.5% neutral and 16.2% percent strongly disagree about the problem.

As shown above from the above table exporters are not affected by the management of business to business interaction with the importers as a problem in foreign market management. The major problem found in this category was differentiating the market in accordance with the needs of the customers. Market segmentation and research and development in assessing and finding potential customers are also the major knowledge gap that is seen in the export business. Research and development in the area of addressing the potential customer in the globe can help exporters to compare different benefits from the old customer. Most of the time customers are

selling their products for known customers only for a long period of time. From the above statistics exporters confirmed that they are lack of doing in modern way by exploring the potential customers and market from the globe with the help of research and development. This creates an opportunity to new customers to check exporters' products and brings a new customer in general. As in the table below difficulties in locating and obtaining representation in foreign markets and lack of creating attractive packaging for international markets have 0.7676 and 0.7493 score values respectively. In this matter these two challenges are the main determinant of exporter's business effectiveness. To introduce their product to the international market and smooth the negotiation process representatives are important. Exporters are lacking or negatively affected by these two major challenges.

As the quality of the export product is determined by the packaging of the export product there is a concern about package creating and labeling in the world market. As Philip Kotler defines packaging as an activity which is concerned with protection, economy, convenience and promotional consideration, it means more than protecting the product from damage. One of the major delays of payment in exporting business is due to quality deterioration on the exported goods.

The findings of the study with regard to addressing foreign market management shows that there were important factors the challenges export activity with respect to foreign market management; among others the main findings of this perspective shows that the foreign market management constraint the export activities in a way that there are lack of skills in processing export documents in different service providers, lack of foreign management skill, packaging problem, and much of exporters didn't decide the business based on market research and other related important inputs. It is also found that there were also a little problem on price negotiation and processing of export documents this indicate Preparing export documents as per the requirements of the importing bank and importer is one of the major tasks in import and exporting business. Since there are different requirements from different countries, exporters are expected to meet the requirements. In this case it is found that only a small amount of the population has difficulty in handling the export business documents. Furthermore, It is evidenced from the above figure that exporters lack researching a globe market in conducting foreign market. This depicts that most of exporters in this area are participating or working with traditional way. Since the major purpose of the export business is to get foreign currency to import other

commercial items, exporters are not giving much emphasis to modern ways of doing business. During the questionnaire collection process, exporters told the interviewer that they get customers by participating in different exhibitions and trade affairs. The study was also found that packaging is one of the factors that determine the success of the export business. Accordingly exporters in this research showed that there is a gap in packaging and labeling requirements for international shipments. Even though the products are now exported without adding values to the primary products, exporters should get advanced knowledge to meet the targeted export market in the future. That is why the attractiveness of packaging somewhat influence the purchasing decision of consumers. Lack of representatives in different exported countries is also found to be a major problem in this category. Therefore our country's embassy may introduce a single entity to assist them as representatives to their business.

Table 9: Foreign market Management Barriers

FOREIGN MARKET MANAGEMENT	F/P	SD	D	N	A	SA	Total	RII	RANK
Lack of negotiation skills in foreign export market	F	15	62	14	36	15	142	0.5633	5
	P	10.6	43.7	9.9	25.4	10.6	100.0		
Difficulties in processing export documents in different local Service provider like bank, shipping	F	26	51	31	27	7	142	0.5126	6
	P	18.3	35.9	21.8	19.0	4.9	100.0		
Difficulties in locating and obtaining representation on foreign countries	F	8	0	39	55	40	142	0.7676	1
	P	5.6	0	27.5	38.7	28.2	100.0		
Lack of knowledge on technical requirements of the exporting market segment	F	8	32	24	71	7	142	0.6521	4
	P	5.6	22.5	16.9	50.0	4.9	100.0		
Lack of creating attractive packaging	F	8	16	17	64	37	142	0.7493	2
	P	5.6	11.3	12.0	45.1	26.1	100.0		
Lack of researching and finding markets from the global market	F	23	16	22	53	28	142	0.6662	3
	P	16.2	11.3	15.5	37.3	19.7	100.0		

(Source: Questionnaire (2021))

4.4.4. Internal Problems of Exporters

Under this category exporters have been asked questions related to their company challenges in doing the export business. The first question in this classification is the problem related to the financial availability in their company. As stated in the table below 56% percent of the sample population agrees the problem that affects their business. And 13.4 % of the population strongly agrees the persistent of this problem to their business. Small but significant population of the exporters around fourteen percent are under the group of “neutral”. The second question in this group was the lack of experienced workers in their departments. Based on the information gained from the exporters, more than forty percent of the population agrees that their departments lack professionals from the sector. However, 35.9% are under neutral state. 14 percent of the respondents actually strongly disagree about this problem. The third question in this category related to identification of quality products from the entire market for their export business. Proportionally equal response relative to the other questions reflected in this category. The response revealed that 24.6 % which is higher than the rest is under the neutral category, 2.39% disagree, 22.5% strongly agree, 18.3% agree and the rest strongly disagree about this problem. The fourth question was about improved technology to process their raw seeds or products. According to them 54.2 % percent of the population agree that there is a problem to processing their raw material for export. And 21.1% percent of the population strongly agrees about the problem. When we try to see the gaps in knowledge about government incentives, 23.9% percent of the respondents agree, 49.3% respondents are under the neutral group, 10.6 percent of the population strongly disagree with the problems persisted in their organization. Knowing about government incentives in the market can help the organization in overcoming the barriers related to involuntary challenges that arises from the market. Companies’ business can be affected by their internal or organizational capacity indifferent aspects. In this category the research revealed that the RII score of unavailability of modern technologies and lack of sufficient finance scored the highest score with 0.7422 and 0.7140 respectively.

As a summary regarding internal problems of exporters this study find out that financial availability, lack of experienced workers, identification of quality products from the entire market and improved technology to process raw seeds was the main challenges of exporters. Exporters need to make their products quality and meet the standards of developed nations by using different improved technologies. As per their response finance also greatly affects

purchasing of the raw products from the supplier. In an informal discussion with the exporters the exported money was delayed sometimes due to different quality issues and importers bank efficiency. Therefore the availability of cash at hand altered and directly affects the business. In the meantime exporters have knowledgeable staff members and their business does not affected by the experienced internal staff members.

Table 10: Internal barriers to exporters

INTERNAL PROBLEMS OF EXPORTERS		SD	D	N	A	SA	Total	RII	RANK
Lack of sufficient finance and other resources	F	15	7	21	80	19	142	0.7140	2
	P	10.6	4.9	14.8	56.3	13.4	100.0		
Lack of experienced human resource in export sector	F	20	12	51	59	0	142	0.6098	5
	P	14.1	8.5	35.9	41.5	0.0	100		
Problems in identifying the quality of the product from the market	F	15	34	35	26	32	142	0.6366	3
	P	10.6	23.9	24.6	18.3	22.5	100.0		
Unavailability of modern technologies for processing raw seeds	F	15	6	14	77	30	142	0.7422	1
	P	10.6	4.2	9.9	54.2	21.1	100.0		
Lack of knowledge about government incentives	F	15	10	70	33	14	142	0.6295	4
	P	10.6	7.0	49.3	23.2	9.9	100.0		

Source: Questionnaire (2021)

CHAPTER FIVE

FINDINGS, CONCLUSIONS AND RECOMMENDATIONS

In this section, the findings of the study are efficiently summed up, appropriate ends are drawn from the discoveries and the review has additionally attempted to foreword significant suggestions.

5.1 Summary of Major Findings

The primary reason for this study was to assess the major barriers of agricultural exporters. The study conducted on coffee and oil seed exporters which are the major agriculture exporters in the country. The study tried to evaluate and prioritize the barriers based on the responses of exporters. Since these exporters are the major exporters in the country the findings found in this research can be generalized and helps to compare other agricultural sectors which share the same problems. A questionnaire which is organized in five-point Likert scale with one open ended question was deployed to 142 respondents randomly. While taking the sample simple random sampling technique has been adopted in key exporters' business areas like banks IBD department, ECX, MOA and NBE. Consequently, the analysis process was followed to assess the barriers which affect their business development from four major directions like institutional, internal or organizational, foreign market management and logistics perspectives. Moreover secondary data that reveal the purpose of the study were collected and analyzed.

The major findings of the study from both primary and secondary sources are presented as follows:-

- With regard to the logistics barriers, there is a high transportation and overhead cost to transport goods from the place of origin to the port of loading. Next to this, delays from shipping lines and local transport service providers. In addition to these, due to the pandemic of COCID 19, there is a shortage of containers and delay of vessels during the booking process.
- Since the clearance process is handled by the forwarding agent or CHA, exporters there is a lack of quality services at Djibouti port using a uni- modal transport services. This is because of the presence of middlemen in the transport sectors.
- As clarified in many instance by the respondents the presence of complex paperwork indifferent service provider institutions affect their efficiency to complete their tasks on time.

- Exporters agreed that there is a lack of appropriate technologies to process their goods. Some exporters are renting coffee wet processing machines from the rich and milled the goods and export. This in addition contributes to the increase of overhead cost to the product and adversely affects the quality of the product.
- On the internal or organizational perspectives, exporters lack financial and other resources to expand their business development and it directly affect the country ability to export.
- From the institutional barriers to exporter's variables, unfavorable or unattainable home countries rules and regulations and lack of market information which is provided to exporters accounts the highest value. In addition to that there is a lack of private credit facility to the exporters.
- Availability of up to date and reliable international market information is another major problem identified by this study. Lack of knowledge on market segmentation and locating and obtaining representatives on foreign countries are also a major problem found in this study.

5.2 Conclusions

In a country like Ethiopia where there is a huge amount of trade deficit, increasing or improving the export sector and solving the exporters' problem has a vital role. Exporters play key roles for the development of the country's export which raises the standard of living of the people. Exporters face different constraints in their business development. Based on the result of the research the following conclusions are drawn in relation with the data analysis and research objectives. Both oil seed and coffee exporters are highly affected by the aforementioned barriers raised from different literature like internal organizational problems which are under the control of the management. Among the variables from this category, unavailability of modern technologies to milling process and packing process affect exporters as compared with other variables. This in turn affects individual financial processes which can be used for different business generating activities. Beside lack of improved technologies, their business is also greatly affected by lack of financial resources. The financial capacity of a accompany affect positively and negatively their business to undertake the business in a smooth manner.

With reference to the logistics barriers to exporters, there is a high local transportation and overhead costs associated with the delivery of the exported goods from the port of loading to port of destination SOB places greatly affect their business. Nowadays due to the pandemic exporters face a shortage of containers and delays of vessels to transport their goods worldwide. Exporters in connection to the management of a foreign business, there is a difficulty in getting representatives who facilitate their business internationally to be a price makers instead of price taker. Among the barriers from the foreign management exporters believes that there is a lack of knowledge in foreign market segmentation and a lack of creating attractive packaging in the industry

5.3 Recommendations

For the past few years, our country earned foreign currency from these two exporters; coffee and oil seeds exporters. However, the trade deficit between imports and export suggests that there is much work to be done in order to narrow the gap in these sectors. Based on the findings and generalizations from this research after evaluating the possible course of recommendations, the following activity strengthens the exporters business in specific and the development of a country in the general.

- ❖ Since individual exporters cannot undertake market research and market segmentation to evaluate the dynamic global market, the government should take this responsibility in selected major exporting countries and gives professional advice to the exporters. The government in addition to assisting exporters locally it should also assign a representative to export business through a foreign embassy. It is also evidenced in the findings of a research that there is a need to maintain the quality of our export products through applications of improved technology.

- ❖ The country's need for containers and vessels is now increasing. Different measures are now implemented by the government side like purchasing containers from foreign countries to solve the problems. This in addition to transporting their goods worldwide during pandemic seasons, the country will save the amount of money spent on container leasing and demurrage incurred at port of lading.

❖ Available modern transport should also be available with a minimum freight cost as much competitive to exporters as a means to encourage exporters. The governments should act accordingly in facilitating modern technologies to export their products.

❖ Exporting necessitates collaboration among several stakeholders such as transporters, growers, policymakers, customs authorities, and various service providers. As a result, for the sector's development and the alleviation of their concerns, these stakeholders should work together and share any relevant information with exporters.

❖ To tackle the knowledge gap in the export sector, the government must implement a formal education that enables exporters to assess and identify opportunities and segment the market in an international context.

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APPENDICES

CODE 1 OILSEED and COFFEE EXPORTERS

St. Mary's University School of Graduate Studies MBA Program

Dear Respondents,

This questionnaire is prepared to collect data for thesis work on the topic of '*An Assessment of the Barriers Hindering Agricultural Business Exporters*' (The Case of Coffee and Oil Seed Exporters''. *The sole purpose of this research is for partial fulfillment for MBA program. To achieve the highest accomplishment of the study your help in this regard is highly appreciated.* In addition the information you provide is used for academic purpose and will be kept confidential. Therefore, I kindly request you to provide and fill this questionnaire freely and without bias.

Thanks and best regards:-

- There is no need to write your name
- Please put tick \surd in the box provided for your response.

A. Demographic information

1. Gender

Female Male

2. Ages

26 years and below 37-46 years
27-36years 47-56years
57andabove

3. What best describes your marital Status?

Single Married Widow Divorced

4. Educational level

12 Complete and Lower

Diploma

Degree

Master

PHD

5. Working Experience

2 Years and Below

3-6 Years

7-11 Years

Above 11 years

Section II.

Indicate your response about the following statements using the likert scale below

(1=Strongly Disagree, 2=Disagree, 3=Neutral, 4 = Agree and 5 =Strongly Agree)

A. INTERNAL BARRIERS AND FOREIGN MARKET MANAGEMENT

No.	Description	1	2	3	4	5
1.	Lack of sufficient finance and other resources					
2.	Lack of experienced human resource in your business					
3.	Lack of researching and finding markets from the global market					
4.	Lack of negotiation skills in export market					
5.	Difficulties in processing export documents in					

	different local service provider like bank, shipping etc					
6.	Problems in identifying the quality of the product from the market					
7.	Difficulties in locating and obtaining representation on foreign countries					
8.	Unavailability of modern technologies for processing raw seeds					
9.	Lack of creating attractive packaging					
10.	Lack of knowledge on technical requirements of the exporting market segment					
11.	Lack of knowledge about government incentives					

B. INSTITUTIONAL AND LOGISTICS BARRIERS

No.	Description	1	2	3	4	5
1.	Unreliability of export product supplies from the market					
2.	There is unfair competition due to the presence of large MNCs industries in the market					
3.	Lack of international market Information from the government					
4.	Competitive price for the exporters					
5.	Inability of our institution to maintain relationships with capitalists or importers					
6.	Negative customer perception about their product; Ethiopian coffee and Oilseeds					

7.	Lack of private sector firms providing credit					
8.	Presence of complex paper work in different local service providers					
9.	Transportation Delays from shipping lines and local transport sector					
10.	There is high transportation and overhead cost.					
11.	Lack of quality services from forwarding agents.					
12.	The presence of ease and affordability international shipment					
13.	Lack of promotion from export incentives department towards their products					
14.	Unfavorable home countries rules and regulations					
15.	The presence of high level standards associated with the implementation of high level sanitary and other standards					

C. In addition to the above barriers or problems kindly feels free to mention the major problems related to the export business.

Thank You in Advance for your patient

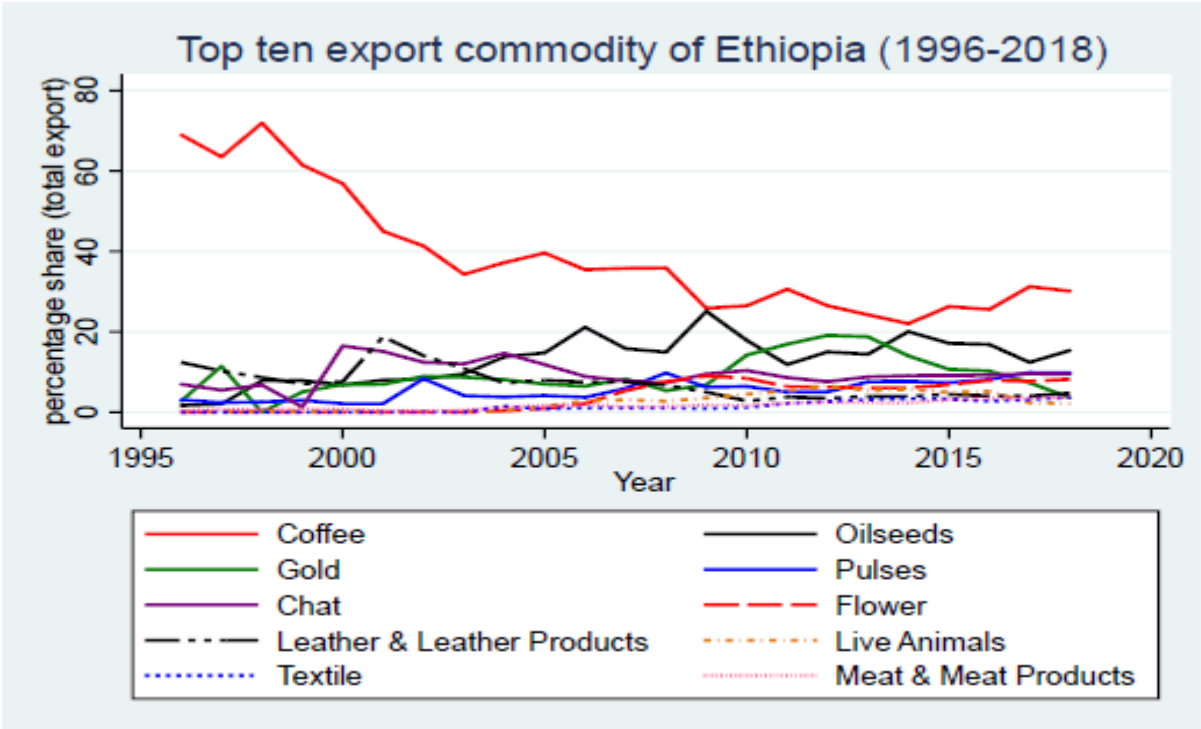


Figure 2: Top ten export commodity of Ethiopia

Source: NBE annual Reports

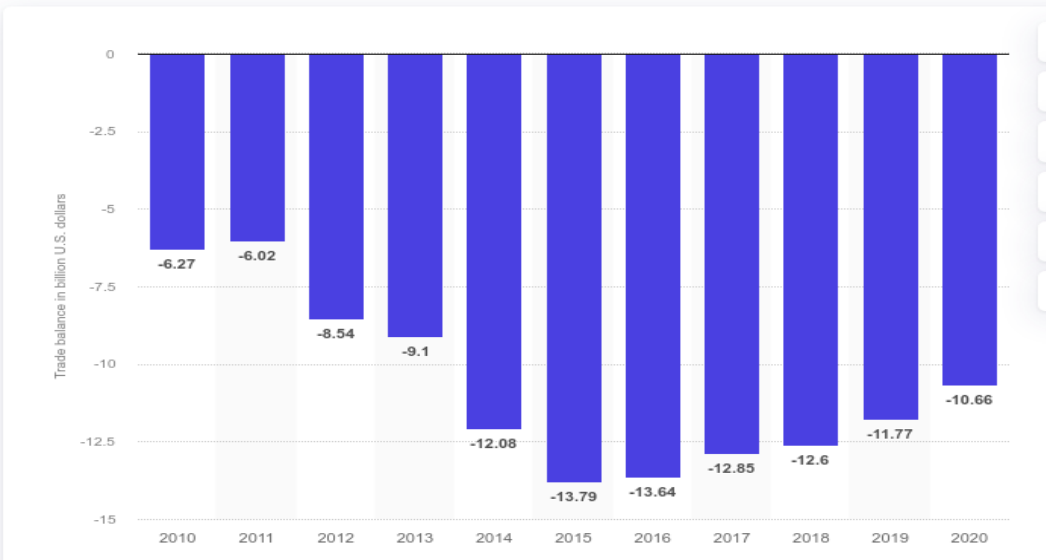


Figure 3: Trade balance of Ethiopia from 2010 to 2020

Source : Aaron O'Neill, www.statista.com

Barriers	Contributors
Strong international competition	Leonidou (2000); Da Silva <i>et al.</i> (2001); Ortega (2003); Ahmed <i>et al.</i> (2004); Altintas <i>et al.</i> (2007); Koksai <i>et al.</i> (2011); Mpinganjira (2011)
High business risk	Leonidou (2000); Kneller <i>et al.</i> (2011)
Different customer culture	Leonidou (2000); Altintas <i>et al.</i> (2007)
Required quality standards	Leonidou (2000); Altintas <i>et al.</i> (2007); Mpinganjira (2011); Kneller <i>et al.</i> (2011)
Non competitive prices	Leonidou (2000); Ahmed <i>et al.</i> (2004); Altintas <i>et al.</i> (2007); Mpinganjira (2011); Koksai <i>et al.</i> (2011);
Limited information about foreign markets	Leonidou (2000); Mpinganjira (2011); Koksai <i>et al.</i> (2011)
Unfamiliar foreign business practice	Leonidou (2000); Altintas <i>et al.</i> (2007)
Technical & after sales service	Leonidou (2000); Altintas <i>et al.</i> (2007)
Insufficient production capacity	Altintas <i>et al.</i> (2007); Owusu-Frimpong <i>et al.</i> (2007); Mpinganjira (2011); Koksai <i>et al.</i> (2011)
High tariff and non-tariff barriers	Leonidou (2000); Ahmed <i>et al.</i> (2004); Altintas <i>et al.</i> (2007); Koksai <i>et al.</i> (2011)
Unfavorable foreign exchange rates	Leonidou (2000); Da Silva <i>et al.</i> (2001); Kneller <i>et al.</i> (2011)
Difficult collection of payments	Altintas <i>et al.</i> (2007); Mpinganjira (2011)
Lack of government assistance	Leonidou (2000); Ahmed <i>et al.</i> (2004); Altintas <i>et al.</i> (2007)
Restrictive rules and regulation	Leonidou (2000); Mpinganjira (2011)
Bureaucratic requirements	Leonidou (2000); Altintas <i>et al.</i> (2007); Mpinganjira (2011)
Transportation difficulties	Leonidou (2000); Mpinganjira (2011); Kneller <i>et al.</i> (2011); Koksai <i>et al.</i> (2011)
Shortage of working capital	Leonidou (2000); Ahmed <i>et al.</i> (2004); Mpinganjira (2011)
Untrained staffs for exporting	Leonidou (2000); Ortega (2003); Altintas <i>et al.</i> (2007); Mpinganjira (2011)

Figures 4: Different variables

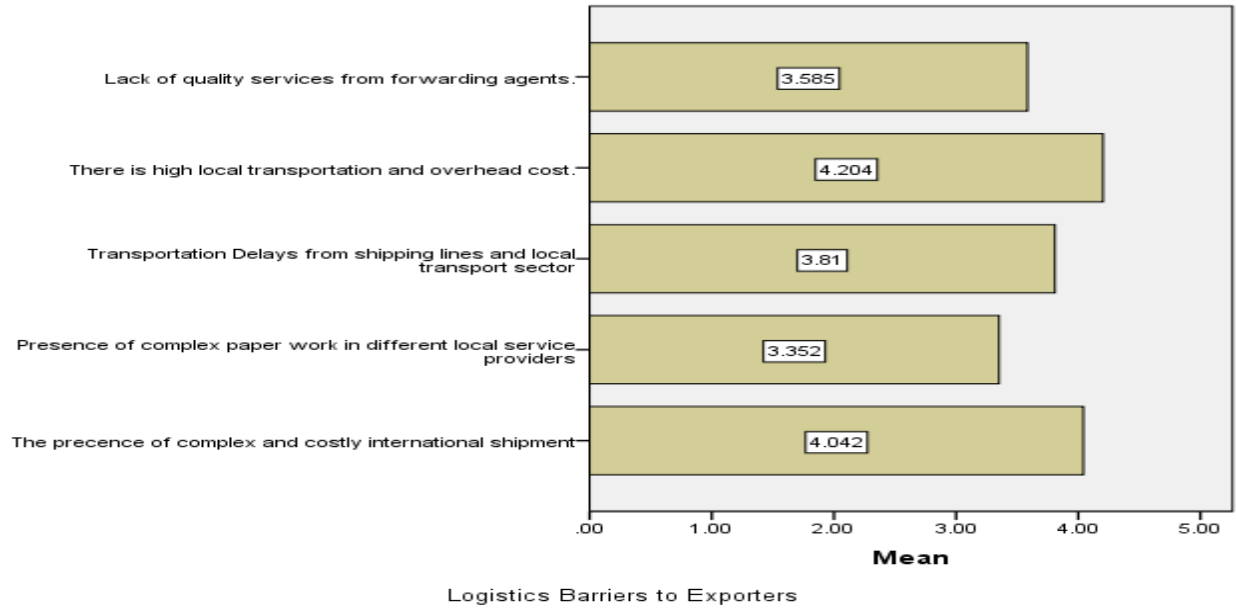


Figure 5: Mean of logistics barriers to exporters

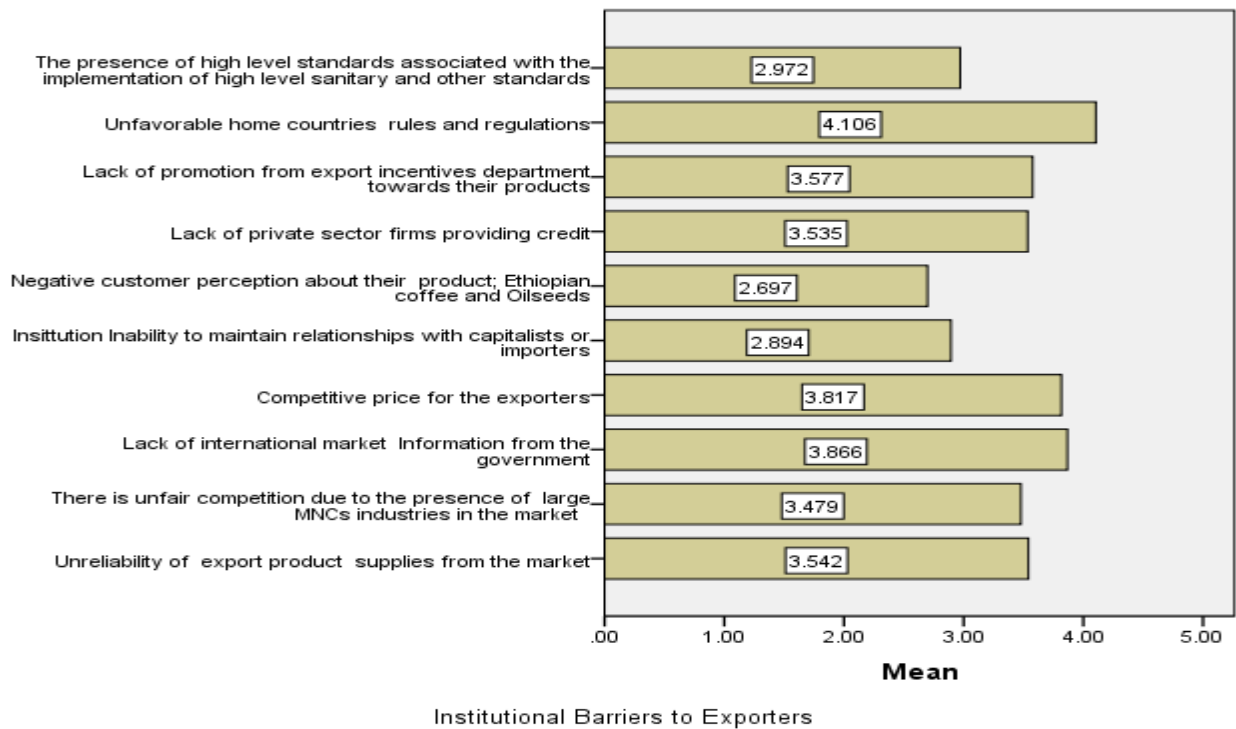


Figure 6: Mean score of Institutional barriers to exporters

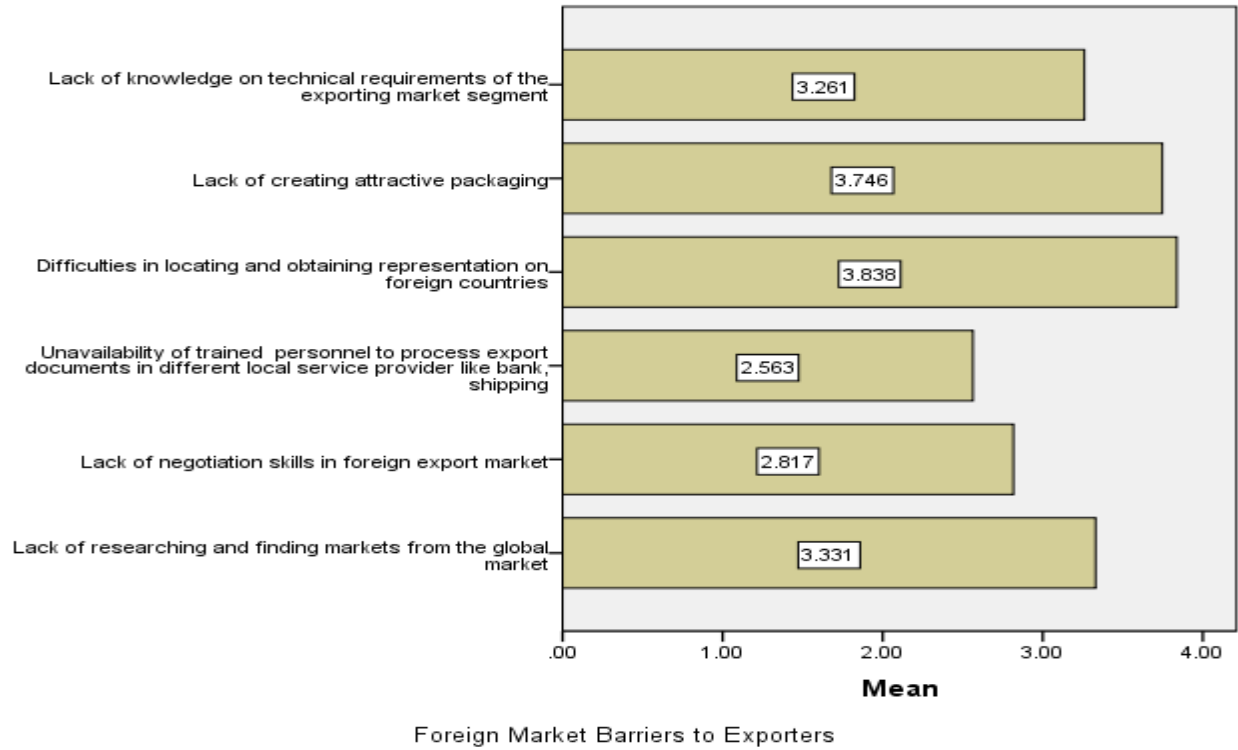


Figure 7: Mean score of foreign market management barriers to exporters

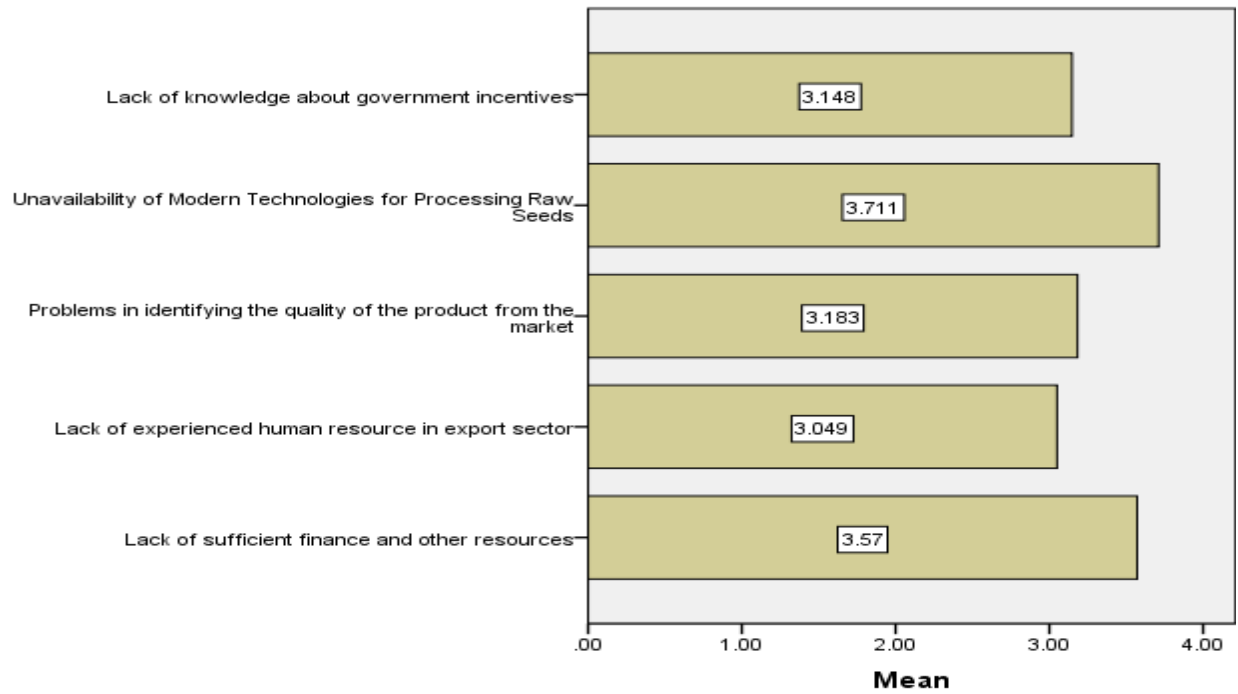


Figure 8: Mean score of internal barriers to exporters