# Determinants of Export Performance:
# A framework and empirical investigation on Ethiopian manufacturing export firms

**by**

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# Thesis Certification

This is to confirm that the thesis enabled, "The Determinants of Export Performance: A Framework and an Empirical Investigation on Ethiopian Manufacturing Export Firms," is an original work of Chalachew Adege Eshetu, a DBL-SBL student with student No. 78463289, and is being submitted for the award of the Degree of Doctor of Business Leadership (DBL) at the University of South Africa (UNISA) under my supervision. Furthermore, I confirmed that the thesis is his original work, and all sources that he used or quoted have been duly acknowledged.

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# Dedication

I first and foremost dedicate my dissertation to my lovely wife, Mrs. Hana Hussen, for her understanding, care, adoration, motivation, inspiration, patience, and tolerance during my study. I also commit my dissertation to my loving parents, the late father, Mr. Adege Eshetu, and the late mother, Mrs. Bayush Sharew.

I cannot express how grateful I have been for your care and understanding. Unlike many other parents in rural communities in our local area, you were committed to sending me to school, for which you had not had such an opportunity. Thank you from the bottom of my heart for your support and morale.

Last but not least, I dedicate this dissertation to my brothers and sisters, Solomon Adege, Dires Adege, Tirusew Adege, Simegn Adege, and my late sisters, Lingerish Adege, Metadel Adege, and Fentanesh Adege, for their honesty, motivation, encouragement, and support that they offered me in my study. God, bless you abundantly.

Your loved one,

Chalachew Adege Eshetu

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# Declaration

I, Chalachew Adege Eshetu, a DBL-SBL student with student number 78463289, and hereby state that this thesis, "The Determinants of Export Performance: A Framework and Empirical Investigation on Ethiopian Manufacturing Export Firms," is my original research and has not been presented fully or partially by any other individual for the honor of a degree in any other university, and that all sources of materials used for the study have been properly recognized and employed with complete reference.

I further declare that I submitted the thesis to originality checking software and that it falls within the accepted requirements for originality.

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# Abstract

Exports can play an important role in contributing to the growth of a country's economy. Thus, investigating the key factors that influence export performance is a significant step in ensuring sustainable economic development for the country. The aim of the study is to develop and test a model for identifying and analysing the major determinants influencing Ethiopian manufacturing firms' export performance. The study adopted structural equation modeling (SEM) as a method to analyse data from 349 participants (N = 349) to carry out EFA and CFA. To analyse the data, SPSS Version 25 and AMOS 18 were used for examining the measurement model. In addition, the study investigated the important-performance map analysis to comprehend the relative significance of dependent variables. The study aimed to combine the contingency theory with the resource-based view (RBV) and attempted to adequately address the research question: *What are the successful determinants influencing the export performance of Ethiopian manufacturing export firms?* The Tobit and Probit models' regression results showed that there is a statistically significant positive relationship between firm characteristics, management determinants, competitive intensity, technological factors, foreign market characteristics, and export performance with the mediating variable of export marketing strategy. Also, the investigation of the important-performance map (IPMA) revealed that all the unstandardized sum weights of the exogenous constructs' importance (FC, MD, CI, FMC, FM) are not equally significant factors for the target endogenous construct (EMS and EP). Consequently, competitive intensity and management determinants had advanced scores that influenced export performance. The current study has significant implications for researchers, practitioners, export managers, and policymakers. It may serve as a reference to help incorporate critical elements that need to be considered when formulating decisions and policies. Furthermore, the study adds to the body of knowledge on export marketing literature by examining theoretical and empirical evidence and investigating the direct and indirect determinants of export performance as well as potential mediators of export marketing strategy.



**Keywords**: Competitive intensity, export marketing strategies, export performance determinants, export performance measurements, export performance, firm characteristics, foreign market characteristics, management determinants, manufacturing export, technological factors, Ethiopian.

# Abstrak

Uitvoer kan ’n belangrike bydraende faktor tot die groei van ’n land se ekonomie wees. Die ondersoek van die sleutelfaktore wat uitvoerprestasie beïnvloed, is dus ’n belangrike stap om volhoubare ekonomiese ontwikkeling vir die land te verseker. Die doel van die studie is om ’n model te ontwikkel en te toets vir die identifisering en ontleding van die belangrikste determinante wat Ethiopiese vervaardigingsfirmas se uitvoerprestasie beïnvloed. Die studie het strukturele vergelykingmodellering as ’n metode gebruik om die data van 349 deelnemers (N = 349) te analiseer om verkennende faktoranalise en bevestigende faktoranalise uit te voer. Om die data te analiseer, is SPSS Weergawe 25 en AMOS 18 gebruik om die metingsmodel te ondersoek. Daarbenewens het die studie die belangrikheidsprestasiekaartanalise ondersoek om die relatiewe betekenis van afhanklike veranderlikes te begryp. Die studie het ten doel gehad om die gebeurlikheidsteorie met die hulpbrongebaseerde siening te kombineer en het gepoog om die navorsingsvraag behoorlik te beantwoord: *Wat is die suksesvolle determinante wat die uitvoerprestasie van Ethiopiese vervaardigingsuitvoerfirmas beïnvloed?* Die tobit- en probit-modelle se regressieresultate het getoon dat daar ’n statisties beduidende positiewe verwantskap tussen firma-eienskappe, bestuursdeterminante, mededingende intensiteit, tegnologiese faktore, buitelandse markeienskappe en uitvoerprestasie met die bemiddelende veranderlike van uitvoerbemarkingstrategie is. Die ondersoek van die belangrikheidsprestasiekaart het ook aan die lig gebring dat al die ongestandaardiseerde somgewigte van die eksogene konstrukte se belangrikheid (FC, MD, CI, FMC, FM) nie ewe betekenisvolle faktore vir die endogene teikenkonstruk (EMS en EP) is nie. Gevolglik het mededingende intensiteit en bestuursdeterminante gevorderde tellings gehad wat uitvoerprestasie beïnvloed het. Die huidige studie het beduidende implikasies vir navorsers, praktisyns, uitvoerbestuurders en beleidmakers. Dit kan as verwysing dien om kritieke elemente te help inkorporeer wat in ag geneem moet word wanneer besluite en beleid geformuleer word. Verder dra die studie by tot die kennisinhoud oor uitvoerbemarkingsliteratuur deur teoretiese en empiriese bewyse te ondersoek en die direkte en indirekte determinante van uitvoerprestasie sowel as potensiële bemiddelaars van uitvoerbemarkingstrategie te ondersoek.



**Sleutelwoorde**: Mededingende intensiteit, uitvoerbemarkingstrategieë, uitvoerprestasiedeterminante, uitvoerprestasiemetings, uitvoerprestasie, firma-eienskappe,

buitelandse markeienskappe, bestuursdeterminante, vervaardigingsuitvoer, tegnologiese faktore, Ethiopies.

# Kakaretso

Thepa e romellwang kantle e ka bapala karolo e bohlokwa haholo ho kenyeng letsoho moruong wa naha. Ka hona, ho batlisisa dintlha tse ka sehloohong tse susumetsang tshebetso ya ho romela kantle ke mohato wa bohlokwa ho netefatsa tswelopele e tsitsitseng ya moruo bakeng sa naha. Sepheo sa phuputso ena ke ho ntlafatsa le ho leka mohlala wa ho hlwaya le ho manolla dintlha tse ka sehloohong tse susumetsang tshebetso ya ho romela thepa ya difeme tsa Ethiopia kantle. Phuputso ena e sebedisa mohlala wa tekano ya sebopeho (structural equation modeling_SEM) e le mokgwa wa ho manolla datha ho tswa ho bankakarolo ba 349 (N = 349) ho etsa EFA le CFA. Ho manolla datha, SPSS Version 25 le AMOS 18 di sebedisitswe bakeng sa ho hlahloba mohlala wa tekanyo. Ho feta moo, phuputso e ile ya batlisisa tlhahlobo ya mmapa wa tshebetso ya bohlokwa ho utlwisisa bohlokwa bo amanang le mefuta e itshetlehileng ka yona. Phuputso e ne e reretswe ho kopanya theori ya maemo a tshohanyetso le pono e thehilweng hodima mehlodi le (RBV) le ho leka ho araba potso ya patlisiso ka nepo: *Ke dintlha dife tse atlehileng tse susumetsang tshebetso ya ho romella thepa kantle ya difeme tsa Ethiopia?* Diphetho tsa ho fokotseha tsa dimmotlo tsa Tobit le Probit di bontshitse hore ho na le kamano e ntle ya dipalo dipakeng tsa ditshobotsi tsa feme, dintlha tsa taolo, matla a tlhodisano, dintlha tsa thekenoloji, ditshobotsi tsa mmaraka wa kantle ho naha, le tshebetso ya kantle ho naha ka phapang e dipakeng tsa leano la ho bapatsa kantle ho naha. Hape, patlisiso ya mmapa wa tshebetso ya bohlokwa (IPMA) e senotse hore boima bohle bo sa lekanngweng ba bohlokwa ba kaho ya kantle ho naha (FC, MD, CI, FMC, FM) ha bo bohlokwa ka mokgwa o tshwanang le ba kaho ya tlhaho (EMS le EP). Ka lebaka leo, matla a tlhodisano le ditlhodi tsa taolo di bile le dintlha tse tswetseng pele tse susumeditseng tshebetso ya ho romella thepa kantle. Phuputso ena e na le ditlamorao tse kgolo ho bafuputsi, ditsebi, batsamaisi ba kantle ho naha le baetsi ba maano. E ka sebetsa e le sesupo sa ho thusa ho kenyelletsa dintlha tsa bohlokwa tse lokelang ho nahanwa ha ho etswa diqeto le maano. Ho feta moo, phuputso ena e tlatselletsa tsebong ya dingodilweng tsa ho bapatsa kantle ho naha ka ho hlahloba bopaki ba kgopolo-taba le bo matla le ho fuputsa dintlha tse tobileng le tse sa tobang tsa tshebetso ya kantle ho naha hammoho le bakena-dipakeng ba ka bang teng ba leano la ho bapatsa kantle ho naha.

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# Terms and Abbreviations

AMOS- A moment structures

AVE- Average variance extracted

CE - Cultural Environment

CEO - Chief Executive Officer

CFA - Confirmatory factor analysis

CI - Competitive Intensity

CR - Composite Reliability

CSA - Central Statistical Agency

EFA -Exploratory Factor Analysis

ELIDI - Ethiopian Leather Industry Development Institute

EMS - Export Marketing Mix Strategy

EP - Export Performance

EPA - Economic Partnership Agreement

ETGIDI - Ethiopian Textile and Garment Industry Development Institute

FC - Firm's Characteristics

FIE- Firm International Experience

FMC - Foreign Market Characteristics

FS- Firm Size

FTA - Free Trade regional procedures

GDP - Gross Domestic Product

GM& MM - General Managers and Marketing Managers

IGAD - Inter-Governmental Authority on Development

IPM - Importance-Performance Matrix

LPM - Linear Probability Model

MD - Management Determinants

MDA - Mediation Analysis

Mot - Ministry of Trade

N/A - Not Available

OLS - Ordinary Least Squares

PDA - Product Adaption;

PLA - Place (distribution) Adaption)

PLE - Political and Legal Environment

PMA - Promotion Adaption;

PRA - Price Adaption

PLS-SEM- Partial Least Squares Structural Equation Modeling

RBV – Resource Based View Theory

SCA - Sustained Competitive Advantage

SEM - Structural equation Model

SPSS - Statistical Package for the Social Sciences

SSA - Sub-Saharan Africa

TF - Technological Factors

TF - Technological Factors

VRIN - Valuable, Rare, Inimitable, and Non-Substitutable

WTO - World Trade Organisation

# CHAPTER ONE

# INTRODUCTION AND BACKROUND OF THE STUDY

## 1.1. Introduction

Exports play significant roles in stimulating the country's economic growth. In particular, manufacturing exports play an important role in job creation, value addition, competition, and technology transfer (Elena 2014). Export business, in particular, manufactured export products, has substantial outcomes on firms' performance, competition, and technological advancement (Elena 2014). The firm export performance is regarded as one of the key indicators of the success of a firm's export operations and it has been an extensively studied phenomenon (Chen et al 2016).

In the contemporary export marketing literature, there are still heterogeneous and controversial outcomes of theoretical frameworks in both measurement approaches and determinate factors influencing export performance. As a result, different researchers have recommended different suggestions (Chen et al 2016; Gloria 2016; Chugan & Singh 2014; Srivastava et al. 2015).

To fill this gap, this research is conducted to empirically investigate the determinants of export performance based in Ethiopian manufacturing export firms and provided this multidimensional subject with the perspective of an all-inclusive representation of Ethiopian manufacturing export firms' performance since insufficient work has been conducted in developing countries, including Ethiopia (Gete 2019; Bekele and Kaur 2018; Elena 2014; Israel 2020). Thus, the aim of this research study is to investigate the determinant factors contributing to this poor manufacturing export performance in the country.

Furthermore, the research outcome contirbuted to business managers, practitioners, scholars, policy analysts, and exporters in improving the export performance of firms. Also, this study contributed to the theoretical knowledge of the export marketing literature at the industry level as well as the macroeconomic aspects of export.

This chapter begins with the background of the research study, followed by the background of the organization, the research problems, and the research questions. Also It highlights the rationale of the study, research objectives, and contribution of the research.

## 1.2. Background of the Research Study

In global market where competition is going up, the requirements for success are to discover the factors upsetting exports and to catch remedial measurements (Sousa et al. 2008; Lages and Sousa 2010). The export performance of the firm is considered as a strategic sign of the accomplishment of its export success; accordingly, it has been a broadly researched and least understood area of international business (Sousa et al. 2008; Lages and Sousa 2010).

Export marketing is an indispensable business activity for a firm's profitability, growth, competitive advantage, and has received much support in the literature (Gilaninia et al. 2013; Ural 2009; Freeman 2009; Wheeler et al. 2008; Sousa et al. 2008). Firm managers understand exporting as a means to escalate corporate growth, production capability, and financial performance to reinforce their competitive advantage and confirm firm survival in a highly globalised marketplace (Freeman 2009; Julian and Ali 2009; Adbullahi et al. 2010).

The association between export performance and its antecedents is not straightforward (Selma Kadić-Maglajlić et al. 2013; Katsikeas et al. 2011; Leonidas et al. 2011; Calude and Obadia 2013; Leonidas et al. 2013). Rather, it is subject to various external (such as foreign competitive intensity, government laws and policies, and technological forces) and internal determinants (such as managerial, organisational and export marketing strategy issues) (Gete 2019; Bekele and Kaur 2018; Bategeka 2012; Okpara 2009).

The determinants of export performance argue that exporting is a complex phenomenon influenced by multiple factors (Chen et al 2016; Elena 2014). These factors can be classified into internal (firm-specific influences) and external (environmental influences) (Chen et al 2016; Elena 2014). Internal factors include managerially controllable factors such as marketing mix variables, management characteristics, firm-specific variables, and export strategy factors (Chen et al 2016; Elena 2014).

On the other hand external factors that are environment-specific and managerially uncontrollable factors such as technological factors, competitive intensity, political, and cultural factors (Chen et al 2016; Elena 2014).

The various theories concerning export performance can be enlightened by different but corresponding theoretical views like resource-based view (RBV) (internal influences) and contingency (external influences) theory, which have considerably enriched knowledge of the course of firms; export performance in international markets (Elena 2014; Ferreira et al. 2011; Jeroen 2009; Harcharanjit et al. 2014).

Hence, the performances of export firms are influenced by different internal (managerial, organisational, export marketing strategies) and external factors (government policies, competitive intensity, and technological factors) (Gete 2019; Bekele and Kaur 2018; Hotniar 2009). Thus, it is significant to examine the firms' export performance at its internal and external factors to provide evidence to Ethiopian practitioners, scholars, policy analysts, and exporters to improve their export performance (Elena 2014).

Thus, export firms that compete fruitfully in global marketplaces can manage their internal and external debts and sustain a reasonable balance of trade to reveal their economic development (Gete 2019; Bekele and Kaur 2018; Adbullahi et al. 2010).

Past studies indicated that few efforts has been spent on investigating export performance and the factors that influence it (Freeman 2009; Stoian et al. 2011). Even though exporting is now one of the fastest-increasing economic activities, there is still no strong theoretical frameworks for researching export performance and also no clear and consistent agreement on the variables that impact export performance (Freeman 2009; Stoian et al. 2011).

Furthermore, prior studies on firms' export performance are very fragmented and lack a clear cohesive approach, which in turn makes it challenging to adopt any rigorous theoretical application (Chen et al 2016; Chugan & Singh 2014; Moghaddam et al. 2012; Srivastava, Moser and Meijer 2015; Bategeka 2012; Okpara 2009). The rising globalization of the marketplace and the involvement

of firms in the worldwide market have resulted in export performance becoming a center of attention in numerous types of research (Matanda and Freeman 2009).

Even though some researches on firms' export performance has been conducted in advanced countries, inadequate work has been conducted in developing countries, including Ethiopia (Gilaninia et al. 2013, Bategeka 2012; Okpara 2009; Berihu and Kiflu 2016; Bigsten et al. 2009; Matanda and Freeman 2009; Gete 2019; Bekele and Kaur 2018). However, even though various studies have been conducted in this area, the variety of conceptualization and performance measurement has led to inconsistent and differing findings (Chen et al 2016; Chugan & Singh 2014; Moghaddam et al. 2012; Srivastava, Moser and Meijer 2015; Bategeka 2012; Okpara 2009).

Also, the lack of detailed analysis on dimensions of export performance is a popular problem inherent in the previous studies (Chen et al 2916). To fill this gap, this research is conducted to empirically investigate the determinants of export performance based in Ethiopian manufacturing export firms and provided this multidimensional subject with the perspective of an all-inclusive representation of Ethiopian manufacturing export firms' performance.

Therefore, improving the performance of export marketing is decisive for export firms in developing countries that understand the worldwide export business in order to attain competitive advantages (Berihu and Kiflu 2016; Bigsten et al. 2009; Matanda and Freeman 2009). Thus, it is noteworthy to recognize obstructions that influence the export performance of firms grounded in developing countries to increase their current performance in the global market (Hosseini and Mirjahanmard 2011; Gilaninia et al. 2013; Ural 2009; Get, 2019; Bekele and Kaur 2018).

The overall export performance in developing countries like Ethiopia is not promising and is thoroughly reliant on agricultural exports (Israel 2020; World Bank 2011). According to the World Bank (2011), many African countries have lost their market share in their traditional exports and also failed to achieve export performance in the past decades. Sustainable manufacturing firms can contribute to a country’s economy by reducing unemployment rates (Bategeka 2012; Freeman 2009).

The Ethiopian Government ascertains that exporting is an important and prioritized business activity to sustain the country's economic growth through the investigation of the determinant factors that influence the firms' export performance (Sisay 2010; UNIDO 2017).

Accordingly, the government seeks to play a supporting role mainly for manufacturing exporters for enabling a better firm's export performance, and thereby firms should take advantage of those programs and platforms for better export success (Israel 2020). Even though the government of Ethiopia gives special attention and priority to exports, the capacity to export manufactured products is still an infant (Sisay 2010; UNIDO 2017).

Thus, the determinant factors that influence manufacturing export firm performance must be understood (Hosseini and Mirjahanmard 2011; Gilaninia et al. 2013; Ural 2009). To improve the international contributions of manufacturing firms, it is crucial to identify and analyze the influence that certain export determinants may have on export performance (Hosseini and Mirjahanmard 2011; Gilaninia et al. 2013; Stoian et al. 2011; Ural 2009). Therefore, this research was selected to empirically investigate the determinants of export performance based in Ethiopian manufacturing export firms.

## 1.3. Background of the Organisation

Ethiopia is one of the poorest industrialized economies in Africa, and its manufacturing export firms are underdeveloped in many aspects in terms of volume, quality products, technology status, labour skills, and export capabilities (Gete 2019; Bekele and Kaur 2018; Zerihun 2015). Thus, the nation's export performance, particularly in the manufacturing export sector, is not promising and insignificant as compared with other African countries (World Bank 2011).

Ethiopian manufacturing exports are one of the least diversified compared to their potential global competitors (AACCSA 2015; Sisay 2010; Gete 2019; Bekele and Kaur 2018). Moreover, there has been comparatively little progress in diversifying the export mix (CSA 2015; AACCSA 2015). Among the manufacturing sectors, textiles and leather are the priority subsectors identified by the government in transforming the country's traditional agricultural-based economy to industrialization (Sintayehu 2020; Bigsten et al. 2011; CSA 2015).

The country's manufacturing sector is among the strategic productive areas of the economy identified under GTP I (2010–2015) (CSA 2013). This can result in economic growth and development because of its enormous potential for wealth creation, employment, and poverty alleviation (Gete 2019; Bekele and Kaur 2018; Shiferaw and Söderbom 2018). It may contribute to exports, employment, and national output, is serious, and is possibly the most important engine of long-term growth and development (AACCSA 2015; CSA 2015).

The manufacturing industrial development strategy of the country has put in place principles that primarily focus on the promotion of agricultural-led industrialization, export-led development, and the expansion of labor-intensive industries (AACCSA 2015; CSA 2015). Leather, textiles, and agro-processing products account for the major export items of the country (Bigsten et al. 2011; AACCSA 2015; CSA 2015; Shiferaw and Söderbom 2018).

Furthermore, the textile and garment industry was one of the largest employers in the medium and large manufacturing sectors (Sintayehu 2020; AACCSA 2015; UNIDO 2012). The share of the textile and garment industries is very low (AACCSA 2015; UNIDO 2012; Daniel and Amare, 2010). The Ethiopian government is on the move to develop this sector by giving it preferential treatment as it has a high potential for growth, employment, and exports (AACCSA 2015; Bigsten et al. 2011; UNIDO 2012).

The firm's export performance is one of the most broadly researched but least understood and most controversial areas of international business (Sousa et al. 2010; Chen et al. 2016; Hossein 2012). Hence the increasing trends towards trade and industry globalisation, and a vast number of firms depend on their export performance to attain trade and industry achievement (Grandinetti and Mason 2012; Shahram et al. 2013; Sousa et al. 2010).

The determinants of a firm's export performance can be labeled in two different ways: the resource-based view approach, which is focused on the internal determinants of the firm, and the contingency view, which is focused on the external influences of the firm that determines its performance (Sousa et al. 2010; Elena 2014; Stoian et al. 2011). Accordingly, a firm's export performance is determined

by the extent to which a firm's activities matches or fit its internal and/or external circumstances (Valeria 2017; Imed and Afef 2011; Sousa et al. 2010).

However, studies on export performance have come up with inconsistent and contradictory findings (Chen et al. 2016; Valeria 2017). Those conflicting findings may be because of differences in operationalisation, conceptualisation, methodology, determinants, and performance measurements (Chen et al. 2016; Valeria 2017; Sousa et al. 2010; Katsikeas et al. 2011).

Thus, to overcome this issue, it calls for investigating a research study to advance export theory through the development of broad export-performance measurements that will be used to compare and contrast findings across different national circumstances (Tan and Sousa 2011; Chen et al. 2016; Valeria 2017). In addition, researching export performance is very significant not only for researchers but also for managers and government policymakers (Katsikeas et al. 2011; Sousa et al. 2010; Leonidas et al. 2013).

## 1.4. Statement of the Problem

Despite the importance of engaging in global markets, there are different internal and external problems (Boso et al. 2013; Calude & Obadia 2013). According to Hotniar et al (2009), firms are faced with export problems associated with marketing problems, technological factors, competitive intensity, and government policies and regulations.

Significantly, reviewing the marketing mix strategy is needed to confirm the suitability of the product in global markets, and advertising and sales promotion will also be required (World Bank 2011). Various factors that influence the export performance of firms was recognized in past export market studies (Justina 2014; Williams 2012; Rock and Ahmed 2008; Solberg and Olsson 2010; Elena 2014; Chen et al. 2016).

The determinants of export performance argue that exporting is a complex phenomenon influenced by multiple factors (Chen et al 2016; Elena 2014). These factors can be classified into internal (firm-specific influences) and external (environmental influences) (Chen et al 2016; Elena 2014). Internal factors include managerially controllable factors such as marketing mix variables, management

characteristics, firm-specific variables, and export strategy factors (Chen et al 2016; Elena 2014). On the other hand external factors that are environment-specific and managerially uncontrollable factors such as technological factors, competitive intensity, political, and cultural factors (Chen et al 2016; Elena 2014).

The firms' export performance determinants could be characterized as internal and external influences (Elena 2014; Chen et al. 2016). Internal determinants of export performance consists managerial, organizational, and export marketing strategies, whereas external factors include foreign competitive intensity, government laws and policies, and technological forces (Elena 2014; Chen et al. 2016; Bategeka 2012).

Several scholars ought to largely concentrate on a single influence impeding a firm's export performance along with the single-variable influence on export performance rather than investigating the factors of multi-independent influences simultaneously (Justina 2014; Rock and Ahmed 2008). Some studies, on the other hand, concentrated on either internal or external factors influencing determinants of export performance (Sisay 2010). In the current export performance literature, there are still: methodologically fragmented in that there is a variety of analytical and methodological approaches, conceptually diverse, a large number of determinants have been identified as having direct or indirect influence on the firm's export performance.

A large number of indicators have been used to conceptualise and operationalise the export performance measures, and inconclusive, the studies have produced inconsistent results of the influence of different determinants on export performance, heterogeneity of theoretical frameworks in both measurement approaches and determinant factors influencing export performance (Gloria 2016; Chugan & Singh 2014; Srivastava et al. 2015).

As a result, different researchers have recommended different suggestions (Gloria 2016; Chugan & Singh 2014; Srivastava et al. 2015). Even though various studies have been conducted in this area, the variety of conceptualization and performance measurement has led to inconsistent and differing findings (Chen et al 2016; Chugan & Singh 2014; Moghaddam et al. 2012; Srivastava, Moser and Meijer 2015; Bategeka 2012; Okpara 2009).

Also, the lack of detailed analysis on dimensions of export performance is a popular problem inherent in the previous studies (Chen et al 2916). To fill this gap, this research is conducted to empirically investigate the determinants of export performance based in Ethiopian manufacturing export firms and provided this multidimensional subject with the perspective of an all-inclusive representation of Ethiopian manufacturing export firms' performance.

However, few research studies have been accompanied by combined influences with internal and external determinants (Koksal and Kettaneh 2011; Hossein 2012; Stoian et al. 2011; Gete 2019; Bekele and Kaur 2018). Consequently, to fill this gap, the study investigated the determinants of firms export performance based on Ethiopian manufacturing export firms, including internal and external determinants, using industry survey data. The following table shows the research themes of different researchers with their respective focus areas.

Table 1-1: Export Performance of Textile firms (2010– 2017/18).

| S No. | Authors | Export performance determinants |
|---|---|---|
| 1 | Koksal and Kettaneh (2011) | Political and legal, competition and organisation determinants |
| 2 | Rock and Ahmed (2008) and Justina (2014) | Management characteristics and Firm characteristics |
| 3 | Koksal and Kettaneh (2011) | Firm characteristics, competition, marketing, Economic and political conditions |
| 4 | Owusu-Frimpong and Mmieh 2007) | Technology usages and high banking charges |
| 5 | Karelakis et al. (2008) ; Ojala (2007) | Managerial characteristics and organisational factors, firm size, resources and capability |
| 6 | Mavrogiannis et al. (2008) | Government policies |
| 7 | The present study | Intends to investigate multi facet factors such as competitive intensity, government laws and policies, technological forces, managerial characteristics, organisational and export marketing strategy factors |

Hence, the various influences that impede Ethiopian manufacturing export firms' performance have not received sufficient attention. Therefore, the research contributed a lot to providing practical application to different stakeholders, like manufacturing firms' managers and industry practitioners, researchers, the government, and policymakers, and aiding in further theory development.

As Chen et al (2016) investigated in their study, the most important problems in export performance research, such as (a) studies signifying enormous factors built up in a range of theoretical models, nevertheless not many deeply investigated (variety); (b) noticeable the diversity of investigative procedures and operational tactics implemented by various studies (disintegration); (c), contradictory outcomes are found from various outcomes in terms of the study of determinants on firms export performance (discrepancy).

Thus, the above-mentioned restrictions make up serious problems in the advancement of export performance studies and urge the need to strengthen the recent research literature (Chen et al. 2016). Today, many manufacturing export firms in developing countries are encountered directly or indirectly by various factors in global markets (Katsikeas et al. 2011; Leonidas et al. 2013). All countries have their own currencies, and the rate, at which one currency can be exchanged for another currency, called the exchange rate, fluctuates and may create another problem.

Therefore, firms doing business globally must deal with problems regarding exchange rates, foreign legal systems, foreign competitive intensity, various custom formalities and tariffs, and possibly differing languages, politics, laws, government rules and regulations, and cultures (Hotniar et al. 2009; World Bank 2011; Kneller et al. 2011). Some of the challenges facing manufacturing firms in Ethiopia are the prevalence of limited market networks and competitiveness, a lack of foreign currency to import raw materials, quality defects in finished goods, and the inability to maintain product standards (Sisay 2010).

Moreover, lack of knowledge of foreign market trends, poor tariff security laws to initiate investment locally, prolonged bureaucratic procedures in customs clearance, lack of R&D on manufacturing firms, and lack of promotional campaigns concerning motivation plans, market opportunities, and information on new rules and regulations are also major problems (Sisay 2010). However, being

reliant on exports of non-manufacturing products has shortcomings for the nation. Hence, non-manufacturing products are traditional products with less linkage creation in the nation's economy as well as the declining of prices globally.

As a result, the split of manufacturing exports entails that Ethiopian export firms could not take on considerable responsibilities in generating employment rates as well as linkage consequences in the country's economy, and finally, the country will not benefit from knowledge transfer in terms of technological usage (Sisay 2010).

The general problem of the study could be formulated as follows: the determinant factors that influence the export performance of firms are not yet well understood and investigated.
From the general problem stated above, sub-problems can be decomposed as follows:

- It was not yet well known how the key external factors (intensity of competition in the global market, foreign market characteristics) influence the performance of exporters.
- It was not yet well known to what extent the internal determinants (firm characteristics and management determinants) influence the export performances of firms.
- It was not yet well known how the marketing mix strategy (product adoption strategy, export pricing, distribution, and promotion capabilities) influences the export performance of firms.
- It was not yet well known how the export marketing mix strategy mediates the firms' export performance with potential antecedents.
- It was not yet well known in which way the model would be developed, and how the factors that influence export performance would be adopted by policymakers and export practitioners.
- It was not yet known how the export performances were measured.

## 1.5. Research Questions

The research questions relating to the determinants of export performance in Ethiopian manufacturing exporters could be stated as:
*What are the successful determinants that impede firms' export performance of Ethiopian medium and large manufacturing exporters?* To answer this question, first, a conceptual framework has been built to find possible determinants and possible relationships between those determinants and

performance, using previous literature to explore in depth the mediating effects of marketing mix strategy.

Thus, by investigating to contribute to the field of global business from the perspective of the determinants of export performance, this study is guided by the following research questions:

- To what extent can external determinants (intensity of competition in the global market, foreign market characteristics) influence the export performance of firms?
- To what extent can internal determinants (firm and management determinants) influence the export performances of firms?
- To what extent can these influences be mediated by the export marketing mix strategy (product adoption strategy, export pricing, distribution, and promotion capabilities) on firms' exports?
- To what extent do the marketing mix strategies (product adoption strategy, export pricing, distribution, and promotion capabilities) influence the export performance of firms?
- What are the important measurements of the export performance of firms?

## 1.6. Objectives and Rational of the Research Study

In the current globalised market, the local market is reliant on global markets to nurture and flourish (Bategeka 2012). Accordingly, firms have accredited the significance of export operations to the country's economic growth (Ural 2009). Consequently, accepting the study of firms' export performance is a significant part of research for academics, practitioners, and policymakers (Bategeka 2012). This empirical study captures the export of manufacturing firms in a developing country (like Ethiopia) as its level of analysis.

Moreover, the firms chosen are Ethiopian manufacturing export firms such as textiles and garments, leather, and leather products, which are involved directly in the foreign market. There are quite lot of reasons why these firms were selected for an empirical study. Basically, export business is very essential for the nation's economic development, especially for developing countries (Bategeka 2012; Okpara 2009; Berihu and Kiflu 2016; Bigsten et al. 2009; Matanda and Freeman 2009).

Thus, Ethiopia is one of the developing countries, and its exports is highly dependent on agricultural and traditional exports, which are faced with different problems, rather than manufacturing exports that occupy large amounts of foreign currency and serve to enhance the employment rate. The study of such firms has wide national significance. Moreover, it flourishes in industrial economies, signifying that there is a potential advancement pathway that allows firms in developing countries to pursue development (Bategeka 2012; Okpara 2009; Bigsten et al. 2009).

Besides knowledge (theory development) contribution, the research is drastically significant for Ethiopian academicians, firm managers, and policymakers since there has never been enough research done in Ethiopia on this sector accessible right now. Therefore, the primary objective of this study was to develop and test a model to identify and analyze the major determinants of the export performance of Ethiopian manufacturing export firms.

## The specific objectives of the study were:

- To investigate the external determinants (intensity of competition in the global market, foreign market characteristics) that influence export performance firms
- To investigate the external determinants (intensity of competition in the global market, foreign market characteristics) that influence export marketing strategy
- To examine the internal determinant factors (firm and management determinants) that influence the export performances of firms
- To investigate the internal influential factors (firm and management determinants) that influence the export marketing mix strategy
- To determine how export marketing mix strategy (product adoption strategy, export pricing, distribution, and promotion capabilities) mediated the potential determinants and export performance of firms
- To investigate how the marketing mix strategy (product adoption strategy, export pricing, distribution, and promotion capabilities) influence the export performance of firms.
- To investigate in what way export performance can be measured
- To determine whether all external factors influence export performance equally.
- To investigate whether all internal factors influence export performance equally.
- To determine whether all marketing mix strategies influence export performance equally.

## 1.7. Contributions of the Study

Successful export performance of a firm is one of the tools to improve economic growth; the result of the study helped the export firms recognize the major determinants influencing export performance.

The outcome of this study can be regarded as an essential contribution for the core players in the segment to improve firms' export performance and the global attractiveness of Ethiopian manufacturing export firms. Consequently, it is important to investigate the considerable determinant factors that contributed to the poor export performance of the firm.

Consequently, further efforts are desired if the export performance literature is to reach into maturity in the future. Thus, the study provided some theoretical, managerial, methodological, policy decisions, and practical contributions. To sum up, the study would be a guide for policymakers, managers, and practitioners during the formulation of policies and decision-making, as they will be able to recognize the major determinant factors to consider when designing the policies and decisions. Based on the research findings, possible contributions and implications are discussed below:

### 1.7.1. Theory Development

The theoretical and methodological basis of this study would contribute to the advancement of export-related literature in several respects. Even though several conceptual and empirical studies have been developed so far to discover the antecedents of export performance, far less attention has been given to the combined theory of resource-based view approaches (RBV) and contingency approaches (Elena 2014). Hence, the contribution of the present study sets in the design of the integrated theoretical framework and its empirical validation.

The current study has taken an initial step toward addressing these gaps by combining the resource-based view of the firm (RBV) and contingency approaches. Thus, an integrated use of the RBV and contingency theory can advance the theory by shifting the emphasis from export firm resources to the contingency between those resources and the environment. Aligning the RBV and contingency theory can provide solutions to various demands related to export business (Chen et al. 2016).

Moreover, the present study provided the firms' export performance literature by investigating theoretical and empirical evidence to assist previous findings by further formulating both the direct

and indirect determinant factors of firms' export performance. Furthermore, several previous studies have incorporated none or ignored mediators in their empirical frameworks; thereby, the current study tried to bridge the gap in the literature by investigating more comprehensive knowledge contributions through mediators.

Hence, in the absence of a significant mediating role, export marketing strategy simply attempts to identify the direct effects of antecedents and export performance and ignores the indirect relationships. As a result, the recent study attempted to investigate the association between the determinant factors and the firms' export performance through the mediating effect of marketing mix adaptation strategies.

Theoretically, the study findings provided significant support for the theoretical model. Though the majority of export performance models conducted in past studies were tested using objective, financial, and subjective measures of export performance, the present study found that exporters used multiple measurement items to measure the firm's export performance.

### 1.7.2. Implications for Policy Development

The Ethiopian Government ascertains that exporting is an important and prioritized business activity to sustain the country's economic growth through the investigation of the factors that impact export performance, and subsequently, it is vital for policymakers to design strategies.

The study also helps policymakers to understand the current position and strategic issues of Ethiopian manufacturing export firms in more detail, which eventually leads them to formulate better policy decisions for the manufacturing export firms in the future. Thus, public policymakers who pursued to increase the effectiveness of their export businesses can gain some valuable understanding from the results of the present study. Hence, the present study gives a framework for government policymakers on how to support export firms to increase their competitive advantage in global markets.

As a result, the current study can provide significant understanding for policymakers who are powerful in developing the dynamism of export ventures and advance economic success. In other words, for policymakers, exports could be noticed as a mechanism of enhancing the employment rate,

accumulating foreign exchange reserves, improving productivity, and, in turn, leading to community well-being (Sousa et al. 2008).

### 1.7.3. Implication for Business

The present study has essential practical implications for business practitioners in Ethiopia and other developing countries with similar contextual phenomena. For effective export performance, firms need to organise for global markets by properly recognizing, prioritizing, and developing a proper set of export marketing strategies to realize the firm's export performance. In attaining this goal, firms needed to build their management skills toward global markets and pursued foreign opportunities through competent managerial skills.

The current study provides valuable practical implications to examine competitive, technological, socio-economic, cultural, firms' capability, manpower engagement, and other factors that are very essential in the export business.

Furthermore, the present study provides important implications for practicing managers. Since managers are responsible for an export business, they should visualize their firms as successful exporters and should direct their skills to establish the firm's capabilities in seeking future export markets (Brouthers et al. 2013).

Hence, in doing exports, export managers must wisely be examined whether to adopt or standardize their export marketing strategy (Brouthers et al. 2013). Consequently, export managers should consider both the firm's internal determinants and its external environment jointly to determine export performance.

Also, the study provides important implications for managers's decision-making capabilities. The theoretical framework established in this study indicated that export marketing mix strategies play a significant role in renovating firms' resources and capabilities and external environmental forces' export performance.

### 1.7.4. Methodological Contributions

The methodological and theoretical implications of the present study contributed to the development of export performance-related literature by giving superior specifications of the nature of the direct or

indirect effects of determinant factors on export performance and by examining confirmatory and exploratory factor analysis to validate the utilization of structural equation modeling to improve validity and reliability and to validate the construct measurements.

Accordingly, the study extended hypotheses and empirically investigated them through primary data from the Ethiopian manufacturing sector collected from 349 exporters across Ethiopia. The collected data is analysed by confirmatory and exploratory factor analysis and structural equation modeling methods to investigate the direct and indirect influences of internal and external determinants on export performance.

## 1.8. Thesis Structure

The study begins with Chapter One: Introduction and Background of the Study, which deals with background supporting the business philosophy in the manufacturing export performance context. A statement of the research problem and gaps in the literature of export performance measurements in manufacturing firms are identified.

Objectives and contribution of the research are followed by chapter two: theoretical grounding and the relevant literature about determinants of manufacturing export performance, measurements of export performance, conceptual framework, external and internal determinants, variables and hypotheses are presented,.

Chapter three dealt with the research methodology and design on which the study was based. Then, the methodology used to test the theories and the operational models, various steps and procedures associated with the data collection tools and the methods of analysis are discussed in detail. Chapter four dealt with the model and framework utilized in this study. Chapter five dealt with data analysis, results, and discussion of findings, and Chapter six dealt with the presentation of the interviewees.

Finally, chapter seven also dealt with the conclusion and recommendations, as well as the final model and implementation, and the key contributions of the study in terms of literature, managerial decisions, and policy implications. Also, the limitations of the study can be acknowledged, and a path for future research would be precisely proposed.

## 1.9. Chapter Summary

To express the determinant factors of the export performance of manufacturing firms have fundamental essence for policymakers, firm managers, and researchers. Thus, to improve and enhance export performance, it is significant for government and firms to recognize the antecedents of export performance. Though, export performance has been the issues of vast empirical researches, the findings on neither the determinants of export performance nor the performance measurements have been realized.

The next chapter deals with related literature reviews that will help to compare and contrast what the researcher is doing in the historical context of the research as well as how the research is different or original from what others have done, helping the researcher rationalize why the researcher need to do this particular research and correlates various scholarly books, research articles, and other relevant sources that are directly related to the current research for the determinants of export performance.

# CHAPTER TWO
# LITERATURE REVIEW

## 2.1. Introduction

The second chapter briefs about the background of the organisation on which the research has employed, and this chapter highlights a comprehensive review of the theoretical basis upon which the conceptual framework was developed. The literature review also consisted of: the resource-based view of the firm, contingency theory, export performance measurements, export performance determinants (external and internal determinants), and export marketing strategy as a mediating variable.

With the increasing globalisation of the global economy, there has been increasing concern vis-à-vis export performance (Chenet al. 2016). Successful export performance is important to business managers engaged in exporting activities, governments/policymakers, and researchers related to export performance (Sousa et al. 2010). The emphasis of this chapter is to attract and combine knowledge from related literature in order to build a model that examines the extent to which the variables identified in the literature influence the export performance of Ethiopian manufacturing and exporting firms.

Literature reviews on export performance advocate the importance of numerous influences affecting the firm's export performance, focusing on numerous detailed environmental influences and firm characteristics (Chen et al. 2016). Organisational determinants, managerial characteristics, export marketing strategy, and environmental factors are apparently liable for the fruitful export performance of firms (Justina 2014; Filatotchevet al. 2009).

## 2.2. Theoretical foundation of the Study

The growing globalization of markets -coupled with technological progress-has driven manufacturing firms to maintain their export activities and to seek a competitive position in the international market (Chen et al. 2016; Harcharanjit et al. 2014). Hence, the importance of a firm's adaptability and ability to change -in response to shifting environmental conditions, according to the resource-based view

(RBV) theory-lies in the fact that firms seek to enhance their performance by optimizing internal resources and by acquiring new resources depending on their needs, thus aiming to sustain their competitive advantage (Chen et al. 2016; Harcharanjit et al. 2014).

The projected framework is aided by the most recognized theoretical perspectives, which are supported by recent research studies: contingency theory and resource-based view theory (RBV) (Elena 2014).

Recent meta-analyses have shown that the relationship between international diversification and performance can be moderated by the environment in which the company operates. These theories provide foundations for the exploration of the determinants of all environmental and firm characteristics that influence export performance (Imed and Afef 2011; Singh 2009). Export performance is determined by the extent to which a firm's behaviour matches its internal and/or external context (Harcharanjit et al. 2014).

Thus, the present study proposes a theoretical framework to analyze the determina factors of export performance of Ethiopian manufacturing export firms based on the dynamism, complexity, and munificence of the companies' operating environment, by integrating the theoretical aspects of the Contingency theory and RBV.

The theories try to find out factors that describe why firms are able to realize export performance (Chen et al. 2016). The theories declare that a firm's export performance is largely determined by both external and internal environmental factors (Harcharanjit et al. 2014). Combining contingency and RBV theory gives answers to a number of questions related to export marketing, including to what extent contextual issues strengthen or weaken the tactical influence on export performance and how (Chen et al. 2016).

Moreover, the RBV or contingency alone is inadequate to enlighten the poor export performance with abundant resources (Chen et al. 2016). Sousa et al (2008) in their literature review reflected that the determinants of export performance can be categorised by using two different perspectives: the RBV model, which pays attention to the internal determinants of the firm, and the contingency model,

which pays attention to the external ones. Consequently, these theoretical integrations can give researchers new outlooks on how to deal with demanding issues (Chen et al. 2016).

As stated by Cavusgil and Zou (1994), a firm's export performance is in turn understood by marketing strategy as a moderate influence and by firm characteristics directly. Hence, the commonly realistic conceptual framework for determinants of firm export performance based on resource-based view (RBV) and contingency view specifies the factors into internal and external factors (Chen et al. 2016; Elena 2014).

### 2.2.1. Resource-Based View Theories (RBV)

The use of resource-based view theory (RBV) advocates its significance as a framework for explaining and visualizing competitive advantages and performances (V. Kozlenkova et al. 2013; Matanda and Freeman 2009; Barney et al. 2011). The in-house procedure through which export marketing resources influence export performance is not well understood (Anon 2012).

Examples of resources are the employment of a qualified workforce, in-house knowledge of technology and machinery, well-organized procedures, and capital (Anon 2012). However, many firms lack experienced and skilled personnel to facilitate exports (Freeman 2009), that may significantly influence export performance.

Therefore, the significance of human resources (global experience and firm obligation) may have a more direct influence on export performance (Freeman 2009). Hence, according to the Resource-Based View Theory, the way the company manages its resources contributes to its growth and guarantees of competitive advantage and that resources can be accessed in the environment in which the company operates.

The RBV supposes that a firm, by some means, builds up such resources internally (Anon 2012). These resources are described as strategic resources, which can shape the source of the firm's sustainable competitive advantage and burden the trend of firm growth (Sousa et al. 2008; Navarro et al. 2010). In the RBV, managers are in a key position to be in command of the performance of the firm by utilising the resources the firm acquires (Anon 2012). For this reason, the RBV grants

managers a distinctive task of identifying and developing those resources and achieving better performance (Anon 2012).

The research studies examining the internal influences are rooted in the RBV of the firm (Elena 2014; Navarroet al. 2010; Anon 2012). This theory advocates that the firm's export performance is under the control of its management and eventually becomes the firm's source of higher performance (Elena 2014). Hence, the internal influences of the firms are considered controllable forces (Elena 2014). The internal determinants are generally categorized as firm specific factors such as managerial characteristics, organisational factors, and export marketing strategy related factors (Elena 2014; Ferreiraet al. 2011).

The RBV is dealing with an intra- organisational focus and believes that performance is the result of firm-specific resources and competencies (Barney et al. 2011). Its central intention is that if a firm is to realize a state of sustained competitive advantage (Jeroen 2009), it must obtain and control valuable, rare, inimitable, and non-substitutable (VRIN) resources and capabilities, plus have the organisation (O) in place that can absorb and apply them (Jeroen 2009; Barney et al. 2011).

Moreover, according to RBV, a firm possesses its internal resources; market-based capabilities support export managers in developing specific competencies in order to recognize opportunities and respond quickly to advance export performance (Freeman 2009; Barney et al. 2011). In general, the variation in firm performance is defined by the heterogeneity in the resources and capabilities of the firm (Valeria 2017; Ferreira et al. 2011).

### 2.2.2. Contingency Theories

The research studies examining the external influences that determine export performance are rooted in contingency theory (Arsalan and Ali 2020; Elena 2014; Valeria 2017; Sousa et al. 2008). It is carried by the structure-conduct-performance (SCP) of industrial organisation (IO), which states that the competitive force of a firm is determined by the structural distinctiveness of the market (Arsalan and Ali 2020; LiPuma et al. 2013; Sousa et al. 2008). These positional advantages can only be realized and sustained if the competitive strategy plan is capably and successfully carried out (Arsalan and Ali 2020; Happy 2016; Sousa et al. 2008). Hence, according to the Contingency Theory, the

performance of companies depends on the fit between the structure, processes and organizational environment.

The importance of understanding environmental characteristics as a business contingency facing a firm has been evident in the marketing management literature (Arsalan and Ali 2020; Happy, 2016; Raut et al. 2012; Mafalda et al. 2016; Sousa et al. 2008).

The business environment consists of numerous forces that are beyond the controllable forces of management in the short run and thus create threats as well as opportunities for firms (Arsalan and Ali 2020; Mafalda et al. 2016; LiPuma et al. 2013). Hence, contingency theory assumes that the firm can adjust itself to the external environment (Happy 2016; Elena 2014).

According to Cavusgil and Zou (1994), this theory has its roots in the structure-conduct-performance model and depends on the circumstances: organisations rely on their environments for resources, and they can manage this reliance with fitting strategies. The contingency view of international marketing supports the view that neither perfect standardization nor perfect adoption of the marketing program is possible (Arsalan and Ali 2020; Valeria 2017; Sousa and Bradley 2009).

The contingency theory approach declares that successful export performance is conditional upon the co-alignment of organisational and external factors (Arsalan and Ali 2020; Chen et al. 2016; Hultman et al. 2011). The same set of export marketing strategies may not be universal for all environmental circumstances (Arsalan and Ali 2020; Chen et al. 2016; Happy 2016). Thus, good strategy and performance are not only reliant on objective resources and conditions but also on the fit between them (LiPuma et al. 2013; Chen et al. 2016). Environmental uncertainty refers to changes resulting from external environmental factors that influence firm performance (Arsalan and Ali 2020; Happy 2016; Fernando 2011).

Furthermore, this theory believes that market preference decisions are not merely rational and predictable; instead, choices depend on the fit between the management's behaviour and current conditions at a given time (Arsalan and Ali 2020; Happy 2016). Thus, neither local markets nor export markets may become the long-lasting choice of a firm, and all are contingent (Happy 2016).

A contingency theory approach states that there is no one best strategy related to business performance (Arsalan and Ali 2020; Happy 2016; Fernando 2011). Proponents of contingency theory argue that firms should fit the right export strategies and align resources to the situation of specific export markets (Happy 2016; Fernando 2011).

Past research using a contingency approach has investigated the performance influences of the use of entrepreneurial or adaptive export strategies in aggressive environments (Arsalan and Ali, 2020; Fernando 2011). It has focused on the antecedents of different export strategies that apparently lead to better export performance (Arsalan and Ali 2020; Happy 2016; Fernando 2011).

There is limited research on using a contingency approach to investigate the influence of export performance (Arsalan and Ali 2020; Fernando 2011). An exporter may be able to export to more than one export market, although it needs to adjust its strategy to the given market circumstances (Arsalan and Ali 2020; Happy 2016; Fernando 2011).

## 2.3. Export performance

Exporting is one of the significant preliminary steps for a firm to intensify its international marketing activities (Shahram et al. 2013; Hossein 2012). Export is referred to as the marketing choices and behaviours of firms in the global market (Shahram et al. 2013; Hossein 2012; Cavusgil and Zou 1994). Cavusgil and Zou (1994) explain that this definition is comprehensive of all firms that have a different level of international involvement.

Consequently, export performance is referred to as a compressive result of a firm's success in attaining its objective in the export market (Shahram et al. 2013; Hossein 2012; Cavusgil and Zou 1994). Export success can be either objective or subjective, and the nature of success dictates the type of indicator used to measure performance (Shahram et al. 2013; Hossein 2012; Cavusgil and Zou 1994).

The term performance is an essential indicator for a firm examining its level of achievement (Hossein 2012). Measuring export performance is a difficult duty, and its effectiveness is contingent on the credibility of the measurements (objective/financial/economic or subjective/financial/non-economic)

(Hossein 2012). The success of a firm in exports can be appraised by its export performance (Shahram et al. 2013; Navaro et al. 2010). Export performance is the result of export sales growth, export profitability, export intensity, goal achievement, and satisfaction (Shahram et al. 2013; Wang 2013; Navaro et al. 2010).

The research investigating export performance is still under maturity and distinguished by discrepancies and inconsistencies (Sousa et al. 2008; Chen et al. 2016; Tan and Sousa 2011). Although a range of investigations are considered, each investigation only provides a split outlook on export performance (Chen et al. 2016). As a result, systematic theoretical foundations and frameworks that may widely explain all the drivers of export performance remain lacking (Lages et al. 2008; Wheeler et al. 2008; Tan and Sousa 2011; Chen et al. 2016).

Though research studies have been undertaken to investigate the determinants and measurements of export performance in the past few decades, no uniformity has been reached as a common agreement (Hossein 2012; Sousa et al. 2008; Wheeler et al. 2008). A firm's export performance signifies the outcome of a firm's accomplishments in export markets (Hossein 2012; Papadopoulos and Martín 2010).

## 2.4. Measurements of Export performance

There is no uniformity to measure export performance as accessed by the literature (Chen et al. 2016; Stoian et al. 2011; Hossein 2012; Bategeka 2012). This makes it difficult to compare and contrast the findings of the research from different studies (Chen et al. 2016; Hossein 2012).Various studies have measured export performance using a single indicator, providing somewhat narrowed justification of the phenomenon either objectively or subjectively (Sintayehu 2020; Hossein 2012).

The majority of recent literature has only adopted disjointed and fragmented measures of export performance (Chen et al. 2016). There is still no homogeneously employed conceptualisation and operationalisation of export performance (Chen et al. 2016).

This incident holds back the development of export performance literature, as it places troubles in the way of comparing and contrasting the findings in this field (Chen et al. 2016; Oliveira et al. 2012).

Hence, previous studies focused on a narrow view of export performance, either objective measurements or subjective measures (Stoian et al. 2011).

### 2.4.1. Objective Measurements

Objective measurements are export performance indicators that are based largely on absolute values (Bategeka 2012). The objective measures comprise export sales profit, export sales growth, and export intensity (Gloria, 2016; Chen et al. 2016; Bategeka 2012). The objective measurement indicators will be conceptualised in brief as follows:

Export profit describes the amount of export earnings in dollar value for a firm by deducting a cost from revenue (Chen et al. 2016). It is the net value of a firm's total export revenue (Chen et al. 2016). Thus, profit indicates the size of export earnings in dollar value for a firm from the sale of products.

Export sales growth is described as the year-by-year change in the level of exports or the annual average change over a period of time (Chen et al. 2016). It indicates an escalation of exports over a certain time period (Chen et al. 2016. It is measured by the ratio of the export turnover or profit of the current year to that of the previous year (Gloria 2016; Chen et al., 2016; Bategeka 2012). Export growth is the increase in exports over a certain period of time (Gloria 2016; Chen et al. 2016; Bategeka 2012).

Export intensity is described as the ratio of export sales to a firm's total sales (Chen et al. 2016; Maurel 2009). It measures the level of firm participation in export markets compared to total sales (Chen et al. 2016; Bategeka 2012; Maurel 2009). It is a variable that gives information on the firm's exports and is measured as international sales as a percentage of total sales (Riding et al. 2012). Export intensity indicates the ratio between a firm's export value and the production output value (Riding et al. 2012).

Some research studies undertaken on similar topics focused merely on objective measurements such as export intensity, export growth, export sales, and export profitability (Morgan 2012; Lages et al. 2008b). However, as an alternative to objective measurement techniques, managers' subjective assessments such as satisfaction and goal achievement are very indispensable measurement techniques (Gloria 2016; Chen et al. 2016).

Moreover, many firms never give information associated with their profitability (Sausa et al. 2008). This has made the use of merely objective measures in studies involving firms problematic (Sausa et al. 2008; Bategeka 2012).

### 2.4.2. Subjective Measurements

Subjective measurements center on the perceptions of managers about how well their firms are performing towards attaining their export performance (Bategeka 2012). In contrast to objective measurements, subjective measurements are secured on a scale rather than looking for pure absolute values (Bategeka 2012). Thus, the practice of management views of export performance provides confidence for more firms to answer survey questions and agree that they do not have to offer confidential export profitability values (Bategeka 2012).

The reason for using subjective data over objective information to assess export marketing performance is that small firms are unwilling and unable to disclose and share all financial information (Bategeka 2012). It is not easy to ensure the accuracy of accessible financial outcomes as there is no freely accessible objective financial data (Bategeka 2012). Even though financial data is available, it needs the interpretation of firms, which makes analysis more complex (Bategeka 2012; Lages et al. 2008b; Cavusgil and Zou 1994).

Similar to objective measurements, subjective measures also have their own weaknesses (Bategeka 2012). Subjective measures suffer from limitations associated with measuring perceptions of performance rather than actual performance (Bategeka 2012; Ural 2009). The subjective measurement indicators include:

Satisfaction is a pleasant feeling or the act of fulfilling a desire because of the successful exporting that a firm did (Gloria 2016; Chen et al. 2016; Bategeka 2012). It is an intrinsic thing (Gloria 2016; Chen et al., 2016; Bategeka 2012; Ural 2009).

Goal achievement is the attainment of a desired objective for the firm through the great effort of doing export marketing and getting what you want (Gloria 2016; Chen et al. 2016; Bategeka 2012; Ural 2009).

Thus, utilizing a combined-measurement approach to export performance that integrates financial and non-financial/managers' subjective reviews of performance has gained sustained attention (Gloria 2016; Chen et al. 2016; Bategeka 2012; Freeman 2009). In order to grant a reliable assessment, the growth and rationale of using a multi-measurement approach for different export performance dimensions are reasonable for taking the entire level of a firm's export performance (Jayanty and Anantharaman, 2012; Chen et al. 2016; Hossein 2012; Solberg and Olsson 2010).

Furthermore, the use of a multiple-item scale is more appropriate for measuring export performance because different measures of export performance capture different circumstances of the strategic and operational incidents that determine export marketing performance (Jayanty and Anantharaman 2012; Wang 2013; Katsikeas et al. 2011).

As export performance is a multi-faceted incident, the use of multiple measures is significant to confine the different features of the export performance construct (Chen et al. 2016; Wang 2013). It also enhances the effectiveness of the indicators (Gloria 2016; Chen et al. 2016; Bategeka 2012).

In conclusion, multiple (composite) measures for export performance will be utilized to conquer the shortcomings of both objective and subjective measures as well as to make use of the advantages of the two approaches (Gloria 2016; Chen et al. 2016; Bategeka 2012; Freeman 2009; Wang 2013). Consequently, five explanatory variables will be introduced in the questionnaire and interview for export performance.

A firm's export profits, export growth, and export intensity, which are objective indicators, would be measured on an ordinal scale (1 to 5). While the other dependent variables, specifically goal achievement and satisfaction, are subjective indicators measured based on the respondent's ideas or perceptions on a five-point Likert scale (very successful/very unsuccessful, strongly agreed/strongly disagreed, very satisfied/very dissatisfied, etc.).

## 2.5. Determinants of Export Performance

Studies on the determinant factors of export performance have been characterised by inconsistencies and disintegration findings, which restricted theory advancement in this field (Cavusgil and Zou

1994; Sousa et al. 2008; Valeria 2017). Consequently, the literature on export performance is perhaps one of the most broadly researched but least understood parts of global business (Sousa et al. 2008; Valeria 2017; Zou and Stan 1998; Gete 2019; Bekele and Kaur 2018).

Identifying and reviewing the determinants of export performance may be given due emphasis in analyzing the influence of export performance in this turbulent environment (Gete 2019; Bekele and Kaur 2018; Sousa et al. 2010; Chenet al. 2016). Thus, recognizing the factors that may influence export performance has been given the attention of export marketing researchers, exporting firm managers, and government policymakers (Sousa et al. 2010; Chenet al. 2016).

Numerous variables were recognized and examined in the literature as determinants of export performance (Chenet al. 2016; Zou and Stan 1998). Some empirical studies have revealed the level of export performance can be influenced by external forces, while others were set as internal influences (Gete 2019; Bekele and Kaur 2018; Imed and Afef 2011; Maurel 2009; Muhammad 2009). Hence, variations in performance findings can be enlightened by the heterogeneity of the resources and competencies of the firm (Valeria 2017).

Research studies investigating the internal influences are rooted in the resource based view of the firm (RBV) theory (Elena 2014; Valeria 2017). Hence, the internal influences of the firms are considered controllable forces (Elena 2014). On the other hand, research investigations on external influences are rooted in the contingency theory, which states that they are uncontrollable to the firm's management (Stoian et al. 2011).

Therefore, the export performance determinants are seen as both external/environmental influences and internal/firm-specific influences (Gete 2019; Bekele and Kaur 2018; Elena 2014; Grandinetti and Mason 2012; Sousa et al. 2008). This means that export performance is determined by the relationship of both internal and external variables to the firm (Valeria 2017).

Consequently, the research studies investigating the external influences that determine export performance are generally classified as industry- and market-specific, such as government regulation and legality, sociocultural factors, competitive intensity, and the industry's technological intensity

(Elena 2014). While the internal influences that determine export performance are classified as firm characteristics, managerial characteristics, and marketing strategy determinants (Elena 2014).

### 2.5.1. External Determinants

The firm's exports depend not only on internal factors such as management, firm characteristics, and export marketing strategy but also on environmental factors such as foreign market characteristics, competitive intensity, and technology-related determinants (Elena 2014; Grandinetti and Mason 2012). The external environment contains factors that are beyond the firm's control, but nonetheless, they may have an influence on export performance (Valeria 2017; Stoian et al. 2011).

Prior research had recognized the external/uncontrollable factors in the context of industry and export market features, including technological factors, competition intensity, and the type of industry (Oyeniyi 2009; Sousa et al. 2008; Gloria 2016). Also, the political and legal environment and the sociocultural environment variables significantly influence export performance (Chen et al. 2016; Bategeka 2012).

Three major modules of the external environment are predominantly significant to export activity (Jamshidi and Moazemi 2016). Competition in firms with a high intensity of technological instability has a superior tendency toward adaptive marketing strategies (Powers and Loyka 2010). Market instability represents the degree of uncertainty in the external environment that forces firms to alter their tactics to stay ahead of changing customer needs, cultural behaviours and political and regulatory policies (Gaur et al. 2011).

Furthermore, technological instability refers to the high levels of technological transformation in the manufacturing of products (Jamshidi and Moazemi 2016). Hence, based on the recent literature, external determinants of export performance are categorized as competitive intensity, foreign market characteristics, and technological turbulence and are discussed as follows:

#### 2.5.1.1. Competitive Intensity in Global Market

Competitive intensity represents the level of competition contained by different players in an industry (Jamshidi and Moazemi 2016; Powers and Loyka 2010). The more the number of contributors in the

market increases, the more the level and changeability of tactical issues may increase significantly (Jamshidi and Moazemi 2016, Powers and Loyka 2010).

In the field of the export market, previous researchers investigated a positive link between the intensity of competition and the level of adoption in the marketing mix program (Jamshidi and Moazemi 2016, Powers and Loyka 2010).

Moreover, export competition is defined as the intensity of competition among firms struggling to exceed others to achieve success (Cavusgil and Zou 1994). It is the act of demanding to win a superior degree of export success (Cavusgil and Zou 1994). In the international market, export firms will try to acquire what others are looking for in terms of market share, sales, and profit by proposing a superior range of quality, price, and other product attributes to attain a competitive advantage over rivalries (Gloria 2016; Cavusgil and Zou 1994).

Despite the fact that competitive intensity catches the attention of most scholars to study, there is inconsistency in empirical results (Sousa and Novello 2014; Jamshidi and Moazemi 2016; Powers and Loyka 2010).

Competitive forces can influence firms to cut their prices or modify their products to meet the particular needs of a given export market (Jamshidi and Moazemi 2016, Powers and Loyka 2010). The higher the competition in the foreign market, the more firms are forced to adjust export tactics in order to differentiate their products from their competitors and gain a competitive advantage (Jamshidi and Moazemi 2016). Appropriate export strategies need to be realized to fill the distinctiveness of the export markets (Gloria 2016).

Thus, intensive competition influences the levels of export marketing strategies as well as the degree of export performance (Cavusgil and Zou 1994). Foreign market attractiveness and potential market competitiveness, environmental turbulence, and domestic market saturation will lead to intensive competition in the global export market (Reis and Forte 2014).

### 2.5.1.2. Foreign Market Characteristics

This indicates the level of government interference and the socio-cultural environment over the act of the export marketing activity (Ali et al. 2014; Chen et al. 2016). According to Sousa et al. (2008), foreign market characteristics are factors influencing export marketing strategies and export performance. These determinants comprise political and legal regulations and cultural differences (Sousa et al. 2008).

Political and Legal Environment: The political and legal environment consists of political factors such as tax policy, labour legislation, trade barriers, tariffs, government stability, environmental laws, and political interference (Czinkota et al. 2011). Political interferences carried out by the host government can impose changes in the firm's export policies and strategies (Gloria. 2016). The legal and regulatory policies and procedures of the host country may exert an impact on the activities of export marketing (Chen et al. 2016; Sousa et al. 2008).

Some non-governmental dealings, like war and terrorism, also influence the firm's export performance (Islam 2017). As a result of the political environment, a foreign country's regime can either promote or not promote the firms' activities by offering investment and business opportunities or by introducing trade boundaries on exporting markets (Islam 2017). According to Zou and Stan (1998) the political attractiveness of exporting countries has a positive influence on export performance.

The host country's government may impose exchange controls, exchange rates, tariffs, and quotas that may possibly have a significant effect on export performance (Islam 2017; Zou and Stan 1998). Consequently, the legal and regulatory laws of the host country's government can play a significant role in export performance (Islam 2017). Tariff and non-tariff obstacles (customs and revenue charges, currency fluctuations, legal and political regulations) Subsidies and initiatives from abroad, as well as foreign exchange issues, can all influence export performance (Rock and Ahmed 2008).

Cultural environment: Considering the cultural forces in the international market is very essential since lifestyle, language, and values vary from society to society (Marek 2010; Ali et al. 2014). Cultures include local culture, or manufacturer, and foreign culture, or target market (Ali et al. 2014).

Culture refers to a set of values, beliefs, customs, languages, behaviours, lifestyles, and attitudes (Ali et al. 2014; Czinkota et al. 2011). Furthermore, culture desires to be shared, learned, and conveyed from one generation to the next (Czinkota et al. 2011).

Cultural forces that influence marketing programs and, in turn, may influence export performance are like product packaging, label, quality, place and time of purchase, price, and advertisement (Ali et al. 2014). Studies showed that there is a positive relationship between cultural forces, export marketing strategy, and export performance (Marek 2010; Ali et al. 2014). However, exporting firms should reflect the social-cultural environment of nations to capture competitive advantage and attain their objectives (Czinkota et al. 2011; Islam 2017).

Regardless of cultural variances, firms may be doing well when the managers are aware of such differences and make more attempts (Valeria 2017). For this reason, cultural differences among the parties may lead to superior communication and relationships (Valeria, 2017). These benefits may, in turn, positively influence the firm's export performance (Valeria, 2017). Moreover, the need for the adoption of products to taste is all required to adequately consider and understand customers' needs and behaviours to meet their demands (Islam 2017; Ali et al. 2014).

On the other hand, a series of cultural factors affecting the international market are mental distance, language, color, and religion (Marek 2010; Ali et al. 2014). Similarly, Hollensen (2010) investigated that a country's values, customs, language, manner, education, attitudes, and religion are all significant influences on firms' becoming successful players in the international market.

The socio-cultural environment has a direct influence on the firm's export performance (Islam 2017). So, recognising a country's national culture plays a central role for exporting firms, not only for strategies but also for valuable marketing operations (Islam 2017; Czinkota et al. 2011).

#### 2.5.1.3. Technology Determinants

Technological determinants indicate the high levels of technological transformation in the manufacturing of products and the technology built into the product itself (Jamshidi and Moazemi 2016; Powers and Loyka 2010). As stated by Hotniar et al (2009) technology can be a significant basis for competitive advantage. Export is likely to require specific technological capacity, thereby,

products have to meet higher differentiation and quality standards (Jamshidi and Moazemi 2016; Chen et al. 2016).

Manufacturing firms can achieve better export performance by using technological advancement, altering the latest manufacturing methods, and developing innovative products (Hotniar et al. 2009). A technological force is a superior indicator of export marketing strategy that leads to a positive influence on firm export performance (Jamshidi and Moazemi 2016; Powers and Loyka 2010). This entails that the determinant of export is directly linked to the level of technology as well as the level of export performance that exists in a country (Jamshidi and Moazemi 2016; Powers and Loyka 2010).

Thus, technology is supposed to be one of the most important determinants of the firm's ability to utilize its competitive advantage to achieve export performance (AACCSA 2015). Therefore, the right to use technology has the most important effect on export performance (Chen et al. 2016; Stoian et al. 2011). Technological intensity of the industry—high tech against low tech (Stoian et al. 2011)—and market development (Rock and Ahmed 2008) can influence export performance.

### 2.5.2. Internal Determinants

Internal determinants of export performance are factors associated with firm characteristics, resources, export marketing strategies, and management characteristics (Chen et al. 2016). Internal factors may have positive and negative effects on a firm's export performance (Islam 2017). As a result, understanding the influences of these factors on export decisions is very important (Islam 2017). The internal determinants, also known as controllable forces, which influence the firm’s export performance, are discussed as follows:

#### 2.5.2.1. Firm Characteristics

Firm characteristics have been recognized in the literature as instant determinants of export performance (LiPuma et al. 2013). Firm characteristics, particularly firm size and firm export experiences, are the most frequently significant variables (LiPuma et al. 2013). Empirical data broadly showed that there is a positive relationship between firm characteristics and export performance (Islam 2017; Chen et al. 2016).

Besides investigating the direct relationship between firm characteristics and export performance, recent studies have commenced to reflect on whether the relationship between export marketing strategy and export performance is conditional on these distinctive resources (Chen et al. 2016; LiPuma et al. 2013). So, the most commonly dominant variables that may influence export performance will be discussed as follows:

## A. The size of the firm

Firm size is one of the most commonly studied determinant variables in relation to the internal factors of export performance (Islam 2017; Chen et al. 2016; Stoian et al. 2011). Since firm size has a significant influence on firms' export marketing strategies and can influence export performance (Islam 2017).

Consequently, there are a lot of studies in relation to firm size and export performance in the export marketing literature, with many controversial ideas as well (Islam 2017; Stoian et al. 2011; Singh 2009; Maurel 2009).

The effect of the size of the firm on export performance has essentially positive influences because of economies of scale, organisational resources, and the view of lesser international risk (Islam 2017). Small firms are probably to have a few resources, and this indicates the utilisation of the RBV does not assist in clarifying their exporting inspiration and internationalising system (Chen et al. 2016; Filatotchev et al. 2009).

As a result, large firms may benefit, while small firms might face more difficulties in the international market due to a lack of employees to focus on export marketing (Islam 2017). This indicates that the larger the firm, it will have more resources, attain a better experience at the global marketing level, and be more able to capture the threat and create sales abroad (Islam 2017; Maurel 2009). Furthermore, it is believed that larger firms with more resources and ability will be capable of doing business internationally and will be more successful than smaller firms (Islam 2017; Maurel 2009).

Moreover, large firms are more likely to have large funds to settle in their export operations due to some opportunities (Islam 2017). It may also grant a resource advantage to make, distribute, and react

to the export market environment and the possibility to move up funding at minor expenditures (Lages and Sousa 2010). Hence, large-size firms can evidence higher levels of value-added per employee, invest more, pay a higher salary, and export more than small size firms (Maurel, 2009).

In contrast, there is a discrepancy in findings; hence, some studies have not found positive correlations between firm size and export performance (Imed and Afef 2011; Stoian et al. 2011). Hence, small firms are commonly incorporated into a system of firms that use common external resources and prove good results as large firms (Contractor et al. 2005).

So, there is no significant relationship between firm size and export performance, which is a controversial topic (Contractor et al. 2005). What matters is the type of resources accessible to the firm, rather than the number of resources, to determine their competitive advantage in exporting (Imed and Afef 2011).

As stated by Zou and Stan (1998) firm size has negative results on export profits if measured by the number of workers in a firm and a positive result on export performance if measured by total sales. Though practical research studies do not provide convincing conclusions for the theories projected (Imed and Afef 2011; Stoian et al. 2011). As a result, it is understood that further research is considered necessary for reviewing whether firm size has a major impact on export performance (Imed and Afef 2011; Stoian et al. 2011).

## B. Firm Export Experience

Firm experience is related to the buildup of familiarity in the global market that allows a firm to build the appropriate competences essential to settle in export marketing activities in order to get its competitive advantage (Ruzo et al. 2011; Sui and Baum 2014; Gloria 2016). A firm's international experience is considered one of the important determinants of export performance (Islam 2017).

The firm's experience in the international market facilitates the manager's ability to plan, lead, and control export business more competently and successfully (Griffith and Hoppner 2013). Various research studies have investigated the determinants of the international experience of the firm on export markets (Islam 2017; Lages et al. 2008b; Gloria 2016). Even though the relationship between

firm experience and export performance has been studied, the findings have shown positive and negative effects on export performance (Sousa et al. 2008).

The firm's export experience has a positive influence on the internationalization of a firm and its export performance (Imed and Afef 2011; Islam 2017). In addition, export experience positively affects the firm's attitude towards its exporting activity (Imed and Afef 2011; Islam 2017). Due to the uncertainty of the global market, export business needs a global system and more knowledge of the international market to boost the firm's export performance (Imed and Afef 2011; Islam 2017).

According to Imed and Afef (2011) firm export experience is one of the significant factors in export performance. Furthermore, if the firm gains global experience, its awareness of the export barriers and risks will decline (Islam 2017). Moreover, less experienced firms might face more uncertainty and more risk, but more experienced firms face less uncertainty since, in the long run, they may decrease the uncertainty by developing systems and gaining more knowledge on the international market (Islam 2017).

Thus, highly experienced export firms lean toward developing their export ability and knowledge in relation to global customers (Imed and Afef 2011; Islam, 2017). In contrast, some research studies have discovered that firm export experience is not positively associated with a firm's export performance (Majocchi et al. 2005). As a result, there is no clear answer to the question of- whether export success is more determined by old or young firms because of a lack of comprehensive data (Stoian et al. 2011).

#### 2.5.2.2. Managerial Determinants

The export manager's competence may determine the export performance in terms of selecting, entering, and spreading out in foreign countries (Kim et al. 2016; Valeria 2017). It may also grant the export managers the capability to scan business environments with foreign customers and deal with culturally dissimilar societies (Chen et al. 2016; Kimet al. 2016; Valeria 2017). So, export managers make decisions and tactics to develop and spread out the foreign market, which will certainly influence the firm's export performance (Chen et al. 2016).

Management determinants, in particular managers' foreign language skills and international experience, are indispensable determinants of export performance and also essential to business success (Chen et al. 2016). Undoubtedly, the incoherent findings in relation to management characteristics underline the need for further studies of managerial influences (Chen et al. 2016). Such studies allow a superior understanding of the key role of managers, including their international experience and foreign language skills, in improving export performance (Chen et al. 2016).

In general, management dedication to exports is one of the most acknowledged constructs in determining export success (Kim et al. 2016; Chen et al. 2016; Valeria, 2017). The more the managers are dedicated to exports, the better they can cautiously plan the way in and allot the right amount of resources (Valeria 2017). This idea is also reinforced by Griffith and Hoppner 2013) who found that the ability and know-how of the managers are decisive for the capability of the firm to carry on its competitive advantage.

Prior research studies have recognized different managerial characteristics that will have influences on the firm's export performance (Stoian et al., 2011). However, the literature on the topic has yet to illustrate a common consensus among researchers as to what extent the managerial determinants influence export performance and to what extent export performances are influenced by managerial characteristics (Stoian et al. 2011). The following factors are the major managerial determinants that influence the firm's export performance:

## A. Foreign Language ability of Managers

Foreign language skills facilitate the managers to develop their communication capability worldwide and become easily involved with foreign customers (Shahram et al. 2013; Stoian et al. 2011). A manager who speaks multiple foreign languages may have higher levels of export performance than a manager who speaks only one language (Valeria 2017; Shahram et al. 2013). Foreign language skills will play a key role in assisting access to international markets and being able to do business with overseas clients (Valeria 2017; Shahram et al. 2013).

As investigated by Stoian et al (2011) a good understanding of a foreign language leads to superior levels of export performance. This is the fact that good linguistic ability helps managers in creating

international relations, improving communication with overseas parties, and planning and directing the export business (Valeria 2017; Stoian et al. 2011). Foreign language skill is an important determinant of export performance, essentially obtained in the course of formal education or international experience (Stoain et al. 2011; Kim et al. 2016).

Moreover, managers who acquire foreign language ability are more likely to evaluate the latest markets and supplement current marketing strategies (Shahram et al. 2013). Foreign language skills make it easier to set up public and trade networks overseas, as well as get better communication with foreign customers (Gloria 2016).

Sousa et al (2008) in their literature review concluded that recent studies have not appraised this variable since business in the international market is solely dependent on foreign language skills, and without this skill, business may become very hard. Even though foreign language skills have been stated in a study, there is still a need to investigate further (Farshid et al. 2012). Consequently, it is important to understand the link between foreign language skills and export performance (Farshid et al. 2012; Sousa et al. 2008).

Researchers discovered that firms led by managers who can speak multiple foreign languages will have superior export performance (Valeria, 2017; Shahram et al. 2013). In contrast, Brouthers and Nakos (2005) found that foreign language skills are not associated with export performance. So, because of the popularity of managers's language skills as an antecedent of export performance, some of the results are split and not confirmed in the literature.

## B. Manager's international Experience

A manager's international experience is operationalized by the number of years that the manager has worked in international business (Shahram et al. 2013; Stoin et al. 2011). It is one of the key determinants that have a direct influence on export performance (Shahram et al. 2013; Hosseini et al. 2011). Thus, a manager's international exposure may have a superior influence on the study of international markets, the recognition of foreign business opportunities and threats, and the interaction with foreign customers (Shahram et al. 2013).

Moreover, the managers' experience influences their capability to recognize opportunities and threats in international markets and to find valuable results (Alshammari and Islam 2014; Farshid et al. 2012). Previous studies discovered that well-experienced managers may fetch more achievement in exporting, even if some other scholars do not share this view and are still controversial (Alshammari and Islam, 2014; Farshid et al. 2012).

In international markets, managers play a vital role and may influence the achievement of a firm's export market (Sousa et al. 2008; Ruzo et al. 2011). Undeniably, some studies mentioned that managers' international experience is the most important factor in explaining export performance and are more effective in exporting (Bategeka 2012; Sousa et al. 2008). Therefore, the importance of managers' perceptions should not be ignored since they drastically influence the activity of the firm's business in the international market (Bategeka 2012).

The managers' international experience has been accredited as having a significant effect on export performance (Kim et al. 2016; Valeria 2017). Besides, managers with international experience are equipped to scan the export market, be aware of foreign opportunities, and meet prospective foreign customers (Leonidou et al. 2008; Kim et al. 2016). Basically, a manager's global experience is a key determinate variable that influences export performance (Islam 2017; Shahramet al. 2013; Hosseini et al. 2011).

Managers with international experience may have better planning skills to scan the global market, recognize business prospects, scan an assortment of environmental situations, and be aware of export marketing strategies (Kim et al. 2016; Sousa et al. 2008). In line with previous literature, the empirical review confirmed a positive influence of the international experience of the managers on export performance (Islam 2017; Sousa& Bradley 2009; Stoian et al. 2011; Filatotchev et al. 2009).

Thus, a manager's experience with overseas cultural differences influences the level of the firm's export performance (Stoian et al. 2011). The more managers are exposed to global markets, the better they can recognize overseas cultures (Islam 2017; Stoian et al. 2011; Alshammari and Islam 2014) and also recognize prospective market openings in a foreign country (Stoian et al. 2011; Zou and Stan 1998).

On the other hand, some studies showed an insignificant influence of managers' experience on export performance (Lages et al. 2008; Contractor et al. 2005). Also reviewed by Mavrogiannis et al (2008), their research mentioned that a manager's export experience does not have a significant effect on export performance. Hence, experienced managers are not updated for international interactions and business activities compared with younger managers who are energetic, vibrant, and perform the latest systems (Mavrogiannis et al. 2008; Contractor et al. 2005).

In support of this view, Contractor et al (2005) mentioned that, because of their tiny experience, managers exploit internet networks to reach foreign customers. As a result, they will have superior export performance compared with experienced managers who will totally disregard it (Contractor et al. 2005).

Accordingly, even despite the fact that some extraordinary studies have investigated no strong associations between managers's experiences and export performance, various studies have also demonstrated that managers's export experience is one of the key determinants of export success (Islam 2017). It needs to be researched whether older or younger managers have more globally intelligent and multinational knowledge (Islam 2017).

### 2.5.2.3. Export Marketing Strategy

In international markets, export strategic marketing decisions are determined by a firm's internal resources and capabilities, its managers' perceptions, and the external environment (Chen et al. 2016; LiPuma et al. 2013). The most important issue in export marketing strategies is achieving export performance either through adoption or standardization (Chen et al. 2016; Morgan et al. 2012). In addition, strategic performance success and fit are also key determinants of export performance, even though they are ignored by various studies (Chen et al. 2016; Morgan et al. 2012).

Export marketing strategy is the most frequently used construct in earlier studies (Morgan et al. 2012; Azaze and Samsinar 2008). Prior studies recognized firm strategy, export marketing strategy, export strategy, business strategy, or strategy (Aaby and Slater 1989). Nevertheless, each of the above measurements is centered on marketing mix elements (product, price, distribution, and promotion) to create more significant findings from their studies (Chi et al. 2009; Da Silveira and Sousa 2010).

Azaze and Samsinar (2008) found that export marketing strategy and export performance have positive relationships. Also, they concluded that only export pricing and channel schemes (direct buyers) of export marketing strategy variables have influenced export performance (Azaze and Samsinar 2008). Thus, developing appropriate marketing mix elements to meet the particular desires of market situations will increase export performance (Morgan et al. 2012; Moghaddam et al. 2011; Peyman et al. 2013).

Moreover, Zou and Stan (1998) found that product alteration, price strategy, promotional campaigns, and channel schemes exists as significant factors in export marketing strategy. According to Muhammad (2009) a firm's export performance can be determined by its export marketing strategies and the capability to utilize them. Export marketing strategies comprise marketing mix elements (product, price, promotion, and distribution/place) (Chen et al. 2016; Harcharanjit et al. 2014; Moghaddam et al. 2011; Peyman et al. 2013).

#### 2.5.2.4. Marketing Mix Adoption

Standardization or adoption is the foremost query that occurs for firms that have arrived at settling on international marketing objectives (Chen et al. 2016; Jamshidi and Moazemi 2016). Adoption is basically linked with a positive target-group of explicit product features (Jamshidi and Moazemi 2016).

It is also represented as any change in the product standard because of certain market circumstances (Roland and Stephanie 2014). Furthermore, tailoring a differentiated marketing strategy in international markets requires the firm to adjust to the desires and needs of the target customers (Chen et al. 2016; Roland and Stephanie 2014; Morgan et al. 2012).

On the other hand, standardization refers to a response to the rising homogenization of international markets, in which market differentiation grows to be less and less important (Jamshidi and Moazemi 2016; Roland and Stephanie 2014). Standardization of the marketing mix for all target customers or implementing different techniques to perform with the situations of every market are two alternatives for firms that decide that everyone carries a diversified degree of value for every firm (Jamshidi and Moazemi 2016).

According to Jamshidi and Moazemi (2016) and Roland and Stephanie (2014) reviewed, the adoption of an export marketing strategy carries numerous benefits: (1) it can decrease global customers's uncertainty; (2) it allows the firm to modify its offer to the particular target market; (3) it develops better interaction with local intermediaries; and (4) it results in better success and customer satisfaction.

Navarro et al (2016) and Chen et al (2016) also demonstrated a positive relationship between marketing mix strategic decisions and export performance. The most frequently cited export marketing determinants, also known as marketing mix elements (such as product, price, promotion, and distribution/channel strategies), will be discussed as follows:

## A. Product Adaption Strategies

A product is something that will satisfy the needs of customers in the marketplace, where its standardization or adoption should be based on the customers' social, cultural, and economic situations (Czinkota et al. 2011; Kotler 2011). Products can comprise the core manufactured goods (quality, design, colour, size, style, and feature); the actual product (branding, packaging, labeling, and trademark); and the augmented product or auxiliary services (installation, warranties, after-sales service, and delivery) (Gloria 2016; Kotler 2011).

Product capability is the first and most significant element of the marketing mix that influences export performance (Morgan et al. 2012; Muhammad 2009; Mavrogiannis et al. 2008). Export product adoption in the global market arena can be initiated to fulfill foreign regulations and laws to achieve global marketing objectives (Gloria, 2016; Czinkota et al. 2011).

As stated by Muhammad et al (2009) export product benefit packages (prestige, quality, and luxury), feature and design, brand mix elements (such as number, symbol, name, and sign), guarantee, after-sales services, and export product bundles have significantly influenced export performance (Chen et al. 2016; Gloria, 2016; Czinkota et al. 2011; Lages et al. 2008b).

Previous studies have also found a positive correlation between product adoption and export performance (Cavusgil and Zou 1994). Similarly, Zou & Stan (1998) and Leonidou et al (2011), in

their review stated that product distinctiveness, quality, copyright, and design significantly influence the export performance of the firm.

## B. Pricing Competitiveness

Price is what the seller believes it's worth in terms of money to the buyer in exchange value, which can influence the success of the export performance (Kotler 2011). It describes the firm's selling price in international markets (Kotler 2011). Regardless of its significance in describing the export performance of the firm, price is the most ignored variable compared with other marketing mix elements (Sousa and Bradley 2009).

Hence, further research is needed about the association between price adoption and export performance, which is still more significant (Morgan et al., 2012; Czinkota et al. 2011; Sousa and Bradley, 2009). Since the findings in the literature concerning the influence of price adoption on export performance are mixed and often paradoxical (Czinkota et al. 2011; Sousa and Bradley 2009). This leads to a lack of uniformity in findings when spelling out the form of the relationship between price adoption and export performance (Gloria 2016; Sousa and Bradley 2009).

According to Sousa and Bradley (2009) research on price adoption, there are five major strategy areas: (1) adoption of a skimming or penetration strategy; (2) wholesale price strategy; (3) retail price strategy; (4) end-user prices and margins; and (5) sales and payment terms. However, pricing decisions are of paramount importance to a firm's success because of their direct effect on revenue (Gloria 2016; Kotler 2011; Czinkota et al. 2011; Sousa and Bradley 2009).

In conclusion, reviews of the literature implied that the findings about the influence of price adoption on export performance have been contradictory and often paradoxical (Gloria, 2016; Sousa et al. 2008) which recommends the need for further study of this relationship.

## C. Distribution Strategies

The export channel represents the organizational structure that a firm employs to place the selling, distribution, and marketing of its products into global markets (Li et al. 2017). The selection of an export channel is also a key strategic decision that contributes to the achievement of firms in export markets (He et al. 2013; Li et al. 2017).

Furthermore, export channel selection is the most significant decision in a firm's international marketing strategy, which may have important cost and performance implications for exporting firms (Morgan et al. 2012; He et al. 2013).

Export channel selections are represented by the arrangement of workflow, communication, and authority interaction in the firm exporter and firm distributor associations (Magda 2013). These can also be categorized as direct export distribution, which has importance for knowledge gain and better export effectiveness, or indirect export distribution through intermediaries (Magda 2013).

Export channel achievement relies on the type of product, accessibility of resources, and dealings with intermediaries (Abdul et al. 2012). Research on distribution channels has a positive association with loyalty to exports, and high-exporting firms have distribution channel contracts with end users honestly (Abdul et al. 2012). Moreover, high-performing exporters implement more flexible distribution channels to increase their relationship with end users (Abdul et al. 2012).

An export channel plays a significant role in influencing a firm's export performance (Brouthers et al., 2008a; Sousa et al. 2008). Being such a significant feature of export strategy and a critical path for performance improvement, the need for export channel selection might be academically and practically highlighted (Li et al. 2017). The cost of distribution channels in exports plays a considerable role in charming business orders and is a decisive element of a firm's marketing mix (Abdul et al. 2012).

Previous studies on the relationship between export channel management and its significance for export performance have given little consideration (Li et al. 2017). In accordance with the resource-based strategy performance point of view (Brouthers et al. 2008a; Li et al. 2017), firms can choose a tactic to assist and exploit the value added of their particular resources and capabilities and, in so doing, attain better export performance. In the export distribution channel, inadequate research work has been carried out (Sousa et al. 2008; Gloria 2016).

Besides, Farshid et al (2011) discovered that distribution set-up and accessibility are the most determinant factors of a firm's export performance. Lack of adequate study in this field not only

restricts the understanding of the progress made in the current literature but also hampers the ability to discover new territory (Li et al. 2017). As a result, there is a need to study the existing knowledge on export channel distribution to help theory development (Li et al. 2017).

## D. Promotion Adaption

Promotional adoption comprises the firm's potential to apply advertising, personal selling, sales promotion, and make use of export promotion campaigns in overseas markets (Czinkota et al. 2011). Promotion adoption is mainly important to export markets since a standardized promotional approach realizes that customers' needs are considered universal even if diversified cultures have diversified needs (Hultman et al. 2011). Consequently, different promotional campaigns may require different strategies across export businesses (Morgan et al. 2012; Czinkota et al. 2011; Hultman et al. 2011).

Promotional adoption is encouraged mainly by market demands such as media accessibility and has been publicized as attracting better export performance (Magda, 2013; Cavusgil and Zou 1994). In fact, useful promotional campaigns, particularly advertising strategies, should be developed via a blend of both adoption and standardization approaches to improve export performance (Magda, 2013). Therefore, the firm needs to propose explicit strategies for global advertising approaches in order to adapt to the global market (Sousa et al. 2008).

According to Moghaddam et al (2011) found the positive relationship between promotion adoption and export performance. Promotion mix elements include trade fairs, advertising, sale promotion, personal selling promotion modification, and personal visits, and in turn, all these variables can significantly influence export performance (Moghaddam et al. 2011; Muhammad et al. 2009). Advertising is the primary promotional mix that determines export performance (Moghaddam et al. 2011).

Conversely, other research studies could not discover any significant association between promotion adoption and export performance (Singh 2009). As a result, advertising strategies are commonly focused on a clear-cut component of the export markets due to the limited resources of firms (Singh 2009). Therefore, export managers might not target specific foreign customers (Singh 2009).

## 2.6. Ethiopian manufacturing sectors and Export Practice

The term export in international trade refers to a good produced and shipped in one country that is bought by another country (Stouraitis et al. 2017; Charles 2015). Hence, the supplier of such products is known as an exporter; the foreign buyer is said to be an importer (Stouraitis et al. 2017).

Often, the export of goods entails the involvement of customs authorities (Stouraitis et al. 2017; Charles 2015). In general terms, exporting represents the sending of goods from a domestic country to a foreign country (Stouraitis et al. 2017; Charles 2015; Shahram et al. 2013).

Export trade barriers are government policies, laws,regulations,s and practices that either keep domestic products from foreign competition or initiate exports of specific domestic products (Stouraitis et al. 2017; Charles 2015). The most common export trade barriers are government-imposed policies and procedures that restrict or impede the international exchange of products (Stouraitis et al. 2017; Charles 2015).

Furthermore, in export trade, high transport costs and high tariff barriers can make exporting uneconomical, particularly for bulk products (Stouraitis et al. 2017; Charles 2015). As per the Cambridge Advanced Learner's Dictionary and Thesaurus, determinants are factors that have power over or influence what happens in a particular circumstance (Hossein 2012). In this viewpoint, determinants of firms' export performance are the influences that will determine whether their exports are successful or not (Sousa et al. 2010; Hossein 2012; Stoian et al. 2011).

Moreover, a firm's export performance is the reaction of the outcomes of export activities while faced with diverse environment-specific (external forces) and firm-specific (internal forces) situations (Chen et al. 2016; Shahram et al. 2013).

A firm's export performance is conceptualized as a multidimensional effect of a firm's global trades when defining the measurements for reviewing the firm's export performance (Stoian et al. 2011). It cannot be constrained by any single performance indicator since it is insufficient for any solid measurement (Chen et al. 2016; Stoian et al. 2011).

Exports of goods in Ethiopia are only about 7% of GDP, compared to an average of near 30% of GDP in Sub-Saharan Africa (Wondemhunegn 2011). Export intensities still fall short of what is registered by other African countries with smaller populations (Uganda and Tanzania both export more than $3 billion per year) (Wondemhunegn 2011).

Furthermore, exports per person remain very low, at $24 in Ethiopia compared to $200 in Sub-Saharan Africa and $580 in developing Asia (Wondemhunegn 2011). Manufacturing export sectors (leather products and textiles) are challenging greater domestic barriers in contrast with agricultural and raw material exports (Wondemhunegn 2011).

The Industry Development Strategy of the country has put in place principles that primarily focus on the promotion of agricultural-led industrialization, export led development, and the expansion of labour intensive industries (AACCSA 2015; CSA 2015). Leather and textile products account for the major export items of the country (Gete 2019; Bekele and Kaur 2018; Bigsten et al. 2011; AACCSA 2015; CSA 2015; Shiferaw and Söderbom 2018).

### 2.6.1. Overview of Ethiopian Manufacturing export Sector

Manufacturing is a wealth-creation sector of an economy, closely connected with engineering and industrial design, and provides important material supports for national infrastructure (CSA 2012; CSA 2013). It makes products from raw materials by using the mechanical or chemical transformation of materials into new products (CSA 2012). In a more limited sense, manufacturing is the fabrication of components into finished products on a fairly large scale (CSA 2012; CSA 2013).

The manufacturing industry in Ethiopia started in the 1920s with a simple processing technology that produces agriculture-based products (Shiferaw and Söderbom 2018; Oqubay 2018). The sector is still infant, even by African standards, dominantly focusing on semi-processing (Shiferaw and Söderbom 2018; Oqubay 2018; AACCSA 2015). Several mutually reinforcing factors have conspired to prevent the emergence of a stronger manufacturing base in the country (Bigsten et al. 2011).

In comparison with the agriculture and service sectors, the manufacturing sector, for example, has a limited share in terms of production, employment, and exports (CSA 2012; Oqubay 2018; Shiferaw and Söderbom 2018). Hence, the country's economy desires more vibrant progress so that it can

lessen its dependence on the fragile, rainfall- and climate-change-exposed agricultural sector (Sheaba and Beshir 2017).

In Ethiopia, the low productivity and hence the competitiveness of the manufacturing industry have been largely attributed to a variety of reasons, the major ones being that the sector uses obsolete machinery, lacks skilled manpower, and uses backward production technology (Sheaba and Beshir 2017; AACCSA 2015). In order to enhance its productivity, the sector has to address its critical obstacles (Oqubay 2018; Shiferaw and Soderbom 2018).

The manufacturing sector is influenced by limited access to finance, limited research and development, a poor institutional framework, and inadequate managerial and technical skills (Sheaba and Beshir 2017). The sector accounts for 70% of the industrial sector, namely food and beverage products, textiles and apparel, leather and leather, wood and pulp, chemical and chemical products, rubber and plastic, other non-metallic minerals, and metal and engineering products industries (CSA 2015; Shiferaw and Soderbom 2018).

High dependency on imported raw materials and intermediate goods has remained the distinguishing feature of the Ethiopian manufacturing sector (Sheaba and Beshir 2017). The main reasons for high dependency on imported raw materials were the unavailability of raw materials in the local market and a lack of sufficient local supply (CSA 2015).

This slow change in export dynamics may have been due to the low level of market and product innovation among entrepreneurs (AACCSA 2015). Despite the increase in manufacturing output, there has been no comparable growth in manufactured exports or employment (Oqubay 2018).

### 2.6.2. Characteristics of Ethiopian Export firms

Ethiopia is the 91st largest export economy in the world and the 23rd largest export economy in Africa (Oqubay 2018). In 2017, Ethiopia exported US$2.86 billion and imported US$14.7 billion, resulting in a trade deficit of US$11.84 billion (Oqubay 2018). This large trade deficit is on account of bulky infrastructure expansion projects, most notably the Ethiopia-Djibouti railway project that was launched in 2016 as part of the government's Growth and Transformation Plan (Oqubay 2018).

The share of manufactured exports in total exports remained less than 13%, while total exports decreased from 12.7 to 7.7% of GDP during 2001 and 2016/17, respectively (Oqubay 2018). Manufactured exports were characterized by low-value products, which generally went to other low- or middle-income markets (Oqubay 2018). This may be compared to the traditional coffee and the new cut-flower exports, which accounted for 25 and 7.5% of total merchandise exports, respectively, in 2014–2017, and a larger share of these exports were destined for higher income markets (Oqubay 2018).

As stated by Zerihun (2015), Ethiopia is one of a very few African nations with non-precious minerals and oils, so its trade is highly reliant on the export of agricultural products. The country is becoming a member of the Common Market for East and Southern Africa (COMESA) and the Inter-governmental Authority on Development (IGAD) (Zerihun 2015). It has signed all area integration procedures together with the COMESA Free Trade Regional Procedures (FTA) (Zerihun 2015).

It also continues to negotiate an Economic Partnership Agreement (EPA) with the European Union and discussions to adhere to the World Trade Organization (WTO) (Zerihun 2015). Ethiopia is also qualified for the African Growth and Opportunity Act (AGOA) to manufacture and export products with quotas and duty-free access to the US market (Zerihun 2015; AGOA 2016).

Moreover, sustained by positive peripheral circumstances, export markets are assisted to generate employment and enough foreign exchange and reserves (World Bank 2014). However, the Ethiopian export market is tinted by the significance of intensifying competitiveness because its exports are dominated by non-manufacturing products (Zerihun 2015).

The country's export performance and the competitiveness of the manufacturing firm have been largely recognized for a diversity of reasons (AACCSA 2015). The major reasons are the use of outdated machinery, poor-quality imported raw materials, and the unavailability of raw materials in the local market (AACCSA 2015).

Lack of skilled manpower, use of backward production technology, and lack of sufficient local supply are also other problems that deter export performance (AACCSA 2015). The government also targeted attaining 18% of GDP from the existing level of 4.4% in 2015 (UNDP Ethiopia 2017).

Therefore, to conquer these problems, new and improved efforts have to be made to improve competitiveness, together with export diversification through manufacturing (UNDP Ethiopia 2017). Segments such as leather and footwear create a center of attention for different foreign investors. They came to Ethiopia in recent times and started exporting to well-known brands in different countries (Wondemhunegn 2011; World Bank 2014).

According to Wondemhunegn (2011), Ethiopian export firms have revealed positive growth since 1991. For instance, from 1982–1986, the country's exports had an average growth rate of 23.57%, but from 1987–1991, it declined to -67.41% (Wondemhunegn 2011). Since, at this time, the country was noticeably plagued by political and economic revolutions, followed by the ruin of the Derge regime, which was characterized by war and conflict, insecurity, huge defense expenditure, and spontaneous immigration, along with the 1984 drought (Wondemhunegn 2011).

Similarly, from 1992–1996, it was 106.39%, while from 1997–2001, it went down to 17.27% because of the Ethio-Eritrean war (Wondemhunegn 2011). Moreover, from 2002–2006, the country's average export growth was 94.73%, whereas from 2007–2009, because of the effect of the immense depression, it was slightly down to 48.88%, and also from 2010–2012, it was 47.8% (Wondemhunegn 2011). Thus, a remarkable advancement has taken place, tracking the fall of the Derge regime in 1991 and the end of the Ethio-Eritrea conflict in 2001 (Wondemhunegn 2011; CSA 2012).

The study by Sisay (2010) found that Ethiopian manufacturing export performance from 1981 up to 2008 was vastly unstable. It has risen from 70.97 million dollars in 1981 to 92.30 million dollars in 2008 (Sisay, 2010). This indicates that, on average, it was increasing at 4% annually, where the average share of manufacturing exports was about 14.4% during the stated time period (Sisay 2010). Ethiopia's economy is dependent on agriculture, which accounts for 60% of export earnings, 40.2% of GDP, and 80% of the total employment rate (Sisay 2010).

While the manufacturing firm contributes to exports, employment, and national output, which covers 14.3% of GDP, 9.5% of total employment, and 21.2% of export income, the service sector covered 46.2% of GDP in 2012/2013 (CSA 2014; Bigsten et al. 2011). Thus, the country's export business can be considered poor (Berihu and Kiflu 2016; Shiferaw and Söderbom 2018; Bigsten et al. 2011; AACCSA 2015).

The country has intended and implemented an Agricultural Development Led Industrialization (ADLI) policy to decline poverty (Bigsten et al. 2011). Hence, the industrial growth policy of the country has set in place values that largely center on the promotion of agricultural development-led industrialization, export-led development, and the expansion of labour intensive firms (Bigsten et al. 2011).

Almost 88% of the country's manufacturing exports are concentrated in textiles and garments, leather and footwear, beverages, and food (Bigsten et al. 2011). Ethiopia has introduced several export incentive schemes and set up a number of government institutions aimed at boosting exports in general and manufactured exports in particular (Bigsten et al. 2011).

Nowadays, the government calls attention to export-led manufacturing expansion and encourages exports (Bigsten et al. 2011). Manufacturing exports not only represent a relatively low percentage of total merchandise exports, but the share has also shown a declining trend in recent years, falling from 21.2% in 2010 to 12.9% in 2012 (AfDB 2014). Furthermore, Ethiopia has relatively small export firms with an export value of 3.2 billion USD in 2014/2015, and this implies that there are few export earnings and price hangs in international markets (Berihu and Kiflu 2016).

The share of textile exports also increased from 11.5% of sales value in 2000/01 to 14.4% in 2010/11 (AfDB 2014). Staring at export firms of manufactured products such as textiles and garments, they have contained slightly healthier growth during GTP-I, whereas the segment consists of leather, and leather products have shown fairly lesser growth (UNDP-Ethiopia 2017). The marginally healthier growth of the textiles and garments segment can be credited to key investments that have taken place in the segment (UNDP-Ethiopia 2017).

On the other hand, Dire Dawa and the apparel factory were started in 1939 through the passing of Italian tenancy from 1935 to 1940 (Yared 2010; World Meters 2016; AACCSA 2015). The major products of the sector include cotton and wool fabrics, nylon fabrics, acrylic and cotton yarn, blankets, bed sheets, shirts, carpets, gunny bags, wearing apparel, and sewing thread (CSA 2015; AACCSA 2015).

The main problem of the textile and garment sector is not only its low contribution in terms of output and employment but also its lower capacity and productivity to compete in the stiff international market (AACCSA 2015; Bigsten et al. 2011; Sintayehu 2020; UNIDO 2012). This is a formidable challenge for policymakers and other concerned bodies (Sintayehu 2020; Daniel and Amare 2010). The following table shows the export performance of textile firms in terms of total export value (USD million) from 2010–2018.

As shown in Table 2.1, the export performance of textile firms has grown from 21.8 million USD in 2010 to 113.3 million USD in 2014. In 2015 and 2016, there was a decline in performance in these two fiscal years and a slight recovery in the years of 2017/18.

Table 2-1: Export Performance of Textile firms (2010– 2017/18).

| | 8 years of Textile export growth | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| Fiscal year | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017/18 |
| Total Export Value (USD Millions) | 21.8 | 62.2 | 85.0 | 99 | 113.3 | 98.0 | 77.971 | 89.300 |

Source: Ministry of Industry Publication Report (2018)

Some key manufacturing sub-sectors to which top priority will be given (AACCSA 2015; Bigsten et al. 2011; Yared 2010). These include the textiles and garments industries, leather and leather products, agro-processing industries, and construction industries (Sintayehu 2020; AACCSA 2015; Bigsten et al. 2011; Yared 2010).

In light of this, a substantial number of apparel workshops have been recognized in the past few years to manufacture various products both for the local and export markets (Yared 2010). With regard to

export sales, the forward and backward bonds to the producers of woven and knitted fabrics were not in place to make them competitive in the world market (UNIDO 2012; Daniel and Amare 2010).

Leather products are one of the most broadly exported commodities in the world (AACCSA 2015; Zakaria et al. 2016). Leather products play a noticeable role in the global economy, with a projected international trade value of about USD 100 billion per year (Zakaria et al. 2016). The leather industry market in terms of overall turnover for all types of leather is dominated by China, Italy, India, and Brazil (Zakaria et al. 2016). Despite being a large business in itself, the leather industry functions entirely as a dependent of the global agriculture industry, from which hides and skins are obtained as a by-product, over 95% from the world's meat and dairy industry (AACCSA 2015; Zakaria et al. 2016).

The government of Ethiopia also considered the manufacturing (especially the leather and textile) industry a priority sector for growth (AACCSA 2015; Bigsten et al. 2011). It has significant international comparative advantages owing to its abundant and available raw materials, highly disciplined workforce, and cheap prices (AACCSA 2015; Bigsten et al. 2011; Gebreyohannes 2015; Tetsushi et al. 2012). Leather is a highly versatile material used in a variety of products, including shoes, gloves, luxury bags, jackets, cars, and aircraft seats (AACCSA 2015; Zakaria et al. 2016).

The subsequent table illustrated the firms export performance of leather and leather products in total export value (USD million) from the years 2010 – 2017/18. As shown in Table 2.2, the firm's leather and leather products export performance has increased from 75.73 million USD in 2010 to 132.9 million USD in 2015. In 2016 and 2017/18, there was a decline in performance in these two fiscal years of 116.35 USD million and 115.46 USD million, respectively.

Table 2-2: Export Performance of Leather and leather product firms (2010–2017/18).

| | 8 years of textile export growth | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| Fiscal year | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017/18 |
| Total Export Value (USD Millions) | 75.73 | 104.3 | 112 | 352 | 132.9 | 132.9 | 116.35 | 115.46 |

Source: Ministry of Industry Publication Report (2018)

## 2.7. Conceptual Framework and Hypothesis of the Research

The projected framework is aided by contingency theory and resource-based view theory (RBV), which provide a foundation for the exploration of the determinants of all external and internal environmental forces (Harcharanjit et al. 2014; Majocchi et al. 2005; Imed and Afef 2011) and the relative effect on export performance. The theories try to find out factors that describe why firms are able to achieve export performance (Elena 2014; Chen et al. 2016).

The theories also declare that a firm's export performance is largely determined by both external and internal factors (such as managerial, firm characteristics, and export marketing strategy determinants) (such as the extent of competition, foreign market characteristics, and technological intensity) (Harcharanjit et al. 2014). As stated by Cavusgil and Zou (1994), firm export performance is also recognized by marketing strategy as a moderate influence and by firm characteristics directly.

Hence, the commonly used conceptual framework for factors of firm export performance based on resource-based view (RBV) and contingency view specifies the factors into internal and external factors (Chen et al. 2016; Elena 2014). Consequently, export performance tends to be conditioned by environmental characteristics and firm-specific characteristics (Elena 2014; Chen et al. 2016; Harcharanjit et al. 2014).

In the research conceptual framework, export marketing strategy function is a significant intermediate variable (Chen et al. 2016). It is formed based on the firm's internal resources and external forces, which basically influence competitive advantage as well as determine export performance (Chen et al. 2016). Therefore, the empirical finding supports the central and direct influence of export marketing strategy on export performance (Chen et al. 2016).

Prior studies have discovered that studies are inclined to center on the direct influence of determinant factors on export performance and to neglect the intermediate influence of them (Chen et al. 2016). As this study intensifies, it takes an advanced footstep to advocate allowing for more intermediate influences (Chen et al. 2016). In so doing, it can advance the key theoretical conceptual framework and can also offer more inclusive outlooks (Chen et al. 2016).

In the below conceptual framework model on Fig. 2.1, all relationships between the concepts, dimensions, components, and indices are defined as the measurement relationships in regression models. Here, all hypotheses of the conceptual models are defined in correlation form due to their measurement nature. The conceptual framework is also based on the constructiveness and interrelatedness of the export marketing strategies, together with internal and external environmental forces (Oyeniyi 2009).

Export performance elements of the model refer to the degree to which a firm's objectives, both objective (financial) and subjective (non-financial), with respect to exporting a product into international markets are accomplished in the course of planning and execution of its export marketing strategy (Chen et al. 2016; Oyeniyi 2009). The export market objectives can be economic (profit, growth, or intensity) and/or subjective (satisfaction and goal achievement) (Chen et al. 2016; Oyeniyi 2009; Cavusgil and Zon 1994).

The research framework proposed for the study is presented below in Figure 2.1.

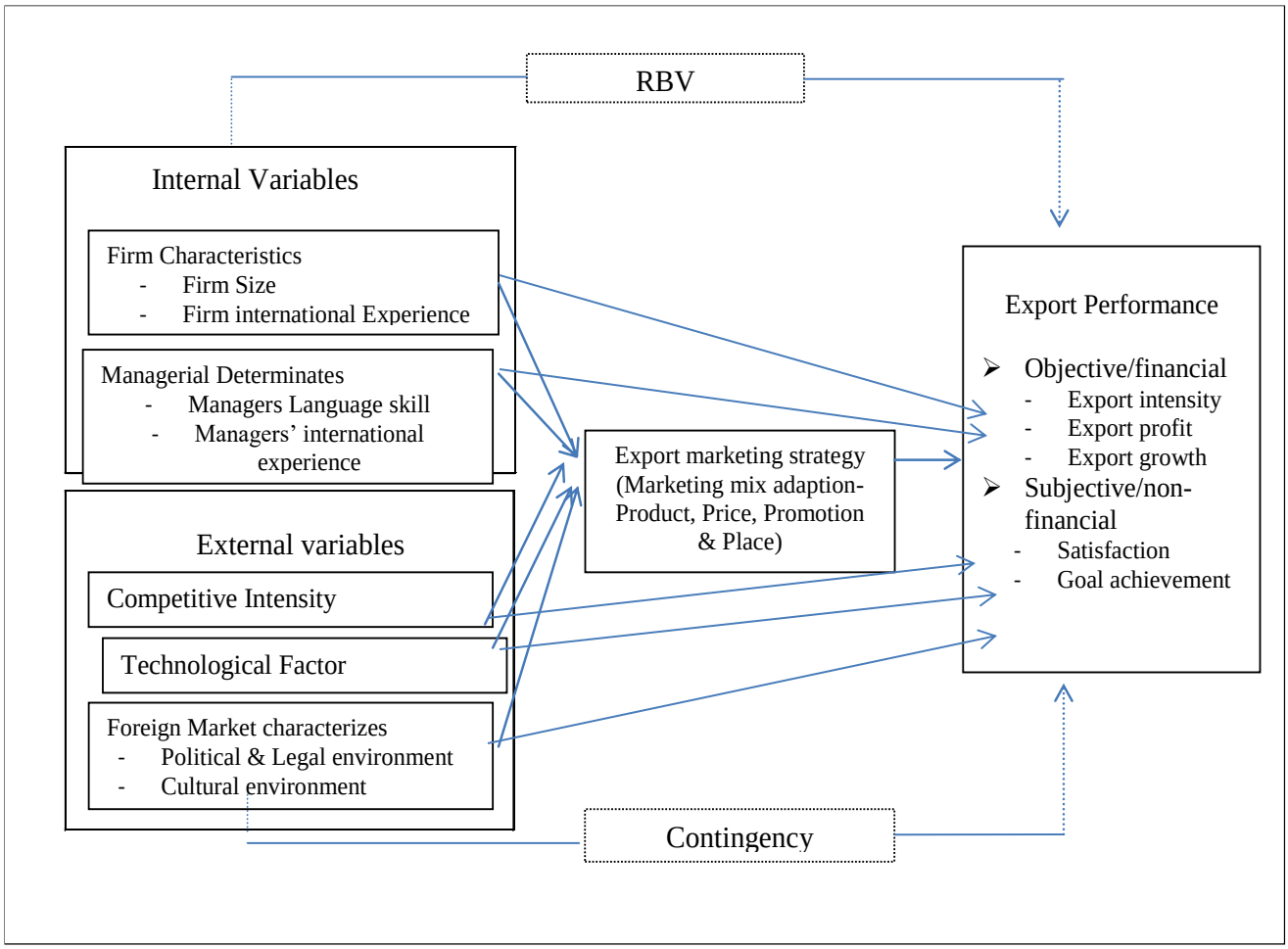



Figure 2-1: The conceptual framework of the research, 2020

Furthermore, the level of influence of export marketing strategy would be revealed in export performance success (Chen et al. 2016; Oyeniyi 2009). The internal/controllable determinants in the conceptual framework are managerial characteristics and firm characteristics that influence the use of export marketing strategy and the capability to prefer and perform explicit marketing strategy (Chen et al. 2016; Oyeniyi 2009). However, the strategy should go with the exporter's strong point with market opportunities, counterbalance weakness, and conquer threats (Chen et al. 2016; Oyeniyi 2009; Cavusgil and Zon 1994).

On the other hand, the external/uncontrollable determinants in the conceptual framework involve the intensity of foreign competition across markets, foreign market characteristics (including the

country's political environment and sociocultural forces), and technological forces, which may influence export marketing strategy and in turn influence export performance (Chen et al. 2016; Oyeniyi 2009). So, a firm can react to the interaction of external and internal forces in a number of ways to attain its objectives (Chen et al. 2016; Oyeniyi 2009).

Consequently, the firm's reaction can be in the form of a marketing plan that considers all characteristics of the product, including pricing, distribution, and promotion (Chen et al. 2016; Oyeniyi 2009). In addition, the current situations of the export market can influence the selection of marketing strategy, consisting of prospective demand, cultural dissimilarities, brand and product awareness, and the dissimilarity of legal systems (Oyeniyi 2009; Cavusgil and Zon 1994).

### 2.7.1. Mediating Variables

In the research conceptual model, mediators arbitrate between antecedents and outcomes (Chen et al. 2016). Mediating variables may clarify the indirect association between determinants and export performance and also stress how and why such a relationship happens (Chen et al. 2016). In this thesis, export marketing strategy acts as a significant internal mediator that bridges the association between internal and external determinants and export performance (Chen et al. 2016).

Hence, export strategy choices are made on the basis of a firm's assets, organizational and managerial characteristics, and external forces that will directly affect the level of export performance (Chen et al. 2016). Even though various studies employ marketing strategies as mediators in their conceptual models, they do not instantly test or acknowledge mediating effects in their reviews (Matanda and Freeman 2009; Chen et al. 2016).

This exclusion leads to fragmentary theorization and empirical partiality in the consequences of the hypotheses testing (Chen et al. 2016). In support of this notion, Sousa and Novello (2014) designated that environmental diversity has a positive influence on price adoption, and price adoption in turn has a reversed quadratic influence on firms's export performance (Chen et al. 2016).

In this context, the relationship between environmental difference and export performance secretes the mediator influence of price adoption strategy and may lead to prejudiced findings (Chen et al.

2016). Consequently, the reviewer reflected on export marketing strategies as the mediating influence of determinants to advance research precision and consistency (Chen et al. 2016; Morgan et al. 2012).

Thus, the goal of the thesis is to design and explain a model for the identification of determinant factors on export performance in Ethiopian manufacturing firms by using contingency theory and a resource-based view approach. This model will be tested based on the opinions of general managers or marketing managers of exporting firms. With respect to the above conceptual model, the following propositions will be formulated:

### 2.7.2. Hypotheses Development

The proposed models and their related hypotheses set up the rationale for data collection and analysis for this research and have been developed from the different empirical review literature.

### External Determinants

The external determinant contains factors that are beyond the firm's control. Prior research had recognized the external/uncontrollable factors in the context of industry and export market features, including technological factors, competition intensity, and the type of industry which have significance influences on export performance (Oyeniyi 2009; Sousa et al. 2008; Gloria 2016).

Also, the political and legal environment and the sociocultural variables significantly influence export performance (Chen et al. 2016; Bategeka 2012). Hence, based on the recent literature, external determinants of export performance are categorized as competitive intensity, foreign market characteristics, and technological turbulence.

***H12: All external factors influence export performance equally.***

***H12a: Some external factors influence export performance more than others.***

### Competitive Intensity

The higher the competition in the foreign market, the more firms are forced to modify export strategies to differentiate their products and which could indeed influence a firm's export

performance (Jamshidi and Moazemi 2016). Thus, appropriate export strategies need to be realized to fill the distinctiveness of the export markets.

Even though competitive intensity catches the attention of most scholars to study, there is inconsistency in empirical results (Sousa and Novello 2014; Jamshidi and Moazemi 2016; Powers and Loyka 2010). Consequently, intensive competition influences the levels of export marketing strategies as well as the degree of export performance. For further investigation into the relationship between these constructs, the following hypotheses are proposed:

***H2: Intensive competition contributes positively to export performance.***
***H2a: Intensive competition contributes positively to the adoption of the export marketing strategy.***

## Foreign Market Characteristics

Foreign market characteristics comprise political and legal regulations and cultural differences which influences export marketing strategies and export performance (Sousa et al. 2008). Thus, the legal and regulatory policies and procedures of the host country may exert an impact on the export performance of firms. The host country's government may impose exchange controls, exchange rates, tariffs, and quotas that may possibly have a significant effect on export performance (Islam 2017; Zou and Stan 1998). Consequently, the legal and regulatory laws of the host country's government can play a significant role in export performance.

Furthermore, cultural forces that influence marketing programs and, in turn, may influence export performance (Ali et al. 2014). Studies showed that there is a positive relationship between cultural forces, export marketing strategy, and export performance (Marek 2010; Ali et al. 2014). However, exporting firms should reflect the social-cultural environment of contry to capture competitive advantage and attain their objectives.

So, recognising a country’s national culture plays a central role for exporting firms, not only for strategies but also for valuable marketing operations (Islam 2017; Czinkota et al. 2011). For further investigation into the relationship between these constructs, the following hypotheses are proposed:

***H3: Political and legal environments have positive influences on export performance.***

***H3a: Political and legal environments contribute positively to the adoption of the export marketing mix strategy.***

***H4: Cultural environments contribute positively to export performance.***

***H4a: Cultural environments contribute positively to the adoption of the export marketing strategy.***

## Technological factors

Manufacturing firms can achieve better export performance by using technological advancement, changing the latest manufacturing methods, and developing innovative products (Hotniar et al. 2009). A technological force is a superior indicator of export marketing strategy that leads to a positive influence on firm export performance (Jamshidi and Moazemi 2016; Powers and Loyka 2010). This entails that the determinant of export is directly linked to the level of technology as well as the level of export performance that exists in a country.

Thus, technology is supposed to be one of the most important determinants of the firm's ability to utilize its competitive advantage to achieve export performance. Therefore, the right to use technology has the most important effect on export marketing strategies and firm's export performance (Chen et al. 2016; Stoian et al. 2011). For further investigation into the relationship between these constructs, the following hypotheses are proposed:

***H5: The right use of technology contributes positively to export performance.***

***H5a: The right use of technology contributes positively to the adoption of the export marketing strategy.***

## Internal Determinants

Internal determinants of export performance are factors associated with firm characteristics, resources, export marketing strategies, and management characteristics (Chen et al. 2016). Internal factors may have positive effects on a firm's export performance (Islam 2017).

As a result, understanding the influences of these factors on export decisions is very important (Islam 2017). Furthermore, the literature draws attention to the importance of the internal determinants, also

known as controllable forces, which may influence the firm's export performance. For further investigation into the relationship between these constructs, the following hypotheses are proposed:

***H13: All internal factors influence export performance equally.***
***H13a: Some internal factors influence export performance more than others.***

## Firm Characteristics/Firm Size and firm's experience

Firm characteristics, particularly firm size and firm export experiences, are the most frequently significant variables (LiPuma et al. 2013). Empirical data broadly showed that there is a positive relationship between firm characteristics and export marketing strategy and in turn, export performance (Islam 2017; Chen et al. 2016).

Besides investigating the direct relationship between firm characteristics and export performance, recent studies have commenced to reflect on whether the relationship between export marketing strategy and export performance is conditional on these distinctive resources (Chen et al. 2016; LiPuma et al. 2013).

Small firms are probably to have a few resources, and this indicates the utilisation of the RBV does not assist in clarifying their exporting inspiration and internationalising system (Chen et al. 2016; Filatotchev et al. 2009). As a result, large firms may benefit, while small firms might face more difficulties in the international market due to a lack of resources to focus on export marketing (Islam 2017). This indicates that the larger the firm, it will have more resources, attain a better experience at the global marketing level, and be more able to capture the threat and create sales abroad (Islam 2017; Maurel 2009).

In contrast, there is a discrepancy in findings; hence, some studies have not found positive correlations between firm size and export performance (Imed and Afef 2011; Stoian et al. 2011).
So, there is no significant relationship between firm size and export performance, which is a controversial topic (Contractor et al. 2005). What matters is the type of resources accessible to the firm, rather than the number of resources, to determine their competitive advantage in exporting (Imed and Afef 2011).

As a result, it is understood that further research is considered necessary for reviewing whether firm size has a major impact on export marketing strategy and export performance. Furthermore, a firm's international experience is considered one of the important determinants of export performance. The firm's experience in the international market facilitates the manager's ability to plan, lead, and control export business more competently and successfully (Griffith and Hoppner 2013). Moreover, less experienced firms might face more uncertainty and more risk, but more experienced firms face less uncertainty since, in the long run, they may decrease the uncertainty by developing systems and gaining more knowledge on the international market (Islam 2017).

Even though various studies have been investigated the determinants of the firm's experience on export performance and export marketing strategy, there is no strong theoretical and empirical results (Islam 2017; Lages et al. 2008b; Gloria 2016; Sousa et al. 2008). For further investigation into the relationship between these constructs, the following hypotheses are proposed:

***H6: Firm size contributes significantly to export performance.***
***H6a: Firm size contributes positively to the adoption of the export marketing mix strategy.***
***H7a: Firm export experience contributes positively to export performance.***
***H7a: Firm export experience contributes positively to the adoption of the export marketing strategy.***

## Managerial Determinants/ Manager's Foreign Language skills and international Experience

Management determinants, in particular managers' foreign language skills and international experience, are indispensable determinants of export performance and also influence the export marketing strategies (Chen et al. 2016). The export manager's competency may determine the export performance in terms of selecting, entering, and spreading out in foreign countries. So, export managers make decisions and strategies to develop and spread out the foreign market, which will certainly influence the firm's export performance and export marketing strategy.

Indeed, the incoherent findings in relation to management determinants as to what extent export marketing strategy and the firm's export performances are influenced by managerial characteristics

and underline the need for further studies of managerial influences. Such studies allow a superior understanding of the key role of managers, including their international experience and foreign language skills, in improving export performance (Chen et al. 2016; Stoian et al. 2011). For further investigation into the relationship between these constructs, the following hypotheses are proposed:

***H8: The manager's international experience contributes positively to export performance.***
***H8a: The manager's international experience has a positive association with the adoption of the export marketing strategy.***
***H9: A manager's foreign language skills contribute positively to export performance.***
***H9a: A manager's foreign language skills have a positive association with the adoption of the export marketing mix strategy.***

## Export marketing mix strategies as a mediating variable

The most important issue in export marketing strategies is achieving export performance either through adoption or standardization (Chen et al. 2016; Morgan et al. 2012). The literature suggests that export marketing strategies such as product adoption, price, distribution and promotion strategies are significant predictors of export performance (Chen et al. 2016; Harcharanjit et al. 2014; Moghaddam et al. 2011; Peyman et al. 2013).

Thus, the firm's export performance can be determined by its export marketing strategies and the capability to utilize them. Consequently, developing appropriate marketing mix elements to meet the particular desires of market situations will increase export performance (Morgan et al. 2012; Moghaddam et al. 2011; Peyman et al. 2013).

However, despite these conclusions, there has been limited investigation for the influence of export marketing mix strategy on export performance specifically in the context of Ethiopian manufacturing export firms. For further investigation into the relationship between these two constructs, the following hypotheses are proposed:

***H1: Adoption of the export marketing mix strategy (product, price, promotion, and channel selection) contributes positively to export performance.***

***H14: All export marketing mix strategies influence export performance equally.***

***H14a: Some export marketing mix strategies influence export performance more than others.***

***H10: The export marketing strategy mediates the association between internal and export performance.***

***H11: Export Marketing Strategy mediates the association between external determinants and export performance.***

In conclusion, the outcomes of the present study are argued in line with the existing scholarly literature to set up the scope to which they relate to findings and existing knowledge. Consequently, fourteen hypotheses which will be tested to attain the research objectives are summarized here:

H1: *Adoption of the export marketing mix strategy (product, price, promotion, and channel selection) contributes positively to export performance.*

H2*: Intensive competition contributes positively to export performance.*

H2a: *Intensive competition contributes positively to the adoption of the export marketing strategy.*

H3*: Political and legal environments have positive influences on export performance.*

H3a*: Political and legal environments contribute positively to the adoption of the export marketing mix strategy.*

H4: *Cultural environments contribute positively to export performance.*

H4a*: Cultural environments contribute positively to the adoption of the export marketing strategy.*

H5*: The right use of technology contributes positively to export performance.*

H5a*: The right use of technology contributes positively to the adoption of the export marketing strategy.*

H6: *Firm size contributes significantly to export performance.*

H6a*: Firm size contributes positively to the adoption of the export marketing mix strategy.*

H7a*: Firm export experience contributes positively to export performance.*

H7a*: Firm export experience contributes positively to the adoption of the export marketing strategy.*

H8*: The manager's international experience contributes positively to export performance.*

H8a: *The manager's international experience has a positive association with the adoption of the export marketing strategy.*

H9*: A manager's foreign language skills contribute positively to export performance.*

H9a: *A manager's foreign language skills have a positive association with the adoption of the export marketing mix strategy.*

H10: *The export marketing strategy mediates the association between internal and export performance.*

H11*: Export Marketing Strategy mediates the association between external determinants and export performance.*

H12: *All external factors influence export performance equally.*

H12a: *Some external factors influence export performance more than others.*

H13: *All internal factors influence export performance equally.*

H13a: *Some internal factors influence export performance more than others.*

H14: *All export marketing mix strategies influence export performance equally.*

H14a: *Some export marketing mix strategies influence export performance more than others.*

## 2.8. Chapter Summary

The expected conceptual model is supported by the most renowned theoretical outlooks, which are supported by recent research studies: resource-based view theory (RBV) and contingency theory (Elena 2014). Export performance is the degree to which firms realize their goals in exporting products in international trade (Hossein 2012; Navarro et al. 2010).

The internal determinants are commonly categorized as firm-specific factors such as managerial characteristics, organisational factors, and export marketing strategy-related factors (Elena 2014). On the other hand, contingency theory assumes that the firm can alter itself with the external environment, given that the external influences are environment-specific and managerially uncontrollable forces (Elena 2014).

Thus, outstanding export performance is the outcome of a firm's winning strategic reaction to external factors (Elena 2014). The external determinants are generally classified as industry- and market-specific, such as foreign market characteristics, competitive intensity, and the industry's technological intensity (Elena 2014). Combining contingency and RBV theory gives answers to a number of questions related to the export market, such as what contextual issues strengthen or weaken the tactical influence on export performance and how (Chen et al. 2016).

So, a firm's export performance can be measured by both objective and subjective measurements such as export growth, export profitability, export intensity, goal achievement, and satisfaction (Navaro et al. 2010).

Measuring criteria for this variable consist of the firm's size and export experience, the manager's foreign language skills and international experience, political and cultural differences, technological and competitive intensity across markets, and the adoption and standardization of marketing mix elements (Gilaninia et al. 2013).

The next chapter deals with the research methodology which explains the context of the study and the methodological parts of the study. Thu, chapter three deals with the research design, research approaches, study targeted population, data sources and collection techniques, valid and reliable measures of the variables and statistical softwares that can be applied in the study.

# CHAPTER THREE

# THE RESEARCH METHODOLOGY

## 3.1. Introduction

In the preceding chapter, a review of the literature is done with a view to presenting a theoretical application of the study. In this section, a description of how the study was designed and carried out will be presented. In particular, the chapter presents the research methods, data collection sources and methods, research philosophy, sample size determination and the study population, model specification, design of questionnaires and pretests, operationalisation of research variables, reliability and validity tests, and statistical analysis of data.

## 3.2. Research Methods

The present study employed a mixed research approach involving both quantitative and qualitative triangulation of data, where empirical results illustrate the degree of significance of the association and qualitative information decides the analysis of the occurrences (Gloria 2016; Zikmund et al. 2010). Quantitative research involves summarizing large sets of data to be able to generalize the findings (Anastasios 2016; Saunders et al. 2012).

Alternatively, the qualitative data is correspondingly employed as a causal support for the quantitative research outcomes for qualitative interpretation (He et al. 2013). The mixed research method is not only to improve or outspread theories and test their applications, but also to achieve triangulation among methods through improving the quantitative output with rich interview data (Saunders et al. 2012; Creswell et al. 2009).

Consequently, an essential quantitative outcome can be strengthened through in-depth examination (Elena 2014). Using these two approaches together overwhelms some essential limitations in each of the methodologies used alone (Anastasios 2016; Saunders et al. 2012).

Moreover, among the quantitative methods, the present study employed questionnaires to collect data. Thus, sequential mixed-method procedures were involved, beginning with a quantitative method in

which a theory or concept was tested, followed by a qualitative method involving detailed exploration with interviews for exploratory purposes (Creswell et al. 2009).

Hence, this research is multi-strategy research that combines both qualitative and quantitative research sequentially (Gloria 2016; Anon, 2012; Zikmund et al., 2010). A sequential mixed method design was employed (QUANT → QUAL sequence) (Anastasios 2016; Saunders et al. 2012). The nature of the research for this study is explanatory and consists of quantitative research tools and techniques.

Nevertheless, for more conceptual validation, qualitative information might be useful in any research approach (Anastasios 2016; Saunders et al. 2012). Consequently, qualitative data would be collected to gain insight into validating the trust and commitment-building process (Saunders et al. 2012; Creswell et al. 2009).

Accordingly, with the mixed research method, the researcher can better understand how managers recognize the contribution of determinant factors to export performance (a qualitative approach) and, in the meantime, produce empirical evidence on the associations among variables through the systematic and formal quantification of research (a quantitative approach). In this way, the weaknesses of each process will be balanced with the strengths of the other, providing a philosophical view of the research problem (Anastasios 2016; Saunders et al. 2012).

## 3.3. Population, Sample Size and Sampling Methods

### 3.3.1. Population

The population of the research incorporates medium- and large-scale manufacturing exporting firms in Ethiopia. Ethiopia was selected as the country background for this research, as the nation has largely gripped policies to develop firms's export performance in the value-added export sector (Shiferaw and Söderbom 2018). The present study used a multi-industry sample (textile and garment; leather and leather products) to enhance observed variance and strengthen the generalisability of the results, in so doing, improving the external validity of the research (Worku 2016).

Whether the firm is characterized as small, medium, or large is demanding and depends on a number of variables, such as the level of manufacturing capacity, intensity of technology, number of employees, turnover rates, capital investment, and subsectors (Worku, 2016; Bigsten et al. 2011; Shiferaw and Söderbom 2018).

Consequently, according to the Central Statistical Agency (CSA) of Ethiopia, manufacturing firms in the country that use electricity (using power-driven machinery), have a have a fixed location, produce at least partially marketable products, are headed or led by a manager or administrator, which attempts to cover all manufacturing establishments in the country, and firms that employ ten workers or more are considered large and medium manufacturing industries (Bigsten et al. 2011; CSA 2014; Shiferaw and Söderbom 2018).

### 3.3.2. Sample Size

It is based on the 2020 Ethiopian Exporter Directory, which contained a list of approximately 389 eligible firms for this study. Since SEM is proposed as a technique, satisfying the statistical recommendation and the proposed testing and analysis in the order of 200 and more will be a better sample (Hair et al. 2014a). So, the whole population (389) was sampled.

The nominated firms were contacted physically to announce the research to the key informants, who have knowledge of and rights to use the type of data required for the study. The researcher also inquired about their voluntary participation in the study. This is a reliable and legitimate source because it was developed by the Ethiopian Textile and Garment Industry Development Institute (ETGIDI) and the Ethiopian Leather Industry Development Institute (ELIDI), which administers and supports firm exporters in Ethiopia.

Accordingly, it would provide the most complete set of manufacturing export firms in Ethiopia. Since data was collected from those sectors that are directly involved in export activities and located in the Addis Ababa region, they are the target population. In Ethiopia, the Textile and Garment Industry Development Institute (ETGIDI) and the Leather Industry Development Institute (ELIDI) have the mandate to register firms that directly sell their products to buyers in foreign countries.

### 3.3.3. Sampling Methods

The sampling strategy was contacting firms, which were sorted by sector and location. Thus, the unit of analysis in the present research was Ethiopian medium- and large-scale manufacturing export firms of textiles and garments, leather, and leather products, which were involved directly in the international market.

The questionnaire was held using the purposive sampling method by taking all firms as a sample unit with the firms' knowledgeable informants, which allowed the researcher to judge the cases that satisfy research questions and meet research objectives (Anastasios 2016; Saunders et al. 2012).

From the textile and leather manufacturing exporting firms found in Addis Ababa, the researcher has collected data from 389 key informants who had knowledge and high managerial positions. Moreover, the researcher conducted a semi-structured interview with five (5) policymakers and five (5) export analysts who were keen to participate voluntarily after being informed of the nature and purpose of the study.

The reason that the researcher chose purposive sampling was that it can produce a sample that is knowledgeable of the population and can bring more accurate results (Hair et al. 2017; Hair et al. 2012; Black 2010; Saunders et al. 2012; Gloria 2016).

In the case of structural equation modeling (SEM), a number of statisticians assert that a sample size above 200 is often recommended (Hair et al. 2014a; Hair et al. 2012b; Anon 2012). Thus, when structural equation modeling was used for data analysis in the study, the sample size of 389 would meet the criteria.

## 3.4. Research Design and Plan

The basic principle of superior research design is to align the research design with research questions and objectives (Gloria 2016; He et al. 2013; Anon 2012). The present study adopted exploratory and confirmatory factor analysis and a descriptive survey research design to carry out mixed-method research via quantitative and qualitative methods to collect data from Ethiopian export manufacturing firms.

Consequently, five explanatory variables will be introduced in the questionnaire and interview for export performance. The firm's export growth, export profits, and export intensity, which are objective indicators, will be measured by an ordinal scale or five-point Likert scale (1 to 5).

While the other dependent variables, specifically goal achievement and satisfaction, are subjective indicators measured based on the respondent's ideas or perceptions on a five-point Likert scale (strongly agree to strongly disagree; very successful to very unsuccessful; very satisfied to very dissatisfied; etc.), (Gloria 2016).

One of the concerns related to the research design is the preference between longitudinal and cross-sectional studies (Olivera 2015; Bategeka 2012). A longitudinal study involves the collection of data over a long period of time, whereas a cross-sectional study usually centers on the collection of data from any given sample of population at a particular point in time (Anon 2012; Zikmund et al. 2010; Saunders et al. 2009).

A cross-sectional study appears to be fitting for the export performance research, which inspires vibrant relationships between determinants and export performance from a cross-sectional perspective by collecting data at the time of the study survey (He et al. 2013; Bategeka 2012; Filatotchev et al., 2009, Sousa et al. 2010; Olivera 2015; Brouthers et al. 2013; Navarro et al. 2014; Saunders et al. 2009).

This study pursued a problem-solving approach to the importance of determining the factors that influence the export performance of Ethiopian manufacturing exporters, following the methodology outlined in Klopper and Lubbe (2012) and Cookson (2012). In the problem-solving research method, the aim and purpose of research is to work out the problems acknowledged by recognizing the problems in detail and intending a multidisciplinary model for doing so (Cookson 2012).

This gives an explanation for the paradigm of epistemology that will be employed in this thesis and will influence the research methodology and design (Gloria 2016). Applying the epistemology paradigm validates the use of bringing together quantitative and qualitative research methods to realize the research objectives (Gloria 2016; Freeman 2009). Problems recognized in problem-

solution research are of an epistemological view, meaning the association between the researcher and reality (Cookson 2012; Freeman 2009; Morgan 2007).

In problem-solution approach research, the research design involves the practice of investigating and scheduling to answer the problems on the basis of conceptual principles (Cookson 2012). The following figure shows the research onion representing the different phases of research that need to be accounted for in the research course of action, which is borrowed from Cookson (2012) and Saunders et al. (2007).

To carry out the research objectives, first the research instrument will be developed and pre-tested with a small sample of export firms at the managerial level. After the pilot test, the final questionnaire will be distributed to collect data from respondents from all Ethiopian textile and garment and leather and leather products manufacturing firms engaging in export marketing.

And then, refined instruments containing the sets of dependent variables intended to measure firms export performance—export intensity, export growth, export profitability, goal achievement, and distributor satisfaction—will be set.

The following figure indicates the research onion, representing the different phases of research that need to be reported in the research course of action, which is adapted from Cookson (2012) and Saunders et al. (2007).

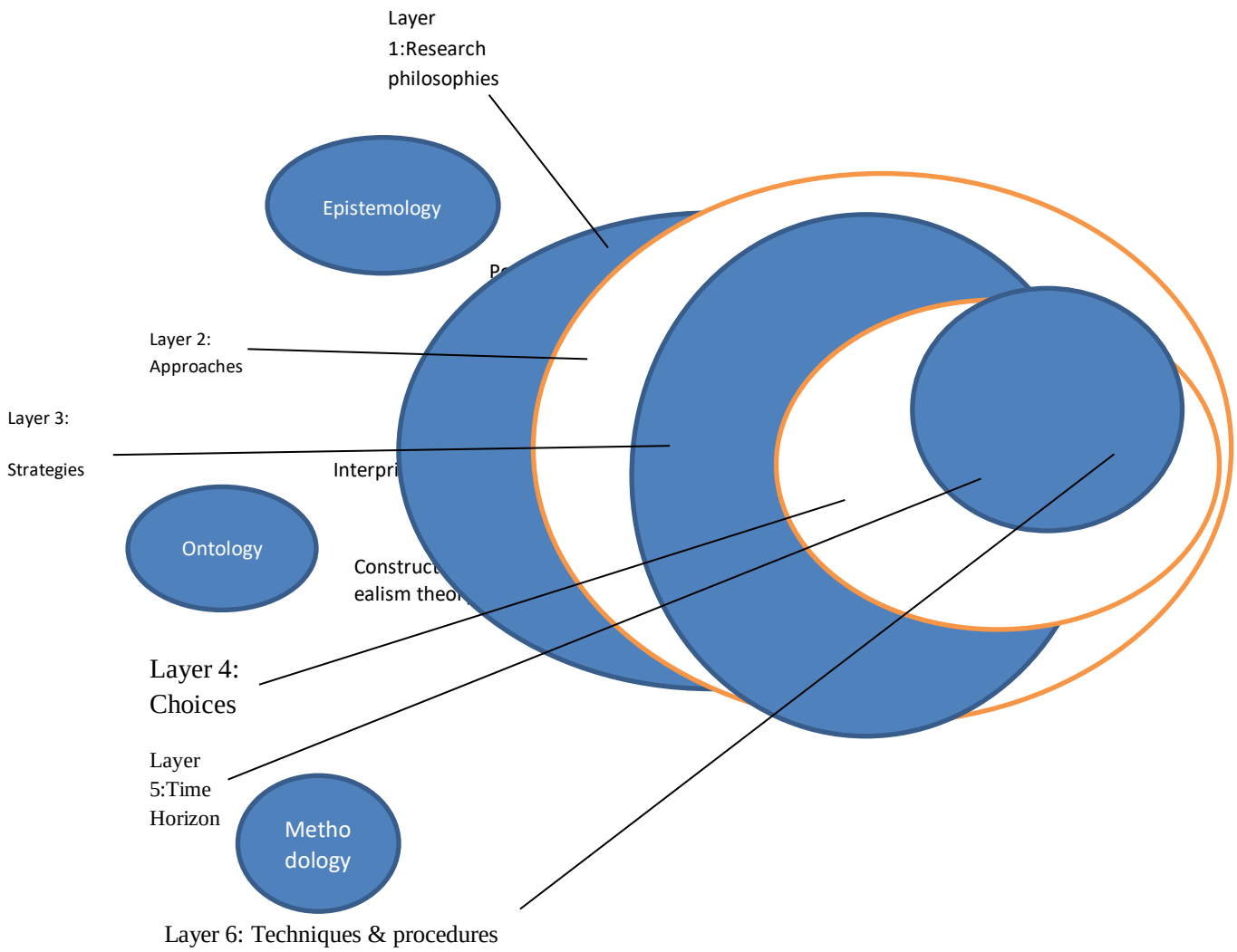



Figure 3-1: The Research Onion adapted from Cookson (2012) and Saunders et al (2007).

In summary, the research study starts with the research design, the planning phase of research, when a research problem is devised and decomposed into specific sub problems, followed by preparing objectives for each of the sub problems (Cookson 2012; Klopper 2010).

The following figure shows the problem-solving research process adopted from Cookson (2012) and Klopper and Lubbe (2012).

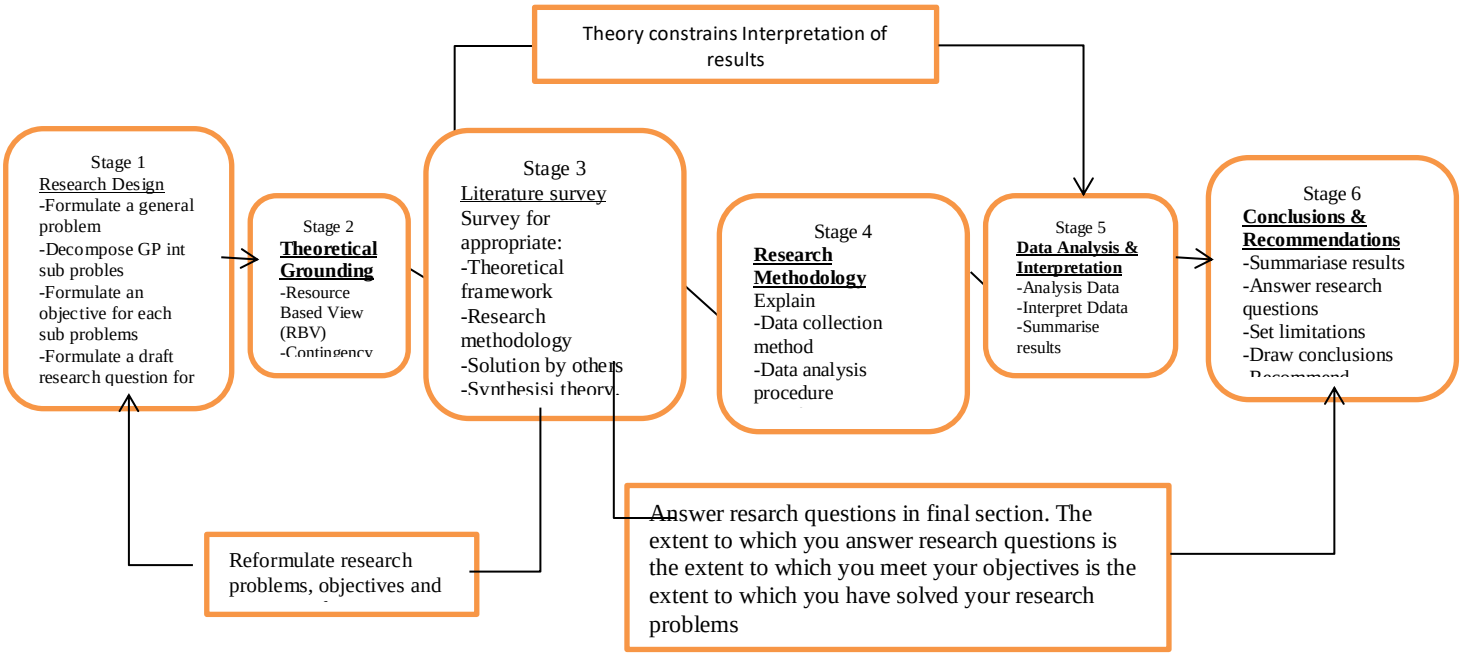



**Figure 3-2: An eagle's-eye point of view of the stages of the research design**

Thus, to answer the above questions, a mixed research method, that is, questionnaires and semi-structured interviews with the firms 'responsible managers, will be developed. The study is designed as a problem-solution-oriented approach. As adopted by Klopper and Lubbe (2012) and Cookson (2012) in problem-solution-oriented research, the research questions, research problems, and objectives need to align, as stated in the following figure.

As shown in the following figure, the problem-solution approach begins with the general problem, which is generated from a general aim and decomposed into subproblems. Also, the general problem is decayed into a number of sub-problems from which a number of specific objectives are generated, and in turn, a number of specific research questions are derived.

The research sub-questions form the basis of sections in the research instrument, where each sub-question is taken out in a series of more detailed survey questions. There would be as many subsections in the survey instrument as there are research sub-questions (Cookson, 2012). The following figure indicates the alignment of the research problems, research objectives, and research

questions in problem-solution approach research, which is adopted from Klopper & Lubbe (2012) and Cookson (2012).

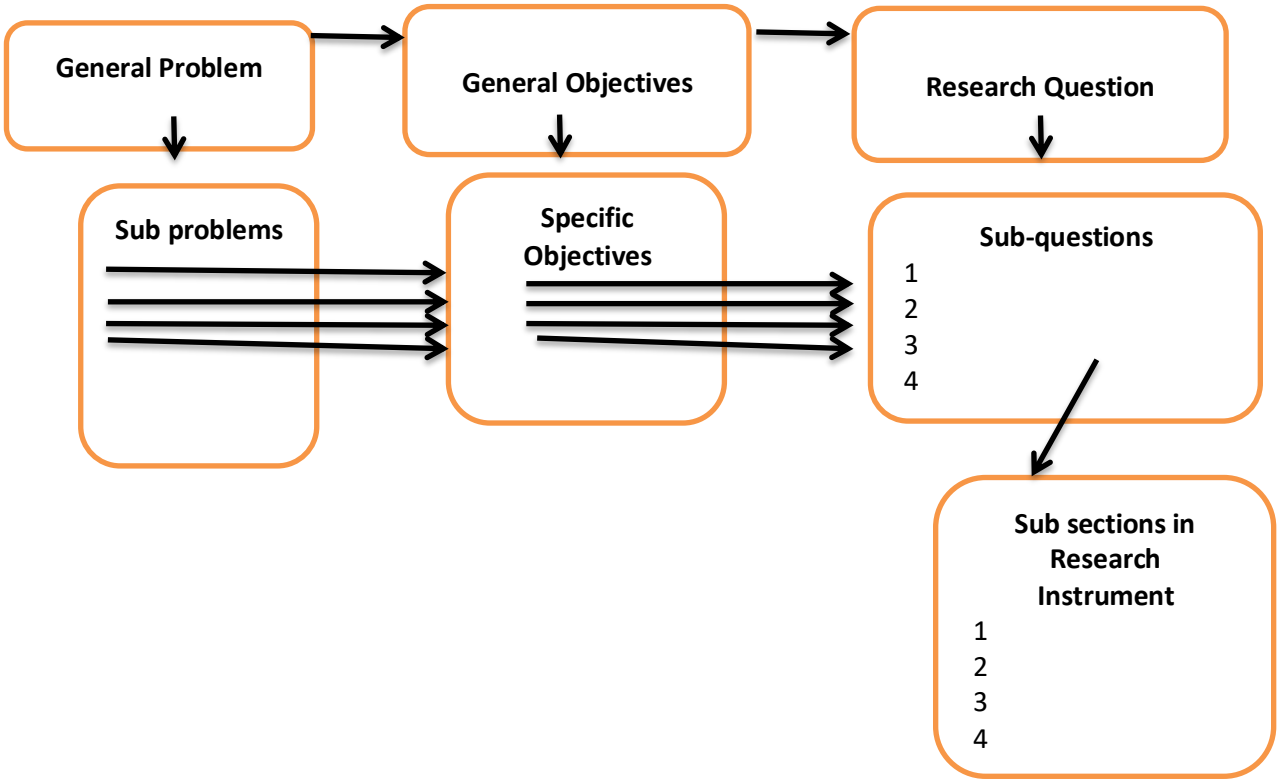



Figure 3-3: The alignment of the research problems, objectives and questions

Moreover, the general research questions are derived from general objectives, which will be decomposed into sub-problems via the research questions as a source for the research instrument. The research instruments will be questionnaires in the case of quantitative research and interviews in the case of qualitative research to answer the research questions through the interpretation of empirical data to meet the research objectives and, in general, to solve the research problems (Cookson 2012).

## 3.5. Data Source and Collection Methods

The major source of data was collected from the firms' knowledgeable and higher managerial positions as directors or owners of manufacturing firms in Ethiopia. However, the selection of appropriate respondents to be contacted within the firm is an important issue (Gloria 2016; Worku

2016; Lages et al. 2008; Anon 2012). This would be carried out by expressing the questionnaires and seeking responses from the key staff within the firm (Saunders et al. 2012; Gloria 2016).

The study used secondary and primary sources of data. Primary data were collected specifically for this research via direct contact with export managers (Gloria 2016; Worku 2016; Lages et al. 2008). The primary data were gathered through self-designed questionnaires and semi-structured interviews with export firm managers. On the other hand, the secondary data would be collected from the existing literature, different research journals and papers, relevant books, and the internet.

The qualitative method was used to analyze the data collected through interviews (Gloria 2016). However, quantitative techniques would be used to investigate the data gathered by questionnaires (Gloria 2016). Two university graduates, who were familiar with business research methods, were recruited as data enumerators. They have had previous data collection experiences. Before the field survey, they were trained about the purpose of the research, sampling method, contents of the questionnaire, and how to approach the respondents. They collected the data under the supervision of the researcher.

Thus, the present study investigated face-to-face interviews with owners or senior managers who were in charge of exporting activities for their respective firms. This method was also suitable while the respondents needed some clarifications in relation to the content of the questionnaire (Gloria, 2016; Zikmund et al. 2010; Anon 2012; Worku 2016; Singh and Mahmood 2013).

### 3.5.1. Key Informant

Identifying the right informant is an essential framework for collecting high-quality data and also a requirement for discovering precise research findings (Gloria 2016; Bategeka 2012). This would be performed by delivering the questionnaires and asking for responses from the key informants within the firm (Gloria 2016). Key informants were not chosen because they are representatives, but because of their exceptional knowledge and the special position they held in a firm at the time of the survey (Bategeka 2012; Anon 2012).

Thus, in relation to export performance, key informants would be likely to have the highest knowledge of the firm's information, and the key informants targeted for this study are either the

owner or manager of the firm or any other responsible person within the firm who was actively involved in the export-making decision process. As a result, it was decisive to collect data from a single knowledgeable respondent.

They were also integral to the firm's policymaking regarding international business operations to explain the occurrence of questioning (Lages et al. 2008b; Gloria, 2016). Consequently, the single key informant technique seemed to be good-looking, and as a result, the present study centered on a single knowledgeable respondent from each export firm (Leonidou and Katsikeas 2013; Bategeka 2012; Sousa et al. 2008; Yousra 2011; Gloria, 2016; Anon 2012). In view of the fact that those key staff members were believed to be knowledgeable regarding the case being researched (Anon 2012).

### 3.5.2. Questionnaire Design

The questionnaire was designed to gather information on managers' perspectives regarding export performance (Gloria 2016; Bategeka 2012; Lietz 2010). Hence, in the present study, the questionnaires were categorized into ten (10) parts as follows: (1) respondents' demographics; (2) firms' profile; (3) firm's competitive intensity; (4) technological intensity; (5) foreign market characteristics; (6) firm characteristics; (7) managerial determinants; (8) export marketing mix strategy; (9) export performance; and (10) general questions.

The researcher decided to use measurement scales that are recognized as valid and reliable in the literature (Bategeka 2012; Lietz, 2010; Gloria, 2016). A well-designed Likert scale, used to measure the theoretical constructs with multiple items (a five-point Likert scale), requires respondents to indicate their level of satisfaction, agreement, applicability, importance, success, etc., with a range of statements related to the research (Lietz 2010; Gloria 2016; Bategeka 2012).

All measures were performed using a scale where 1 = very dissatisfied and 5 = very satisfied, or 1 = strongly disagree and 5 = strongly agree. The study also relied on previously validated scales from published journals. The entire set of measures provided strong indications of reliability and validity, with an acceptable Cronbach's alpha (Kline 2015; He et al. 2013; Leonidou & Katsikeas, 2013). The nature of the survey questionnaire used in this study was characterized by a highly structured design with closed-ended questions.

### 3.5.3. Pre-Test of Research Instruments

Pre-testing was the groundwork for a questionnaire in a small pilot study to find out the quality of the survey instrument before using it in a mass survey (Bategeka 2012; Anon 2012). A pre-test of ten to twenty representative respondents was usually sufficient to identify problems with a questionnaire (Anon 2012). As a result, 20 firms' executives were randomly selected from the list of export firms with related features as the target population, but who would not take part in the final survey.

They were approached to review the questionnaire in order to identify which questions were difficult to answer, which ones were ambiguous, which terms were misinterpreted, and which sections were too long. After obtaining their feedback, the final version of the questionnaire was presented. Several researchers recommended that the pre-test ought to be carried out through personal interviews since they enabled researchers to become aware of the respondent's responses and uncertainties, which might not be found via other techniques (Bategeka 2012; Anon 2012; Zikmund et al. 2010).

Besides, the research instrument was also conferred with content experts and practitioners in the field of international marketing research to evaluate and comment on the instrument, including scale items, question content, wording, form layout, question difficulty, instructions, sequencing, and timing (Gloria 2016; Lietz 2010). The preliminary questionnaire was reviewed by two academicians and four doctoral students believed to be knowledgeable in the field of study to evaluate the questionnaire items for the validity of the constructs.

### 3.5.4. Interview questions

The interviews were carried out face-to-face at the experts' office and audio recorded as it would be conducive to discussion of the role of the export market (Yin 2009). The qualitative interviews were investigated and supplemented with insights into determinants of export performance to complement the quantitative study for triangulation of findings and might advance theory in international markets (Glavas and Mathews 2014).

Thus, the researcher employed a semi-structured interview to collect primary qualitative data to smooth the progress of the researcher's comprehensive investigation and increase the validity of the information (Gloria 2016; Yin 2009). Moreover, the center of the interview was to discover and gain exploratory knowledge on export practices in Ethiopia.

Ten interviews were deemed adequate as a number of ideas will be designed from the primary data to give broader insights into the exporting practices of firms, which was consistent with other studies in the field (Chang et al. 2010; Sousa et al. 2010; Lages et al. 2008a). Each interview was allotted approximately 60 minutes.

## 3.6. The Research Paradigm

This gives an explanation for the paradigm of critical realism theory that would be employed in this study and influences the research methodology and design. Applying the critical realism paradigm validates the use of bringing together quantitative and qualitative research methods to realize the research objectives (Freeman 2009).

To substantiate the preference of the research paradigm, the spirit and discrepancy between the three interconnected assumptions or world views (methodology, ontology, and epistemology) and the four paradigms (positivism, critical realism, interpretive theory, and critical theory) will be reviewed.

Ontology refers to the reality that scholars discover (Freeman 2009; Morgan 2007).
Epistemology: - refers to the association between the researcher and that reality (Freeman, 2009; Morgan 2007).
Methodology: - refers to the practice employed by the researcher to investigate reality (Freeman 2009; Morgan 2007).

Positivism: Positivist ontology will employ quantitative research and typically apply experiments, statistics, and surveys since social and natural sciences are made up of a set of particular techniques for attempting to find out and evaluate facts vis-à-vis a distinct reality (Freeman 2009).

Thus, the methodological implications of the positivist paradigm were that quantitative methods are used for testing theories to facilitate generalizations of the conclusions to the larger participants and try to clarify causal associations by means of objective data (Freeman 2009). As a result, the positivist paradigm will not be appropriate for this study since this research study needs to have a systematic consideration of export performance determinants based on the export firm's knowledge (Freeman 2009).

Critical realism: - recognizes the inconsistency between the scholar's views of reality and reality itself, which will guide the triangulation of confirmation to get a superior and objective consideration of the observable facts being investigated (Freeman 2009). Here, quantitative and qualitative data from a variety of sources will be collected in an attempt to find out what is known concerning the center of the research, and then the data will be enumerated in order to get good values from the findings (Freeman 2009).

Consequently, the study will be supplemented by qualitative and quantitative research methods (triangulation) that intend to support the rationale of choosing the projected methodology of the research to get better internal validity (Freeman 2009). On the other hand, it is not suitable to search for a single paramount technique for assessing circumstances (Freeman 2009). So, the researcher will employ the critical realism paradigm for this research study.

Critical theory: - intends to change political, sociocultural, gender, ethnic, and economic standards, and it typically centers on enduring historical investigations (Freeman 2009). Thus, scholars applying this theory paradigm intervened in the revolution of the social, emotional, and mental makeup of respondents (Freeman 2009). As a result, this theory paradigm will not be suitable for the present study since the research intends to recognize the performance of export firms instead of transforming the views of the export society.

Interpretive theory: - in this view, reality is a structure that describes specific values embraced in a specific circumstance (Freeman 2009). Thus, the theory paradigm is usually marked by the fully qualitative technique of a research study (Freeman 2009). As a result, this theory will also not be suitable since the research intends to recognize why and how particular determinants will influence export performance instead of appraising export firm opinions.

## 3.7. Validity and Reliability of the Research Study

The multi-item scales used in the study would be evaluated to make sure that they could achieve sufficient levels of reliability and validity (Anon 2012). The researcher has designed questionnaires based on the literature review and his knowledge of the study area.

### 3.7.1. Reliability

Reliability refers to the consistency of the results obtained from a research study (Anon 2012). This research study contained a significant amount of triangulation, which demanded using both quantitative and qualitative approaches to collect data. It measures the consistency of a questionnaire and Cronbach's alpha values (Anon 2012; Field, 2009). Reliability addresses whether repeated assessments consistently come up with the same results when performed under the same circumstances (Anon 2012).

The data from the questionnaires were easily quantifiable, as the data would not be open to subjective interpretation (Anon 2012). The researcher believed that an independent researcher, after reanalyzing the data, would come to the same conclusions. If an independent researcher utilized this data collection method, the researcher would be likely to reach the same conclusion (Anon 2012).

### 3.7.2. Validity

Validity analysis is an essential part of empirical study (Henseler et al. 2015; Radomir and Moisescu 2020; Brandt 2014; Cleff 2014). Validity refers to the extent to which a research study in fact investigates what the researcher claims to investigate (Kline 2015). Internal validity concerns whether the understanding of the study design supports drawing clear conclusions from the results of the research (Hair et al. 2012). To assure the internal validity of the research, triangulation of the data collection source would be used (Hair et al. 2012; Anon 2012).

Construct validity can be accessed through confirmatory factor analysis (CFA) and exploratory factor analysis (EFA) (Anon 2012; Kline 2015). Exploratory factor analysis provides different factor solutions that would let the data suggest possible factors. When the research is new and emerging, the researcher needs to use EFA at the first stage to explore these factors and to search in the literature for a validated questionnaire (Brandt 2014; Cleff 2014). This could then be tested by confirmatory factor analysis (Brandt, 2014; Cleff, 2014; Elena, 2014).

In this research, the collected data was tested by exploratory factor analysis (EFA) to prove the structural validity of the scale (the capability of items to measure the variables) (Brandt 2014). For this reason, exploratory factor analysis (EFA) was supposed to be suitable to examine the factor structure within each construct group (Henseler et al. 2015; Radomir and Moisescu 2020; Brandt

2014; Cleff 2014). Therefore, for a scale development study, first an EFA was used in order to discover the underlying latent structure, and then a CFA with the same data set (Schumacker & Lomax 2010; Güvendir & Özkan 2015).

In order for a study to be generalisable to a wider context, it must be possible to assume that the sample used in the research is representative of the general population to which the research results were concerned (Hair et al. 2017; Anon 2012; Hair et al. 2012). Consequently, the researcher believed that the sample population was clearly defined and that the findings could be applied to other populations of export firms, and its instruments and measures should be reliable and valid (Brandt 2014; Elena 2014).

Furthermore, the researcher attempted to influence respondents to change their responses on the questionnaires or during interviews. The design and content validity of this questionnaire were scrutinized by supervisors, two academicians, and four doctoral students who believed they were knowledgeable and had ample experience in international business research. And then the required modifications were practiced on the questionnaire.

## 3.8. Model Specification

The regression model, probit model, and tobit model have utilised to investigate factors that determine firms export performance. The dependent variable is export performance, which includes annual export intensity, export profit, export growth, goal achievement, and satisfaction. On the other hand, the independent variables or explanatory variables are managerial factors, firm characteristics, export marketing mix strategy, competitive intensity, foreign market characteristics, and technological factors.

A multinomial Tobit model has been adopted in order to model factors that determine the export intensity variable (Wooldridge 2016; Baidu-Forson 1999; Irene et al. 2012). The Tobit model was used to find out the factors that influence the intensity of export performance (Wooldridge 2016; Baidu-Forson 1999; Irene et al. 2012). At this time, the binary dependent variable—successful or not successful—is not suitable (Baidu-Forson 1999; Irene et al. 2012). Furthermore, Baidu-Forson (1999) acknowledged in his study that important information may be misplaced because of the use of binary

dependent variables. The dependent variable employed at this point is then censored at achievement (Baidu-Forson 1999). Since all firms do not necessarily earn aggregated export sales revenue, there might be a possibility that the dependent variable may have zero values (Wooldridge 2016; Irene et al. 2012).

With so many zero values for the dependent variable, using ordinary least squares (OLS) to estimate the model would lead to bias and might lead to inconsistent results (Wooldridge 2016; Irene et al. 2012). The censored tobit model was, however, an appropriate tool to obtain unbiased and consistent estimations (Wooldridge 2016; Baidu-Forson 1999; Irene et al. 2012).

Thus, to find out intensity-dependent variables for analysis, the mean index (the mean performance score) is subtracted from the average score of every firm's collective (aggregate) performance score (Wooldridge 2016; Baidu-Forson 1999).

Hence, scores with negative outcome values would be labeled as zero (0), and those with positive outcomes would be traced in their absolute terms (Wooldridge 2016; Baidu-Forson 1999; Irene et al. 2012). Therefore, the intensity of export performance represents the degree to which a firm's average score deviates from the mean (Wooldridge 2016; Baidu-Forson 1999; Irene et al. 2012).

A multinomial Probit model was used to identify the effect of independent variables on goal achievement and satisfaction. The probit model was preferred for dichotomous (0–1), with the estimated likelihood being between 0 and 1 rather than continuous variables (1 if exporting, 0 if not) (Wooldridge, 2016). Regression models that include yes/no or present/absent types of responses are known as dichotomous or dummy dependent variables, and the determinants of an event happening or not happening would be identified.

Thus, in the estimation of determinants of goal achievement or satisfaction on export, the probit model is going to be employed since probit is a powerful tool in its ability to estimate the individual effects of the categorical variables on the qualitative, dichotomous dependent variable, whether the success or satisfaction is perceived or not. In this regard, this model leads itself to meaningful interpretations when the dependent variable is a dichotomous outcome.

Regression through ordinary least squares (OLS) is a commonly applied statistical technique. Though when the dependent variable is dichotomous (0–1) rather than continuous, OLS becomes an inefficient prediction method, and the underlying linear probability model (LPM) that is being estimated signifies a poor choice of model specification.

Hence, when noncontiguous dependent variables were used, for instance, in a 5-point scale ranging from very satisfied to very dissatisfied, satisfied and very satisfied responses are almost similar. So, in this case, instead of creating confusion, it would be better to change the binary result variable to either satisfied or dissatisfied. That is why the probit model was preferred for dichotomous (0–1) rather than continuous. So, the satisfaction marks for each element were clustered as either unsatisfied or satisfied to form a binary result variable.

The manager's satisfaction level composite index formula was computed as follows:

$$MS_I = \frac{\sum W_i}{S_T}$$

Where:

- M=stands for Managers for a given export firm
- $MS_I$= is the overall satisfactions index for each respondent that ranges from 0 to 1,
- Wi = is the level of satisfactions in each attributes for each respondent will be presented with a series of choices ranging from "very satisfied" to "very dissatisfied."
- $S_T$= is maximum relative satisfactions level of the respondent.

The manager's satisfaction index ($MS_I$) is the yardstick or standard to measure the level of satisfaction in numerous attributes of export performance. Moreover, the index of manager's satisfactions would also be a complementary dependent variable, which is useful to identify factors affecting managers' satisfaction levels with vigorous export performance. In order to measure the level of respondents' satisfaction, the researcher will identify the most important predictors.

The qualitative nature of the indicators was measured by the scoring that would be organized to develop a satisfaction index by simply adding the scoring from the Likert model and dividing it by

the total possible maximum score in order to measure the overall managers' satisfaction index. Based on the overall satisfaction index, the dependent variable is formed by changing the values into one (those values greater than and equal to the mean assessment of the dependent variable) and zero (those values less than the mean value of the dependent variable).

The same procedures would be applied for measuring managers' goal achievement measurements, and a binary outcome variable would be formed in the same manner. Finally, the regression model was an appropriate technique for identifying export profit and export growth variables since the dependent variable takes a continuous measure where growth and profit data are commonly treated as continuous variables (Drama et al. 2014).

Thus, the general research model for this study (adapted from Drama et al. 2014) is:

$$Y_i=\beta_0+\beta_1X_1+\beta_2X_2+\ldots+\beta_nX_n+\varepsilon \qquad \ldots\ldots\ldots\ldots\ldots (1)$$

Where:

$Y_i$=indicates the dependent variables, it is export performance and is represented by five constructs (export intensity, export growth, export profitability, goal achievement and satisfaction).

Xi=is a vector of factors affecting export performance: manager's overseas language abilities, firm size, manager's worldwide experience, firm export experience, product adoption strategies, pricing competitiveness, distribution strategies, promotion intensity, competitive intensity, government rules and regulations, cultural dissimilarity and technological factors.

βi= a vector of parameters to be estimated/ is a vector of tobit maximum likelihood estimates.

ε = is the error term, which is assumed to have a normal distribution.

To study the determinants of a firm's export performance, the study considered export performance as the amount earned from export firms across different products (Drama et al. 2014; Irene et al. 2012). This study used a simple regression model to describe the influences that impact export performance

(EP). For the simplicity and accuracy of the outcomes of the study, the following factors were recognized as variables that influence the export performance of firms:

Therefore, the export performance equation could be expressed as follows:

EP= f (CI, TF, FMC, FS, FIE, MLS, MIE, PDA, PRA, PMA, PLA, ε) …….. (2)

Where:

EP = Export Performance

CI = Competitive Intensity

TF = Technological Factors

FMC = Foreign Market Characteristics

FS = Firm Size

FIE = Firm International Experience

MLS= Manager's Language Skill

MIE = Manager's International Experience

PDA = Product Adaption;

PRA = Price Adaption;

PMA = Promotion Adaption;

PLA = Place (distribution) Adaption)

ε = Dummy variable to capture other factors that influence export performance

Thus, the export performance model could be specified in a linear relationship through a regression equation as follow:

$$\beta 0+ \beta 1CI+ \beta 2TF+ \beta 3FMC+ \beta 4FS+ \beta 5FIE+ \beta 6MLS+ \beta 7MIE+ \beta 8PDA+ \beta 9PRA+ \beta 10PMA+ \beta 11PLA+ \varepsilon \ldots\ldots\ldots (3)$$

Where: *CI>0, TF >0, PLE>0, CE>0, FS>0, FIE>0, MLS>0, MIE>0, PDA>0, PRA>0, PMA >0 and PLA >0.*

The present study adopted the same approaches that were employed by prior researchers who examined the determinants of a firm's export performance (Drama et al. 2014).

## 3.9. Statistical Analysis

The quantitative and qualitative data gathered by questionnaires and interviews were analyzed using both qualitative and quantitative analysis tools. In this study, quantitative data were collected by the surveying method. While the qualitative data was analyzed through interpretation and conceptual generalization, the quantitative data was analyzed by descriptive statistics (frequencies, percentages, means, and standard deviation) and the correlation coefficient. The outcome for both the descriptive and quantitative analyses was presented using tables, figures, and graphs.

In previous studies, a range of data analysis methods have been employed, like partial least squares, regressions, and structural equation modeling (Hair et al. 2017; Byrne 2010; Arbuckle 2009; Hair et al. 2014a; Lages et al. 2009; Valeria 2017; Kline 2015). The growing exercise of structural equation modeling (SEM) perhaps is enlightened by the increasing involvedness of the models employed to evaluate export performance (Hair et al. 2014b; Hair et al. 2012b; Lowry and Gaskin 2014; Valeria 2017; Chen et al. 2016; Kline 2015; Sousa et al. 2008).

Thus, Partial Least Square Structural Equation Modeling (PLS-SEM) was used to consider the interrelationships amongst the theoretical constructs to evaluate export performance (Hair et al. 2017; Chen et al. 2016; Hair et al. 2014a; Valeria 2017; Hair et al. 2014b; Hair et al. 2012b). To analyze the data, edited and coded responses were fed into Statistical Package for the Social Sciences (SPSS) version 25, for descriptive analysis, and AMOS 18 was engaged to do measurement model analysis, structural model analysis, and factor analysis.

Also, factor analysis (both exploratory factor and confirmatory factor analysis), descriptive statistics, cronbach alpha (reliability measure), analysis of variance (ANOVA), and correlation analysis were the statistical methods applied in the quantitative study (Sintayehu 2020; Hair et al. 2017). All the data collected would be analyzed in an objective manner, and the findings would reflect the actual data obtained from the respondents.

The researcher applied a triangulation of quantitative and qualitative approaches in this study. High-quality data was acquired from key informants merely when a successful survey instrument was

constructed (Anon 2012). The questions were clearly declared and simply recognized to get the interest and concentration of prospective respondents (Anon 2012).

Thus, SEM allowed scholars to identify structural associations with the latent variables, resulting in more precise representations (Hair et al. 2017; Chen et al. 2016; Anon 2012). Though the first-generation models are incomplete to investigate a single association simultaneously between independent and dependent variables, SEM can investigate all the associations in one procedure (Kline 2015; Anon 2012; Arbuckle 2009). Also, it would have the capability to measure indirect effects of variables via other (mediating) variables (Hair et al. 2017; Hair et al. 2014a).

In addition, factor analysis (EFA and CFA) was developed in the measurement model to ascertain the weight of every measured variable against the latent variable (Chen et al. 2016; Valeria 2017). It could also ascertain the validity and reliability of the construct (Anon 2012; Kline 2015; Arbuckle 2009).

Therefore, SEM signifies a rational combination of factor analysis and regression models (Valeria 2017; Hair et al. 2012b; Kline 2015). Here, the measurement model indicates associations between latent variables or constructs and the observed measures and holds information about how theoretical constructs are measured and operationalised in the study (Hair et al. 2017; Valeria 2017; Anon 2012; Kline 2015).

Under SEM, the coefficient estimates are more valid since they clearly integrate the error of measurement in their analysis (Chen et al. 2016; Valeria 2017; Kline 2015). Hence, exogenous variables (independent variables) are measured with no error, an assumption that is unlikely to be true in reality (Hair et al. 2017; Valeria 2017; Kline 2015).

## 3.10. Ethical Consideration

Research participants were subjected to harm in any way, and full permission will be obtained from the participants before conducting the study. Also, the participants were fully informed regarding the procedures of the research and any potential risks. The protection of the privacy of the research participants was ensured. Also, acknowledgement of works of other authors used in any part of the

thesis and communication in relation to the research has been done with honesty, transparency, objectivity, and confidentiality.

Moreover, any type of misleading information as well as the representation of primary data findings in a biased way, deception or exaggeration about the aims and objectives of the research and the use of offensive, discriminatory, and other unacceptable language in the formulation of questionnaires and interviews has been avoided. When permission was granted, the research topic was introduced to the participants, and managers were invited to participate on a voluntary basis.

The researcher would only proceed with the interview and deliver questionnaires after their confirmation of willingness to participate. Thus, this research tried as much as possible to respect participants that would provide information and on whom information was collected, respect the knowledge gained, and indeed respect social work research.

Therefore, to make sure that the study is carried out as carefully and morally as possible, While commencing with firm export performance, a very sensitive subject, it is best to not use or discuss the actual names of managers but rather discuss general situations.

## 3.11. Chapter Summary

This chapter dealt with the research design of the study and enlightened the methodological parts of the study. The study targeted top managers and/or senior executives involved in exporting to provide answers for their firms. The research was conducted with reference to an empirical investigation of the determinants of the export performance of Ethiopian manufacturing firms engaging in international business. In order to find valid and reliable measures of the variables, previously validated scales have been applied to all the constructs in the study.

The study adopted exploratory and confirmatory factor analysis and a descriptive survey research design to carry out mixed-method research via quantitative and qualitative methods to collect data from Ethiopian export manufacturing firms. The study also appreciated cross-sectional studies, which inspired the vibrant associations among determinants and export performance from a cross-sectional perspective (He et al. 2013; Bategeka 2012; Filatotchev et al. 2009; Sousa et al. 2010).

The existing study utilised Partial Least Square Structural Equation Modeling (PLS-SEM) to consider the interrelationships amongst the theoretical constructs to evaluate export performance (Chen et al. 2016; Hair et al. 2014a; Hair et al. 2014b; Hair et al. 2012; Valeria 2017).

Moreover, statistical software AMOS version 18, factor analysis (both exploratory and confirmatory factor analysis), descriptive statistics, cronbach alpha (reliability measure), analysis of variance (ANOVA), and correlation analysis were the statistical methods applied in the quantitative study (Chen et al. 2016; Sousa et al. 2008; Valeria 2017).

Operationalizations of the variables with the dependent, independent, and mediating variables were conferred with the scale items. Finally, both quantitative and qualitative data analysis techniques were discussed. The next chapter deals with the data analysis and interpretations of qualitative and quantitative studies and the investigation of the path analysis of hypothesized relationships in the conceptual model.

# CHAPTER FOUR
# DATA ANALYISIS TECHNIQUES

## 4.1. Probit and Tobit Model Application of the Study

The regression model, probit model, and tobit model have been employed to investigate factors that determine export performance (Wooldridge 2016; Baidu-Forson 1999; Irene et al. 2012). The dependent variable is export performance, which includes annual export intensity, export profit, export growth, goal achievement, and satisfaction.

On the other hand, the independent variables or explanatory variables are managerial factors, firm characteristics, export marketing mix strategy, competitive intensity, foreign market characteristics, and technological factors.

A multinomial Tobit model has been adopted in order to model factors that determine the export intensity variable (Wooldridge, 2016; Baidu-Forson 1999; Irene et al., 2012). The Tobit model was used to find out the factors that influence the intensity of export performance (Wooldridge, 2016; Baidu-Forson 1999; Irene et al. 2012).

At this time, the binary dependent variable—successful or not successful—is not suitable (Baidu-Forson 1999; Irene et al. 2012). Furthermore, Baidu-Forson (1999) acknowledged in his study that important information may have been misplaced because of the use of a binary dependent variable. The dependent variable employed at this point is then censored at achievement (Baidu-Forson 1999). Since all firms do not necessarily earn aggregated export sales revenue, there might be a possibility that the dependent variable may have zero values (Wooldridge 2016; Irene et al. 2012).

With so many zero values for the dependent variable, using ordinary least squares (OLS) to estimate the model would lead to bias and might lead to inconsistent results (Wooldridge, 2016; Irene et al. 2012). The censored tobit model was, however, an appropriate tool to obtain unbiased and consistent estimations (Wooldridge 2016; Baidu-Forson 1999; Irene et al. 2012).

Thus, to find out intensity-dependent variables for analysis, the mean index (the mean performance score) is subtracted from the average score of every firm's collective (aggregate) performance score (Wooldridge, 2016; Baidu-Forson 1999). Hence, scores with negative outcome values would be labeled as zero (0), and those with positive outcomes would be traced in their absolute terms (Wooldridge, 2016; Baidu-Forson 1999; Irene et al. 2012). Therefore, the intensity of export performance represents the degree to which a firm's average score deviates from the mean (Wooldridge 2016; Baidu-Forson 1999; Irene et al. 2012).

A multinomial Probit model was used to identify the effect of independent variables on goal achievement and satisfaction. The probability model was preferred for dichotomous (0–1), with the estimated likelihood being between 0 and 1 rather than continuous variables (1 if exporting, 0 if not) (Wooldridge 2016). Regression models that include yes/no or present/absent types of responses are known as dichotomous or dummy dependent variables, and the determinants of an event happening or not happening would be identified.

Thus, in the estimation of determinants of goal achievement or satisfaction on export, the probit model is going to be employed since probit is a powerful tool in its ability to estimate the individual effects of the categorical variables on the qualitative, dichotomous dependent variable, whether the success or satisfaction is perceived or not. In this regard, this model leads itself to meaningful interpretations when the dependent variable is a dichotomous outcome.

## 4.2. Ordinary Least Square Regression Model of the Study

Regression through ordinary least squares (OLS) is a commonly applied statistical technique. Though when the dependent variable is dichotomous (0–1) rather than continuous, OLS becomes an inefficient prediction method, and the underlying linear probability model (LPM) that is being estimated signifies a poor choice of model specification.

Hence, when noncontiguous dependent variables were used, for instance, in a 5-point scale ranging from very satisfied to very dissatisfied, satisfied and very satisfied responses are almost similar. So, in this case, instead of creating confusion, it would be better to change the binary result variable to either satisfied or dissatisfied. That is why the probit model was preferred for dichotomous (0–1)

rather than continuous. So, the satisfaction marks for each element were clustered as either unsatisfied or satisfied to form a binary result variable.

The manager's satisfaction level composite index formula was computed as follows:

$$MS_I = \frac{\sum W_i}{S_T}$$

Where:

- M=stands for Managers for a given export firm
- $MS_I$= is the overall satisfactions index for each respondent that ranges from 0 to 1,
- Wi = is the level of satisfactions in each attributes for each respondent will be presented with a series of choices ranging from "very satisfied" to "very dissatisfied."
- $S_T$= is maximum relative satisfactions level of the respondent.

The manager's satisfaction index ($MS_I$) is the yardstick or standard to measure the level of satisfaction in numerous attributes of export performance. Moreover, the index of managers's satisfactions would also be a complementary dependent variable, which is useful to identify factors affecting managers' satisfaction levels with vigorous export performance. In order to measure the level of respondents' satisfaction, the researcher will identify the most important predictors.

The qualitative nature of the indicators was measured by the scoring that would be organized to develop a satisfaction index by simply adding the scoring from the Likert model and dividing it by the total possible maximum score in order to measure the overall managers' satisfaction index. Based on the overall satisfaction index, the dependent variable is formed by changing the values into one (those values greater than and equal to the mean value of the dependent variable) and zero (those values less than the mean value of the dependent variable).

The same procedures would be applied for measuring managers' goal achievement measurements, and a binary outcome variable would be formed in the same manner. Finally, the regression model was an appropriate technique for identifying export profit and export growth variables since the

dependent variable takes a continuous measure where growth and profit data are commonly treated as continuous variables (Drama et al., 2014).

Thus, the general research model for this study (adapted from Drama et al., 2014) is:

$$Y_i=\beta_0+\beta_1X_1+\beta_2X_2+\ldots+\beta_nX_n+\varepsilon \quad \ldots\ldots\ldots\ldots\ldots (1)$$

Where:

$Y_i$=indicates the dependent variables, it is export performance and is represented by five constructs (export intensity, export growth, export profitability, goal achievement and satisfaction).

Xi=is a vector of factors affecting export performance: manager's foreign languages skills, firm size, manager's international experience, firm export experience, product adaption strategies, pricing competitiveness, distribution strategies, promotion intensity, competitive intensity, government rules and regulations, cultural dissimilarity and technological factors.

βi= a vector of parameters to be estimated/ is a vector of tobit maximum likelihood estimates.

ε = is the error term, which is assumed to have a normal distribution.

To investigate the determinants of a firm's export performance, the study considered export performance as defined as the amount earned from export across different products (Drama et al. 2014; Irene et al. 2012). This study used a simple regression model to determine the factors that affect export performance (EP). For the simplicity and accuracy of the results of the study, the following factors were identified as variables that influence the export performance of firms:

Therefore, the export performance equation could be expressed as follows:

EP= f (CI, TF, FMC, FS, FIE, MLS, MIE, PDA, PRA, PMA, PLA, ε) …….. (2)

Where:

EP = Export Performance

CI = Competitive Intensity

TF = Technological Factors

FMC = Foreign Market Characteristics

FS = Firm Size

FIE = Firm International Experience

MLS= Manager's Language Skill

MIE = Manager's International Experience

PDA = Product Adaption;

PRA = Price Adaption;

PMA = Promotion Adaption;

PLA = Place (distribution) Adaption)

ε = Dummy variable to capture other factors that influence export performance

Thus, the export performance model could be specified in a linear relationship through a regression equation as follow:

$$\beta 0+ \beta 1CI+ \beta 2TF+ \beta 3FMC+ \beta 4FS+ \beta 5FIE+ \beta 6MLS+ \beta 7MIE+ \beta 8PDA+ \beta 9PRA+ \beta 10PMA+ \beta 11PLA+ \varepsilon \ldots\ldots\ldots (3)$$

Where: *CI>0, TF >0, PLE>0, CE>0, FS>0, FIE>0, MLS>0, MIE>0, PDA>0, PRA>0, PMA >0 and PLA >0.*

The present study adopted the same approaches that were employed by previous researchers who investigated the determinants of a firm's export performance (Drama et al. 2014).

## 4.3. Partial Least Square Structural Equation Modeling (PLS-SEM)

Partial Least Square Structural Equation Modeling (PLS-SEM) was applied to consider the interrelationships between the hypothetical constructs to assess export performance (Chen et al. 2016; Hair et al. 2014a; Valeria 2017; Hair et al. 2014b; Hair et al. 2012b).

In this study, statistical software AMOS, the latest version, was utilized for the statistical analysis. Also, factor analysis (both exploratory factor and confirmatory factor analysis), descriptive statistics, cronbach alpha (reliability measure), analysis of variance (ANOVA), and correlation analysis are the statistical methods employed in the quantitative study.

The collected data were analyzed using an objective method, and the results revealed the definite data obtained from the participants of the study. The researcher employed a mixture of quantitative and qualitative methods in this study. High-class data is acquired from key informants merely when a successful survey instrument is constructed (Anon 20012). The questions provided were clearly declared and simply recognized to get the attention and awareness of potential respondents (Anon 20012).

Even though numerous accepted software packages are accessible for SEM, including AMOS, LISREL, and EQS (Anon 20012; Kline 2010), this study employed the statistical software AMOS version 18. Therefore, AMOS became decent in the current academic arena since its simple appliance for researchers (Anon 20012; Byrne 2010). It also permitted practitioners to produce diagrams of better quality and fit numerous models into a single analysis (Anon 20012; Byrne 2010; Arbuckle 2009).

Therefore, SEM allowed researchers to recognize structural relations with the latent variables, resulting in more precise representations (Chen et al. 2016; Anon 20012). Though the first-generation models are incomplete to investigate a single association simultaneously between independent and dependent variables, SEM can investigate all the associations in one procedure (Kline 2010; Anon 20012). Also, it will have the capability to measure the indirect effects of variables via other (mediating) variables (Chen et al. 2016).

In order to empirically evaluate the study model, a dual-stage structural equation model-specific measurement technique was essential. The stages are as follows:

- The degree model assessment is used to examine its reliability and accuracy.
- Structural Equation Model assessment to inspect the inconsistency of the of the explanation of the natural congregation and logical importance

In order to get the desired objective of this study, the researcher applied the following stages, and the details are put in the data analysis and interpretation part. Based on the measurement model assessment, the subsequent phase in evaluating SEM findings was computing the structural model.
The five-phase technique was initiated by Hair et al. (2017).

As the measurement model assessment was acceptable, the subsequent step to assess the SEM result was calculating the structural model. Thus, the stages of analyzing the structural model, which is introduced by Hair et al. (2017), employed by the study in measuring the structural models are: the collinearity tolerance between constructs, the significance and relevance of path coefficients, coefficient determination (the level of $R^{2)}$, the effect size f2, the predictive relevance Q2, and model fit.

## 4.4. Structural Equation Modeling Results

The relationship between subjective and objective export performance measurements was assessed with a structural equation model (SEM) using investigation to analyze the data. Edited and coded responses were entered into Statistical Package for the Social Sciences (SPSS) version 25, for descriptive analysis, as well as AMOS 18 was engaged to do measurement model analysis, structural model analysis, and factor analysis.

The major aim of SEM is to draw and test hypothesized causal relationships between variables (Chen et al. 2016; Hair et al. 2014a; Hair et al. 2012b; Lowry and Gaskin 2014; Valeria 2017). This approach also permits testing of an entire model instantaneously instead of testing every hypothesis step by step (Hair et al. 2014b; Chen et al. 2016; Kline 2015; Sousa et al. 2008).

Consequently, the SEM technique is composed of two parts: the measurement model and the structural model (Valeria 2017; Kline 2015). The measurement model stipulates how latent variables or supposed constructs are influenced by or contingent upon the observed variables (Chen et al. 2016; Kline 2015; Sousa et al. 2008).

Moreover, the model defines the measurement properties (validities and reliabilities) of the observed variables (Chen et al., 2016; Kline, 2015; Sousa et al., 2008). Also, the structural model stipulates the causal relationships between the latent variables, defines the causal effects, and analyzes the explained and unexplained variance (Chen et al., 2016; Kline, 2015; Sousa et al., 2008).

## 4.5. Factor Analysis

Factor analysis (EFA and CFA) was developed in the measurement model to ascertain the weight of every measured variable against the latent variable (Chen et al. 2016; Valeria 2017). It can also ascertain the validity and reliability of the construct (Anon 20012; Kline 2010). Therefore, SEM signifies a rational combination of factor analysis and regression models (Valeria 2017; Kline 2010).

Under SEM, the coefficient estimates are more valid since they clearly integrate the error of measurement in their analysis (Chen et al. 2016; Valeria 2017; Kline 2010). Hence, exogenous variables (independent variables) are measured with no error, an assumption that is unlikely to be true in reality (Valeria 2017; Kline 2010).

### 4.5.1. Exploratory Factor Analysis (EFA)

Exploratory factor analysis signifies the underlying measurements that, when interpreted, determine the data in a much smaller number of items than the original individual variables (Hair et al. 2012). This procedure was executed using Maximum Likelihood Analysis, with Eigenvalues set to unity and Promax rotation selected (Hair et al. 2012; Freeman 2009).

In the present study, all variables in the projected models were latent variables and were analyzed by a set of observed items. Consequently, a total of sixty-three (63) items were involved in the analysis involving determinant factors influencing the firm's export performance.

The analysis was computed in an attempt to summarize and condense these factors into a much smaller number of underlying measurements (Freeman 2009). Then, from the unrestricted extraction methodology, seven underlying factors—firm characteristics, management determinants, competitive intensity, technological factors, foreign market characteristics, export marketing strategy, and export performance—were developed, clarifying 51% of the variance and supporting to a large degree both models proposed. The primary focus of this procedure is to interpret factors by investigating their correlations (Freeman 2009).

In relation to the correlations of scale items, if the items are from the domain of a single construct, then the responses to those items should be greatly inter-item correlated (Freeman 2009). In other words, items that are not from the same domain will be considered with low inter-correlations

(Freeman 2009). From a validity viewpoint, convergent validity is specified by high correlations with other items assessing the same construct (Freeman 2009).

Whereas discriminate validity is specified by lower correlations with items analyzing other constructs (Freeman 2009). For the present study, a loading of 0.708 was essential for the item to signify the primary factor proposed (Hair et al. 2012). Furthermore, the reliability analysis using Cronbach's alpha was performed for the seven factors identified (firm characteristics, management determinants, competitive intensities, technological factors, foreign market characteristics, export marketing strategy, and export performance).

### 4.5.2. Confirmatory Factor Analysis (CFA)

In the measurement model assessment, all theoretical constructs were measured for unidimensionality by utilizing confirmatory factor analysis (CFA) (Byrne 2010). The confirmatory factor analysis performs a precise and rigorous test of unidimensionality, which is theory-driven and inferred by the multiple-indicator measurement model (Byrne 2010).

The principal aim of a confirmatory factor analysis is to give information about which observed variables are fitted with indicators of the latent or unobserved variables and validate the model before making any attempt to assess the structural model (Kline 2015).

In summary, the second-order factor analysis model involves a higher-order latent variable that is modeled to casually influence the first-order latent variable that is employed to measure the construct validity since each of the theoretical constructs is successively loaded into the structural model as a group constructs (Morgan et al. 2012).

## 4.6. Model Measurement

The primary stages in appraising SEM outcomes encompass investigating the extent of the models. When the measurement model attains all the necessary standards, scholars then require assessing the structural model (Chen et al. 2016; Anon 20012, Drama et al. 2014) ***(refer to Annex V).*** The study adopted structural equation modeling (SEM) as a technique to analyse the data set of 349 responding firms (N = 349) in the following phases: Phase 1: Structural equation modeling (SEM) is used to

carry out exploratory factor analysis (EFA) to test the dimensionality of the data with the objective of constructing a set of items that reflect a single underlying construct (Anon 2012; Kline 2015).

The structural equation modeling SEM is used to test the projected study framework, commonly known as testing the structural model that signifies the relationships among the latent variables (Anon 2012; Kline 2015). Phase 2: Confirmatory factor analysis (CFA) for each of the theoretical constructs commonly known as testing the measurement model (Anon 2012) Hence, the measurement model states that the observed variables measure each latent variable. Moreover, the model specifies the measurement properties (reliability and validity) (Anon 2012).

Furthermore, the measurement model illustrates how the observed variables are contingent on the latent or unobserved variables and indicates which items are associated with each latent variable (Anon 2012; Kline 2015; Arbuckle 2009). All theoretical constructs were independently analysed in a measurement model, and if the outcomes are inconsistent with the aforementioned stated measurement model, then the measurement model should be re-specified (Byrne 2010).

Convergent validity is the measure to which the construct assembles to provide particulars about the difference between its constructed variables. In addition, it is the intensity with which the calculation relates optimistically with alternative circumstances of the matching construct items (Valeria 2017; Kline 2010). The pointers of a perceptive construct are treated as dissimilar methods to evaluate the unaltered construct of items.

The substitute technique employed for assessing a construct's convergent validity is the standard variance extracted (AVE) for every variable on all construct items. AVE is comparable to the communality of a construct (Hair et al. 2017a). In order to work out the average variance extracted values, the study squared the loading of every indicator on a construct and computed the mean.

Each average variance extracted value of 0.50 and upper values indicate that, usually, the construct provides particulars in excess of half of the difference between its indicators. In contrast, an average variance extracted value of below 0.50 indicates that, essentially, supplementary accuracy remains in the items rather than the discrepancy explained by the construct of the items.

The primary method applied for measuring discriminant validity was the cross-loadings examination. Precisely, an indicator outer loading on the correlated construct must be bigger than the cross loadings. The occurrence of cross-loadings that exceeded the indicators' outer loadings symbolized a discriminant validity dilemma. The study model meets the cross-loading requirements. Therefore, the indicator's outer loading on the connected construct was greater than the cross loadings.

## 4.7. Chapter Summary

The study employed a regression model, a probit model, and a tobit model to investigate factors that influenced the export performance of firms. The dependent variable is export performance, which has been measured by annual export intensity, export profit, export growth, goal achievement, and satisfaction.

On the other hand, the independent variables or explanatory variables are managerial factors, firm characteristics, export marketing mix strategy, competitive intensity, foreign market characteristics, and technological factors.

To investigate the determinants of a firm's export performance, the study used linear relationships through regression equation models to determine the factors that affect export performance (EP). The present study adopted the same approaches that were employed by previous researchers who investigated the determinants of a firm’s export performance (Drama et al. 2014).

The relationship between the subjective and objective export performance measurements was assessed with a structural equation model (SEM) using investigation to analyze the data. Edited and coded responses were entered into Statistical Package for the Social Sciences (SPSS) version 25, for descriptive analysis, as well as AMOS 18 to do measurement model analysis, structural model analysis, and factor analysis.

In this study, the statistical software AMOS, latest version, was utilized for the statistical analysis. Also, factor analysis (both exploratory factor and confirmatory factor analysis), descriptive statistics, cronbach alpha (reliability measure), analysis of variance (ANOVA), and correlation analysis are the statistical methods employed in the quantitative study. Partial Least Square Structural Equation

Modeling (PLS-SEM) was applied to consider the interrelationships between the hypothetical constructs to assess export performance.

As the measurement model analysis was acceptable, the subsequent step to assess the SEM result was calculating the structural model. Thus, the stages of analyzing the structural model that were introduced by Hair et al. (2017) employed by the study in measuring the structural models are: the collinearity tolerance between constructs, the significance and relevance of path coefficients, coefficient determination (the level of $R^{2)}$, the effect size f2, the predictive relevance Q2, and model fit.

To sum up, chapter five emphasized the considerable preliminary conceptual model that has been projected to measure the constructs describing export performance. The preliminary conceptual model includes distinct constructs such as managerial factors, firm characteristics, export marketing mix strategy, competitive intensity, foreign market characteristics, and technological factors.

Following a detailed explanation of the study's models and framework in this chapter, Chapter Six will feature interview discussants. Thus, this study is intended to include and interpret the triangulation of the data collected from interview questions. The overall understandings of the interviewee were included in this chapter based on interview questions in the session.

# CHAPTER FIVE
# FINDINGS OF THE STUDY

## 5.1. Introduction

The primary aim of the present study was to test a model and investigate the determinant factors of export performance based on Ethiopian manufacturing export firms. This chapter provides a synopsis of the present research, which includes a data presentation and analysis of the study. Edited and coded responses were entered into Statistical Package for the Social Sciences (SPSS) version 25, for descriptive analysis, and AMOS 18 was engaged to apply measurement model analysis, structural model analysis, and factor analysis. Generally, this chapter involves four sections.

The first part of this chapter briefly explains the respondent's demographic attributes. The second section portrays the measurement model analysis to investigate the reliability and validity of the constructs. The third section describes the structural equation model and factor analysis, and finally, the key outcomes of the research are summarized.

### 5.1.1. Questionnaire Response Rate

In order to conduct the present study, a total of 389 questionnaires were disseminated to management members of firms and owners; among these questionnaires, 354 were returned. Along with that, five of them were imperfect and disqualified from the study. Hence, the response rate of all the questionnaires is 89.7%. Consequently, the analysis is complete based on the 89.7% response rate, which allows for the acceptability of conducting this study.

### 5.1.2. Demographic profile

The information produced to achieve the declared research objectives is derived from respondents with varied demographic distinctiveness. This part of the questionnaire asked for a limited amount of information associated with the personal and professional features of respondents.

Hence, the demographic variables regarding the participants were summed up and explained in the following table. Prominent units of inquiry include: gender, age group, the educational rank achieved, and know-how in export business; foreign language capability; the company's year of existence;

export business experience; the main industry and category of the business organisation as well as the number of experience of the firm.

Table 4-1: Demographic Profiles of Respondents

| Items | Description | Frequency | percentage |
|---|---|---|---|
| Gender Category | Male | 284 | 83.1% |
| | Female | 65 | 18.7% |
| Age | ≤20<br>21-30 | <br>23 | <br>6.5% |
| | 31-40 | 69 | 19.8% |
| | 41—50 | 106 | 30.4% |
| | 51-60 | 151 | 43.3% |
| | >60 | | |
| Position of Respondents | Owner/Manager<br>CEO<br>Export Manager<br>Marketing Manager<br>Operation Manager | 82<br>67<br>177<br>13<br>10 | 23.5%<br>19.1%<br>50.7%<br>3.7%<br>2.8% |
| Educational level of Respondents | Illiterate<br>Primary Education<br>Secondary Education<br>Diploma<br>University Degree /Higher | <br><br><br><br>349 | <br><br><br><br>100% |
| Foreign language ability other than English | Yes | 40 | 11.4 |
| | No | 309 | 88.6 |

**Source: (Own Survey, 2022)**

As presented in the above table 4.1, 18.7% were female and 83.1% of the participants were male. This result clearly showed that the main stream of firms' managers is males. With reference to the age group of the respondents in this study, the highest group of respondents, 43.3%, was in the category of 51–60. This clearly describes that the employees' perception of the management of the firm is in the older age group.

Participants were asked about their job positions, and 50.7% worked as export managers, which is very vital in order to get basic information for this study. 23.5% were managers and owners of their

export-based manufacturing firms, and 19.1% of the participants were chief executive officers, as well as the remaining 3.7% and 2.8% of respondents were marketing managers and operation managers in their firms, respectively. These indicated that most of the respondents have the right positions and were able to respond to the questionnaire with better knowledge and understanding of the determinants of the export performance of their firms.

Hence, this indicated that identifying the right informant is an essential framework for collecting high-quality data and also a requirement for discovering precise research findings (Gloria 2016; Bategeka 2012). This would be performed by delivering the questionnaires and asking for responses from the key informants within the firm (Gloria 2016). Key informants were not chosen because they are representatives, but because of their exceptional knowledge and the special position they held in a firm at the time of the survey (Bategeka 2012; Anon 2012).

Educational level was having a university first degree and above. This indicated that the majority of the respondents have better educational qualifications that promise their capability to comprehend the major determinant factors and their influences on export performance in attaining the proposed objectives.

Regarding whether the participants spoke any foreign language different from English, 88.6% indicated that respondents could not speak any other foreign language apart from English, and 11.4% said that they could speak other foreign languages apart from English.

Table 4-2: Company Profile

| Items | Description | Frequency | percentage |
|---|---|---|---|
| Main Industry Sector | Leather & Leather Products<br>Textile and Garment | 117<br>232 | 33.5<br>66.5 |
| | | | |
| Company's number of years in export business | < 1 years<br>1-2 years<br>3-4 years | 33<br>32<br>51 | 9.5<br>9.2<br>14.6 |
| | 4-5 years | 59 | 16.9 |
| | 6-7 years | 82 | 23.5 |
| | 8-9 years<br>>10 years | 50<br>42 | 14.3<br>12.0 |
| Category of the business organization | Sole Proprietorship<br>Partnership<br>Private Limited Company<br>Share Company | 9<br>84<br>256 | 2.5<br>24.1<br>73.4 |
| Company's year of establishment | Before 2000<br>2000-2005<br>2006-2010<br>2011-2015<br>2016-2020 | <br>17<br>80<br>184<br>68 | <br>4.9<br>22.9<br>52.7<br>19.5 |
| Company's number of employees | 1-5<br>6-29<br>30-99<br>>100 | <br>22<br>49<br>278 | <br>6.3<br>14.1<br>79.6 |
| | | | |

**Source: (Own Survey, 2022)**

According to the analysis on table 4.2; 66.5% of the export companies participated in this study were textile and garment manufacturing firms, while the remaining 33.5% were engaged in leather and leather products sector. Also most of the exporting companies 23.5 % are accounts for 6 up to 7 years.

Regarding the category of business, 73.4% were private limited companies, while the remaining was registered as sole proprietorship and partnership accounts with 2.5%, 24.1% respectively. In addition, the majority of companies established between the years 2011-2015. Hence, 52.7% and 22.9% were

founded between year 2006 to 2010 considered as the era on the introduction of mixed economy in Ethiopia whereas 19.5% of firms were included for this study founded after year 2016.

The result also depicted that 79.6% of the companies employed more than 100 employees and the remaining 14.1%, 6.3% were having 30-99 employees and 6-29 workers respectively.

## 5.2. Descriptive Analysis of the Construct

Descriptive statistics was utilized to trace the mean and standard deviation value of the responses of participants parallel with the effect of firm's characteristics (FC), managerial determinants (MD), competitive intensity (CI), Technological Factors (TF) and Foreign Market characteristics (FMC) as well as export marketing strategy on export overall performance.

Mean value measure an extent that implied the central tendency of the standards of a variable, while, the standard deviation provides the notion about the distribution of the values of a variable from its mean value (Sintayehu 2020).

Table 4-3: Descriptive Analysis of Variables

| | | Descriptive | Statistics | | |
|---|---|---|---|---|---|
| | N | Minimum | Maximum | Mean | Std. Deviation |
| FC | 349 | 1.94 | 4.97 | 3.14 | 1.48 |
| MD | 349 | 1.54 | 4.87 | 3.21 | 1.74 |
| CI | 349 | 1.92 | 4.89 | 3.19 | 1.78 |
| FMC | 349 | 1.72 | 4.79 | 3.54 | 1.58 |
| TF | 349 | 1.89 | 4.56 | 3.35 | 1.57 |

**Source: (Own Survey, 2022)**

The above table provided a broad descriptive review of the construct selected by minimum, maximum values, mean and standard deviations. In common, the data were grouped around the mean which presented the reliability of the data. The mean and standard deviation of the firm characteristics including firm size and international experience of the firm is (M=3.14, SD=1.48).

Regarding the management determinants, the managements wide-ranging knowledge and experience about the overseas market and international language skill (M = 3.21, SD = 1.74) had a superior mean score and the finding imply the crucial role of these display on realization of the export objectives. In terms of Competitive intensity, the management had a fairly higher level of covenant concerning high competition in the overseas markets (M = 3.19, SD = 1.78).

In addition Foreign Market Characteristics (FMC), the result suggested that laws and regulations of the other nation, tariff on imported products, exchange rate issues, customer preference on the product and worldwide trade reasonable involvement (M = 3.54, SD = 1.58) were high mean values shows to achieve export goal as a developmental way for the flourishing of export performance of firms.

On the other hand technological factor there is a clear agreement among respondents that the updating and upgrading nature of technology in manufacturing firms determine the overall performance of export with (M = 3.35, SD = 1.57) were high mean values shows to achieve export goal.

As point out on the stated scale measures, the export managers in exporting companies reviewed their companies had attained immense of their export in goals, while the reaction is diverse noticeably transversely among companies, still the collective export objective at the national point were not attained yet (Sintayehu 2020).

Hence, the result implied that the literature review advocates a lot of factors that positively influence export performance with a mediating variable of export marketing strategy. Also, there is a statistically significant positive relationships among firm characteristics, management determinants, competitive intensity, technological factors and foreign market characteristics and export performance with a mediating variables of export marketing strategy (marketing mix) (Chen et al. 2016; Oyeniyi 2009).

This implied that the understanding of the presence of firm characteristics, management determinates, competitive intensity, technological factors and foreign market characteristics in the firm is possible to lead to superior export performance. Specifically firm size and firm's international

experience, managers foreign language skill and managers international experience, competitive intensity, technological factors and foreign market characteristics have a positive relationship with export profitability to sales performance (Chen et al. 2016; Oyeniyi 2009; Matanda and Freeman 2009; Morgan et al. 2012).

## 5.3. Correlations Analysis

Correlation investigation is a statistical technique employed to assess the potency of connections among two quantitative variables (Sintayehu 2020). These were conceded by the Pearson correlation coefficient (r) to resolve the level of relationship. The potency and route of the association presented concerning the two variables can be determined through the calculation of the Pearson correlation.

Table 4-4: Correlation Analysis of independent variable

| Correlation s[b] | | | | | |
|---|---|---|---|---|---|
| | FC | MD | CI | TF | FMC |
| Pearson Correlation of Firm Characteristics (FC) | 1 | | | | |
| Pearson Correlation of Management Determinants (MD) | .456** | 1 | | | |
| Pearson Correlation of Competition Intensity (CI) | .247** | .534** | 1 | 1 | |
| Pearson Correlation of Technological Factors (TF) | 423.** | .438** | .533** | | 1 |
| Pearson Correlation of Foreign Market Characteristics (FMC) | 332.** | .348** | .413** | .433** | 1 |
| Pearson Correlation of Export Marketing Strategy (EMS) | .342. ** | .226** | .543** | .352** | 372** |

***Correlation's significant at the 0.01 level (Sig.(2-tailed= .000).b.Listwise N=349*

(Own Survey: 2022)

Starting from the mediator variable level of relationship with the independent variables, as presented in the above table, export marketing strategy was revealed to have significant and positive correlations with firm characteristics ($r = 0.342$, $p<0.01$), management determinants ($r = 0.226$, $p<0.01$), competitive intensity ($r = 0.543$, $p<0.01$), technological factors ($r = 0.352$, $p<0.01$), and foreign market characteristics ($r = 0.372$, $p<0.01$).

Table 4-5: Correlation Analysis of Variables

| Correlations[b] | | | | | | |
|---|---|---|---|---|---|---|
| | FC | MD | CI | TF | FMC | EP |
| Pearson Correlation of Firm Characteristics (FC) | 1.000 | | | | | |
| Pearson Correlation of Management Determinants (MD) | .456** | 1.000 | | | | |
| Pearson Correlation of Competition Intensity (CI) | .247** | .534** | 1.000 | | | |
| Pearson Correlation of Technological Factors (TF) | .423** | .438** | .533** | 1.000 | | |
| Pearson Correlation of Foreign Market Characteristics (FMC) | .433** | .448** | .513** | .523** | 1.000 | |
| Pearson Correlation of Export Performance (EP) | .489** | .563** | .571** | .621** | .561** | 1.000 |

***Correlation's significant at the 0.01 level (Sig.(2-tailed= .000).b.Listwise N=349*

(Own Survey: 2022)

In addition, the degree of relationship of firm characteristics (FC), management determinants (MD), competition intensity (CI), technological factor (TF), foreign market characteristics (FMC), and export performance (EP) with the prevailing result of export marketing strategy was examined. The consequence illustrated export performance, which has a significant and positive relationship with firm characteristics ($r = 0.489$, $p<0.01$), management determinants ($r = 0.563$, $p<0.01$), competition intensity ($r = 0.571$, $p<0.01$), technological factors ($r = 0.621$, $p<0.01$), and foreign market characteristics ($r = 0.561$, $p<0.01$).

The findings put forward indicated that companies technological factors were supplementary positively and considerably connected to export performance (EP) when contrasted with the other variables. Therefore, the right to use technology has the most important effect on export performance (Chen et al. 2016; Stoian et al. 2011). Technological intensity of the industry—high tech against low tech (Stoian et al. 2011) and market development (Rock and Ahmed 2008) can influence export performance.

**Table 4-6: Correlations Analysis of Mediator, Dependent and Independent Variables**

| Correlations[b] | | | | | | | |
|---|---|---|---|---|---|---|---|
| | FC | MD | CI | TF | FMC | EP | EMS |
| Pearson Correlation of Firm Characteristics (FC) | 1 | | | | | | |
| Pearson Correlation of Management Determinants (MD) | .456** | 1 | | | | | |
| Pearson Correlation of Competition Intensity (CI) | .247** | .534** | 1 | | | | |
| Pearson Correlation of Technological Factors (TF) | .423** | .438** | .533** | 1 | | | |
| Pearson Correlation of Foreign Market Characteristics (FMC) | .433** | .448** | .513** | .523** | 1 | | |
| Pearson Correlation of Export Performance (EP) | .489** | .563** | .571** | .621** | .561** | 1 | |
| Pearson Correlation of Export Marketing Strategy (EMS) | .342** | .226** | .543** | .352 | .372 | .712 | 1 |

***Correlation's significant at the 0.01 level (Sig. (2-tailed= .000).b.Listwise N=349*

(Own Survey: 2022)

From the above correlation analysis, the level of relationship between firm characteristics, management determinants, competitive intensity, technological factors, foreign market characteristics, and export performance with the existence of the mediator variable export marketing strategy was examined, and the outcome indicated that export marketing strategy was established to have a positive and significant association with export performance ($r = 0.712$, $p<0.01$).

Mediating variables possibly clarified the indirect association concerning determinants and export performance and also stressed how and why such a relationship happens (Chen et al. 2016). In this thesis, export marketing strategy acts as a significant internal mediator that bridges the association between internal and external determinants and firms export performance (Chen et al. 2016).

Furthermore, the effect proved export performance was instituted to have a positive association with firm characteristics ($r =0.489$, $p<0.01$), management determinant ($r = 0.563$, $p<0.01$), competitive

intensity (r =0.571, p<0.01), technology advancement (r = 0.621, p<0.01), foreign market characteristics (r = 0.561, p<0.01), and export marketing strategy (r = 0.712, p<0.01). The study reflected on export marketing strategies as the mediating influence of determinants to advance research precision and consistency (Chen et al. 2016).

## 5.4. Model of Measurement

The primary stages in appraising SEM outcomes encompass investigating the extent of the models. When the measurement models encounter all the necessary standards, scholars then require assessing the structural model (Chen et al. 2016; Anon 20012; Drama et al. 2014) ***(Refer to Annex V).***

The present study adopted structural equation modeling (SEM) as a method to analyse the data set of 349 responding firms (N = 349) with the following phases: Phase 1: Structural equation modeling (SEM) is used to carry out exploratory factor analysis (EFA) to investigate the dimensionality of the data with the aim of constructing a set of items that reveal a single underlying construct (Anon, 2012; Kline, 2015).

The structural equation modeling SEM is used to test the projected study framework, commonly known as testing the structural model that signifies the relationships among the latent variables (Anon 2012; Kline 2015). Phase 2: Confirmatory factor analysis (CFA) for each of the theoretical constructs commonly recognized as testing the measurement model (Anon 2012.) Hence, the measurement model states that the observed variables measure each latent variable. Moreover, the model specifies the measurement properties (reliability and validity) (Anon 2012).

Furthermore, the measurement model illustrated how the observed variables are contingent on the latent or unobserved variables and indicated which items are associated with each latent variable (Anon 2012; Kline 2015; Arbuckle 2009). All theoretical constructs were independently analysed in a measurement model, and if the outcomes are inconsistent with the aforementioned stated measurement model, then the measurement model should be re-specified (Byrne 2010).

### 5.4.1. Measurement of Exploratory Factor Analysis (EFA)

Exploratory factor analysis signifies the essential measurements that, when analysed, and determined the data in a much smaller number of items than the original individual variables (Hair et al. 2012). This procedure was executed using Maximum Likelihood Analysis, with Eigenvalues set to concord and Promax rotation selected (Hair et al. 2012; Freeman, 2009).

In the present study, all variables in the projected models were latent variables and were analysed by a set of observed items. Consequently, a total of sixty-three (63) items were involved in the analysis, involving determinant factors affecting the firm's export performance.

The analysis was computed to summarise and condense these factors into a much smaller number of underlying measurements (Freeman 2009). Then, from the unrestricted extraction methodology, seven principal factors—firm characteristics, management determinants, competitive intensity, technological factors, foreign market characteristics, export marketing strategy, and export performance—were developed, clarifying 51% of the variance and assisting to a large degree for both models proposed. The primary focus of this procedure is to interpret factors by investigating their correlations (Freeman 2009).

In relation to the correlations of scale items, if the items are from the domain of a single construct, then the responses to those items should be greatly inter-item correlated (Freeman 2009). In other words, items that are not from the related domain would be considered to have low inter-correlations (Freeman 2009). From a validity viewpoint, convergent validity is specified by high correlations with other items assessing the same construct (Freeman 2009).

Whereas discriminate validity is specified by lower correlations with items analysing other constructs (Freeman, 2009). For the present study, a loading of 0.708 was essential for the item to signify the primary factor proposed (Hair et al. 2012). Furthermore, the reliability analysis using Cronbach's alpha was performed for the seven factors identified (firm characteristics, management determinants, competitive intensities, technological factors, foreign market characteristics, export marketing mix strategy, and export performance).

### 5.4.1.1. Firm Characteristics

Seven items were used to operationalise the variable firm characteristics. Thus, the outcome of the factor analysis showed the 7 items 'FC1, FC2, FC3, FC4, FC5, FC6, FC7' realized loading over 0.708 and all the items together strongly to attain positive loading.

Consequently, the factor result formed one factor with seven measurement scales grouping together positively and strongly, which described 53% of the variance with an Eigenvalue of 3.133, and reliability was retained as specified by a Cronbach alpha of 0.877. The following table 4.7 indicates all items loaded positively and strongly on the factor loadings. This supports the items for scale reliability, and the outcomes give proof of valuable convergent validity.

Table 4-7: EFA for Firm Characteristics

| Item Loaded for Firm Characteristics | Indicators/ Labels | Factor Loadings |
|---|---|---|
| The firm has adequate manufacturing capacity to reach export orders | FC1 | 0.772 |
| As the firm size becomes large export performance becomes higher | FC2 | 0.811 |
| Degree of international exporting experience. | FC 3 | 0.712 |
| We intended widely in advance before entering our main export country | FC4 | 0.756 |
| Exporting is the major emphasis of the firm. | FC5 | 0.797 |
| The firm stays in touch and recognizes export customer requirements. | FC6 | 0.760 |
| Exporting is not too tough for our firm. | FC7 | 0.801 |
| Eigenvalue | | 3.133 |
| Percentage of variance | | 53.012 |
| Cronbach's Alpha Value | | 0.877 |
| Average Variance Extracted (AVE) | | 0.623 |

(Own Survey: 2022)

### 5.4.1.2. Management Determinants

Eight items were used to operationalise the variable firm characteristics. Thus, the outcome of the factor analysis labeled the 8 items 'MD1, MD2, MD3, MD4, MD5, MD6, MD7, and MD8' realized loadings over 0.708 and all the items together strongly to attain positive loadings.

Accordingly, the factor result produced one factor with eight measurement scales grouping together strongly, which described 52% of the variance with an Eigenvalue of 3.340, and reliability was retained as specified by a Cronbach alpha value of 0.793. The following table 4.8 showed all items

loaded positively and strongly on the factor loadings. This supports the items for scale reliability, and the outcomes give proof of high convergent validity.

Table 4-8: EFA for Management Determinants

| Item Loaded for Management Determinants | Indicators/ Labels | Factor Loading |
|---|---|---|
| As manager's foreign language skill is higher as export performance is higher | MD1 | 0.709 |
| Managers easily convey information concerning the successful and unsuccessful customers experience through all business activities within the firm | MD2 | 0.788 |
| Degree of international exporting experience- live or work abroad | MD3 | 0.784 |
| Degree of training in global business e.g attended formal export courses | MD4 | 0.790 |
| As manager is more experienced in export activities as export performance is higher | MD5 | 0.732 |
| The firm managers know about foreign government regulations that the firm products in foreign markets | MD6 | 0.755 |
| Managers regularly discussed about competitors strength and strategies | MD7 | 0.764 |
| The firm managers are sufficiently knowledgeable about our existing foreign markets | MD8 | 0.737 |
| Eigenvalue | | 3.340 |
| Percentage of variance | | 52.166 |
| Cronbach's alpha Value | | 0.793 |
| Average Variance Extracted (AVE) | | 0.540 |

(Own Survey: 2022)

### 5.4.1.3. Competitive Intensity

Here, six items were utilised to operationalise the variable of competitive intensity. Thus, the findings of the factor analysis directed the six items 'CI1, CI2, CI3, CI4, CI5, CI6' to realize loadings over 0.708 and all the items together strongly to attain positive loadings.

Therefore, the factor result produced one factor with six measurement scales grouping together strongly, which described 54% of the variance with an Eigenvalue of 3.484, and reliability was retained as specified by a Cronbach alpha value of 0.868. The following table 4.9 indicates that all items loaded positively and strongly on the factor loadings. This supports the items for scale reliability, and the outcomes give proof of high convergent validity.

Table 4-9: EFA for Competitive Intensity

| Item Loaded/ Competitive Intensity of the firm | Indicators/ Labels | Factor Loading |
|---|---|---|
| The competition levels in our export market is cutthroat | CI1 | 0.887 |
| Price competition is a hallmark of our export market | CI2 | 0.850 |
| Our firm monitors competitive products in our main export country. | CI3 | 0.710 |
| The competitive environment in our main export country needs us to adapt our current product and/or marketing and/or manufacturing processes. | CI4 | 0.712 |
| Competition among companies in our export markets is intense | CI5 | 0.809 |
| Competitors are constantly trying out new competitive strategies | CI6 | 0.799 |
| Eigenvalue | | 3.484 |
| Percentage of variance | | 53.661 |
| Cronbach's alpha value | | 0.868 |
| Average Variance Extracted (AVE) | | 0.654 |

(Own Survey: 2022)

### 5.4.1.4. Technological Factors

The researcher identified six items to operationalise the variable of technological factors. Thus, the outcome of the factor analysis designated the six items 'TF1, TF2, TF3, TF4, TF5, and TF6' as having realized loadings over 0.708 and all the items together strongly to attain positive loadings.

Thus, the factor result produced one factor with six measurement scales grouping together strongly, which described 51% of the variance with an Eigenvalue of 3.733, and reliability was retained as specified by Cronbach alpha values of 0.772. The following table 4.10 showed all items loaded positively and strongly on the factor loadings. This supports the items for scale reliability, and the outcomes give proof of high convergent validity.

Table 4-10: EFA for Technological Factors

| Item Loaded/ Technological Factors | Indicators/ Labels | Factor Loading |
|---|---|---|
| The technological knowledge in our main export country entails us to adapt our current product and/or marketing and/or manufacturing processes. | TF1 | 0.919 |
| The technology in our main export country is unlike from the technology in our domestic market | TF2 | 0.948 |
| Technological changes provide big opportunities for export performance | TF3 | 0.891 |
| The firm integrates the latest technology in the manufacturing processes. | TF4 | 0.911 |
| Firm is familiar in our main export country for products that are technologically superior. | TF5 | 0.878 |
| The technology of our product is superior and influencing the firms export performance | TF6 | 0.888 |
| Eigenvalue | | 3.733 |
| Percentage of variance | | 51.103 |
| Cronbach's alpha | | 0.772 |
| Average Variance Extracted (AVE) | | 0.723 |

(Own Survey: 2022)

### 5.4.1.5. Foreign Market Characteristics

Here, nine items were used to operationalise the variable of foreign market characteristics. Thus, the findings of the factor analysis showed the 9 items 'FMC1, FMC2, FMC3, FMC4, FMC5, FMC6, FMC7, FMC8, and FMC9' realized loadings over 0.708 and all the items together strongly to attain positive loadings.

Hence, the factor result produced one factor with nine measurement scales grouping together strongly, which described 55% of the variance with an Eigenvalue of 4.091, and reliability was retained as specified by Cronbach alpha values of 0.759. The following table 4.11 depicts that all items loaded positively and strongly on the factor loadings. This supports the items for scale reliability, and the outcomes give proof of high convergent validity.

Table 4-11: EFA for Foreign Market Characteristics

| Item Loaded Foreign Market characteristics | Indicators/ Labels | Factor Loading |
|---|---|---|
| The political andlegal environment in our main export country urges to adapt our current product and/or marketing and/or manufacturing processes. | FMC1 | 0.792 |
| The political and legal environment in our main export country is unlike from the political/legal environment in our domestic market. | FMC2 | 0.739 |
| Foreign government rules and regulations are barriers for export performance | FMC3 | 0.795 |
| Exchange rate variations make exporting hard | FMC4 | 0.773 |
| Political difficulties in foreign markets are barriers to exporting. | FMC5 | 0.719 |
| The cultural environment in our main export country urges to alter our current product and/or marketing and/or manufacturing processes. | FMC6 | 0.748 |
| The cultural environment in our main export country is diverse from the domestic market. | FMC7 | 0.791 |
| The preferences of our customers in our main export country require us to alter our current product and/or marketing and/or manufacturing processes. | FMC8 | 0.711 |
| The preferences of customers in our main export country are alike to customers in our domestic market. | FMC9 | 0.778 |
| Eigenvalue | | 4.091 |
| Percentage of variance | | 55.244 |
| Cronbach's alpha value | | 0.759 |
| Average Variance Extracted (AVE) | | 0.521 |

(Own Survey: 2022)

### 5.4.1.6. Export Marketing Strategy

Here, 16 items were used to operationalise the variable export marketing strategy. Thus, the result of the factor analysis discovered that the 16 items 'EMS1, EMS2, EMS3, EMS4, EMS5, EMS6, EMS7, EMS8, EMS9, EMS10, EMS11, EMS12, EMS13, EMS14, EMS15, and EMS16' realized loadings over 0.708 and all the items together strongly to attain positive loadings.

Consequently, the factor result produced one factor with sixteen measurement scales grouping together strongly, which described 53% of the variance with an Eigenvalue of 3.228, and reliability was retained as specified by a Cronbach alpha of 0.797. The following table 4.12 depicts that all items loaded positively and strongly on the factor loadings. This supports the items for scale reliability, and the outcomes give proof of high convergent validity.

Table 4-12: EFA for Export Marketing Strategy

| Item Loaded Export Marketing Strategy | Indicators/ Labels | Factor Loading |
|---|---|---|
| Packaging | EMS1 | 0.770 |
| Product brand name | EMS2 | 0.728 |
| Product design/style | EMS3 | 0.734 |
| Product labeling | EMS4 | 0.796 |
| Variety of the main exporting product line | EMS5 | 0.722 |
| Product quality | EMS6 | 0.758 |
| Features and characteristics | EMS7 | 0.760 |
| Determination of pricing strategy | EMS8 | 0.730 |
| Concession of credit | EMS 9 | 0.794 |
| Price discount policy | EMS10 | 0.712 |
| Transport strategy | EMS11 | 0.721 |
| Distribution Budget | EMS12 | 0.731 |
| Distribution Network | EMS13 | 0.718 |
| Media channels for advertising | EMS14 | 0.784 |
| Budget for Promotion | EMS15 | 0.767 |
| Direct Marketing | EMS16 | 0.742 |
| Eigenvalue | | 3.228 |
| Percentage of variance | | 52.701 |
| Cronbach's alpha | | 0.797 |
| Average Variance Extracted (AVE) | | 0.556 |

(Own Survey: 2022)

### 5.4.1.7. Export Performance

Eleven items were employed to operationalise the variable of export performance construct, and the outcome of the factor analysis for these items is shown in Table 4.13. Although the construct of export performance was taken as a multiple measurement approach, objective/financial and subjective/non-financial items will be used for this study. Thus, the outcome of the factor analysis shows that the 11 items 'EP1, EP2, EP3, EP4, EP5, EP6, EP7, EP8, EP9, EP10, and EP11' realized loadings over 0.708 and all the items together strongly to attain positive loadings.

So, the factor result produced one factor with eleven measurement scales grouping together strongly, which described 52% of the variance with an Eigenvalue of 3.161, and reliability was retained as specified by a Cronbach alpha of 0.818. As a result, this supports the items for scale reliability, and convergence validity was marked as all items collected together on the factor with strong and positive loadings.

Table 4-13: EFA for Export Performance

| Item Loaded/ Export Performance | Indicators/ Labels | Factor Loading |
|---|---|---|
| The firm's export performance in terms of export profitability | EP1 | 0.807 |
| The firm's export performance in terms of export sales growth | EP2 | 0.860 |
| The firm's export performance in terms of export sales intensity | EP3 | 0,824 |
| Satisfaction of the managers with the export objectives of the firm in terms of export profitability | EP4 | 0.772 |
| Satisfaction of the managers with the export objectives of the firm in terms of export growth | EP5 | 0.903 |
| Satisfaction of the managers with the export objectives of the firm in terms of export intensity | EP6 | 0.835 |
| Satisfaction of the managers with the export objectives of the firm in terms of overall export performance. | EP7 | 0.855 |
| Achieved its export objectives in terms of export profitability | EP8 | 0.910 |
| Achieved its export objectives in terms of export growth | EP9 | 0.879 |
| Achieved its export objectives in terms of export intensity | EP10 | 0.818 |
| Achieved its export objectives in terms of overall export performance | EP11 | 0.852 |
| Eigenvalue | | 3.161 |
| Percentage of variance | | 52.019 |
| Cronbach's alpha values | | 0.818 |
| Average Variance Extracted (AVE) | | 0.711 |

(Own Survey: 2022)

In general, the EFA results of the study found that factor analysis was employed to check the relationships of each set of thoughtful items with each other in a single factor and run to check the discriminate validity. Furthermore, to evaluate the reliability of a reflective multiple-indicator construct, Cronbach alpha scores were employed. Consequently, the overall coefficient alpha values for each scale entail a high level of reliability, and the value is above the recommended cut-off value of 0.7 ***(Refer to Annex VI)***.

## 5.4.2. Confirmatory Factor Analysis (CFA)

In the measurement model assessment, all theoretical constructs were measured for unidimensionality by utilizing confirmatory factor analysis (CFA) (Byrne 2010). The confirmatory factor analysis performs a precise and rigorous test of unidimensionality, which is theory-driven and inferred by the multiple-indicator measurement model (Byrne 2010).

The principal aim of a confirmatory factor analysis is to give information about which observed variables are fitted with indicators of the latent or unobserved variables and validate the model before

making any attempt to assess the structural model (Kline 2015). In summary, the second-order factor analysis model involves a higher-order latent variable that is modeled to casually influence the first-order latent variable that is employed to measure the construct validity since each of the theoretical constructs is successively loaded into the structural model as a group constructs (Morgan et al. 2012).

#### 5.4.2.1. Internal Determinants (RBV)

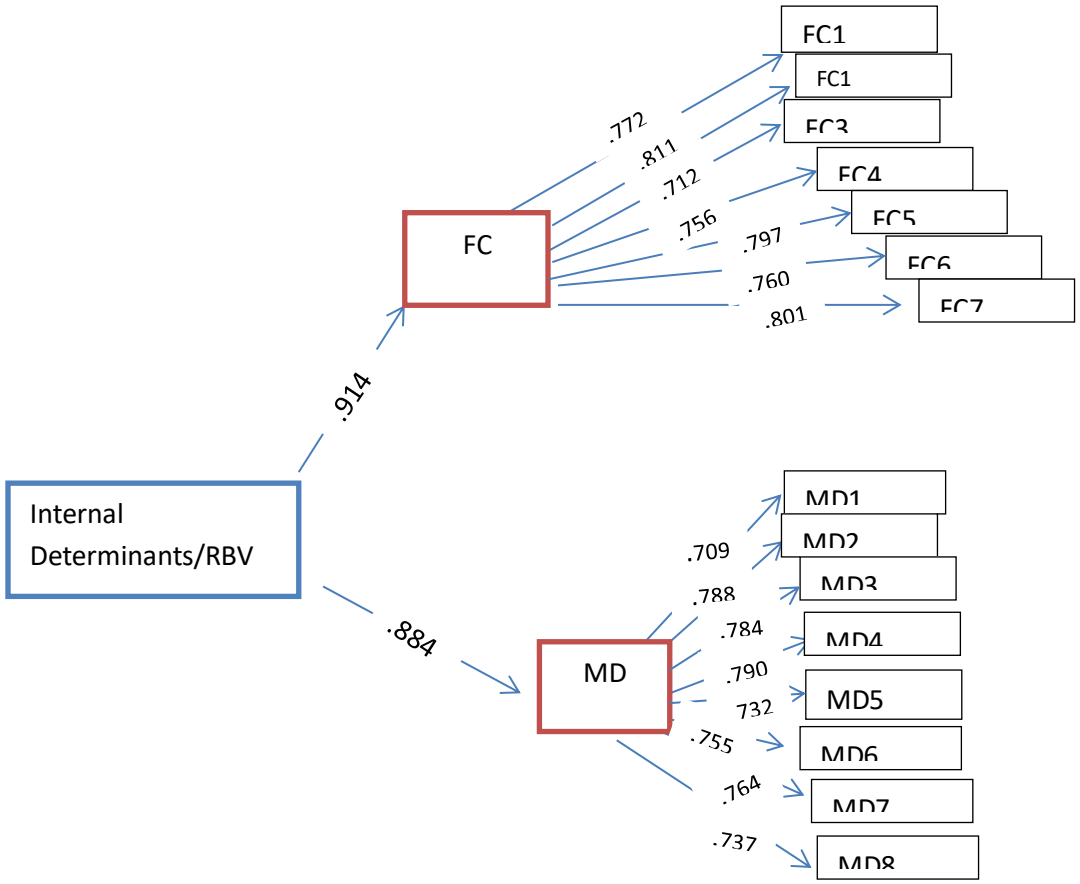
Internal determinants of export performance comprise firm characteristics (FC) and management determinants (MD). The confirmatory factor analysis was assessed to confirm the measurement model of this theoretical construct by the second-order factor analysis.

The assessments of the model of firm characteristic (FC) and management determinants (MD) are analysed by investigating goodness-of-fit models with standardized root mean squared residual (SRMR) and Normed Fit Index (NFI). The confirmatory factor analysis was illustrated to confirm the measurement model of the theoretical constructs via second-order factor analysis.

As shown in Table 7.5 ***(Refer to Annex VI)*** the analysis of the baseline model specifies a good fit model to the data, which is the normed fit index (NFI) = 0.809 and the standardised root mean squared residual SRMR = 0.073. Commonly, the standardized root mean square residual is computed by the average difference between the model-predicted correlation and the observed correlation (Henseler et al. 2015).

Standardized root mean squared residual (SRMR) for partial least squares path model fit less than 0.08 values and Normed Fit Index (NFI) greater than 0.5 values is an acceptable threshold (Byrne 2010; Kline 2015; Henseler et al. 2015). Hence, the study found 0.073 values of standardized root mean square residual and 0.809 values of the Normed Fit Index (NFI), showing the overall model goodness of fit ***(Refer to Annex VI)***.

Thus, the model validated strong associations between each observed variable and its respective unobserved or latent variable, as specified by the significance and coefficients of the paths. In other words, all second-order factor loadings are greatly significant, showing validation for the pleasing of the second-order model. Consequently, the confirmatory factor analysis outcomes support the second-order model of internal determinants, and a total of 15 items are used for further data analysis.




(Own Survey: 2022)

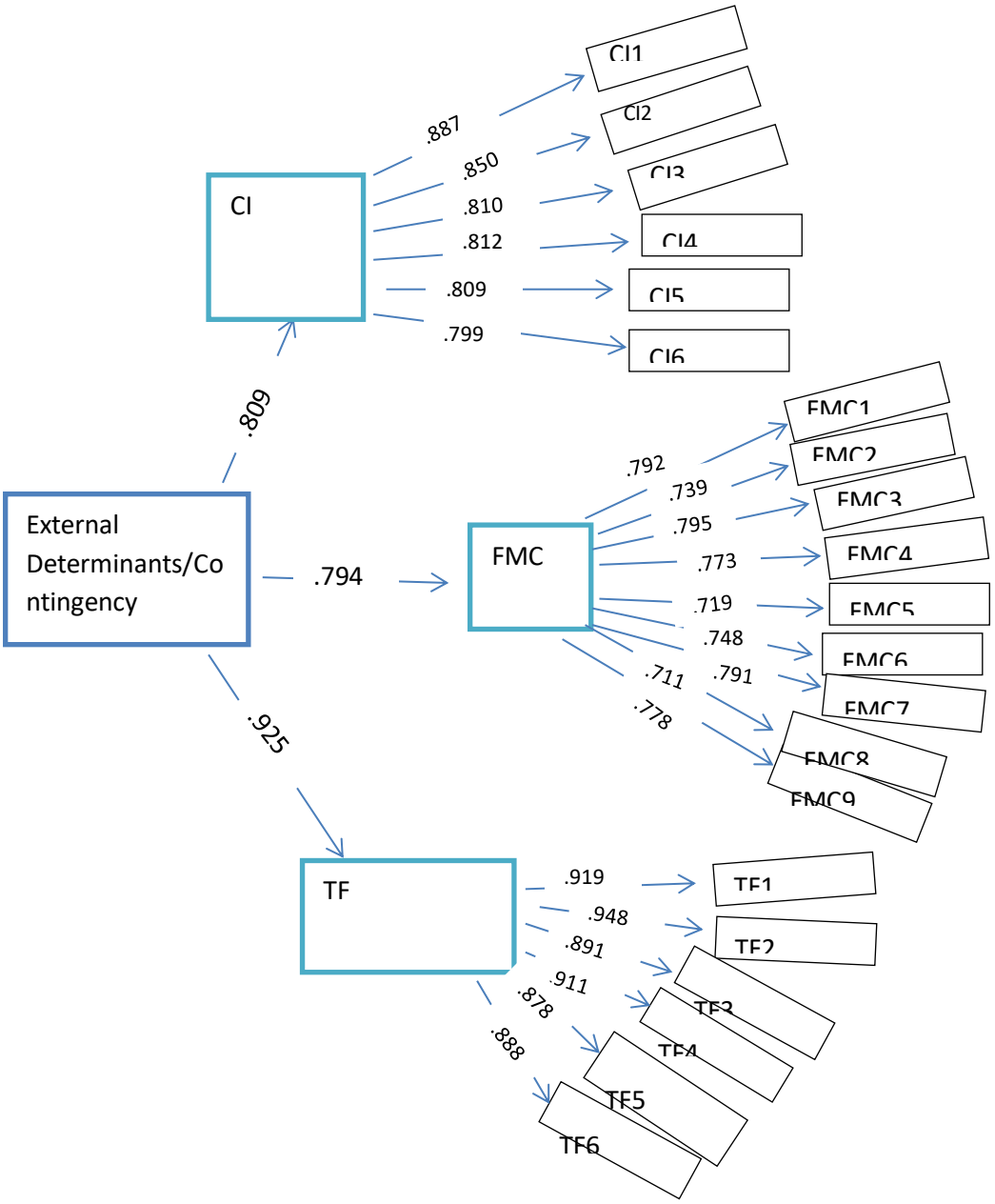
Figure 4-1: Second-Order Model of internal determinants of export performance

### 5.4.2.2. External Determinants (Contingency)

External determinants of export performance comprise competitive intensity (CI), technological factors (TF), and foreign market characteristics (FMC). The confirmatory factor analysis was assessed to confirm the measurement model of this theoretical construct by the second-order factor analysis. The assessments of the models of competitive intensity (CI), technological factors (TF), and foreign market characteristics (FMC) are analysed by investigating the goodness-of-fit models with Standardized root mean squared residual (SRMR) and the Normed Fit Index (NFI).

Thus, the model demonstrated strong associations between each observed variable and its respective unobserved or latent variable, as specified by the significance and coefficients of the paths. In other words, all second-order factor loadings are highly significant, showing validation for the second-

order model. Consequently, the confirmatory factor analysis outcomes support the second-order model of external determinants, and a total of 21 items are used for further data analysis.




(Own Survey: 2022)

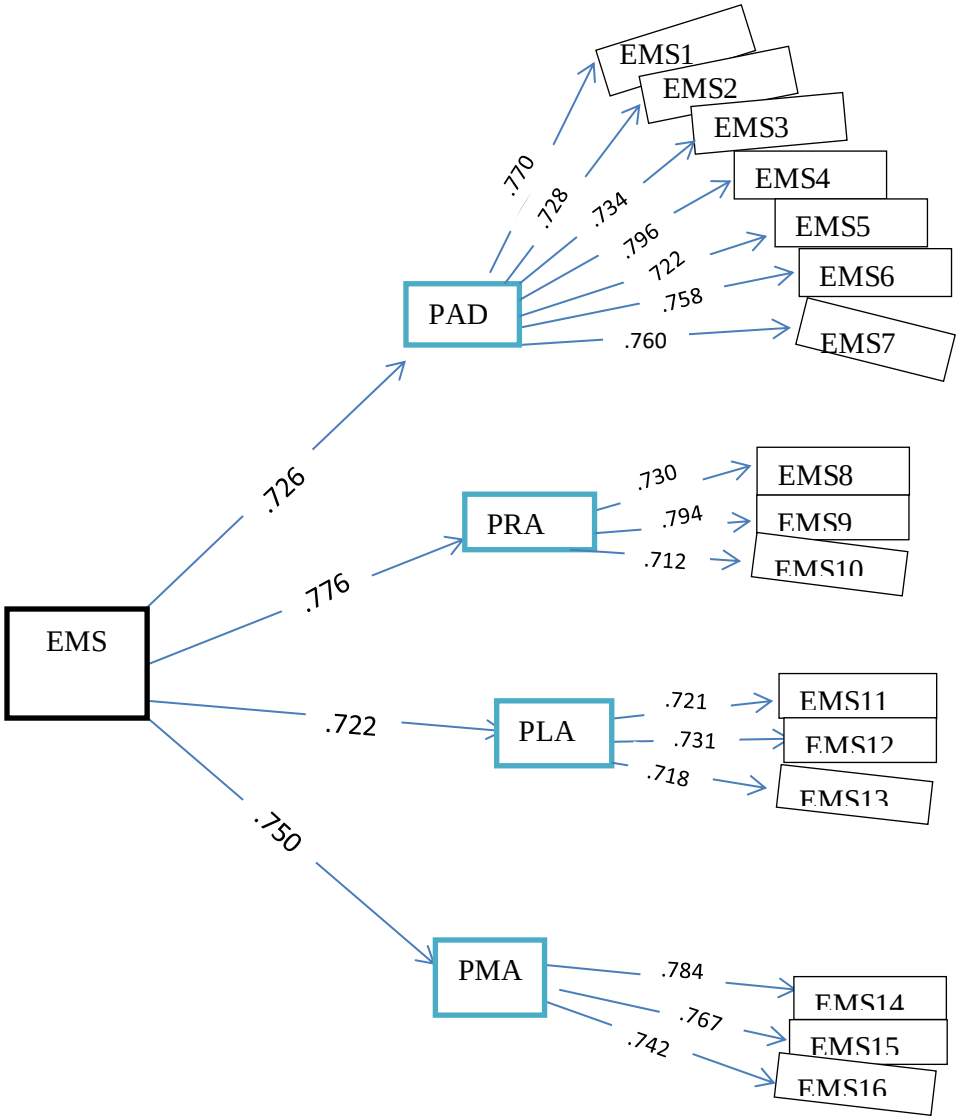
Figure 4-2: Second-Order Model of external determinants of export performance

### 5.4.2.3. Export Marketing Strategy (EMS)

Export marketing strategy includes product adoption strategy (PDA), price adaptation strategy (PRA), distribution channel strategy (DLA), and promotion adaptation strategy (PMA). The confirmatory factor analysis was assessed to confirm the measurement model of this theoretical construct by the second-order factor analysis.

The assessments of the models of product adoption strategy (PDA), price adaptation strategy (PRA), distribution channel strategy (PLA), and promotion adaptation strategy (PMA) are analysed by investigating the goodness-of-fit models with Standardized root mean squared residual (SRMR) and normed fit index (NFI).

Thus, the model validates strong associations between each observed variable and its respective unobserved or latent variable, as specified by the significance and coefficients of the paths. In other words, all second-order factor loadings are highly significant, showing validation for the second-order model. Consequently, the confirmatory factor analysis outcomes support the second-order model of export marketing strategy determinants, and a total of 16 items are used for further data analysis.



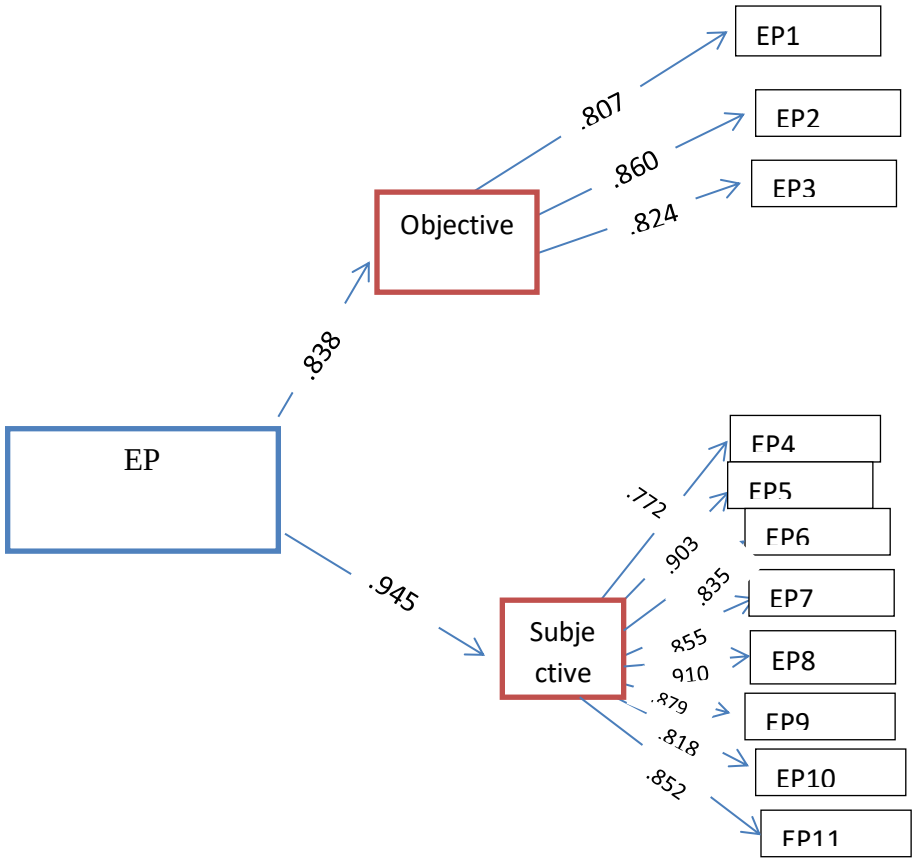

(Own Survey: 2022)

Figure 4-3: Second-Order Model of Export Marketing Strategy

### 5.4.2.4. Export Performance (EP)

Firms export performance comprises objective (financial) and subjectivee (non-financial measures. The confirmatory factor analysis was assessed to confirm the measurement model of this theoretical construct by the second-order factor analysis. The assessments of the model of objective/financial measures and subjective/non-financial measures are analysed by investigating goodness-of-fit models with Standardized root mean squared residual (SRMR) and the Normed Fit Index (NFI).

Thus, the model validates strong associations between each observed variable and its respective unobserved or latent variable, as specified by the significance and coefficients of the paths. In other words, all second-order factor loadings are highly significant, showing validation for the second-order model. Consequently, the confirmatory factor analysis outcomes offered support for the second-order model of export performance, and a total of 11 items are used for further data analysis.




(Own Survey: 2022)

Figure 4-4: Second-Order Model of Export Performance

In summary, the reliability and validity of the study constructs were measured before testing the theoretical relationships in the structural model. The ordinarily methods to measure reliability are Cronbach's alpha, composite reliability (CR), and average variance extracted (AVE) (Anon 2012; Kline 2015). Consequently, the higher values specify higher levels of reliability, and Cronbach's alpha values, composite reliability, and AVE are acceptable if their values are greater than 0.70, 0.60, and 0.50, respectively (Anon 2012; Kline 2015).

Therefore, the study constructs scored for the average variance extracted (AVE) were from 0.556 to 0.711, composite reliability (CR) leveled from 0.794 to 0.906, and the results of Cronbach's alpha values were from 0.717 to 0.877, as presented in Table 4.14, and the study result fulfilled the threshold values since the coefficients of Cronbach's alpha value, composite reliability, and AVE of all the constructs exceeded the recommended level. Also, the outcomes of factor loadings indicated that all factors contain a high loading (> 0.50), and as a result, it is statistically significant ($p<0.01$) ***(Refer to Annex VI).***

## 5.5. Testing Empirical Evidences

Model prediction conveys empirical procedures for the associations among the indicators, and the model assembly is also among the constructs of model structures. The empirical procedures facilitate the contrast of notionally recognized extents and structural models with veracity, as indicated by the sample data. Indirectly, it fixes the link between theory and data. Consequently, to empirically assess the study model, a two-stage SEM-particular measurement system was vital. The steps are hereunder:

- A SEM evaluation to examine the discrepancy in the in the clarification of the innate assembly and analytical significance
- The extent of the of the model review to investigate its consistency and soundness

## 5.6. Convergent validity

Convergent validity is measured by applying factor loading and extracting the extracting the average variance. It is the degree to which the construct congregates to give details about the discrepancy of its items. It is the level to which a computation associates positively with option events of the identical construct (Valeria 2017; Kline 2015). Indicators of an insightful construct are addressed as different ways to assess the unchanged construct.

The items of a specific reflective construct should therefore congregate and divide an elevated amount of the variance (Valeria 2017; Kline 2015). In order to assess the convergent validity of reflective constructs, the study measured the external loadings of the indicators and the average variance extracted. To evaluate the measurement model, investigating indicator loadings is the primary stage, and those outer loadings signify the item's contribution to its given constructs (Kline 2015).

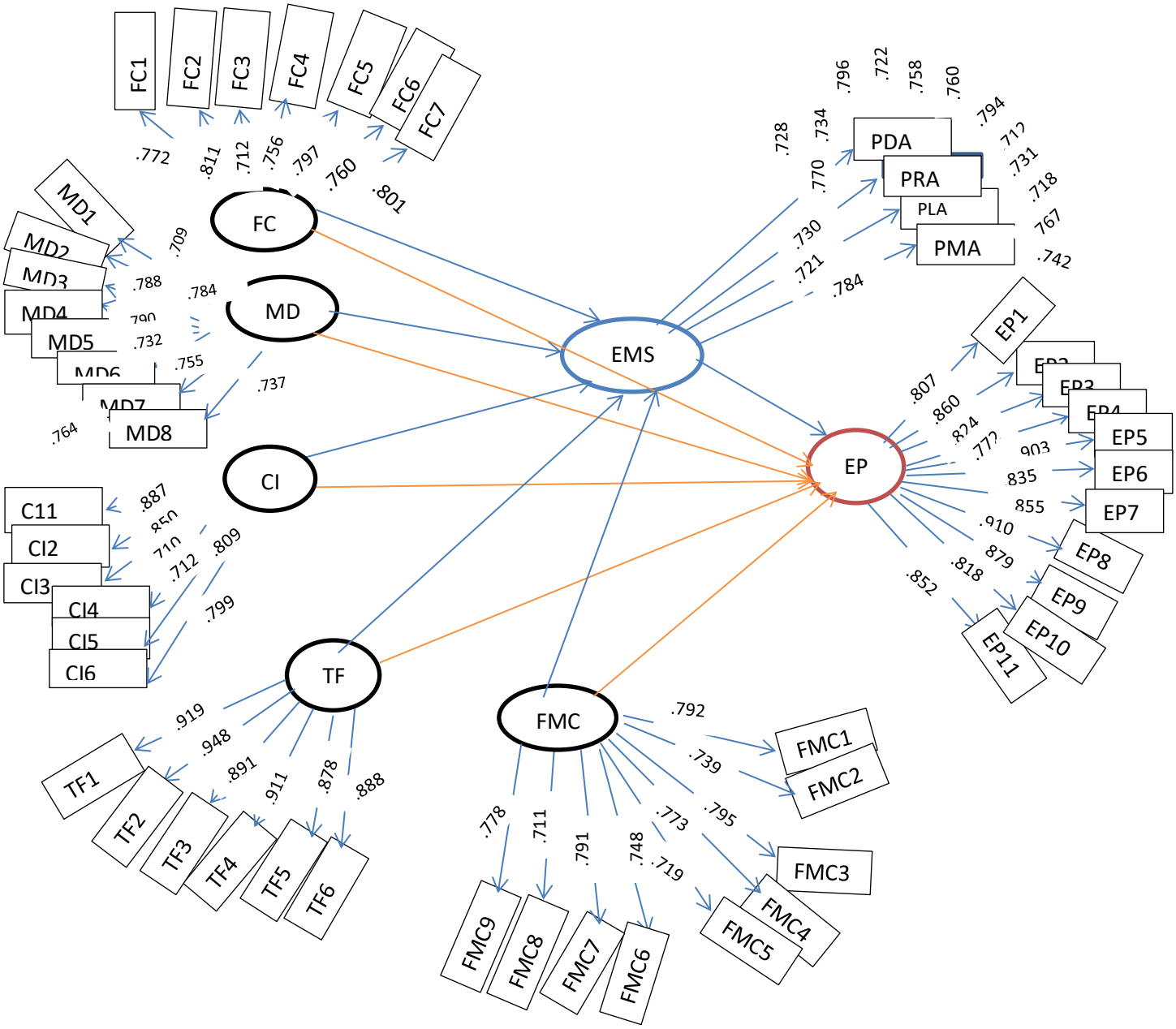
Commonly, the variance shared between the construct and its indicator is greater than the measurement error variance, and the latent variable should describe all the items of each indicator's variance, no less than 50% (Valeria 2017; Kline 2015). In other words, the values of an indicator's outer loading need to be above 0.708; this means that the value squared for 0.7082 equals 0.50 (Valeria 2017; Kline 2015).

Hence, the values for outer loadings greater than 0.708 are acceptable, and outer loadings less than 0.708 should be rejected from the constructs (Valeria 2017; Kline 2015). Consequently, the study found that the values of all the outer loadings were greater than the threshold criteria.

The alternative method employed for assessing a construct's convergent validity is the average variance extracted (AVE) for all variables on each construct. AVE is comparable to the commonality of a construct (Hair et al. 2017). To compute the AVE, the researchers squared the loading of each pointer on a construct and calculated the mean value.

An AVE value of 0.50 and higher shows that, commonly, the construct gives more details than half of the discrepancy of its pointers. In contrast, an AVE of less than 0.50 explains that, basically, there is more error residue in the items than the inconsistency described by the construct.

Consequently, the study result indicated that the constructs of the average variance extracted values are greater than 0.50, which ranges between 0.521 and 0.723. This means that all constructs of the average variance extracted values were greater than the threshold values, attaining the AVE values of the entire constructs.




(Own Survey: 2022)

Figure 4-5: Factor Loading Indicators of the Study Constructs

Thus, as indicated from the above table 4.9, the factor loading of FC was found within a range of 0.712 to 0.811, whereas the item loading observed for MD ranges from 0.709 to 0.790. The CI item loading showed values between 0.710 and 0.887; the item loading of TF was observed in the 0.878 to 0.948 ranges; FMC item loading was found within the range of 0.711 to 0.795. Finally, the factor

loading for EMS was found to be within a range of 0.712 to 0,794, and the dependent variable (EP) item loading was found between a range of 0.772 and 0.910, and all the above-mentioned values are established to be greater than the threshold standards ***(Refer to Annex VII).***

## 5.7. Discriminant Validity

Discriminant validity is the level to which a construct is fundamentally separate from other constructs by observed principles (Henseler et al. 2015). In addition, building discriminant validity indicates that a construct is typical and explains the notions that are not symbolized in the model by other constructs (Radomir and Moisescu 2020). There are two methods used to determine the discriminant validity of the measurement model.

The first method employed for evaluating discriminant validity was the cross-loadings test. Exactly, the pointer outer loading on the linked construct should be greater than the cross loadings. The incidence of cross-loadings that outstrip the indicators' outer loadings symbolized discriminant validity trouble. The study model meets the cross-loading requirements. Therefore, the indicator's outer loading on the connected construct was greater than the cross loadings.

Table 4-14: Discriminatory Validity Test

| | EMS | EP | FC | MD | CI | TC | FMC |
|---|---|---|---|---|---|---|---|
| EMS | 0.868 | | | | | | |
| EP | 0.810 | 0.821 | | | | | |
| FC | 0.850 | 0.801 | 0.789 | | | | |
| MD | 0.745 | 0.863 | 0.770 | 0.811 | | | |
| CI | 0.721 | 0.521 | 0.849 | 0.781 | 0.799 | | |
| TC | 0.789 | 0.623 | 0.775 | 0.888 | 0.819 | 0.808 | |
| FMC | 0.832 | 0.800 | 0.712 | 0.720 | 0.771 | 0.672 | 0.797 |

(Own Survey: 2022)

The above-mentioned criterion was the second way to evaluate discriminant validity. It contrasts the latent variable association with the square root of the average variance extracted values (Hair et al. 2017). The criterion locates that the square root of every construct's average variance extract must be larger than its top-most relationship with any other construct (Hair et al. 2017). The reason for this is

based on the thought that a construct allocated more discrepancy with its connected pointers than with any other construct (Hair et al. 2017).

The square roots of the AVEs for the constructs EMS (0.868), EP (0.821), FC (0.789), MD (0.811), CI (0.799), TC (0.808), and FMC (0.797) are all higher than the connections of these constructs with other latent variables in the study model, therefore signifying all constructs are applicable instruments of distinctive notions. Consequently, there is no evident discriminant validity setback in the measurement of the model.

## 5.8. Structural Model Analysis

As the measurement model investigation was acceptable, the subsequent step to assess the SEM result was calculating the structural model. Thus, the stages of analysing the structural models that were introduced by Hair et al. (2017) and employed by the study in measuring the structural models are: the collinearity tolerance between constructs, the significance and relevance of path coefficients, coefficient determination (the level of $R^{2)}$, the effect size f2, the predictive relevance Q2, and model fit were analysed.

**a) Collinearity**

Prior to evaluating the structural relationship among latent variables, it was important to initially evaluate for likely collinearity. Hair et al (2017) recommended that if a possible collinearity happens, the author should eradicate and merge predictors into a solitary construct as well as create an elevated order construct.

The variance inflation factor value is a metric employed for all latent variables to measure collinearity. The values above five are indicative of probable collinearity concerning the constructs. If the collinearity tolerance is above 0.2, it is observed that there is no multicollinearity among independent variables.

Table 4-15: Collineraity Test

| Coefficients[a] | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| Model | | Unstandardized Coefficients | | Standardized Coefficients | T | Sig. | Collinearity Statistics | |
| | | B | Std. Error | Beta | | | Tolerance | VIF |
| | (Constant) | 129.117 | 9.706 | | 13.303 | .000 | | |
| | CI | -.125 | .100 | -.069 | -1.257 | .210 | .960 | 1.042 |
| | TF | .052 | .091 | .031 | .568 | .571 | .991 | 1.009 |
| | FC | 2.1125 | .075 | .000 | .000 | 1.000 | .990 | 1.011 |
| | MD | -.030 | .066 | -.025 | -.458 | .647 | .986 | 1.014 |
| | FMC | .061 | .070 | .047 | .864 | .388 | .971 | 1.030 |

(Own Survey:2022)

**b) Coefficient Determination (R2)**

A clear path model to clarify confident target constructs must deliver adequately elevated $R^2$ values. In this thesis, the $R^2$ value of the export marketing strategy is 0.662, whereas that of the export performance is 0.889. In the structural model analysis, the coefficient determination represents the quantity of the described variance of the endogenous constructs such as E1, E2, E3, E4, E5, E6, E7, E8, E9, E10, and E11 ***(Refer to Annex VI)***.

FC, MD, CI, TF, and FMC may well describe 66.2% of the variance of export marketing strategy, and FC, MD, CI, TF, FMC, and export marketing strategy could describe 88.9% of the variance of export performance. Normally, $R^2$ values greater than or equal to 0.75 are considerable; those greater than or equal to 0.5 are fair; and those greater than or equal to 0.25 are fragile. As a result, the $R^2$ assessment was considerable in respect of export performance, while it was modest in view of export marketing strategy.

Table 4-16: R square Values of Variables

| | R Square | R Square Adjusted |
|---|---|---|
| EMS | 0.662 | 0.584 |
| EP | 0.889 | 0.632 |

(Own Survey; 2022)

### c) Path coefficients

Path coefficients symbolized the hypothesized association between the constructs (Hair et al. 2017). The PLS-SEM does not suppose the data are usually dispersed, which means that parametric implication assessments employed in regression are not used to test whether path coefficients are considerable. Based on this, it depends on a non-parametric bootstrap route to test coefficients for their impact (Hair et al. 2017; Hair et al. 2014a).

The bootstrap is a non-parametric inferential system that relies on the postulation that the sample distribution expresses information about the population distribution. Bootstrapping is the process of portraying a huge number of re-samples with substitutes from the original sample and then predicting the model parameters for every bootstrapped sample.

This procedure permits computing standard errors, constructing confidence intervals, and doing hypothesis testing for many kinds of sample figures. The bootstrapping process produces re-samples of the sample with substitutes, and the recently constructed resample is an observed representation of the mediated result with a well-built sample taken from the original population (Hair et al. 2017; Hair et al. 2014a). The mutually bootstrapping method used re-samplings to represent inferences about populations. It uses the sampling distributions as the basis for confidence intervals and hypothesis testing.

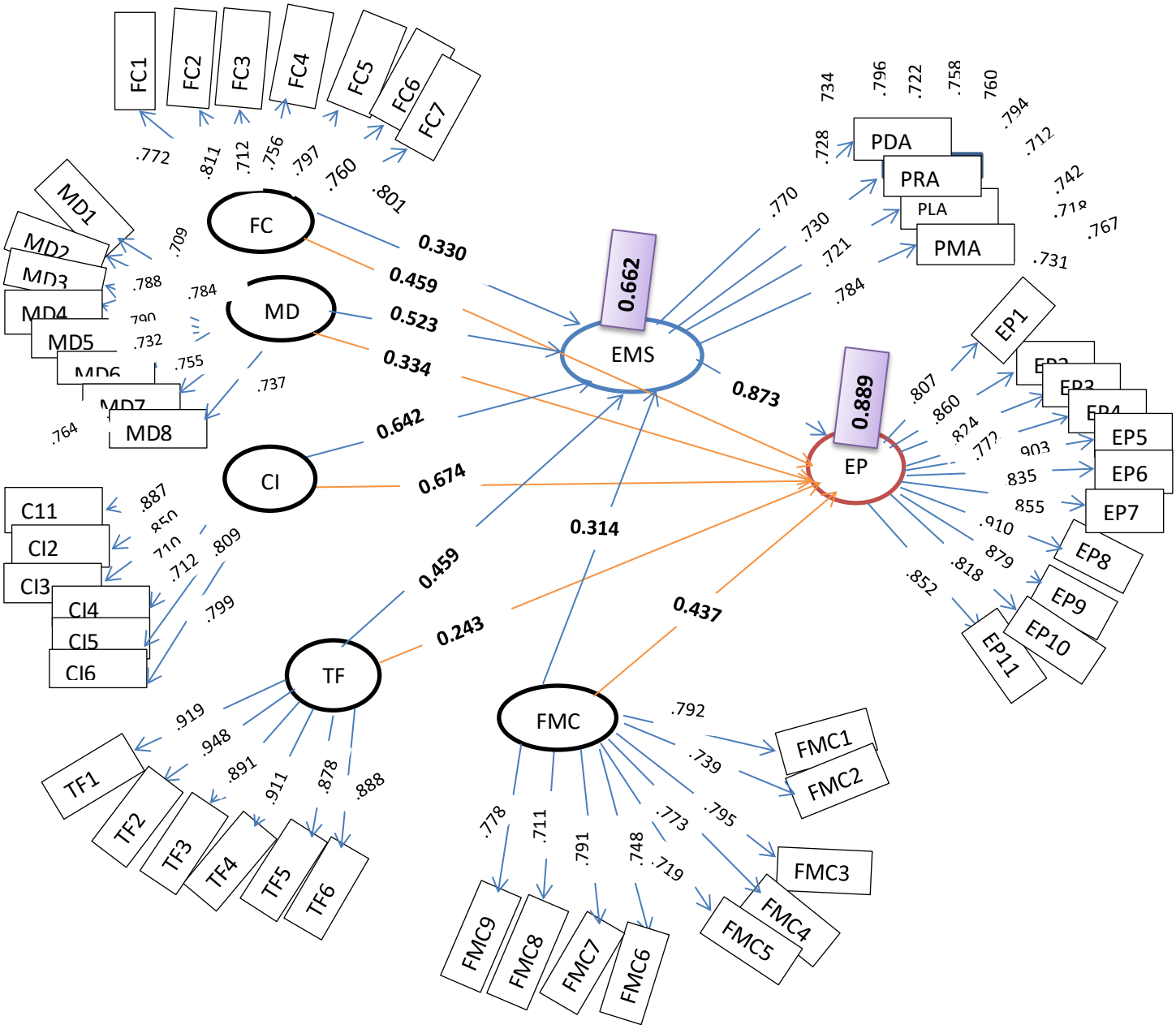
As suggested by Hair et al (2017), the study built bootstrap samples, with each bootstrap sample containing the indistinguishable observation measure of the novel sample (that is, 349 asses). The path-approximate association between the latent variables in the model was assessed by employing the path coefficient‘s sign and magnitude.

Table 4-17: Path Coefficients Values

| | Path Coefficients | T Values | p Values | 95%CI | Significance(p<0.05) |
|---|---|---|---|---|---|
| EMS --- >EP | 0.873 | 7.462 | 0.000 | (0.436,0.674) | Accepted |
| CI ------- >EP | 0.674 | 5.436 | 0.000 | (0.546,0.712) | Accepted |
| CI ----- >EMS | 0.642 | 4.098 | 0.001 | (0.348,0.641) | Accepted |
| FC ----- >EMS | 0.459 | 3.284 | 0.001 | (0.313,0.411) | Accepted |
| FC ----- >EP | 0.330 | 4.110 | 0.001 | (0.290,0.660) | Accepted |
| FMC --- >EMS | 0.314 | 2.643 | 0.001 | (0.212,0.447) | Accepted |
| FMC --- >EP | 0.437 | 3.284 | 0.001 | (0.276,0.512) | Accepted |
| TF ------>EMS | 0.459 | 5.810 | 0.000 | (0.342,0.623) | Accepted |
| TF ----->EP | 0.243 | 3.453 | 0.000 | (0.211,0.345) | Accepted |
| MD ---- >EMS | 0.523 | 4.248 | 0.001 | (0.213,0.411) | Accepted |
| MD------>EP | 0.334 | 4.118 | 0.001 | (0.298,0.660) | Accepted |

(Own Survey: 2022)

Additionally, bootstrap confidence intervals were employed to examine whether path coefficients were considerably different from zero values. In the above table, the study found that the comparative significance of Export Marketing Strategy 0.873 was greatly elevated compared to MD (0.334), FC (0.330), CI (0.674), TF (0.243), and FMC (0.437) for export performance ***(Refer to Annex VII).***




(Own Survey: 2022)

Figure 4-6: Path Coefficient and R2 Values

### d) Effect size ($f^2$) and Predictive Relevance ($Q^2$)

Also, in order to evaluate the $R^2$ values of endogenous constructs Export Marketing Strategy and Export Performance, the effect size, which is the alter in the $R^2$ value in a particular exogenous

construct misplaced from the model, was employed to test whether the absent construct has a great impact on the endogenous constructs (Hair et al. 2014a).

Table 4-18: Assessment of contact through Effect Size f2 and Q2

| | EMS | EP |
|---|---|---|
| EMS | | 0.643 |
| EP | | |
| CI | 0.113 | 0.022 |
| TF | 0.115 | 0.023 |
| FC | 0.174 | 0.064 |
| FMC | 0.187 | 0.053 |
| MD | 0.032 | 0.211 |
| $R^2$ | 0.613 | 0.832 |
| $Q^2$ | 0.434 | 0.639 |

(Own Survey; 2022)

Accordingly, the construct‘s significance, enlightening export marketing strategy as a dependent construct in the structural equation model analysis, and comparing the effect sizes (f2), show that firm capacity has an average relevancy compared to firm characteristics.

Also describing export performance as a dependent construct in the structural equation model analysis, comparing the effect sizes (f2) and export marketing strategy was more pertinent and larger than management determinants of firm characteristics, competitive intensity, and technological factors.

In addition, the study inspected Stone-Geisser's Predictive Relevance ($Q^2$) (Hair et al. 2014a). On the structural model, $Q^2$ values outscore zero for a definite endogenous latent variable, point out the path model's prognostic significance for this specific construct (Hair et al. 2014b). The value of $Q^2$ is established by developing the blindfolding procedures.

The process that eliminates particular points in the data matrix attributes the eliminated points with the mean and estimates the model parameters (Hair et al. 2014a). Applying these estimates as contributions, the blindfolding processes forecast the data points that were eliminated for all variables. As a directive, $Q^2$ values must be greater than zero for a detailed endogenous construct to

point out the prognostic exactness of the operational model for that construct. Also, the values of $Q^2$ greater than 0, 0.25, and 0.50 depict the small, medium, and larger predictive significance of the path model (Hair et al. 2017).

Subsequently, by employing the blindfolding method at exception, the exceeding table illustrates that the $Q^2$ value for export performance was 0.639 and that of export marketing strategy was 0.434, which was big and average correspondingly. The findings were steady and obviously higher than zero, as well as the as the fine predictive significance of the model. Generally, as $R^2$ and $Q^2$ results are optimistic and considerable, the structural model can be considered to have strong and excellent quality (Hair et al. 2017).

**e). Model Fit indices**

There are abundant model fit goodness indices, and methods are presented for scholars to analyze the model goodness fit in SEM evaluation (Byrne 2010; Kline 2015). Among the model fit goodness, the most vital measures of the overall model fit are the normed fit index (NFI) and the standardized root-mean-square residual (Hair et al. 2017). Thus, to analyze the study model goodness fit indices, the normed fit index (NFI) and the standardized root mean square residual were applied.

Commonly, the standardized root mean square residual is computed by the average variance between the model-predicted correlation and the observed correlation (Henseler et al. 2015). Standardized root-mean-squared residual (SRMR) for partial least squares path model fit less than 0.08 values and Normed Fit Index (NFI) greater than 0.5 values is an acceptable threshold (Byrne 2010; Kline 2015; Henseler et al. 2015). Hence, the study found 0.073 values of the standardized root mean square residual and 0.809 values of the normed fit index (NFI), showing the overall model's goodness of fit.

In addition, the normed fit index (NFI) is a comparative-fit index that examines the difference between the chi-squared value of the hypothesized model and the chi-squared value of the null model (Byrne 2010; Kline 2015). It produced values between 0 and 1 (Hair et al. 2017). As indicated by Hair et al. (2014a), NFI nearer to one indicates enhanced fit. Consequently, with reference to the above-mentioned statements, the model has an excellent fit.

Table 4-19: Summary of Model fit Indices

| Metrics | Saturated model | Estimated model | threshold values |
|---|---|---|---|
| Standardized root mean squared residual (SRMR) | 0.073 | 0.073 | <0.08 |
| Normed Fit Index (NFI) | 0.809 | 0.809 | >0.5 |

(Own Survey: 2022)

The following diagram shows the findings of the hypothesis investigation and the influence prediction ability on variables.

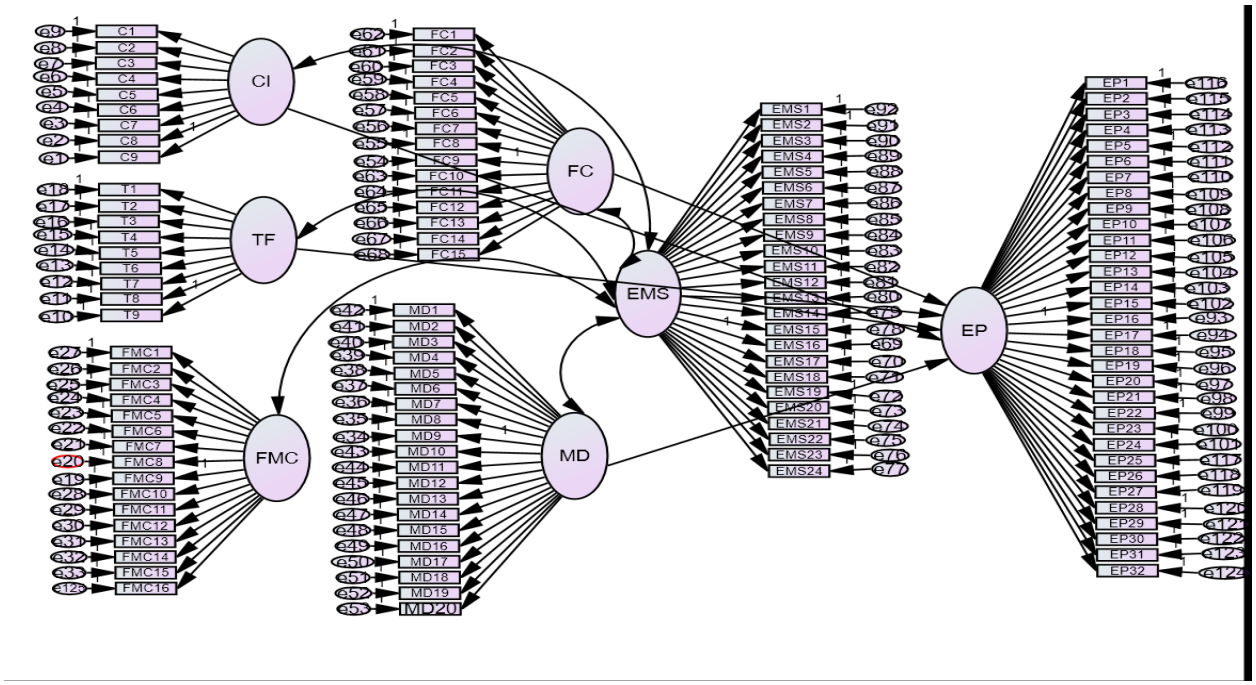



Figure 4-7: Finalized Model and Hypothesis Analysis

## 5.9. Regression Outcome of Tobit and Probit Models

In order to analyze and interpret variables in the study, firm characteristics and managerial determinants were included as internal factors, whereas competitive intensity, technological factors, and foreign market features were taken as external determinants. The regression outcomes of the Tobit and Probit models were presented below accordingly.

### 5.9.1. Tobit Model

Table 4-20: Tobit Model for Export Intensity

| Variables | | Fixed Effect | Tobit |
|---|---|---|---|
| | CI | 1.62*<br>(4.212) | 1.11***<br>(16.91) |
| | TF | 1.3452*<br>(1.215) | 2.82<br>(1.215) |
| | FC | 9.356**<br>(2.519) | 61.421***<br>(2.176) |
| | MD | 31.73*<br>(23.35) | 67.13*<br>(35.38) |
| | FMC | 3.613* | 21.02 |
| | | (1.132) | (1.45) |
| | sigma_u | (5.715) | (21.27) |
| | | | 26.31** |
| | sigma_e | | 51.34*** |
| | | | (7.854) |
| | Constant | -4.463 | -215.7*** |
| | | (3.763) | (34.57) |
| | Observations | 349 | 349 |

The standard errors in parentheses (robust standard error for the fixed effect) *** p<0.1

(Own Survey: 2022)

According to the above table, Tobit model outcome, it is observed that internal determinants appear as significant factors of export performance and growth. Similar empirical studies also established a significant association between the stated internal factors and manufacturing sector export performance, and this outcome indicates divergence from the outsized literature that indicates an optimistic influence on firm features, managerial determinants, as well as the external factors, which also have a positive influence to some extent on export performance growth (Hair et al. 2014b).

From the tobit model result, internal determinants (management determinant and firm characteristic) were found to be key determinants of export performance. Moreover, external determinants appear to have significant effects on firm export performance. Hence, a management determinant has revealed an affirmative and significant connection with export performance and growth in 67% and firm characteristics in 61%.

This outcome is supported by prior studies showing that the bigger firms benefit from the enhanced spot considering managerial and financial inputs, as well as their superior production capability, which provides them with a with a scale economy advantage (Hair et al. 2012b). Furthermore, the previous export practice of a firm and the degree of its intensity are positively and considerably related to export intensity.

In addition, managerial determinants, especially the manager's ability and skill towards innovation and business strategy, as well as searching for new market spots, maintain the overseas export performance of firms. The other external factors, including technology, competitive intensity, and foreign market characteristics, somehow had a considerable and positive connection with export performance with a diminishing percent, and this outcome is supported by previous studies (Hair et al. 2012b).

### 5.9.2. Probit Models

As indicated in the probit model analysis, firm characteristics, managerial determinants, technological factors, competitive intensity, and foreign market features are the main factors in the export propensity.

Table 4-21: Probit Model of export propensity of the Study

| Variables | | Probit |
|---|---|---|
| | CI | 0.23***<br>(11.71) |
| | TF | 0.91<br>(0.022) |
| | FC | 3.236***<br>(1.142) |
| | MD | 2.09*<br>(13.24) |
| | FMC | 0.132<br>(0.23) |
| | Constant | -123.8***<br>(2.145) |
| | Observations | 349 |

(Own Survey: 2022)

Their relative coefficients were positive, which indicates firm size and capability, managerial ability, the external competition from domestic firms in the same industry, and technology application in manufacturing and production aligned with the political, legal, and cultural phenomena of the overseas market, determining the propensity and performance of the export.

Similar empirical evidence (Hair et al. 2014a) indicated that the key factors were firm characteristics, managerial determinants, technology application, and competitive intensity in terms of export propensity and performance. This provides a very good perspective for understanding the relationship between these factors.

The main findings concluded that there are positive correlations among firm size and capability on export propensity, managerial ability on variation in export performance, the application of advanced

technologies in manufacturing and production on variation in export performance, and competitive intensity on variation in their performance.

## 5.10. Mediation Analysis

The mediation analysis (MDA) measures a hypothetical contributory sequence where one variable affects the other variable and, on the other hand, that variable affects a third variable. The correlation among two constructs with a single arrow developed straight effects.

The straight effects of exogenous variables and endogenous variables have been explained below. Regarding the direct effects, the findings pointed out that export marketing strategy (b = 0.674, p-value = 0.001), firm characteristics (b = 0.243, p-value = 0.001), and management determinants (b = 0.0334, p-value = 0.001) have positively significant and positive effects on the export performance of the firms.

Table 4-22: Direct effects

| | Path Coefficients | T Values | p Values | 95%CI | Significance(p<0.05) |
|---|---|---|---|---|---|
| EMS --- >EP | 0.674 | 7.462 | 0.001 | (0.436,0.674) | Accepted |
| CI ------- >EP | 0.873 | 5.436 | 0.001 | (0.546,0.712) | Accepted |
| CI ----- >EMS | 0.642 | 4.098 | 0.001 | (0.348,0.641) | Accepted |
| FC ----- >EMS | 0.459 | 3.284 | 0.001 | (0.313,0.411) | Accepted |
| FC ----- >EP | 0.330 | 4.110 | 0.001 | (0.290,0.660) | Accepted |
| FMC --- >EMS | 0.314 | 2.643 | 0.001 | (0.212,0.447) | Accepted |
| FMC --- >EP | 0.437 | 3.284 | 0.001 | (0.276,0.512) | Accepted |
| TF ------>EMS | 0.459 | 5.810 | 0.001 | (0.342,0.623) | Accepted |
| TF ----->EP | 0.243 | 3.453 | 0.001 | (0.211,0.345) | Accepted |
| MD ---- >EMS | 0.523 | 4.248 | 0.001 | (0.213,0.411) | Accepted |
| MD------>EP | 0.334 | 4.118 | 0.001 | (0.298,0.660) | Accepted |

(Own Survey: 2022)

The effect of CI (b = 0.642, p-value = 0.001) is statistically considerable and affects the export marketing strategy of the firm. Furthermore, the effects of FMC (b = 314, p-value = 0.001), FC (b = 459, p-value = 0.001), MD (b = 523, p-value = 0.001), and TF (b = 0.243, p-value = 0.001) are statistically significant and positively affect the export marketing strategies of firms. This exposed that those statistically significant variables articulately denoted the export marketing strategy and export performance.

As well, management determinants possessed by a manager in the industry were found to be important factors that directly affect attaining better performance in the export sector. Supplementary technological factors, competitive intensity, and firm characteristics are essential elements used by the top executives in outlining the export marketing strategy.

Concerning firm characteristics, the literature review proposed firm size and the firm's international experience factors that positively influence export performance (Chen et al. 2016; Oyeniyi 2009; Matanda and Freeman 2009; Morgan et al. 2012).

Hence, there is a statistically significant positive relationship between firm characteristics, specifically firm size and the firm's international experience, and export performance. This implies that the presence of firm characteristics in the firm is a possible clue to superior export performance (Chen et al. 2016; Oyeniyi 2009; Matanda and Freeman 2009; Morgan et al. 2012).

Table 4-23: Indirect effects tested with Mediating variable

| | Path Coefficients | T Values | p Values | 95%CI | Significance(p<0.05) |
|---|---|---|---|---|---|
| FMC-->EMS-->EP | 0.285 | 2.214 | 0.001 | (0.172,0.213) | Accepted |
| CI --> EMS--->EP | 0.334 | 2.453 | 0.001 | (0.157,0.423) | Accepted |
| MD-->EMS--->EP | 0.296 | 2.532 | 0.001 | (0.182,0.349) | Accepted |
| FC-->EMS--->EP | 0.334 | 2.453 | 0.001 | (0.157,0.423) | Accepted |
| TF-->EMS--->EP | 0.330 | 2.450 | 0.001 | (0.150,0.420) | Accepted |

(Own Survey: 2022)

Indirect effect tests are effects mediated through intervening variables (Anon 20012). The subsequent investigation examines the indirect effects of the firm's characteristics, competitive intensity, technological factors, foreign market characteristics, and management determinants on export performance in the course of the moderator variable export marketing strategy. Associations that hold a series of interactions with a minimum of one prevailing construct involved point out indirect effects (Chen et al. 2016; Anon 20012).

As indicated in the above table, export marketing strategy was statistically tested as a as a considerable mediator of MD (b = 0.296, p-value = 0.001), FC (b = 0.0.334, p-value = 0.001), CI (b = 0.334, p-value = 0.001), TF (b = 0.330, p-value = 0.001), and FMC (b = 0.285, p-value = 0.001). Take into account that the effect of MD, FC, CI, TF, and FMC on export performance is delivered through an export marketing strategy, which, as a result, is a full mediator of export performance.

Table 4-24: Direct and Indirect Tests Affects Summary

| | Direct effect on EP | | Indirect effect on EP | | Type of mediation |
|---|---|---|---|---|---|
| | Path Coefficients | Conclusion | Path Coefficients | Conclusion | |
| FMC | 0.236 | Accepted | 0.285 | Accepted | Full mediation |
| FC | 0. 203 | Accepted | 0.206 | Accepted | Full mediation |
| TF | 0. 304 | Accepted | 0.304 | Accepted | Full mediation |
| CI | 0. 334 | Accepted | 0.334 | Accepted | Full mediation |
| MD | 0. 223 | Accepted | 0.296 | Accepted | Full mediation |

(Own Survey: 2022)

Thus, the export marketing strategy was fully mediated by MD, FC, CI, TF, and FMC to directly and indirectly affect export performance.

Table 4-25: Total Effect Test on export performance

| | Path Coefficients | T Values | p Values | 95%CI | Significance(p<0.05) |
|---|---|---|---|---|---|
| FMC-->EP | 0.312 | 3.763 | 0.001 | (0.263,0.431) | Accepted |
| MD-->EP | 0.409 | 2.854 | 0.001 | (0.254,0.312) | Accepted |
| CI-->EP | 0.431 | 5.522 | 0.001 | (0.387,0.641) | Accepted |
| FC-->EP | 0.400 | 2.850 | 0.001 | (0.380,0.640) | Accepted |
| TF-->EP | 0.430 | 5.520 | 0.001 | (0.380,0.640) | Accepted |

(Own Survey: 2022)

The major advantage of using structural equation modeling (SEM) is that it allows scholars to examine beyond the direct effects between the constructs of the model (Kline 2010). This means that SEM can examine the direct and indirect effects instantaneously, allowing not only an analysis of the total influences of each construct but also an assessment of the relative strength of these effects in the model (Anon 20012; Kline 2010).

The outcomes of the study stress the need for the export manufacturing firm to place emphasis on attaining and designing export marketing strategies in order to acquire an export competitive advantage and achieve firm export performance.

## 5.11. Hypothesis Validation

The outcomes of the present study are argued in line with the existing scholarly literature to set up the scope to which they relate to findings and existing knowledge. Consequently, fourteen hypotheses were tested to reach the research objectives. The statistical investigations used, together with their corresponding interpretations, are summarized here:

Table 4-26: Hypothesis test result

| **Hypothesis test result** | | |
|---|---|---|
| *H1:* | *Adoption of the export marketing mix strategy (product, price, promotion and channel selection) contributes positively to export performance (with the path coefficient value of 0.674 and p-value of 0.001)* | *Accepted* |
| *H2:* | *Intensive competition contributes positively to export performance (with the path coefficient value of* 0.873 *and p-value of 0.001)* | Accepted |
| *H2a* | *H2a: Intensive competition contributes positively to the adoption of the export marketing mix strategy (4Ps) (with the path coefficient value of* 0.642 *and p-value of 0.001)* | Accepted |
| *H3:* | *Political and legal environments have positive influences on export performance (with the path coefficient value of* 0.437 *and p-value of 0.001)* | Accepted |
| *H3a* | H3a*: Political and legal environments contribute positively to the adoption of the export marketing mix strategy (4Ps) (with the path coefficient value of* 0.437 *and p-value of 0.001)* | Accepted |
| *H4:* | *Cultural environments contribute positively to export performance (with the path coefficient value of* 0.314 *and p-value of 0.001)* | Accepted |
| *H4a* | H4a*: Cultural environments contribute positively to the adoption of the export marketing mix strategy (4Ps) (with the path coefficient value of* 0.314 *and p-value of 0.001)* | Accepted |
| *H5* | *The right use of technology contributes positively to export performance (with the path coefficient value of* 0.243 *and p-value of 0.001)* | Accepted |
| *H5a* | *The right use of technology contributes positively to the adoption of export marketing strategy (with the path coefficient value of* 0.459 *and p-value of 0.001)* | Accepted |
| *H6:* | *Firm size positively associated with export performance (with the path coefficient value of* 0.330 *and p-value of 0.001)* | Accepted |
| *H6a* | *Firm size contributes positively to the adoption of the export marketing mix strategy (4Ps) (with the path coefficient value of* 0.459 *and p-value of 0.001)* | Accepted |
| *H7:* | *Firm export experience contributes positively to export performance with the path* | Accepted |

| | | |
|---|---|---|
| | *coefficient value of* 0.330 *and p-value of 0.001)* | |
| *H7a* | *Firm export experience contributes positively to the adoption of the export marketing mix strategy (4Ps) (with the path coefficient value of* 0.459 *and p-value of 0.001)* | Accepted |
| *H8* | *Manager's international experience contributes positively to export performance (with the path coefficient value of* 0.334 *and p-value of 0.002)* | Accepted |
| *H8a* | *Manager's international experience has positive association with adoption of the export marketing mix strategy (4Ps) (with the path coefficient value of* 0.523 *and p-value of 0.001)* | Accepted |
| *H9* | *Manager's foreign language skill contributes positively to export performance (with the path coefficient value of* 0.334 *and p-value of 0.002)* | Accepted |
| *H9a* | *Manager's foreign language skill has positive association with adoption of the export marketing mix strategy (4Ps) (with the path coefficient value of* 0.523 *and p-value of 0.001)* | Accepted |
| *H10* | *Export Marketing Strategy mediates the association between internal determinants on export performance (with the path coefficient value of* 0.567 *and p-value of 0.002)* | Accepted |
| *H11* | *Export Marketing Strategy mediates the association between external determinants and the export performance (with the path coefficient value of* 0.470 *and p-value of 0.003)* | Accepted |
| *H12* | *All external factors influence export performance equally (Importance-Performance Matrix (IPM) test).* | *Rejected* |
| *H12a* | *Some external factors influence export performance more than others (as shown from Importance-Performance Matrix (IPM) test)* | *Accepted* |
| *H13* | *All internal factors influence export performance equally as shown from (Importance-Performance Matrix (IPM) test).* | Rejected |
| *H13a* | *Some internal factors influence export performance more than others (as shown from Importance-Performance Matrix (IPM) test)* | Accepted |
| *H14* | *All export marketing mix strategy influence export performance equally (as shown from Importance-Performance Matrix (IPM) test).* | Rejected |
| *H14a* | *Some export marketing mix strategy influence export performance more than others (as shown from Importance-Performance Matrix (IPM) test)* | Accepted |

## 5.12. Importance-Performance Matrix (IPM)

The importance-performance matrix, also called important-performance map analysis (IPMA), is a two-dimensional network based on the significance and performance of the variables (Mohamed 2007). The purpose of this investigation was to discover the unstandardized sum effect of exogenous constructs's importance (FC, MD, CI, FMC, FM) in expecting a target endogenous construct (EMS and EP) (Hair et al. 2017).

The aim was to investigate each predecessor construct's significance with regard to its total influence on each target endogenous construct's performance. The initial column specified the significance of apparent variables, while the mean value of their scores, which range from zero, which is considered the lowest, to one hundred, the maximum, reflects their comparative performance (Chen et al. 2016).

The explanation is that a single piece raise in the antecedent's performance enlarges the performance of the intended construct by the dimension of the predecessor's unstandardized sum effect (Hair et al. 2017). It must be perceived that a score nearer to a hundred shows a superior performance latent variable; it supports management in enhancing small performance by concentrating on elevated significance (Chen et al. 2016; Hair et al. 2017).

Table 4-27: Importance Performance Matrices Test

| | **Importance (Unstandardized total effect)** | **Performance** | Remark |
|---|---|---|---|
| EMS | 0.798 | 91.476 | consistent |
| FC | 0.370 | 84.569 | Inconsistent |
| FMC | 0.543 | 82.435 | Inconsistent |
| MD | 0.431 | 71.376 | Inconsistent |
| TF | 0.532 | 81.897 | Inconsistent |
| CI | 0.678 | 90.654 | Consistent |

(Own Survey: 2022)

As it is shown from the exceeding table, the export marketing strategy had a great influence on the export performance of exporting firms and therefore represents a main prospect for enhancement that

could have been taken care of by the firm's manners. The outcome was reliable, with an elevated significance score of 0.798 and a top performance score of 91.476.

A well-designed export marketing mix strategy will enhance export performance (Chen et al. 2016; Oyeniyi 2009; Matanda and Freeman 2009; Morgan et al. 2012). There is a statistically positive association between export marketing mix strategy and export performance, which is also supported by other studies (Chen et al. 2016; Oyeniyi 2009; Matanda and Freeman 2009; Morgan et al. 2012).

In export firms where management is highly devoted to effectively designing the marketing mix for exporting, there is a possibility of better export performance (Chen et al. 2016; Oyeniyi 2009; Matanda and Freeman 2009; Morgan et al. 2012).

Even though all elements of the export marketing mix strategy were found to have positively significant relationships to export performance, most importantly, product adaptations and price adoptions are reliable with elevated significance scores and top performance scores.

Competitive intensity had subsequently advanced to a to a substance score of 0.678, followed by FMC, TF, MD, and FC, with importance of 0.543, 0.532, 0.431, and 0.370, respectively. Hence, the emphasis and consideration primacy should be on export marketing strategy (CI, FMC, TF, MD, and FC) consecutively to boost export performance, which is grounded in their relative importance.

## 5.13. Measurements of Export performance used by Ethiopian exporter firms

The key features of the export performance measures as collected by the managers in this sample of Ethiopian manufacturing firm exporters are presented in the under-mentioned table. Generally, exporters seem to trust more on multiple export performance measurements than financial and non-financial indicators in measuring the achievement of their exporting business. The following table indicated the characteristics of the export performance measures of Ethiopian manufacturing export firms.

Table 4-28: Export performance measurements of firms

| Export measurement indicators | Frequency | % |
|---|---|---|
| 1. Objective/financial export performance measurement | 107 | 31% |
| Export intensity | 27 | 25% |
| Export growth | 38 | 36% |
| Export profitability | 42 | 39% |
| 2. Subjective/non-financial export performance measurement | 87 | 25% |
| Satisfaction | 66 | 76% |
| Goal Achievement | 21 | 24% |
| 3. Multiple export performance measurement | 155 | 44% |
| | 349 | 100% |

(Own Survey: 2022)

The result of the study found that 44 percent of the respondents used multiple measurement approaches, 31 percent used one or more objective or financial indicators, and 25 percent employed some kind of subjective or non-financial indicator. Thus, the majority of the sampled exporters used multiple measurement items to measure the export performance of their firms. In general, the sampled managers agree that exporting activities have contributed positively to the overall export performance of the firms.

More specifically, the result implied that, next to multiple measurement approaches, the most frequently used objective or financial indicators to track the export success of the firm are: export profitability (39%), export growth (36%), and export intensity (25%). Similarly, the most frequently used subjective or non-financial indicators to track the export success of the firm are satisfaction (76%) and goal achievement (24%).

Here, the less-used indicators seem to be the export intensity and goal achievement indicators. This seems to be contrary to other studies (Cavusgil and Zou 1994) and is a remarkable investigation bearing in mind that the export intensity and goal achievement indicators, as objective and subjective measures, respectively, are considered by the researchers to be more reliable, and hence they are most frequently utilized in studies measuring export performance (Sousa 2004).

## 5.14. Discussion of Major Findings and Implications

The present study gives detailed discussions on the study findings in line with the theoretical bases obtainable in the literature review part. The current research study was entitled 'Determinants of Export Performance: A Framework and Empirical Investigation on Ethiopian Manufacturing Export Firms'.

Thus, the objective of the current study was to investigate the determinant factors affecting the export performance of Ethiopian manufacturing export firms. It should be kept in mind that this empirical investigation was conducted through the mediating impact of marketing mix strategies.

### 5.14.1. Export Firm's Characteristics and Export Performance

Firm characteristics, particularly firm size and firm export experiences, are the most frequently significant variables (LiPuma et al. 2013). The findings of this study showed that there is a positive association between firm characteristics and export performance, and this finding is supported by other prior studies such as Islam (2017), Chen et al (2016), and LiPuma et al (2013).

Firm size and firm international experiences are two of the most commonly studied determinant variables in relation to the internal factors of export performance (Islam 2017; Chen et al. 2016; Stoian et al. 2011). Since firm size and firm international experiences have significant influence on firms' export marketing strategies and can influence export performance,.

More specifically, it is discussed in the previous literature that larger firms can better absorb the risks associated with international business environments, have better opportunities to promote financing, and have more resources to overcome the costs associated with foreign markets (Islam, 2017; Chen et al. 2016; Stoian et al. 2011).

Thus, firm size and firm international experiences are two of the determinants that have been mentioned in previous published research as having a positive and significant impact on the export propensity and intensity of firms. As a result, large and experienced firms have the resources to design marketing channels, new product testing, and standard procedures, among other factors, all of

which are significant in magnificently searching the export market (Islam 2017; Chen et al., 2016; Stoian et al. 2011; Bekele and Kaur 2018).

Furthermore, from the results obtained, it was found that the marketing mix strategy mediates the positive correlation between firm size and the firm's international experience on export performance. Hence, a firm's size and international experience play a vital role in promoting the performance of the exporting firms, and this finding is in coherence with the outcomes of Zou and Stan (1998), Chen et al (2016), Islam (2017), Lages et al (2008b), and Gloria (2016).

Taking the direct effects of the association between firm size, firm international experiences, and export performance, it is statistically considerable. Thus, firm size, firm international experiences, and export performance have an important indirect and positive connection with the mediating role of export marketing strategy. The beta value shows that a one-piece investment in a particular company feature results in a rise in export performance with the support of an export marketing strategy.

This final outcome is in coherence with other studies (Islam 2017; Stoian et al. 2011); it dictates that planned export marketing decision-making is unified with firm size and firm international experiences. Consequently, the mediation role of export marketing strategy has become incredibly important in the helpfulness of firm size and firm international experiences as a potential foundation of competitive benefit (Chen et al. 2016; Oyeniyi 2009).

### 5.14.2. Management Determinants and Export Performance

The export manager’s competence may determine the export performance in terms of selecting, entering, and spreading out in foreign countries (Kim et al. 2016; Valeria 2017). It may also grant the export managers the capability to scan business environments with foreign customers and deal with culturally dissimilar societies (Chen et al. 2016; Kim et al. 2016; Valeria 2017). So, export managers make decisions and tactics to develop and spread out the foreign market, which will certainly influence the firm’s export performance (Chen et al. 2016).

The research findings on management determinants have a positive association with export performance, and this finding is supported by previous research results obtained by Sousa et al (2008)

Chen et al (2016), Kim et al (2016), and Valeria (2017). This suggests that the presence of management determinants in the firm is expected to lead to better export performance.

Referring to previous studies, managerial determinants in this study are focused on managers' foreign language proficiency and managers' international experience. Therefore, managers are the chief power behind the opening of progress, nourishment, and success in export. The manager itself pressures the approach determined for export performance (Sousa et al. 2008).

The study findings indicated that there is a positive correlation between foreign language proficiency and export performance, and the number of languages spoken by managers and their ability to export are found to be fundamental determinants of export performance. Previous research findings showed that the success of firms in the foreign market is based on foreign language proficiency, and without this proficiency, business becomes very hard (Sousa et al. 2008).

Foreign language skills facilitate the managers to develop their communication capability worldwide and become easily involved with foreign customers (Shahram et al. 2013; Stoian et al. 2011). Thus, foreign language skill is an essential determinant of export performance, essentially obtained in the course of formal education or international experience, and firms that are led by managers who can speak multiple foreign languages will have superior export performance (Stoain et al. 2011; Kim et al. 2016; Valeria 2017; Shahram et al. 2013).

Moreover, managers who acquire foreign language ability are more likely to evaluate the latest markets and supplement current marketing strategies (Shahram et al. 2013). Foreign language skills make it easier to set up public and trade networks overseas as well as get better communication with foreign customers (Farshid et al. 2012; Gloria 2016).

Also, the study result indicated that the manager's international experience significantly influences the firm's export performance. Hence, it is one of the key determinants that have a direct effect on export performance, and managers with more comprehensive professional experience in international markets may bring more success to export firms (Shahram et al. 2013; Hosseini et al. 2011).

Thus, a manager's international exposure may have a superior influence on the study of international markets, the recognition of foreign business opportunities and threats, and the interaction with foreign customers (Shahram et al. 2013). Consequently, firm owners should assign highly educated personnel with international experience to manage their firms.

In regard to the management determinants, the firm executives widespread know how concerning the overseas market need, dedication, understanding of the other nation's culture, and exposure to the overseas market had a higher mean score, and the finding indicates the crucial function of these parameters in attaining the export objectives. Though the ability to know other languages and the executive's educational status had a comparatively low point of conformity to affect the export performance,.

In terms of the direct effects of the connection among management determinants and export performance, this is to be statistically considerable. Also, management determinants and export performance have a significant indirect relationship when the mediating function of export marketing strategy is switched on. Therefore, the end result indicated that export marketing strategy mediates the association between management determinants and export performance.

Its comparative significance is average compared to the rest of the variables, though the performance score is the highest. The management body makes decisions to extend the international markets, which will ultimately affect exports.

Similarly, some researchers proposed the type of manager of comparative export advantage as the main significant factor of firm export achievement (Hosseini et al. 2011). The rationale for this perspective is that when managers are committed, they plan the admission considerately and allocate sufficient funds.

### 5.14.3. Competitive Intensity and Export Performance

The study findings found that the marketing mix adaptation mediates the influence of the competition level of the manufacturing export firm on export performance. The result of the study findings showed that there is a significant positive relationship between the competition level of foreign

markets and export performance with meditating variables of marketing mix strategy. In international markets with very high competition as opposed to the exporting country, the marketing mix strategy should be adapted so that the products can compete with other foreign products (Jamshidi and Moazemi 2016).

Competitive forces can influence firms to cut their prices or modify their products to meet the particular needs of a given export market (Jamshidi and Moazemi 2016, Powers and Loyka 2010). The higher the competition in the foreign market, the more firms are forced to adjust export tactics in order to differentiate their products from their competitors and gain a competitive advantage (Jamshidi and Moazemi, 2016). Appropriate export strategies need to be realized to fill the distinctiveness of the export markets (Gloria 2016).

The more the number of playmakers in the market expands, the more the level and changeability of tactical issues may increase significantly (Jamshidi and Moazemi 2016, Powers and Loyka 2010). In the field of the export market, previous researchers investigated a positive link between the intensity of competition and the level of adoption of marketing mix elements (Jamshidi and Moazemi 2016, Powers and Loyka 2010).

Thus, intensive competition influences the levels of export marketing strategies as well as the degree of export performance (Cavusgil and Zou 1994). Foreign market attractiveness and potential market competitiveness, environmental turbulence, and domestic market saturation will lead to intensive competition in the global export market (Reis and Forte 2014; Barney et al. 2011).

In cases of competitive intensity, the management had a comparatively elevated point of conformity concerning developing new products for overseas markets, getting imperative market information, and continually adopting innovative ways in the manufacturing method to improve the export performance of the companies. On the other hand, an inferior level of consensus is sought with resource allotment for research and development activities contextualizing modern export methods, creating cooperation agreements with overseas firms, and improving technology to address issues of competitiveness that trigger export fruitfulness.

The direct effects of the association between competitive intensity and export performance were found to be statistically considerable. The beta assessment showed that a one-element investment in competitive strategy points to an increase in export performance, exclusive of the prevailing consequence of export marketing strategy.

Plus, competitive intensity and export performance have important indirect positive relationships when the mediating function of the export marketing strategy is switched on. The path coefficient shown regarding the indirect association is greater than the path coefficient assessed in the case of the direct connection. All the direct and indirect influences are considerable, and hence, the findings indicated that export marketing strategy is a harmonizing mediator among competitive intensity and export performance.

### 5.14.4. Technological Factors and Firms export Performance

The technological know-how of a firm has a significantly positive relationship with export marketing strategy and export performance. A technological force is a superior indicator of export marketing strategy that leads to a positive influence on firm export performance (Jamshidi and Moazemi 2016, Powers and Loyka 2010). This entails that the determinant of export is directly linked to the level of technology as well as the level of export performance that exists in a country.

Technology is very essential for cost minimisation, better-quality products, and to enhance the overall export firms' competitiveness, and the results found to be similar to those of other empirical studies (Jamshidi and Moazemi 2016; Hair et al. 2014b; Powers and Loyka 2010).

An innovative technology level enhances the performance of export firms (Hair et al., 2014b). Thus, using appropriate technology reinforces the production of better products that satisfy the customers' preferences, which may in turn promote the firms' performance in the global market (Jamshidi and Moazemi 2016; Powers and Loyka 2010).

The correlation between technological factors and export performance is extensively renowned in the international literature. Internationally, it is considered that nations with greater investment in research and development that are classified as technology leaders attain a better encouraging effect

on the level of their exports to countries that do less investment in this area, and as well, this effect is overstated with the technological enhancement that they realize (Marquez-Ramos 2011).

Technological determinants of firms are straightforwardly linked to the export performance of the firm. This is true, seeing as technological factors are one of the key components of a firm's global competitive advantage (Grosman 2005). Thus, having technological capability accelerates product movement in the global market and, as a result, ensures the improvement of the business activity of overseas companies.

### 5.14.5. Foreign Market Characteristics and Firms export Performance

Foreign market characteristics include political and legal environments such as tax policy, trade barriers, tariffs, government stability, political interference, and cultural forces that influence marketing programs and, in turn, may influence export performance (Czinkota et al. 2011; Gloria 2016; Chen et al. 2016; Sousa et al. 2008).

The results of this study indicated that the marketing mix strategy mediates the influence of the characteristics of foreign markets, particularly cultural differences between export performances and the legal environment, on export performance.

This indicated the level of government interference and the sociocultural environment over the act of the export marketing activity (Ali et al. 2014; Chen et al. 2016). According to Sousa et al. (2008), foreign market characteristics are factors influencing export marketing strategies and export performance. These determinants comprise political and legal regulations and cultural differences (Sousa et al. 2008).

This outcome is in line with those of Zou and Stan (1998), Sousa et al (2008), Chen et al (2016), and Islam (2017). Products designed for the export market must be packaged, labeled, quality, place and time of purchase, price, advertisement, and presented in a form that is culturally accepted by the foreign firms (Ali et al. 2014; Islam 2017).

Consequently, the legal and regulatory laws of the host country's government can play a substantial role in the export performance (Islam 2017; Valeria 2017). When there is a cultural difference between the export and import firms, the marketing mix strategy must be adjusted (Sousa et al. 2008; Chen et al. 2016; Islam 2017). So, recognizing the country's national culture plays a central role for exporting firms, not only for strategies but also for valuable marketing operations (Islam 2017; Czinkota et al. 2011).

Also, the study result of this hypothesis was found to be that the marketing mix strategy mediates the influence of differences in government regulations between local and export markets on performance firms and has a direct relationship. Previous researchers such as Valeria (2017), Islam (2017), and Czinkota et al (2011) supported the idea the idea that the legal and regulatory framework has significant influences on the performance of a firm at the international level.

Hence, governments may select specific traders or enforce exchange controls, and these will have direct influences on the price of the product. As a result, export firms must develop new marketing mix strategies in order to compete with other firms (Islam 2017; Czinkota et al. 2011).

### 5.14.6. Export Marketing Strategy (EMS) and Export Performance (EP)

The hypothesis testing findings presented that there is a statistically positive relationship between export marketing mix strategy and export performance. All the elements of the export marketing mix strategy (product adoption, price, promotion, and distribution channels) were found to be significantly related to the firm's export performance.

The existing study results also showed that marketing mix strategies are directly affected by firm characteristics, management determinants, competitive intensity, foreign market characteristics, and the adoption of innovative technologies.

This result is consistent with the work of Cavusgil and Zou (1994), Navarro et al (2016), Chen et al (2016), Jamshidi and Moazemi (2016), and Roland and Stephanie (2014). Therefore, the association among firm size, management determinants, technological factors, and export marketing strategy was found to be statistically essential and corresponding.

Hence, all the 4P's of export marketing mix strategy (product adoption, price, promotion, and distribution channels) were found to be significantly associated with a firm's export performance. Thus, one of the objectives of the current research was to determine the influence of marketing mix strategies on the export performance of the Ethiopian manufacturing export firm. The research outcome found that product adoption is the first and most significant element of the marketing mix that influences export performance.

Export product adoption in the global market arena can be initiated to fulfill foreign regulations and laws to achieve global marketing objectives (Gloria 2016; Czinkota et al., 2011). As stated by Muhammad et al. (2009) export product benefit packages (prestige, quality, and luxury), feature and design, brand mix elements (such as number, symbol, name, and sign), guarantee, after-sales services, and export product bundles have significantly influenced firms's export performance (Chen et al. 2016; Gloria 2016; Czinkota et al. 2011; Lages et al. 2008b).

Previous studies have also found a positive correlation between product adoption and export performance (Cavusgil and Zou 1994). Similarly, Zou and Stan (1998) and Leonidou et al (2011) in their reviews, found that product distinctiveness, quality, copyright, and design significantly influence the export performance of the firm. Thus, the implication of this finding is that when products are well branded, packaged, and other strategies are used, the export performance of the firm will be enhanced.

The result of this hypothesis was found to be that there is a significant positive relationship between adoption pricing strategy and a firm's export performance, and this shows that the greater the level of price strategy adaptation, the better the firm's export performance. The results obtained in the study are consistent with some studies that showed positive correlates of price adoption on export performance: Morgan et al. (2012), Czinkota et al (2011), and Sousa and Bradley (2009).

Another marketing mix strategy factor in the performance of the exporting firm was the distribution strategy used, and the current study found that distribution strategy adoption positively influenced the firm's export performance. Research on distribution channels has a positive association with loyalty

to exports, and high-exporting firms have distribution channel contracts with end users honestly (Abdul et al. 2012).

Moreover, high-performing exporters implement more flexible distribution channels to increase their relationship with end users (Abdul et al. 2012). Thus, selecting appropriate distribution channels guarantees products are delivered on time and at the right place.

Also, the hypothesis test showed that the greater the level of promotion strategy adaptation, the better the firm's export performance. The result of this hypothesis was found to be a significant positive relationship between the adoption of promotional strategies and firms's export performance.

According to Moghaddam et al (2011) and Magda (2013) there is a positive relationship between promotion adoption and export performance. So, the result of the findings implies that managers need to formulate appropriate promotional strategies to compete with the other firms in the foreign market and also to gain entry into the foreign market.

From another perspective, the study showed that improved export performance can be attained through the purposeful execution of adaptive marketing mix strategies such as export product, price, promotion, and distribution strategy. Consequently, the export marketing strategy significantly influences the firm's export performance.

Therefore, developing a marketing mix strategy and scanning the export business greatly justifies achieving a firm's export sales performance, and leaders and managers who embrace these marketing mix strategy practices would be in a position to realize export sales growth, export profitability, export market share, and attain their goals.

### 5.14.7. Export Performance and Measurements

#### 5.14.7.1. Export Performance

The achievement of a firm in exports can be measured by its export performance (Navaro et al., 2010; Cavusgil and Zou 1994). Success to the firm's objective when products are exported to international markets is known as export performance (Navaro et al. 2010; Cavusgil and Zou 1994). Export

performance indexes contain such things as export sales growth, export profitability, export intensity, goal achievement expectations, and satisfaction.

Firms export performance has been appraised by different measurement scales, such as export intensity (export sales as a percentage of total sales), export profit, export growth, company goal achievement, and satisfaction.

Most research findings related to the export performance literature revealed a lack of a wide-ranging theoretical foundation and deviations across studies on the appropriate measurements of export performance and determinants thereof (Sousa et al. 2008). The key topic of deviations is related to the inclusion of studies that examine theoretically wide-ranging degrees of export performance.

### 5.14.7.2. Determinants of Export Performance

The managerial determinants, as postulated by the resource-based view (RBV) theory and tinted by various researchers (Sousa et al. 2008; Chen et al. 2016; Kim et al. 2016; Valeria 2017), were evidently the most significant factor for both the objective and subjective export performance modes of measurement, specifically through managers's foreign language skills and international business experience that have significantly positive influences on export performance, positively playing a key role in enabling the penetration of foreign markets and improving the ability to do business with international players.

The firms' characteristics, as postulated by the resource-based view (RBV) theory and tinted by various researchers (Islam 2017; Chen et al., 2016; LiPuma et al. 2013), were evidently the most significant factor for both the objective and subjective export performance measurements, specifically the firm's size and the firm's international experience, which have significantly positive influences on export performance.

Regarding the influence of external determinants such as technological factors, competitive intensity, and foreign market characteristics, as postulated by the contingency theory and tinted by various researchers (Valeria 2017; Stoian et al. 2011; Gloria 2016; Chen et al. 2016; Bategeka 2012), they were evidently the most significant factor for both the objective and subjective export performance modes of measurement that have significantly positive influences on export performance.

### 5.14.7.3. Export Performance Measurements

The findings from the analysis showed significantly positive relationships between the subjective and objective export performance measurements. Specifically, managers's satisfaction and goal achievement expectations with export performance are positively influenced by the subjective measurements, whereas export intensity, export profit, and export growth with export performance are positively influenced by the objective measurements.

Generally, export performance has been measured by objective and subjective measurements. When various scholars apply different measurements of export performance, it is hard to determine whether contradictory findings are because of the independent variables adopted or because of the practice of different measurement scales. Consequently, data investigations for empirically addressing the research problem shed light on the multidimensional measurement of export performance.

The research findings showed that the export performance paradigm is actually a multidimensional construct, and a flexible approach with respect to pertinent measurements of export performance is desired to be adopted in future research. Subsequently, different measurements of export performance may be influenced by different firm characteristics; a flexible and multiple measurement approach offers better directions to managers.

### 5.14.7.4. Theoretical Framework of the Study

From the Global Marketing point of view, this research has primarily drawn from the Resource Based View (RBV) and contingency theoretical frameworks (external and internal environmental factors) which perceives that a firm is a distinctive package of tangible and intangible resources (captures capabilities) that are measured by a firm and intended at enlightening its export performance as well as through the contingency theory that firms should fit the right export strategies and align resources to the situation of specific export markets (Happy 2016; Fernando 2011; Arsalan and Ali 2020; Mafalda et al. 2016; LiPuma et al. 2013; Harcharanjit et al. 2014).

Thus, the present study was intended on the basis of combining contingency and RBV theory in order to better understand the direct and indirect explanatory factors of export performance and sufficiently address the research question: *what are the determinant factors that influence the export performance of firms in Ethiopian medium and large manufacturing exporters?*

## 5.15. Chapter Summary

The present study examined the direct and indirect influences of determinant factors that affect export performance with a mediating variable of export marketing strategy. Based on the study result, there is a statistically significant positive relationship between firm characteristics, management determinants, competitive intensity, technological factors, and foreign market characteristics and export performance with a mediating variable of export marketing strategy.

More specifically, firm size and the firm's international experience, managers foreign language skills and international experience, competitive intensity, technological factors, and foreign market characteristics with a mediating variable of export marketing strategy have a positive relationship with export profitability and sales performance (Chen et al. 2016; Oyeniyi 2009; Matanda and Freeman 2009; Morgan et al. 2012).

The study adopted structural equation modeling (SEM) as a technique to analyse the data set of 349 responding firms (N = 349). Structural equation modeling (SEM) is used to carry out exploratory factor analysis (EFA) to study the dimensionality of the data with the objective of constructing a set of items that reflect a single essential construct (Anon 2012; Kline 2015).

Furthermore, SEM is used to carry out confirmatory factor analysis (CFA) for each of the theoretical constructs commonly known as testing the measurement model (Anon 2012). Hence, the measurement model illustrates how the observed variables are contingent on the latent or unobserved variables and indicates which items are associated with each latent variable (Anon 2012; Kline 2015; Arbuckle 2009). All theoretical constructs were independently analysed in a measurement model.

Thus, the EFA results of the study found that factor analysis was employed to check the relationships of each set of reflective items with each other in a single factor and run to check the discriminate validity. Furthermore, to evaluate the reliability of a reflective multiple indicator construct, Cronbach alpha scores, composite reliability (CR), and average variance extracted (AVE) were employed.

Consequently, the higher values specify higher levels of reliability, and the overall coefficient alpha values, composite reliability, and AVE for each scale entail a high level of reliability, and the value is above the recommended cut-off values of 0.7, 0.60, and 0.50, respectively (Anon 2012; Kline 2015).

As the important-performance map analysis (IPMA) result indicated, all the unstandardized sum effects of an exogenous construct's importance (FC, MD, CI, FMC, FM) are not equally significant factors to a target endogenous construct (EMS and EP). The purpose of this test was to analyze each predecessor construct's importance in terms of its total impact on each target endogenous construct's performance (Hair et al. 2017).

Hence, based on the important-performance map analysis (IPMA) test result, competitive intensity had subsequently advanced substance scores from external factors, and management determinants had subsequently advanced substance scores from internal factors that influence export performance.

The next chapter presents the model and framework of the study. Thus, in this chapter, statistical software and the statistical methods utilized for the study have been addressed. Also, factor analysis (both exploratory factor and confirmatory factor analysis), descriptive statistics, cronbach alpha (reliability measure), analysis of variance (ANOVA), and correlation analysis are further illuminated.

# CHAPTER SIX

# PRESENTATION OF INTERVIEW DISCUSSANTS

## 6.1. Introduction

Based on the researcher's outline, this study is intended to include and interpret the data collected from interview questions. Their overall understandings were included in this chapter based on interview questions in the session.

## 6.2. Reflections on the Performance of Ethiopian Manufacturing Export Firms

Under an inclusive, however practical, reform since 1991, Ethiopia has been effectively altered from a centralized economic system to a mixed type of economy by the rising entry of the economy to global trade lately, which gives in an extraordinary ray's in many companies inflowing export markets.

Though the export performance of Ethiopia does not attain what was anticipated, and it is still little with export income, export goods are mostly customary with squat worth, and export prices are less than the than the world market charge. The manufacturing sector has had two different characteristics: a little level of mechanization in stipulations of the sector's allocations in gross domestic product, export revenue, mechanization strength, and rivalry and competition in international trade.

Additionally, the industrial formation is conquered by small companies and resource-oriented manufacturers and concerted more or less in the capital, Addis Ababa (Oqubay 2015). There are various hopeful signs that the manufacturing industry may have begun to emerge from the melancholy. A dilemma for policy analysts and scholars is the fragile performance of the Ethiopian manufacturing sector, which has been sluggish to change and become a locomotive of structural change in spite of Ethiopia's vigorous manufacturing policy.

There are ordinary perspectives to give details about the feeble performance of manufacturing in Sub-Saharan Africa in recent years, but not all of them are completely satisfactory (Lawrence 2005). The

first dependency quarrel shows that resources stream from deprived to wealthy countries at the cost of the previous and that developing nations cannot industrialize in the novel international economic arrangement. The major dependency is on highly developed and intermediate technology. This outlook implies that global capital in highly developed economies is firmly restricted by worldwide value mechanisms, particularly in the concerns of scheme integrator, manufacturer, and purchaser companies in highly developed nations.

This viewpoint discards the significance of pooling foreign direct investments and is cautious of incorporation into the international economy, foreseeing at its finest that African nations are relegated to a limited, reliant place in global manufacturing and that a feeble internal routine system lacks a well-built domestic industrialist set. Also, this viewpoint states that manufacturing and import switches are requisite.

## 6.3. Problems of Manufacturing Export Performance of Firms in Ethiopia

Ethiopia, similar to Sub-Saharan African nations, has an economic arrangement that is characterized by squat per capita income, a huge agriculture-based economy with comparatively low growth rates, and severe foreign exchange restraints.

This is evident in the nation's export performance in the manufacturing sector. The challenges typically originate from the features of the goods that the nation exports. These constraints were discussed by interview participants in the interview sessions:

- Due to the conflict outbreak in the northern part of the country and the civil war, the USA government banned the country from tariff-free access through the AGOA scheme, which also brought problems to the market access of many manufacturers. They were also forced to withdraw totally from the export business.
- Lack of interest in low-quality products due to technological advancement
- Marketing strategy failures and focusing on a saturated market
- Production of copied products by developed nations, which reduces the need for some manufacturing industry products.
- Restraining trade policies and regulations adopted.
- Lack of sufficient foreign exchange

- Limited production capacity and advancement.
- Deprived local policies were scrutinized by the preceding administration.

Generally, the continuation of a serious limitation in manufacturing firms could influence the ability to enter the export market and the competitiveness of the companies in the global market. This may be because of a deprived rearward connection with the main industries and the incompetence of government assistance. The absence of formal foreign currency swaps is partially a consequence of the squat intensity of export revenue, and the elevated liability servicing places force on the inadequate foreign exchange.

The connotation is that the state administration must take appropriate policy actions and improve its assistance task. This might be in terms of endorsing connections with the resource suppliers, preserving macroeconomic constancy, devaluation of the local currency, developing financial access, and market facilitation.

## 6.4. Export Performance Successfulness Indicators

The achievement of export performance is at the focal point of the planned decision-making course for company and public nationwide decision-makers. For export firms, the achievement of the export performance shows the degree to which a company's goals, including financial and non-financial, are attained in a global circumstance at a specified point of occasion and shows the appropriateness of the selected export marketing strategy in reacting effectively to the company and external environmental factors.

As a result, there are a number of export performance measurements employed in the exporting literature. Sousa (2004), in his analysis of export performance-related scholarly research, recognized many diverse performance benchmarks. The wide-ranging selection of benchmarks used in the export performance research is an indication of the challenges in accessing export performance facts and the continuing exploration for reliable and all-inclusive measures. This makes the contrast and corroboration of the results from diverse research extremely complicated.

The financial and non-financial/strategic issues show the types of measures employed in the export performance evaluation. Financial measures are mainly based on inclusive points like export sales amount, export profit margin, and export market allocation, whereas non-financial indicators points are based on intuitively related measures, including the top management's perception of achievement and contentment with export performance.

The measures of export performance are typically classified into two broad classifications. Objective measures, which focus on financial measures, and subjective measures, which include non-financial indicators,.

Export performance has been evaluated by a variety of measurement scales, such as export intensity (export sales as a percentage of total sales), export profit, export growth, company goal achievement, and satisfaction. Most research findings related to the export performance literature revealed a lack of a wide-ranging theoretical foundation and deviations across studies on the appropriate measurements of export performance and determinants thereof (Sousa et al. 2008). The key topic of deviations is related to the inclusion of studies that examine theoretically wide-ranging dimensions of export performance.

Generally, export performance has been measured by objective and subjective measurements. When various scholars apply different measurements of export performance, it is hard to determine whether contradictory findings are because of the independent variables adopted or because of the practice of different measurement scales. Consequently, data investigations for empirically addressing the research problem shed light on the multidimensional measurement of export performance.

The research findings showed that the export performance paradigm is actually a multidimensional construct, and a flexible approach with respect to pertinent measurements of export performance is desired to be adopted in future research. Subsequently, different measurements of export performance may be influenced by different firm characteristics; a flexible and multiple measurement approach offers better directions to managers.

## 6.5. Reflection on factors that impact firm's export performance at firm level

According to Zou and Stan (1998), the significance of company-wide determinants in export performance is due to the fact that exporting is a firm approach and therefore under the management of the company and its administration.

Export performance is impacted by convenient internal factors, which are export marketing strategy, management outlook, and insight. It is also influenced by unmanageable factors that might be internal, including management determinants, firm features, and capabilities. External determinants consist of industry uniqueness and foreign and local market features.

## 6.6. The Essences of Marketing Mix Strategy in Export Performance

The finding of the study identified numerous product-associated factors that impact export performance, together with product design, alteration, brand, quality, and diversification. Product alteration and strength were a company's internal and manageable variables that impacted export performance. Regarding product-associated features, an interview with in-charge managers established that product quality, of all the remaining, extremely impacted export performance.

Export performance is greatly impacted by price strategy, although a discussion with responsible managers was then assured using pricing explanatory variables such as inexpensive advantage, pricing technique, loan regulation, and modification of export price to overseas market circumstances.

Moreover, export performance is pressured by a place marketing strategy employing adjustments in distribution, export channel category, distribution system, and export sales representatives, as pointed out by the interview discussants of this study.

## 6.7. Chapter Summary

To sum up, this study intended to include and interpret interview questions to triangulate the data collected through questionnaires. Generally, export performance has been measured by objective and subjective measurements. Consequently, when various scholars apply different measurements of

export performance, it is hard to determine whether contradictory findings are because of the independent variables adopted or because of the practice of different measurement scales.

The research findings showed that the export performance paradigm is actually a multidimensional construct, and a flexible approach with respect to pertinent measurements of export performance is desired to be adopted in future research. Subsequently, different measurements of export performance may be influenced by different firm characteristics; a flexible and multiple measurement approach offers better directions to managers.

Based on the study findings, chapter seven will proceed with a detailed summary of the results. Furthermore, it described the detailed conclusions of the study findings and addressed the recommendations based on the conclusions. It also dealt with the contributions of the study, possible limitations, future research directions, and implications of the study subject.

# CHAPTER SEVEN

# SUMMARY, CONCLUSSION AND RECCOMENDATIONS

## 7.1. Summary of Major Findings of the Study

This chapter provided a summary of the major findings of the study, pertinent conclusions and recommendations, basic insights for future research, and finally presented the limitations and implications of the study.

The study was intended to be an empirical investigation of the export performance determinant factors in Ethiopian manufacturing export firms. Jointly, both descriptive and explanatory investigations were undertaken to attain the purpose of the study.

Descriptive measurements were used to observe the mean and standard deviation of the responses of participants about the pressure of the firm, management determinants, competitive intensity, and firm export marketing strategy on the export performance of firms.

The explanatory evaluation section was assisted by structural equation modeling. The SEM was employed due to its capacity to model factors and compounds by undertaking both a measurement model and a structural model concurrently. Additionally, importance-performance map analysis was used to comprehend the comparative significance and authentic capability of endogenous variables. Hence, the subsequent fundamental outcomes were resolute and showed the next:

The general mean score of firm characteristics, competitive intensity, determinants, export marketing strategy, and export performance illustrates the superior level of consensus among participants in the study.

A supplementary correlational analysis was prepared to determine the intensity of the relationship between firm characteristics, management determinants, competitive intensity, technological factors, foreign market features, and export performance, as well as the export marketing mix strategy. The

outcome, which demonstrates export performance, was found to have an important and constructive association with export marketing strategy.

Before the Structural Equation Model Investigation (SEM) was done, the extent of the model was primarily assessed for pointer loadings to ensure the point‘s supreme involvement in its allocated constructs; convergent validity implies the construct congregates to give details of the difference between its elements; internal consistency reliability undertaken to ensure whether the elements within an appliance measure different characteristics of the identical features; and discriminate validity to prove whether the construct is essentially diverse from other constructs by observed principles.

After all, depending on the evaluation results, the measurement model was acceptable and applicable to advance the structural model analysis (SEM). Based on the structural model evaluation, the concern of collinearity between the unobserved variables was studied using the variance inflation factor, and every value was under the entry.

Following this R-square assessment, the endogenous variable was calculated using SEM calculation, and the outcome explains $R^2$ value of the export marketing mix strategy; hence, management determinants, firm size, and competitive intensity describe the variance of the export marketing mix strategy, whereas taking into consideration export performance, management determinants, technological factors, firm size, and export marketing mix strategy could describe the variance of export performance in a detailed manner.

After the path coefficients are shown, employing the bootstrap technique is done by the secondary sampling process to predict the model limits. The importance of the path coefficients was ensured for bootstrap assurance gaps, t values, and p values.

Accordingly, the straight association between firm size and firm export performance and that of management determinants, technological factors, competitive intensity, foreign market character, and export marketing mix strategy were statistically accepted.

Additionally, the extent of the results of the exogenous variables investigated from both the firm's export performance and export marketing mix strategy perspectives, for that reason, competitive intensity and firm size have an elevated result extend value whereas taking into account the presence of export marketing mix strategy. Whereas export marketing mix strategy and management determinants have an upper effect dimension value while given export performance.

Furthermore, the predictive significance of the model was investigated by employing the prognostic significance metrics, and the outcomes point out a steady value and more than zero, which is a good analytical weight for the stated model. The study performed the model relevance examination utilizing the two renowned indicators, such as standardised root mean squared outstanding and Normed fit index.

Following the investigation, mediation analysis was performed to determine the direct and indirect outcomes of the exogenous and endogenous study variables. The direct impact of competitive intensity, technological factors, foreign market characteristics, management determinants, firm features, and export marketing mix strategy on export performance is statistically considerable.

Therefore, a one-unit investment in each of FC, CI, TF, MD, FMC, and EMS will augment the export performance of the manufacturing firms. Correspondingly, in terms of export marketing strategy, it is statistically important. Therefore, regarding the indirect outcomes, the export marketing mix strategy showed that a considerable intermediation of FC, CI, TF, MD, and FMC were fully statistically practical mediators.

Eventually, the significance or performance map analysis (IPMA) is undertaken, utilizing the matrices that show the comparative significance and genuine performance of the dormant variable. The result illustrated the inconsistent robustness of the significance and performance of the theories.

Consecutively, glancing export marketing mix strategy and competitive intensity are relatively top benefits and likely to have advanced performance. Nevertheless, foreign market characteristics and firm characteristics have comparatively moderate significance.

## 7.2. Conclusions

The present study empirically investigated the determinants of export performance of global market-oriented manufacturing firms that were recombined into the stated variables: firm characteristics, competitive intensity, technological factors, management determinants, foreign market characteristics, and export marketing mix strategy in Ethiopia. This thesis establishes hypotheses about the association between determinants and the export performance of firms and the mediating functions of export marketing mix strategy

The study contributed to the global business literature by instantaneously investigating the managerial, organizational/firm, competition, technology, and foreign market determinants of firms' export performance, along with examining the association established between its objective and subjective export measurements. Furthermore, the study was conducted using empirical data from Ethiopian manufacturing export firms, where related areas have not been broadly studied.

In conclusion, the theory construction and testing of research hypotheses have contributed to the current knowledge base of the factors of export performance and given substance for future research, and the research aims were attained. The research recognized both the internal and external determinant factors that affect the export performance of Ethiopian manufacturing export firms, specifically the leather and textile product sectors.

The study has examined the direct and indirect influences of determinant factors that affect firms' export performance with a mediating variable of marketing mix strategy, and it is anticipated that other future researchers will pursue the validity of the outcomes in this study by replicating the research design with other export firm samples.

Consequently, a theoretical model of determinants as a factor in export performance was established and tested that can now be adopted by policymakers, future researchers, firm managers, and industry practitioners. Finally, structural equation modeling (SEM) methods were employed to test the validity of the models and the relationships among the variables hypothesized in the models.

The principal aim of the current research was to investigate the determinant factors that impact the export performance of Ethiopian manufacturing export firms. It should be preserved in mind that this relation was examined through the mediating effect of marketing mix strategies, which is represented as the mediating variable in the current study.

More specifically, the determinant factors signify the independent variables, and these factors comprise the firm's size and the firm's international business experience, the manager's foreign language skills and international experience, technological intensity, computational level, government rules and regulations, and cultural and economic differences.

Likewise, export performance is the dependent variable in the current research. Here, the mediating variables through which the association between the independent and dependent variables was investigated were the marketing mix strategies (4Ps). Hence, the influence of marketing mix strategies on the export performance of Ethiopian manufacturing export firms was also investigated.

The findings of the research study were found to be consistent with the theories upon which the research is grounded, which were the resource-based view (RBV) and contingency theories, in which the decisions made by export firms about whether to adapt their strategies are contingent on the situations of the global markets.

The research findings on management characteristics have a positively significant relationship with export performance, and this finding is supported by previous research results. This suggests that the presence of management characteristics in the firm is expected to improve export performance.

The research findings indicated that there is a positive correlation between management characteristics, specifically the manager's foreign language skills and the manager's international experience, and firms' export performance. Hence, it is one of the key determinants that have a direct influence on export performance, and managers with more extensive professional experience in international markets may bring more success to export firms.

Management determinants and firm characteristics clarify the variance of the export marketing mix strategy; the other variance could be described by external export determinants. This showed export achievement is not merely reliant on outside influences, and legislation shows ever more prominently the company's convenient determinants.

Firm characteristics, particularly firm size and firm export experiences are the most frequently significant variables. The findings of the present study showed that there is a positive correlation between firm characteristics and export performance, and this finding is supported by other previous studies.

Firm characteristics are superior indicators of export marketing mix strategy. Therefore, a single piece of speculation about a firm's particular features and competitive intensity outcome boosts the export marketing mix strategy's robustness and execution.

The study findings found that the marketing mix adoption mediates the influence of the competition level of the manufacturing export firm on export performance. The result of this research showed that there is a significant positive relationship between the competition level of foreign markets and export performance with meditating variables of marketing mix strategy. In international markets with very high competition as opposed to the exporting country, the marketing mix strategy should be adopted so that it can compete with other foreign markets.

Technological dynamics have a significantly positive relationship with export marketing strategy and export performance. A technological force is a superior indicator of export marketing strategy that leads to a positive influence on firm export performance. This entails that the determinant of export is directly linked to the level of technology as well as the level of export performance that exists in a country.

Foreign market characteristics include political and legal environments such as tax policy, labour legislation, trade barriers, tariffs, government stability, environmental laws, political interference, and cultural forces that influence marketing programs and, in turn, may influence export performance.

The results of this study indicated that the marketing mix strategy mediates the effect of the characteristics of foreign markets, particularly cultural differences between export performances and the legal environment, on export performance. This indicated the level of government interference and the sociocultural environment over the export marketing activity.

The hypothesis testing findings revealed that there is a statistically positive relationship between export marketing mix strategy and export performance. The current study also showed that marketing mix strategies are directly affected by firm characteristics, management determinants, competitive intensity, foreign market characteristics, and the adoption of innovative technologies.

A fractional mediation function of the export marketing mix approach was considerably assessed using the rise in path coefficient value of competitive intensity associated with the value examined in the straight effect.

Also, a full mediation function of the export marketing mix strategy is considerably seen in the change of the firm's feature path coefficient from an irrelevant value assessed in the straight association to a considerable value. Management determinants, competitive intensity, firm characteristics, technological factors, foreign market features, and export marketing strategies could clarify variations in export performance.

Hence, all the essentials of the export marketing mix strategy (product adoption, price, promotion, and distribution channels) were shown to be considerably related to firms' export performance. Thus, one of the objectives of the current research was to determine the influence of marketing mix strategies on the export performance of the Ethiopian manufacturing export firm. The research outcome found that product adoption is the first and most significant element of the marketing mix that influences export performance.

Firm characteristics, management determinants, competitive intensity, technological factors, foreign market characteristics, and firm export marketing strategy are excellent straight indicators of export performance. Thus, the findings of the current study revealed the theoretical grounds adopted for the study.

As the important-performance map analysis (IPMA) result is presented, all the unstandardized sum weights of the exogenous construct's importance (FC, MD, CI, FMC, FM) are not equally significant factors for the target endogenous construct (EMS and EP). The purpose of this test was to investigate each antecedent construct's importance in terms of its total influence on each target endogenous construct's performance (Hair et al., 2017).

As indicated from the important-performance map analysis (IPMA) test, the competitive intensity had advanced substance scores from external factors, and management determinants had subsequently advanced substance scores from internal factors that influence export performance.

Similarly, even though all elements of the export marketing mix strategy were found to have positively significant relationships to export performance, most importantly, product adaptations and price adaptations are reliable with elevated significance scores and top performance scores.

The outcome of the present study provided theoretical, managerial, methodological, policy decisions, and practical contributions and it can help as a guideline for these player makers as they will be able to recognize the major determinant factors to consider when designing the policies and decisions. Consequently, all the internal players in the sector can wisely review and utilize the outcome of the research to improve the export performance and international competitiveness of Ethiopian manufacturing export firms.

## 7.3. Recommendations and Implementations

Based on the conclusions given above regarding this study, the subsequent recommendations are anticipated.

The Ethiopian Government ascertains that exporting is an important and prioritized business activity to sustain the country's economic growth through the investigation of the determinant factors that influence export performance, and subsequently, policymakers need to design strategies.

As a result, the present study contributed to theoretical and empirical knowledge by increasing understanding of the textile and leather manufacturing export firms of the country and the firm's

position in the international market, which helps policymakers understand the current position and strategic issues of Ethiopian manufacturing export firms in more detail and eventually leads them to formulate better policy decisions for the manufacturing export firms in the future.

Accordingly, governments seek to play a supporting role mainly for manufacturing exporters in enabling a better firm's export performance, and thereby firms should take advantage of those schemes and platforms for better export success.

Ethiopian manufacturing export firms, particularly those in the textile and leather industries, need to wisely assess the international market and adopt new systems and strategies after a thorough market survey in the countries where there are significant differences in international experience, cultural differences, technological usage, social and economic factors, foreign government policy, laws and regulations on import products, and computational intensity.

Ethiopian export firms need to use these findings to improve their export performance. Export-based manufacturing companies outstandingly must think about the important position of both the internal and external factors of export performance. Not merely reliant on either internal or external macro-environmental factors.

Perhaps it will be sensible for policymakers to highlight strengthening the company's internal ability to supplement external environmental forces with straight investment encouragement. Consequently, the firms must validate the premeditated suitability of the firm's features with its export objective. On the other hand, determinants can be taken as contributions to the export marketing mix approach and the mediating position between marketing mix strategy and export performance.

The outcome of the present study provided theoretical, managerial, methodological, policy decisions, and practical contributions and it can help as a guideline for these player makers as they will be able to recognize the major determinant factors to consider when designing the policies and decisions. Consequently, all the internal players in the sector need to wisely review and utilize the outcome of the research to improve the export performance and international competitiveness of Ethiopian manufacturing export firms.

Ethiopian manufacturing export firms ought to look upon the function of export marketing mix strategy as a vital formulating instrument in mediating the association between determinant factors and export performance. It is observed that in noticeable circumstances, export executives make planned decisions to progress and enlarge the overseas markets, which eventually pressures the export.

Consequently, exposure, know-how, and dedication are vital at the top administrative level for the export achievement of the company's marketing mix strategy, which must be executed efficiently. However, the outcomes exposed the moderate connection of export executive features with the export marketing mix strategy.

Accordingly, it is unusual that administrators are more in the position of export marketing mix approach execution than occupied duty. Thus, the main function of export executives must be associated correctly with the planned necessitate of the company.

Firm managers should give due consideration to better firm characteristics (exporting experience and firm size/capabilities), management characteristics (focusing on training and acquiring experiences), and export marketing strategy (marketing mix adoptions) to realize export performance objectives. Furthermore, managers should pay more attention to leading marketing mix strategies and marketing practices to achieve export sales performance.

Based on the important-performance map analysis (IPMA) test result, all the unstandardized sum weights of the exogenous construct’s importance are not equally significant factors for the target endogenous construct. As a result, competitive intensity and management determinants are the most significant factors that influence export performance.

Similarly, even though all elements of the export marketing mix strategy were indicated to have positively significant relationships to export performance, most importantly, product adaptations and price adaptations are reliable with elevated significance scores and top performance scores. Hence, export managers should review and focus on addressing and designing tactical strategies based on the most significant factors to achieve better export performance.

Finally, based on the correlation and regression findings of the current study, the researcher recommends that further research needs to replicate the study in other industries in other developing countries to strengthen the generalisability of the findings.

Consequently, reviewing whether the same antecedents apply, would give a clue for comparative findings to be found in which the differences and similarities in terms of the determinants of export performance in different cultural backgrounds could be examined, which would impressively build up the conceptual foundation of this research.

## 7.4. Contributions and Implications of the Study

Export business is one of the tools to improve economic growth; the result of the study helped the export firms recognize the major determinants influencing export performance. Also, it is supposed that the current study provided detailed information to policymakers on how to enhance exports in the country and, hence, for the enhancement of the balance of trade and economic growth, and it serves as a reference for future studies on related topics.

It is obvious that international business is changing more rapidly; rivalry among companies is intensifying, particularly in industrialized manufacturing sectors. In the growing, vibrant consumer-centered concept, the accomplishment of export performance is still continuously known as one of the crucial queries and has produced a considerable level of awareness among practitioners and academic and industry-based researchers in firms (Syner et al. 2018).

This study has given both theoretical and empirical views to the literature by investigating the direct and indirect influences of internal and external factors on export performance and possible mediators of export marketing strategy.

Also, the study initiated an integrative theoretical structure that fits and assesses potential mediators to examine the influences of internal and external factors on export performance and point out the significance of these mediating effects for manufacturing firms' export performance in their abilities to nurture in the worldwide market.

Additionally, accepting an outlying further feature of the determinant factors of export performance can be taken as one of the successful ways to frame the system for companies to improve in competition from inside capabilities (Chen et al. 2016).

The outcome of the present study can be regarded as an essential contribution for the internal players in the sector to improve the export performance and international competitiveness of Ethiopian manufacturing export firms. So, it is significant to investigate the significant factors that supported this poor export performance.

Consequently, further investigations are desired if the export performance literature is to reach a maturity level in the future. Thus, the study provided some theoretical, managerial, methodological, policy decisions, and practical contributions.

To sum up, the study can help as a guideline for policymakers, managers, and practitioners during the formulation of policies and decision-making, as they will be able to recognize the major determinant factors to consider when designing the policies and decisions. Based on the research findings, possible contributions and implications are discussed below:

### 7.4.1. Theory Development

The theoretical and methodological foundation of this study contributed to the widening of export-related literature in several respects. Even though several conceptual and empirical studies have been established to ascertain the antecedents of export performance, far less consideration has been given to using the combined theory of resource-based view of the firm (RBV) and contingency approaches (Elena 2014). Hence, the contribution of the present study lies in the design of the integrated theoretical framework and its empirical validation.

Also, investigating integrated theories gives a valuable formulation of the assessments of more credible hypotheses, since such alignment determines the success of export marketing strategies and thereby influences export performance (Harcharanjit et al. 2014; Imed and Afef 2011; Elena 2014; Chen et al. 2016). In other words, in terms of a single theory, the RBV alone couldn't properly designate the internationalizing disciplines of export firms (Filatotchev et al. 2009; Singh 2009).

The current study has taken an initial step toward addressing these gaps by combining the resource-based view of the firm (RBV) and contingency approaches. Thus, an integrated use of the RBV and contingency theory can advance the theory by shifting an emphasis from export firm resources to the contingency among those resources and the environment. Aligning the RBV and contingency approaches offers solutions to various demands related to export business (Chen et al. 2016).

Alternatively, the contingency theory proposes an empirical view that focuses on the fit between a firm's internal resources and its environmental forces, which specifies that fruitful export performance is provisional upon the relationships between a firm's internal resources and external influences (Hultman et al. 2011; Harcharanjit et al. 2014; Imed and Afef 2011).

Hence, an identical set of export marketing strategies may not be universal for all export firms; as a result, well-designed strategies and export performance are not only dependent on objective resources and environments but also on the fit between them (Hultman et al. 2011; Navarro et al. 2010).

Similarly, a single theory alone is inadequate to clarify the poor export performance theory with abundant resources. Consequently, this theoretical alliance can offer scholars new insights into discourse on earlier challenging topics (Chen et al. 2016).

In other words, an identical theory of export marketing mix strategies may not be universal for all international marketing perspectives (Hultman et al. 2011). Thus, better performance and strategy are not only reliant on objective resources and situations but also on the fit between them.

Moreover, the present study contributed to the export marketing literature by investigating theoretical and empirical evidence to support previous findings by further formulating both the direct and indirect predictors of export performance. Furthermore, several previous studies have incorporated none or ignored mediators in their empirical frameworks, thereby, the current study tried to bridge the gap in the literature by investigating more comprehensive knowledge contributions through mediators.

Hence, without a significant mediating role, the export marketing strategy simply attempts to identify the direct effects of antecedents and export performance and ignores the indirect relationships. As a result, the existing study attempted to examine the association between the determinant factors and the firms' export performance through the mediating effect of marketing mix adaptation strategies.

It has been revealed that the previous studies on the determinant factors and their influence on export performance focused on either examining the influence of the determinant factors on the global marketing mix strategies individually or trying to examine the association between the marketing mix strategies and export performance. It would be greatly valuable for scholars to examine the mediating influence of marketing mix adaptation strategies on the association between the determinant factors and export performance (Chen et al. 2016).

Thus, mediating variables of export marketing strategy offer a superior understanding of the broad picture of the study in providing competitive advantage and eventually yielding superior export performance. The SEM results of the study indicated that export marketing strategy, antecedents, and export performance are associated in a theoretically predicted way.

This empirical evidence and indication can therefore provide a policy for integrated and credible theoretical frameworks for explaining superior export performance. The study findings also showed that marketing mix adaptations are due to differences in culture, competition, technology intensity, and other preferences that vary from country to country, and thus, research should be conducted by recognising the situations in which to adapt or standardize.

Theoretically, the study findings provided significant support for the theoretical model. Though the majority of export performance models conducted in past studies were tested using objective, financial, and subjective measures of export performance, the present study found that exporters used multiple measurement items to appraise the export performance of their firms.

It is important to notice that a wide-ranging and abundant theory is significant and needed to offer a well-thought-out view of export performance (Chen et al. 2016). Conversely, such a wide-ranging

theory that can widely clarify the alignment and degree of all determinant factors that influence export performance is not yet presented (Chen et al. 2016).

Finally, the present study has contributed to the export marketing literature by providing empirical evidence to assist future research by further evolving the relationship between direct and indirect antecedents of export performance. This can consequently offer a guide for a unified and credible theoretical framework for strengthening and assessing export performance.

### 7.4.2. Policy Development

The export business contributes to the country's overall economy by sustaining the balance of outlays and the standard of living, increasing revenues, and creating employment opportunities (Leonidas et al. 2011). Public policymakers consider export business as a means to increase employment and foreign exchange investments, boost societal prosperity, and increase the national economy and productivity (Leonidas et al. 2011; Sousa et al. 2008). The firm's export performance in the country is strongly contingent upon a better understanding of the determinants that impact their export performance (Sousa et al. 2008).

The Ethiopian Government ascertains that exporting is an important and prioritized business activity to sustain the country's economic growth through the investigation of the determinant factors that impact export performance, and subsequently, it is vital for policymakers to design strategies. Also, the present study contributed to theoretical and empirical knowledge by increasing understanding of the textile and leather manufacturing export firms of the country and the firm's position in the international market.

The study also helps policymakers understand the current position and strategic issues of Ethiopian manufacturing export firms in more detail, which eventually leads them to formulate better policy decisions for the manufacturing export firms in the future.

Thus, public policymakers who pursue increasing the effectiveness of their export businesses can gain some valuable insights from the results of the present study. Hence, the present study gives a framework for government policymakers on how to support export firms to increase their competitive advantage in global markets.

Accordingly, the government seeks to play a supporting role mainly for manufacturing exporters in enabling a better firm's export performance, and thereby firms should take advantage of those schemes and platforms for better export success. Consequently, export firms can achieve better export success by enhancing their assets and capabilities with government support.

The Ethiopian government is advocating that exports are fundamental to supporting the country's economic growth, and in turn, policies must be designed and formulated by policymakers, which can be done by identifying determinant factors that influence export performance.

As a result, the current study can provide significant understanding for policymakers who are powerful enough to develop the dynamism of export ventures and advance economic success. In other words, for policymakers, exports could be noticed as a mechanism of enhancing the employment rate, accumulating foreign exchange reserves, improving productivity, and, in turn, leading to community well-being (Sousa et al. 2008).

It is obvious that there is a difference between the exporting nation-state and the host country in terms of the socio-economic environment, political and legal forces, cultural diversities, customer behaviour and the influence of government interference between export firms (Katsikeas et al. 2011; Brouthers et al. 2013). Consequentially, policymakers can attempt to fill the gap between these two countries to make it more comfortable for more export activities.

Thus, by applying the study findings, the key factors leading to inter-country differences between the Ethiopian export business and the foreign country can be recognized. Hence, to improve the value of export trade support programs and the firm's export performance, policymakers should pledge themselves to refine the overall institutional quality and design the government requirements in terms of firm heterogeneity.

### 7.4.3. Practical Implications

The present study has essential practical implications for business experts in Ethiopia and other developing countries related to contextual phenomena. For successful export performance, firms need to organise for global markets by properly recognizing, arranging, and evolving a proper set of export marketing mix strategies to realize the firm's export performance. In attaining this goal, firms need to

build their management skills toward global markets and pursue foreign opportunities through competent managerial skills.

The current study provides valuable practical implications specifically for Ethiopian manufacturing export firms. Here are the research areas where exporters should recognize countries' cultural diversities, socio-economic differences, and political and legal interventions.

So, export firms need to recognize the determinant factors that affect the firm's export performance and should recognize the home and foreign countries' institutional and environmental differences that will consequently affect the export performance of the firms. Also, the study can provide practical highlights to examine the competitive, technological, socio-economic, cultural, firms' capability, manpower engagement, and other factors that are very essential in the export business.

### 7.4.4. Managerial Contributions

The present study provides important implications for practicing managers. Managers are responsible for an export business that visualise their firms as successful exporters and should direct their skills to establish the firm's capabilities in seeking future export markets (Brouthers et al. 2013). The theoretical framework established in this study indicated that export marketing strategy is an important instrument by mediating the external and internal determinant factors in export performance.

Therefore, in doing exports, export managers must wisely examine whether to adapt or standardize their export marketing strategy (Brouthers et al. 2013). Even though all the tools of export marketing mix strategy (product adoption, price, promotion, and distribution channels) were discovered to be significantly related to the firm's export performance, product adaptation strategy is broadly recommended to export managers.

Since the fruitful adaptation of the product brand name, quality, features, and packaging are recognized to excel in export performance, firm export managers also need to pay special consideration to price adaptation, which may influence export performance to a certain degree.

Moreover, firm export managers should consider both the firm's internal determinants and its external environment jointly to determine the firm's export performance. Concerning the internal determinant factors, the present study indicated that the existence of skilled and experienced managers commonly employs a positive influence on export performance, and thereby, export managers are refreshed to achieve export experience and build up the firm's export success (Brouthers et al. 2013; Sousa and Bradley 2009).

Also, firm size and international experience are significantly contributing variables to abundant export performance. Firms can realize better export performance in global markets provided that they implement export strategies appropriate to the firm's resources (Chen et al. 2016).

Furthermore, the study provides important implications for managers' decision-making capabilities. The theoretical framework established in this study indicated that export marketing mix strategies play a significant role in renovating firms' resources and capabilities and external environmental forces' export performance.

Likewise, firms' export managers need to consider both the firm's internal and external environmental characteristics, as these factors influence firms' export performance by acquiring export experiences and building up their export undertakings, and place more emphasis on evolving innovation capability, which will advance their capability to compete in international markets (Sousa et al. 2008).

Hence, firms' export managers need to carefully reflect and pay specific attention to the marketing strategy adaptations and export-focused strategy, which may in turn influence the export performance of firms (Katsikeas et al. 2011; Brouthers et al. 2013). The differences between the exporting country and the host country in terms of the socioeconomic environment, political and legal forces, cultural differences, and customer behaviour determine the utilization of strategic adaptations (Katsikeas et al. 2011; Brouthers et al. 2013).

Subsequently, the degree of these dissimilarities determines the extent of marketing mix strategy adaptations. Then, taking into consideration the present study, whether and how to adapt export

strategies is a significant topic for firms' export managers, which is also worth allowing for in future research.

### 7.4.5. Methodological Implications

The methodological and theoretical implications of the existing study contributed to the development of export performance-related literature by giving superior specifications of the direct or indirect effects of determinant factors on export performance and by examining confirmatory and exploratory factor analysis to confirm the utilization of structural equation modeling to improve validity and reliability and to validate the construct measurements.

Accordingly, the study extended hypotheses and empirically investigated them through primary data from the Ethiopian manufacturing sector collected from 349 exporters across Ethiopia. The collected data is analysed by confirmatory and exploratory factor analysis and structural equation modeling methods to investigate the direct and indirect influences of internal and external determinant influences on export performance.

The application of SEM allows for the discovery of associations among precise and unobserved variables. Here, unobserved variables refer to the variable that needs to be calculated based on the other variables (Suhur 2006).

Employing SEM methods like path models allowed for a change in views that shifted towards a model-based way of thinking and increased associate construction (Larsson 2020). The use of SEM in this study allowed for better research design flexibility, therefore creating a difference between what can and cannot be concluded via statistical means.

## 7.5. Limitation, Delimitation and Future Research Directions

This research study has some limitations, and the above conclusions and contributions should be considered with these limitations. Also, the outcomes from this study serve as a benchmark for future research regarding the determinants of leather and textile apparel export performance in developing countries like Ethiopia.

The incidence and outspread of the COVID-19 epidemic worldwide, specifically in the nation, have been regulated by the state administration as a nationwide state of emergency that partly prohibits the mobility of people as a result of most firms' limited their day-to-day activity from their usual daily routines. Thus, it was a horribly tough occasion to physically catch the study participants.

Also, the researcher is in imperfect contact with all but the major manufacturers and exporters of manufacturing firms in the nation that have been given priority by the government, such as the leather and textile sectors. Hence, the locations of manufacturing firms are geographically dispersed throughout the nation.

The present research was conducted in a single-country context with specific product sectors and determinant factors of firms' exports. Performance: a framework and an empirical investigation on Ethiopian manufacturing export firms are given higher priority by the government, and it would be essential to replicate the study in other developing countries to review whether the same antecedents apply. Hence, as part of the upcoming research directions, it would be interesting to replicate similar studies in other industries in other developing countries to strengthen the generalizability of the findings.

Furthermore, the data investigated was cross-sectional in design rather than longitudinal to capture the determinant factors of export performance over time. Thus, a longitudinal study can offer a more wide-ranging perspective of the circumstances that happen at a variety of points in time. Thus, future studies should reflect using longitudinal analysis to better explain the determinant factors and successful contributions of export performance.

Even though the research touches on the determinant forces persuading export performance, such as firm size, firm's international experience, manager's foreign language skill, competitive intensity, technological factors, and foreign market characteristics, more consideration should be extended to include another comprehensive list of export performance determinant factors.

Hence, for upcoming research, a further set of determinant factors of export performance can be involved in the research model to be made by exporting firms to demonstrate the importance of the mediating variable on export performance through a wider range of exporting firms.

Most of the references cited in this study were seemingly old. The main reason that the researcher used those old references is due to the fact that the research study was started around 2015, and because of various reasons, mainly advisor issues, the COVID-19 epidemic, and instability problems in the country, it has not finished till now.

The references that the researcher cited in this study were cited with some caution. Thus, there is a need to review the most recent citations and consolidate the study with the very recent research results.

However, the limitations mentioned above do not lessen the importance of the findings. Rather, the limitations that were identified will encourage future researchers to investigate more in the export performance research areas.

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# Annexures

## Annex I: Operationalisation and measurement of Variables

Table 7-1: Description of dependent and independent Variables

| Variables | Description |
|---|---|
| **Dependent variable** | |
| Export Performance | In line with previous export studies (Wang, 2013; Valeria, 2017; Lages et al. 2008; Jayanty and Anantharaman, 2012; Ural, 2009; Maurel, 2009), the study will employ both objective (amount of annual export intensity, export growth, and export profitability) and subjective (goal achievement and satisfaction) measures for our dependent variable of export performance. |
| **Independent variables** | |
| Managerial determinants | Manager's International Experience and Foreign Language Skills; this measurement is adopted from Valeria (2017) and Lages et al. (2008). |
| Firm characteristics | Firm Size and Firm Export Experience, adapted from Gloria (2016) and Lages et al. (2008) |
| Export Marketing strategy determinates | The adoption of the export marketing mix strategy is the means by which the firm reacts to the interaction of internal and external forces to achieve the objectives of the export activity, which encompasses product, price, promotion, and place and is hypothesized as a mediating variable derived from literature and validated by other researchers (Lages et al., 2008b; Gloria, 2016; Valeria, 2017). |
| Environmental determinates | Competitive intensity, Technological factors, Political and Legal factors and cultural (dis)similarity |

The outcome of both the descriptive and quantitative analyses will be presented using tables, figures, and graphs.
The measurements for all variables will be derived from the literature and validated by other researchers (Valeria, 2017; Gloria, 2016). Operationalization or conceptualization of constructs represents how the conceptual construct is to be considered (Gloria, 2016). Every exogenous variable in the model is a latent variable, which can be measured directly or indirectly through another latent variable (Gloria, 2016).

The technique used in the practice of operationalisation is to produce multiple scale items in order to measure variables in quantitative expressions (Valeria, 2017; Gloria, 2016). It will be highly acknowledged that all the items will be adapted from previous research conducted and tested for scale validity in the studies by scholars in the field (Lages et al., 2008b; Gloria, 2016; Valeria, 2017).

## Annex II: Detail Description of Measurement of Constructs

The following table shows the detail description of measurement of constructs

**Table 7-2: Detail description of measurement of constructs**

| S.No | Variable's Name | Description |
|---|---|---|
| 1. | Firm's export experience | The total number of years being involved in international marketing activity, measured as a continuous variable (Gloria, 2016; Bategeka, 2012; Lages et al., 2008b), by using a 5-item Likert scale (1 = None; 5 = Substantial) |
| 2. | Firm size | It will be measured as a continuous variable, by using the total number of full time employees and sales volume.<br>Operationalised, using a 5-point Likert-scales (1= strongly disagree; 5=strongly agree). Respondents were asked to indicate whether they agreed with some statements: (Valeria, 2017; Bategeka, 2012;Lages et al.,2008) |
| 3. | Manager's foreign languages skills | The total number of foreign languages spoken, measured as a continuous variable. Knowledge of foreign languages will captured by asking the managers their about knowledge of foreign languages (English, Spanish, French, German, Arabic and other) on a 5-point Likert scale, ranging from "None" to "Excellent" (Valeria, 2017; Lages et al., 2008: Bategeka, 2012). |
| 4. | Manager's international experience | The total number of years being involved in international marketing activity, measured as a continuous variable (Gloria, 2016; Lages et al., 2008b). Managers' international experience was measured on a 5-point scale, by asking the managers their degree of: overseas experience live/work abroad, professional exporting experience and formal training in exporting (Valeria, 2017; Bategeka, 2012; Lages et al., 2008). Operationalise by using 5 Items Likert scale (1= None; 5= Substantial) |
| 5. | Product adaption | Respondents will indicate the extent of adoption on their product brand name, product design/style, |

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| | strategies | product labelling, a variety of the main exporting product line, product quality, features and characteristics and packaging (Bategeka, 2012; Gloria, 2016; Lages et al., 2008a; Lages et al.., 2008b). Operationalised by using 5-point Likert-scale instrument, (1= not at all adapted; 5= fully adapted). |
| 6. | Pricing competitiveness | Respondents will be asked if they adapted their pricing strategy, in terms of concession of credit, price discounts policy, margins and retail price in major export markets. Operationalised by using 5-point Likert-scale instrument, (1= not at all adapted; 5= fully adapted) (Gloria, 2016; Bategeka, 2012; Lages et al., 2008a). |
| 7. | Distribution strategies | Respondents will indicate the extent of adoption on items included: criteria for selection of distribution, transport strategy, distribution budget/network and the type of middlemen they used. Operationalised by using 5-point Likert-scale instrument, (1= not at all adapted; 5= fully adapted) (Gloria, 2016; Bategeka, 2012; Lages et al., 2008a). |
| 8. | Promotion intensity | Respondents will be asked to what extent they adapted their advertising theme, media channel for advertising, promotion objectives, and budget for promotion, direct marketing, sales promotion, and personal selling of the product. Operationalised by using 5-point Likert-scale instrument, (1= not at all adapted; 5= fully adapted) (Bategeka, 2012; Gloria, 2016; Lages et al., 2008a) |
| 9. | Political and Legal forces | Respondents will indicate at what extent political factors influence exporting such as tax policy, labour legislation, trade barriers, tariffs, government stability, environmental laws and political interference like impose exchange controls, exchange rates, quotas, and tariffs) and will be measured with a five-point Likert scale. The respondents will indicate the extent to ("not an issue at all"=1; "very significant determinates"=5) (Chen et al., 2016; Sousa et al., 2008; Czinkota et al., 2011). |
| 10. | Cultural forces | At what extent cultural factors affecting international market are; mental distance, lifestyle, colour, country's values, customs, language, manner, education, attitudes and religion and will be measured |

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| | | with a five-point Likert scale. ("not an issue at all"=1; "very significant determinates"=5) (Marek, 2010; Ali et al., 2014; Czinkota et al., 2011; Islam, 2017; Hollensen, 2010). |
| 11. | Technological factors | The respondents will indicate at what extent technological forces impact the firm's export performance in the global market will help an exporter to utilize new and innovative technology and developing innovative products and will be measured with a 5-point Likert scale. ("not an issue at all"=1; "very significant determinates"=5) (Jamshidi and Moazemi, 2016; Chen et al., 2016) |
| 12. | Competitive Intensity | Respondents will be asked at extent of foreign market attractiveness and potential market competitiveness, environmental turbulence and domestic market saturation will lead for intensive competition in the global export market and will be measured with a 5-point Likert scale. The respondents will indicate the extent to ("not an issue at all"=1; "very significant determinates"=5) (Reis and Forte, 2014; Sousa and Novello, 2014; Jamshidi and Moazemi, 2016, Powers and Loyka, 2010). |
| 13. | Export Performance (financial/objectives) | To the best of their knowledge, respondents will be asked to rate their firm's export financial performance by which a firm's strategic goals can achieve based on the following objectives; Export growth, Export profitability and Export sales intensity with a 5-point Likert scale (1=very low; 5=very high) (Leonidou et al., 2011; Gloria, 2016). |
| 14. | Export Performance (non-financial/subjective) | To the best of their knowledge, respondents will be asked to rate their firm's export non-financial performance by which a firm's strategic goals can achieve based on the following subjectives; satisfaction and goal achievement with a 5-point Likert scale (1=very low; 5=very high) (Gloria, 2016). |
| 15. | Export growth | It is measured by the ratio of the export turnover or profit of the current year to that of the previous year and will be measured with a 5-item Likert scale (1=very low; 5=very high) (Gloria, 2016; Chen et al., 2016; Bategeka, 2012). |

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| | | Data are commonly treated as continuous variables |
| 16. | Export intensity | Export performance intensity referred to the change in percentage of: exports to total sales volume, exports to total sales revenue and exports to total profitability and will be measured with a 5-item Likert scale (1=very low; 5=very high) and finally converted to dichotomous (0-1) variables (Bategeka, 2012; Valeria, 2017; Lages et al. 2008). |
| 17. | Export profit | It is the net value of a firm's total export revenue and will be measured with a 5-item Likert scale (1=very low; 5=very high) (Chen et al., 2016).<br>Data are commonly treated as continuous variables |
| 18. | Satisfaction | The respondents will indicate the extent to the satisfaction of the managers with the export objectives of the firm in terms of export growth, export intensity, profitability and overall export performance and will be measured with a 5-item Likert scale ("very satisfied-5 to very dissatisfied-1) (Bategeka, 2012; Valeria, 2017; Lages et al., 2008) |
| 19. | Goal achievement | The respondents will indicate the extent to which the firm achieved its export objectives in terms of export growth, export intensity, profitability and overall export performance and will be measured with a 5-item Likert scale ("very satisfied-5 to very dissatisfied-1) (Bategeka, 2012; Valeria, 2017; Lages et al., 2008) |

## Annex III: The Research Questionnaire Development Matrix

**Determinant of export performance: A framework and empirical Evidence from Ethiopian manufacturing firms; UNISA**

The following table shows the detail Research Questionnaire Development Matrix Adoted from Klopper and Lubbe (2012).

Table 7-3: Detail Research Questionnaire Development Matrix

| Questionnaire Section | Types of Research Question | Question Nr. | Survey Question/Statements | Response Options | Data Type | Appropriate Data Measure | Appropriate Statistical Test & Graphs |
|---|---|---|---|---|---|---|---|
| Section 1 | Demographic Questions | 1.1 | Gender | Male - Female | Dichotomous | Nominal | Basic descriptive statistics, single group t test, the z proportions test the $x^2$ test (Use demographic data to characterize your respondents) |
| | | 1.2 | Age group | ≤20, 21-30, 31-40, 41-50, 51-60, 60+ | Discrete | Ordinal | |
| | | 1.3 | The position of a manager in the firm | owner/ Manager<br>Export Manager<br>Chief Executive Officer<br>Marketing Manager<br>Operations Manager<br>Other please specify…… | Discrete | Ordinal | |
| | | 1.4 | Educational level | Illiterate<br>Primary education<br>Secondary education<br>Certificate Diploma University degree or higher | Discrete | Ordinal | |

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| Section 2 | Firms' profile | 2.1 | Main industry sector | ○ Manufacturing of leather & leather products<br>○ Manufacturing of textile & garment | Dichotomous | Nominal | Basic descriptive statistics, single group t test, the z proportions test the $x^2$ test (Use demographic data to characterize your respondents) |
| | | 2.2 | Category of business organisation | Sole proprietorship Partnership Private limited Company share company and Other specify..... | Discrete | Ordinal | |
| | | 2.3 | Number of employees work in your firm | 1-5 employees<br>6-29 employees<br>30-99 employees<br>Over 100 employees | Discrete | Ordinal | |
| | | 2.4 | Number of years has your company been in the export business | Less than 1 years Less than 2 years 3- 4 years<br>4-5 years<br>6-7 years<br>8-9 years<br>10 years and over | Discrete | Ordinal | |
| | | 2.5 | Year of establishment | Before 1980's<br>1980-1990<br>1991-2000<br>2001-2010<br>2011-2018 | Discrete | Ordinal | |

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| Section 3 | Firm's competitive intensity<br><br>(To what extent can the intensity of competition in global market influence export performance of firms?) | 3.1<br><br>3.2<br><br>3.3<br><br>3.4<br><br>3.5<br><br><br><br>3.6<br><br><br>3.7 | Competition in our export market is cutthroat<br>Price competition is a hallmark of our export market<br>Our competitors are relatively weak in our main export country.<br>Our firm monitors competitive products in our main export country.<br>The competitive environment in our main export country requires us to modify our existing product and/or marketing and/or manufacturing processes.<br>Competition among companies in our export markets is intense<br><br>Competitors are constantly trying out new competitive strategies | 5=Strongly Agree -Agree-Neutral-Disagree-1=Strongly Disagree | Continuum | 5-point Likert Scale | Any member of the $x^2$ correlation tests… e.g... the contingency coefficient and Cramer's V, the uncertainty coefficient (U) or the Pearson significance test. (Continuous data reveal attributes of whatever one studies, allow one to determine general trends and establish significant correlations = co-relation trends between two attributes); Chi-square (Fisher) |

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| Section 4 | Technological intensity<br><br>(To what extent can the technological forces influence export performance of firms?) | 4.1<br><br>4.2<br><br>4.3<br><br>4.4<br><br>4.5<br><br>4.6 | The technology in our main export country requires us to modify our existing product and/or marketing and/or manufacturing processes.<br>The technology in our main export country is different from the technology in our domestic market<br>Technological changes provide big opportunities for export performance<br>The firm incorporates the latest technology in the manufacturing processes.<br>Firm is recognized in our main export country for products that are technologically superior.<br>The technology of our product is superior and influencing the firms export performance | 5=Strongly Agree -Agree-Neutral-Disagree-1=Strongly Disagree | Continuum | 5-point Likert Scale | Any member of the $x^2$ correlation tests… e.g... the contingency coefficient and Cramer's V, the uncertainty coefficient (U) or the Pearson significance test. (Continuous data reveal attributes of whatever one studies, allow one to determine general trends and establish significant correlations = co-relation trends between two attributes); Chi-square (Fisher) |

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| Section 5a | Foreign market characteristics: *Political and Legal environment*<br><br>*(*To what extent can the foreign market characteristics- Political and Legal environment influence export performance of firms?*)* | 5.1<br><br>5.2<br><br>5.3<br><br>5.4<br><br>5.5<br><br>5.6<br><br>5.7<br><br>5.8 | The political/legal environment in our main export country requires us to modify our existing product and/or marketing and/or manufacturing processes.<br><br>The political/legal environment in our main export country is different from the political/legal environment in our domestic market.<br>Foreign government rules and regulations of export markets are barriers for export performance<br>High foreign tariffs on imported products<br>Exchange rate variations make exporting difficult<br>Political problems in foreign markets are barriers to exporting.<br><br>Cultural differences between export market and home market influence export performance<br><br>The cultural environment in our main export country requires us to modify our existing product and/or marketing and/or manufacturing processes. | 1 = Not at all attractive, 5=very attractive | Continuum | 5-point Likert Scale | Any member of the $x^2$ correlation tests… e.g... the contingency coefficient and Cramer's V, the uncertainty coefficient (U) or the Pearson significance test. (Continuous data reveal attributes of whatever one studies, allow one to determine general trends and establish significant correlations = co-relation trends between two attributes); Chi-square (Fisher) |

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| Section 5b | *Cultural environment*<br><br>*(*To what extent can the cultural forces influence export performance of firms?*)* | 5.9<br><br>5.10<br><br>5.11 | Our customers tend to look for new products all the time in our main export country.<br>New customers in our main export country tend to have product-related needs that are different from those of existing customers.<br>The preferences of customers in our main export country are similar to customers in our domestic market. | 1 = Not at all attractive, 5=very attractive | Continuum | 5-point Likert Scale | Any member of the $x^2$ correlation tests… e.g... the contingency coefficient and Cramer's V, the uncertainty coefficient (U) or the Pearson significance test. (Continuous data reveal attributes of whatever one studies, allow one to determine general trends and establish significant correlations = co-relation trends between two attributes); Chi-square (Fisher) |

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| Section 6a | Firm Characteristics: Firm size<br><br>(To what extent is the size of the firm influence export performances ?) | 6.1<br><br>6.2<br><br>6a3<br><br>6.4<br><br>6.7 | The firm has sufficient manufacturing capacity to meet export orders<br>As the firm size becomes large export performance becomes higher<br>Our firm regularly makes contact with our export customers.<br>Degree the firm's international exporting experience.<br><br>The operation of many foreign markets.<br>We planned extensively in advance before entering our main export country<br>The firm is experienced in exporting.<br>Exporting is the primary focus of the firm.<br>The firm stays in touch and understands export customer requirements.<br>Our key people responsible for our main export country have extensive export experience.<br>Exporting is not too difficult for our firm.<br><br>Total number of years being involved in international business, | 1-5 employees<br>6-29 employees<br>30-99 employees<br>Over 100 employees<br><br>5=Strongly Agree -Agree-Neutral-Disagree-1=Strongly Disagree | Discrete<br><br>Continuum | Ordinal<br><br>5-point Likert Scale | Any member of the $x^2$ correlation tests… e.g... the contingency coefficient and Cramer's V, the uncertainty coefficient (U) or the Pearson significance test. (Continuous data reveal attributes of whatever one studies, allow one to determine general trends and establish significant correlations = co-relation trends between two attributes); Chi-square (Fisher) |

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| Section 6b | Firm's international experience<br><br>(To what extent are the firm export experience influence export performances of firms?) | 6b1<br><br>6b2<br><br>6b3<br><br>6b4<br><br>6b5<br>6b6<br><br>6b7<br>6b8<br><br>6b9<br><br>6b10<br><br>6b11<br><br>6b12 | Degree of professional exporting experience.<br>Degree of overseas experience– live/work abroad.<br>Degree of training in international business, e.g., attended formal courses and export seminars.<br>Ability to follow up on trade leads in the main importing market.<br>The operation of many foreign markets.<br>We planned extensively in advance before entering our main export country<br>The firm is experienced in exporting.<br>Exporting is the primary focus of the firm.<br>The firm stays in touch and understands export customer requirements.<br>Our key people responsible for our main export country have extensive export experience.<br>Exporting is not too difficult for our firm.<br><br>Total number of years being involved in international business, | 5 Items scale (1= None; 5= Substantial)<br><br>Less than 1 years<br>☐ Less than 2 years<br>☐ 3- 4 years<br>☐ 4-5 years<br>☐ 6-7 years<br>☐ 8-9 years<br>☐ 10 years and over | Continuum<br><br>Discrete | 5-point Likert Scale<br><br>Ordinal | Any member of the $x^2$ correlation tests… e.g... the contingency coefficient and Cramer's V, the uncertainty coefficient (U) or the Pearson significance test. (Continuous data reveal attributes of whatever one studies, allow one to determine general trends and establish significant correlations = co-relation trends between two attributes); Chi-square (Fisher) |

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| Section 7a | Managerial Determinants: Manager's foreign language skill (To what extent is manager's foreign language skillinfluence on firms export performance?) | 7a1<br><br>7a2<br><br>7a3<br><br>7a4<br><br>7a5 | Total number of foreign languages spoken<br><br>As manager's foreign language skill is higher as export performance is higher<br>Many languages (including your mother language) can speak<br>Manager's foreign language skill matters the export performance<br>Managers freely communicate information about the successful and unsuccessful customers experience across all business functions within the firm | Only 1; 2-4;5-7;8-10; more than 10<br><br>5=Strongly Agree -Agree-Neutral-Disagree-1=Strongly Disagree | Discrete<br><br>Continuum | Ordinal<br><br>5-point Likert Scale | Any member of the $x^2$ correlation tests… e.g... the contingency coefficient and Cramer's V, the uncertainty coefficient (U) or the Pearson significance test. (Continuous data reveal attributes of whatever one studies, allow one to determine general trends and establish significant correlations = co-relation trends between two attributes); Chi-square (Fisher) |

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| Section 7b | Manager's international experience<br><br>(To what extent are the manager's international experience influences on firms export performances) | 7b1 | Firm executives travel frequently to export markets | 1 = none 2 = only slightly substantial, 3= somewhat substantial, 4 = definitely substantial, 5 = extremely substantial | continuous variable | 5-point Likert Scale | Any member of the $x^2$ correlation tests… e.g... the contingency coefficient and Cramer's V, the uncertainty coefficient (U) or the Pearson significance test. (Continuous data reveal attributes of whatever one studies, allow one to determine general trends and establish significant correlations = co-relation trends between two attributes); Chi-square (Fisher) |
| | | 7b2 | Degree of professional exporting experience | | | | |
| | | 7b3 | Degree of overseas experience- live or work abroad | | | | |
| | | 7b4 | Degree of training in international business e.g attended formal export courses | | | | |
| | | 7b5 | Operation of many foreign markets | | | | |
| | | 7b6 | A firm is considered as successful in the export when the leader(manager) is satisfied by the level of sales realized abroad which must move towards the growth» | | | | |
| | | 7b7 | As years that manager in business are more as export performance is higher | | | | |
| | | 7b8 | As manager is more experienced in export activities as export performance is higher | | | | |
| | | 7b9 | Managers regularly visit the current and prospective customers | | | | |
| | | 7b10 | The firm managers know about foreign government regulations that the firm products in foreign markets | | | | |
| | | 7b11 | Managers measure customer satisfaction systematically and frequently | | | | |
| | | 7b12 | Managers work experience in export markets | ≤1 year; 2-4 years; 5-7 years; 8-10 years; more than 10 years | Discrete | Ordinal | |

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| | | 7b13<br>7b14<br>7b15<br>7b16<br>7b17 | Managers rapidly respond to competitive actions<br>There is a great encouragement from management for creative thinking<br>Managers regularly discussed about competitors strength and strategies<br>The firm managers are sufficiently knowledgeable about our existing foreign markets<br>Managers understand how everyone in the business can contribute to create customer value | 1 = none 2 = only slightly substantial, 3= somewhat substantial, 4 = definitely substantial, 5 = extremely substantial | | | |
| Section 8a | Export Marketing mix Strategy: (4Ps) Product (In which extent this influence can be mediated by product adoption strategy on firmsexport?) | 8a1<br>8a2<br>8a3<br>8a4<br>8a5<br>8a6<br>8a7 | Packaging<br>Product brand name<br>Product design/style<br>Product labeling<br>Variety of the main exporting product line & Product quality<br>Features and characteristics | (1= not at all adapted; 5= fully adapted). | Continuum | 5-point Likert Scale | Any member of the $x^2$ correlation tests… e.g... the contingency coefficient and Cramer's V, the uncertainty coefficient (U) or the Pearson significance test. (Continuous data reveal attributes of whatever one studies, allow one to determine general trends and establish significant correlations = co-relation trends between two attributes); Chi-square (Fisher) |

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|---|---|---|---|---|---|---|---|
| Section 8b | Export Marketing mix Strategy: (4Ps) Price (In which extent this influence can be mediated by Export pricing strategy on firmsexport?) | 8b1<br>8b2<br>8b3<br>8b4<br>8b5<br>8b6 | Determination of pricing strategy<br>Concession of credit<br>Price discounts policy<br>Retail price<br>Price margins | (1= not at all adapted; 5= fully adapted). | Continuum | 5-point Likert Scale | Any member of the $x^2$ correlation tests… e.g... the contingency coefficient and Cramer's V, the uncertainty coefficient (U) or the Pearson significance test. (Continuous data reveal attributes of whatever one studies, allow one to determine general trends and establish significant correlations = co-relation trends between two attributes); Chi-square (Fisher) |
| Section 8c | Export Marketing mix Strategy: (4Ps) Place/Distribution Channel (In which extent this influence can be mediated by distribution strategy on firmsexport?) | 8c1<br>8c2<br>8c3<br>8c4<br>8c5 | criteria for selection<br>Transport strategy<br>Distribution budget<br>Distribution network<br>Type of middlemen they used | (1= not at all adapted; 5= fully adapted). | Continuum | 5-point Likert Scale | Any member of the $x^2$ correlation tests… e.g... the contingency coefficient and Cramer's V, the uncertainty coefficient (U) or the Pearson significance test. (Continuous data reveal attributes of whatever one studies, allow one to determine general trends and establish significant correlations = co-relation trends between two attributes); Chi-square (Fisher) |

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| Section 8d | Export Marketing mix Strategy: (4Ps) Promotion (In which extent this influence can be mediated by Promotion capabilities on firms export?) | 8d1<br>8d2<br>8d3<br>8d4<br>8d5<br>8d6<br>8d7 | Advertising theme<br>Media channels for advertising.<br>Promotion objectives<br>Budget for promotion<br>Direct marketing<br>Sales promotion<br>Personal selling | (1= not at all adapted; 5= fully adapted). | Continuum | 5-point Likert Scale | Any member of the $x^2$ correlation tests… e.g... the contingency coefficient and Cramer's V, the uncertainty coefficient (U) or the Pearson significance test. (Continuous data reveal attributes of whatever one studies, allow one to determine general trends and establish significant correlations = co-relation trends between two attributes); Chi-square (Fisher) |
| Section 9a | Export performance : Financial (What are the important measures of export performance of firms?) | 9a1<br>9a2<br>9a3<br>9a4<br>9a5<br>9a6 | The firm's performance in terms of export profitability<br>The firm's performance in terms of export sales growth<br>The firm's performance in terms of export sales intensity<br>Export sales turnover has always been increasing<br>Revenue has always been on the rise<br>Profitability has always been increasing over time | (1=very low; 5=very high) | Continuum | 5-point Likert Scale | Any member of the $x^2$ correlation tests… e.g... the contingency coefficient and Cramer's V, the uncertainty coefficient (U) or the Pearson significance test. (Continuous data reveal attributes of whatever one studies, allow one to determine general trends and establish significant correlations = co-relation trends between two attributes); Chi-square (Fisher) |

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| Section 9b | Export performance : Non-Financial<br><br>(What are the important measures of export performance of firms?) | 9b1<br>9b2<br>9b3<br>9b4<br>9b5<br>9b6<br>9b7<br>9b8<br>9b9<br>9b10<br>9b11<br>9b12<br>9a13 | Satisfaction of the managers with the export objectives of the firm in terms of export profitability<br>Satisfaction of the managers with the export objectives of the firm in terms of export growth<br>Satisfaction of the managers with the export objectives of the firm in terms of export intensity<br>We are satisfied with the export turnover achieved through our export activities.<br>We are satisfied with the export intensity achieved through our export activities.<br>We are satisfied with the export market share achieved through our export activities.<br>We are satisfied with the export growth achieved in recent years.<br>We are satisfied with the export profit achieved through our export activities.<br>Satisfaction of the managers with the export objectives of the firm in terms of overall export performance.<br>Achieved its export objectives in terms of export profitability<br>Achieved its export objectives in terms of export growth<br>Achieved its export objectives in terms of export intensity<br>Achieved its export objectives in terms of overall export performance | (very satisfied-5; very dissatisfied-1) | Continuum | 5-point Likert Scale | Any member of the $x^2$ correlation tests… e.g... the contingency coefficient and Cramer's V, the uncertainty coefficient (U) or the Pearson significance test. (Continuous data reveal attributes of whatever one studies, allow one to determine general trends and establish significant correlations = co-relation trends between two attributes); Chi-square (Fisher) |

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| Section 10 | General Questions | 10.1<br>10.2<br>10.3<br>10.4<br><br>10.5 | Overall, exporting has been very profitable for this firm.<br>The firm's exports have achieved rapid growth.<br>Overall, the firm's export performance has been successful.<br>Our export ventures have fully met our goals<br><br>Problem(s) in marketing environment | (very satisfied-5; very dissatisfied-1)<br><br>○ Unstable political and social conditions<br>○ Underdeveloped infrastructure (electric power, transportation, communications, etc.)<br>○ Unclear policy management by the local government<br>○ Complicated administrative procedures (to acquire permits, etc.)<br>○ Complicated tax procedures<br>○ Other | Continuum<br><br>Discrete | 5-point Likert Scale<br><br>Ordinal | Any member of the $x^2$ correlation tests… e.g... the contingency coefficient and Cramer's V, the uncertainty coefficient (U) or the Pearson significance test. (Continuous data reveal attributes of whatever one studies, allow one to determine general trends and establish significant correlations = co-relation trends between two attributes); Chi-square (Fisher) |

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| | | 10.6 | Problem(s) in the foreign trade system | ○ Complicated customs clearance procedures<br>○ Time-consuming customs procedures<br>○ Lack of thorough publicizing of trade rules and regulations<br>○ Method for the assessment of customs duties is unclear<br>○ Unclear inspection system<br>○ High non-tariff barriers<br>○ Other | Discrete | Ordinal | |
| | | 10.7 | Problem(s) in foreign exchange | ○ Volatility of local currency's exchange rate against the US dollar<br>○ Volatility of local currency's exchange rate against the Ethiopian birr<br>○ Volatility of the Ethiopian birr against the US dollar<br>○ Tax burdens Rising interest rates<br>○ Other | | | |

## Annex IV: Interview Questions-Exploratory Research

First of all, I want to say thank you for giving your time and willingness to be interviewed. As we have already discussed, I am trying to find out what determinants influence the export performance of manufacturing firms. This research is academic and essentially for my doctorate degree at the University of South Africa, and it will also provide the government and industries with better information in order to provide better performance.

Any information that you supply to me will be strictly confidential. In order to remember your response, I would like to record our conversation so that I can write down your answers accurately. Thus, your response will be kept secure and confidential, and I will not be recording your name or job position during this interview.

While the audiotape is on, please do not say any names of people or organizations that might identify you as an individual. If you unconsciously say something that you wish to erase, we can stop it immediately and record straight over the dialog so that you can turn it off and on whenever you require.

I will give you a copy of the research project information sheet along with a permission form for your signature. Would you please sign the consent sheet before we start the interview?
If you have any issues with this research, you have contact details on your project information sheet; do not hesitate to ask.
Do you have questions before we start?

1. Can you tell me a little more about the performance of Ethiopian manufacturing export firms?
2. What is important for you to have successful export business performance?
3. How would you define or measure export performance? For example, objective/financial, subjective/non-financial, or strategic
4. Of these measures, which do you believe is the most useful or important method for measuring export performance?

5. What do you think are the factors that impact a firm's export performance?

- At the Ethiopian market level, at the firm level, and at the global market level

6. What do you think makes the difference between high-performance exporters and those with low or irregular export performance?
7. How can you describe the export profitability of firms?
8. What is the essence of the policy of distribution in foreign markets?
9. What are the essence and basic tools of marketing communications and promotion in foreign markets?
10. What is the essence of international advertising, and how do you assess its effectiveness?
11. What are the most common problems you have encountered with regards to developing or growing your export business?
12. From the problems you have cited above, which have the most impact on your ability to develop or grow your export performance?

- Negative impacts
- Positive impacts

13. Does firm size and experience, the manager's international experience and foreign language skills, market segmentation and targeting, product adaptation strategies, pricing competitiveness, distribution strategies, promotion intensity, competitive intensity, technological factors, and government regulations have an impact on the ability to develop export markets or increase export performance? How?
14. Would you like to share or provide any other information that may be helpful for this research thesis?

## Annex V: Model of Measurement Scales

Table 7-4: Measurement Scale

| latent Variables (Abbreviation) | Indicators | Abbreviations |
|---|---|---|
| Firm's characteristic (FC) | The firm has sufficient manufacturing capacity to meet export orders | FC1 |
| | As the firm size becomes large export performance becomes higher | FC2 |
| | Degree of international exporting experience. | FC 3 |
| | We planned extensively in advance before entering our main export country | FC4 |
| | Exporting is the primary focus of the firm. | FC5 |
| | The firm stays in touch and understands export customer requirements. | FC6 |
| | Exporting is not too difficult for our firm. | FC7 |
| Management Determinants (MD) | As manager's foreign language skill is higher as export performance is higher | MD1 |
| | Managers freely communicate information about the successful and unsuccessful customers experience across all business functions within the firm | MD2 |
| | Degree of international exporting experience- live or work abroad | MD3 |
| | Degree of training in international business e.g attended formal export courses | MD4 |
| | As manager is more experienced in export activities as export performance is higher | MD5 |
| | The firm managers know about foreign government regulations that the firm products in foreign markets | MD6 |
| | Managers regularly discussed about competitors strength and strategies | MD7 |
| | The firm managers are sufficiently knowledgeable about our existing foreign markets | MD8 |
| Competitive Intensity (CI) | Competition in our export market is cutthroat | CI1 |
| | Price competition is a hallmark of our export market | CI2 |
| | Our firm monitors competitive products in our main export country. | CI3 |
| | The competitive environment in our main export country requires us to modify our existing product and/or marketing and/or manufacturing processes. | CI4 |
| | Competition among companies in our export markets is intense | CI5 |
| | Competitors are constantly trying out new competitive strategies | CI6 |

| | | |
|---|---|---|
| Technological Factors (TF) | The technology in our main export country requires us to modify our existing product and/or marketing and/or manufacturing processes. | TF1 |
| | The technology in our main export country is different from the technology in our domestic market | TF2 |
| | Technological changes provide big opportunities for export performance | TF3 |
| | The firm incorporates the latest technology in the manufacturing processes. | TF4 |
| | Firm is recognized in our main export country for products that are technologically superior. | TF5 |
| | The technology of our product is superior and influencing the firms export performance | TF6 |
| Foreign Market Characteristics (FMC) | The political/legal environment in our main export country requires us to modify our existing product and/or marketing and/or manufacturing processes. | FMC1 |
| | The political/legal environment in our main export country is different from the political/legal environment in our domestic market. | FMC2 |
| | Foreign government rules and regulations are barriers for export performance | FMC3 |
| | Exchange rate variations make exporting difficult | FMC4 |
| | Political problems in foreign markets are barriers to exporting. | FMC5 |
| | The cultural environment in our main export country requires us to modify our existing product and/or marketing and/or manufacturing processes. | FMC6 |
| | The cultural environment in our main export country is different from the domestic market. | FMC7 |
| | The preferences of our customers in our main export country require us to modify our existing product and/or marketing and/or manufacturing processes. | FMC8 |
| | The preferences of customers in our main export country are similar to customers in our domestic market. | FMC9 |
| Export Marketing Mix Strategy (EMS) | A) Product Adaption Strategy | |
| | Packaging | EMS1 |
| | Product brand name | EMS2 |
| | Product design/style | EMS3 |
| | Product labeling | EMS4 |
| | Variety of the main exporting product line | EMS5 |
| | Product quality | EMS6 |
| | Features and characteristics | EM7 |
| | B) Price Adaption Strategy | |
| | Determination of pricing strategy | EMS8 |
| | Concession of credit | EMS 9 |
| | Price discount policy | EMS10 |
| | C) Distribution Channel/Place Strategy | |
| | Transport strategy | EMS11 |
| | Distribution Budget | EMS12 |

| | | |
|---|---|---|
| | Distribution Network | EMS13 |
| | D) Promotion Adaptation Strategy | |
| | Media channels for advertising | EMS14 |
| | Budget for Promotion | EMS15 |
| | Direct Marketing | EMS16 |
| Export Performance (EP) | The firm's performance in terms of export profitability | EP1 |
| | The firm's performance in terms of export sales growth | EP2 |
| | The firm's performance in terms of export sales intensity | EP3 |
| | Satisfaction of the managers with the export objectives of the firm in terms of export profitability | EP4 |
| | Satisfaction of the managers with the export objectives of the firm in terms of export growth | EP5 |
| | Satisfaction of the managers with the export objectives of the firm in terms of export intensity | EP6 |
| | Satisfaction of the managers with the export objectives of the firm in terms of overall export performance. | EP7 |
| | Achieved its export objectives in terms of export profitability | EP8 |
| | Achieved its export objectives in terms of export growth | EP9 |
| | Achieved its export objectives in terms of export intensity | EP10 |
| | Achieved its export objectives in terms of overall export performance | EP11 |

(Survey: 2022)

## Annex VI: Result of Factor Loadings Indicator for CFA

Table 7-5: Factor Loading, Standard Deviation, Mean, CR, Cronbach's Alpha, and AVE

| | | Standardized Loading | | Cronbach's Alpha | | CR | AVE |
|---|---|---|---|---|---|---|---|
| | INTERNAL /RBV DETERMINANTS | | | | 0.813 | 0.794 | 0.560 |
| | Firm Characteristics (FC)= Mean = 3.14 SD = 1.48 | | 0.914 | 0.877 | | | |
| FC1 | The firm has sufficient manufacturing capacity to meet export orders | 0.772 | | | | | |
| FC2 | As the firm size becomes large export performance becomes higher | 0.811 | | | | | |
| FC 3 | Degree of international exporting experience. | 0.712 | | | | | |
| FC4 | We planned extensively in advance before entering our main export country | 0.756 | | | | | |
| FC5 | Exporting is the primary focus of the firm. | 0.797 | | | | | |
| FC6 | The firm stays in touch and understands export customer requirements. | 0.760 | | | | | |
| FC7 | Exporting is not too difficult for our firm. | 0.801 | | | | | |
| | Management Determinants (MD) )= Mean = 3.21 SD = 1.74 | | 0.884 | 0.793 | | | |
| MD1 | As manager's foreign language skill is higher as export performance is higher | 0.709 | | | | | |
| MD2 | Managers freely communicate information about the successful and unsuccessful customers experience across all business functions within the firm | 0.788 | | | | | |
| MD3 | Degree of international exporting experience- live or work abroad | 0.784 | | | | | |
| MD4 | Degree of training in international business e.g attended formal export courses | 0.790 | | | | | |
| MD5 | As manager is more experienced in export activities as export performance is higher | 0.732 | | | | | |
| MD6 | The firm managers know about foreign government regulations that the firm products in foreign markets | 0.755 | | | | | |
| MD7 | Managers regularly discussed about competitors strength and strategies | 0.764 | | | | | |
| MD8 | The firm managers are sufficiently knowledgeable about our existing foreign markets | 0.737 | | | | | |
| | EXTERNAL/CONTINGENCY | | | | 0.853 | 0.817 | 0.621 |

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| | Competitive Intensity (CI) )= Mean = 3.19 SD = 1.78 | | 0.809 | 0.868 | | | |
| CI1 | Competition in our export market is cutthroat | 0.887 | | | | | |
| CI2 | Price competition is a hallmark of our export market | 0.850 | | | | | |
| CI3 | Our firm monitors competitive products in our main export country. | 0.710 | | | | | |
| CI4 | The competitive environment in our main export country requires us to modify our existing product and/or marketing and/or manufacturing processes. | 0.712 | | | | | |
| CI5 | Competition among companies in our export markets is intense | 0.809 | | | | | |
| CI6 | Competitors are constantly trying out new competitive strategies | 0.799 | | | | | |
| | Technological Factors (TF) )= Mean = 3.35 SD = 1.57 | | 0.925 | 0.772 | | | |
| TF1 | The technology in our main export country requires us to modify our existing product and/or marketing and/or manufacturing processes. | 0.919 | | | | | |
| TF2 | The technology in our main export country is different from the technology in our domestic market | 0.948 | | | | | |
| TF3 | Technological changes provide big opportunities for export performance | 0.891 | | | | | |
| TF4 | The firm incorporates the latest technology in the manufacturing processes. | 0.911 | | | | | |
| TF5 | Firm is recognized in our main export country for products that are technologically superior. | 0.878 | | | | | |
| TF6 | The technology of our product is superior and influencing the firms export performance | 0.888 | | | | | |
| | Foreign Market Characteristics (FMC) ) = Mean = 3.54 SD = 1.58 | | 0.794 | 0.759 | | | |
| FMC1 | The political/legal environment in our main export country requires us to modify our existing product and/or marketing and/or manufacturing processes. | 0.792 | | | | | |
| FMC2 | The political/legal environment in our main export country is different from the political/legal environment in our domestic market. | 0.739 | | | | | |

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| FMC3 | Foreign government rules and regulations are barriers for export performance | 0.795 | | | | | |
| FMC4 | Exchange rate variations make exporting difficult | 0.773 | | | | | |
| FMC5 | Political problems in foreign markets are barriers to exporting. | 0.719 | | | | | |
| FMC6 | The cultural environment in our main export country requires us to modify our existing product and/or marketing and/or manufacturing processes. | 0.748 | | | | | |
| FMC7 | The cultural environment in our main export country is different from the domestic market. | 0.791 | | | | | |
| FMC8 | The preferences of our customers in our main export country require us to modify our existing product and/or marketing and/or manufacturing processes. | 0.711 | | | | | |
| FMC9 | The preferences of customers in our main export country are similar to customers in our domestic market. | 0.778 | | | | | |
| | MEDIATING FACTORS | | | | 0.797 | 0.825 | 0.556 |
| | Export Marketing Mix Strategy (EMS) = Mean = 4.14 SD = 1.85 | | | | | | |
| | Product Adaption Strategy = Mean = 4.33 SD = 1.51 | | 0.726 | 0.829 | | | |
| EMS1 | Packaging | 0.770 | | | | | |
| EMS2 | Product brand name | 0.728 | | | | | |
| EMS3 | Product design/style | 0.734 | | | | | |
| EMS4 | Product labeling | 0.796 | | | | | |
| EMS5 | Variety of the main exporting product line | 0.722 | | | | | |
| EMS6 | Product quality | 0.758 | | | | | |
| EM7 | Features and characteristics | 0.760 | | | | | |
| | Price Adaption Strategy = Mean = 3.80 SD = 1.19 | | 0.776 | 0.807 | | | |
| EMS8 | Determination of pricing strategy | 0.730 | | | | | |
| EMS 9 | Concession of credit | 0.794 | | | | | |
| EMS10 | Price discount policy | 0.712 | | | | | |
| | Distribution Channel/Place Strategy = Mean = 3.24 SD = 1.08 | | 0.722 | 0.746 | | | |
| EMS11 | Transport strategy | 0.721 | | | | | |
| EMS12 | Distribution Budget | 0.731 | | | | | |
| EMS13 | Distribution Network | 0.718 | | | | | |
| | Promotion Adaptation Strategy =Mean = 3.04 SD = 1.66 | | 0.750 | 0.717 | | | |
| EMS14 | Media channels for advertising | 0.784 | | | | | |

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| EMS15 | Budget for Promotion | 0.767 | | | | | |
| EMS16 | Direct Marketing | 0.742 | | | | | |
| | Export Performance (EP) | | | | 0.818 | 0.906 | 0.711 |
| | Objective/Financial =Mean = 4.07 SD = 1.79 | | 0.838 | 0.792 | | | |
| EP1 | The firm's performance in terms of export profitability | 0.807 | | | | | |
| EP2 | The firm's performance in terms of export sales growth | 0.860 | | | | | |
| EP3 | The firm's performance in terms of export sales intensity | 0,824 | | | | | |
| | Subjective/Non-Financial =Mean = 4.11 SD = 1.95 | | 0.945 | 0.833 | | | |
| EP4 | Satisfaction of the managers with the export objectives of the firm in terms of export profitability | 0.772 | | | | | |
| EP5 | Satisfaction of the managers with the export objectives of the firm in terms of export growth | 0.903 | | | | | |
| EP6 | Satisfaction of the managers with the export objectives of the firm in terms of export intensity | 0.835 | | | | | |
| EP7 | Satisfaction of the managers with the export objectives of the firm in terms of overall export performance. | 0.855 | | | | | |
| EP8 | Achieved its export objectives in terms of export profitability | 0.910 | | | | | |
| EP9 | Achieved its export objectives in terms of export growth | 0.879 | | | | | |
| EP10 | Achieved its export objectives in terms of export intensity | 0.818 | | | | | |
| EP11 | Achieved its export objectives in terms of overall export performance | 0.852 | | | | | |

(Own Survey: 2022)

## Annex VII: Measurement Model for Convergent Validity Test

Table 7-6: Evaluation Results of the Measurement Model for Convergent Validity Test

| indicators | Latent Variables | Factor loadings | Average Variance Extracted (AVE) |
|---|---|---|---|
| FC1 | FC | 0.772 | 0.623 |
| FC2 | | 0.811 | |
| FC 3 | | 0.712 | |
| FC4 | | 0.756 | |
| FC5 | | 0.797 | |
| FC6 | | 0.760 | |
| FC7 | | 0.801 | |
| MD1 | MD | 0.709 | 0.540 |
| MD2 | | 0.788 | |
| MD3 | | 0.784 | |
| MD4 | | 0.790 | |
| MD5 | | 0.732 | |
| MD6 | | 0.755 | |
| MD7 | | 0.764 | |
| MD8 | | 0.737 | |
| CI1 | CI | 0.887 | 0.654 |
| CI2 | | 0.850 | |
| CI3 | | 0.710 | |
| CI4 | | 0.712 | |
| CI5 | | 0.809 | |
| CI6 | | 0.799 | |
| TF1 | TF | 0.919 | 0.723 |
| TF2 | | 0.948 | |
| TF3 | | 0.891 | |
| TF4 | | 0.911 | |
| TF5 | | 0.878 | |
| TF6 | | 0.888 | |
| FMC1 | FMC | 0.792 | 0.521 |
| FMC2 | | 0.739 | |
| FMC3 | | 0.795 | |
| FMC4 | | 0.773 | |
| FMC5 | | 0.719 | |
| FMC6 | | 0.748 | |
| FMC7 | | 0.791 | |
| FMC8 | | 0.711 | |
| FMC9 | | 0.778 | |
| EMS1 | | 0.770 | |
| EMS2 | | 0.728 | |
| EMS3 | | 0.734 | |

| | | | |
|---|---|---|---|
| EMS4 | EMS | 0.796 | 0.556 |
| EMS5 | | 0.722 | |
| EMS6 | | 0.758 | |
| EMS7 | | 0.760 | |
| EMS8 | | 0.730 | |
| EMS 9 | | 0.794 | |
| EMS10 | | 0.712 | |
| EMS11 | | 0.721 | |
| EMS12 | | 0.731 | |
| EMS13 | | 0.718 | |
| EMS14 | | 0.784 | |
| EMS15 | | 0.767 | |
| EMS16 | | 0.742 | |
| EP1 | EP | 0.807 | 0.711 |
| EP2 | | 0.860 | |
| EP3 | | 0,824 | |
| EP4 | | 0.772 | |
| EP5 | | 0.903 | |
| EP6 | | 0.835 | |
| EP7 | | 0.855 | |
| EP8 | | 0.910 | |
| EP9 | | 0.879 | |
| EP10 | | 0.818 | |
| EP11 | | 0.852 | |

(Own Survey: 2022)

Synergy Plus Consulting P.L.C

**Date: 18-May/2023**
**Reference: SPC/CES/071/23**

**TO WHOME IT MAY CONCERN**

**(ENGLISH LANGUAGE TRANSCRIBER'S CERTIFICATION)**

This is to certify that this research study entitled, ***"Determinants of export Performance: An Empirical Investigation on Ethiopian Manufacturing export Firms"*** prepared and submitted by **Mr. Chalachew Adege Eshetu** (Ph.D. Candidate) in partial fulfillment for the Degree of Doctor of Business Leadership has been reviewed by the undersigned.

This is therefore; I am really happy to say that the candidate has rightfully done the English language transcription parts as per my supervision, suggestion and confirmation.

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Synergy Plus Consulting P.L.C

**Date: 04-April/2023**
**Reference: SPC/STA/053/23**

# TO WHOME IT MAY CONCERN

## (STATISTICIAN'S CERTIFICATION)

This is to certify that this research study entitled, ***"Determinants of export Performance: An Empirical Investigation on Ethiopian Manufacturing export Firms"*** prepared and submitted by **Mr. Chalachew Adege Eshetu** (Ph.D. Candidate) in partial fulfillment for the Degree of Doctor of Business Leadership has been statistically reviewed by the undersigned.

This is therefore; I am really happy to say that the candidate has rightfully done the statistical parts as per my supervision, suggestion and confirmation.

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**The Federal Democratic Republic of Ethiopia**

የኢትዮጵያ ጨርቃጨርቅ ኢንዱስትሪ ልማት ኢንስቲትዩት
**Ethiopian Textile Industry Development Institute**

ቁጥር 02.1.6/2167
Ref. No.
ቀን 04 ኮርፎ 2014
Date

## Cooperation for Conducting Academic Research

**Dear Chalachew Adege Eshetu,**

I, Seleshi Lemma, Director General of the Ethiopian Textile Industry Development Institute, would facilitate for you to collect data at the Textile and Garment Manufacturing Companies located in Addis Ababa for your research project on the title "Determinants of export performance: an empirical investigation on Ethiopian manufacturing export firms". As Textile and Garment Manufacturing Companies are closely working with us, we hope that the companies will cooperate for the data collection.

Am aware of the following:-

1. The study is conducted as a UNISA researcher and remains the property of UNISA
2. You not use the name of the company in your research project
3. All data and information collected will be solely in the procession of the researcher
4. I will require feedback of the research.
5. The research may be published in the public domain under the supervision of the supervisor

I wish the best and success in your research

Sincerely yours,

Seleshi Lemma
Director General

The Federal Democratic Republic of Ethiopia Textile Industry Development Institute

Ethiopian Textile and Garment Industry Development Institute
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The Federal Democratic Republic of Ethiopia
Leather Industry Development Institute

LIDI Engineering tomorrow

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Ref. No 02/1/1/17/11-32

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Date 04 FEB 2019

**GRANTING OF INSTITUTIONAL PERMISSION FOR RESEARCH**

**Dear Chalachew Adege Eshetu**

I, Mohammed Hussien Seid , (the Deputy Director General) of the Ethiopian Leather Industry Development Institute, grant permission to collect data at the leather product Manufacturing Companies located in Addis Ababa for your research project on the title "Determinants of export performance: an empirical investigation on Ethiopian manufacturing export firms". The leather and leather product Manufacturing Companies are working with us so that the companies will cooperate for the data collection.

I grant this permission as the authorized person in this Institute and am aware of the following,

1. The study is conducted as a UNISA researcher and remains the property of UNISA
2. You not use the name of the company in your research project
3. All data and information collected will be solely in the procession of the researcher
4. I will require feedback of the research.
5. The research may be published in the public domain under the supervision of the supervisor

I wish the best and success in this research

With regards

MOHAMMED HUSSIEN SEID
LEATHER TECHNOLOGY SECTOR
DEPUTY DIRECTOR GENERAL

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