FACTORS INFLUENCING SESAME EXPORT PERFORMANCE IN ETHIOPIA

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THESIS ON
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THIS THESIS SUBMITTED TO ST. MARY’S UNIVERSITY, SCHOOL OF GRADUATE STUDIES DEPARTMENT OF MARKETING MANAGEMENT, FOR PARTIAL FULFILLMENT OF THE REQUIREMENT FOR THE AWARD OF DEGREE OF MASTERS IN MARKETING MANAGEMENT.

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DECLARATION

I, the undersigned, declared that this thesis is my own work prepared under the guidance of Workinneh Kassa (PhD). All material sources used for the thesis have been appropriately acknowledged. I also confirm that the thesis has not been submitted either in part or in full to any other learning institution and other organizations for any purpose.

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ADVISOR’S ENDORSEMENT

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

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LIST OF ACRONYMS

GDP  Gross Domestic Product,
USA  United States of America,
FAO  Food and Agricultural Organization,
AMA  American Marketing Association,
WTO  World Trade Organization,
IMC  Integrated Marketing Communication,
ERCA  Ethiopian Revenues and Customs Authority,
CSA  Central Statistics Authority,
EU   European Union,
UK   United Kingdom,
ECX  Ethiopia Commodity Exchange,
EPOSPEA  Ethiopian Pulses, Oilseeds and Processors Association
SPSS  Statistical packaging for Social Science
CLRM  Classical Linear Regression Model
OLS  Ordinary Least Square
Main objective of this thesis was investigating factors influencing sesame export performance in Ethiopia. Most of the reviewed studies indicate that export is one of the accelerating factors for economic growth although it shows low performance in Ethiopia. Ethiopia exports mainly primary agricultural products which mostly produced in traditional way. One of the most exporting items in Ethiopia is sesame product. The reviewed studies focused on domestic market but not as such assessed the sesame export related problems. The researcher observed the gap of the studies to identify the major determining factors related to the sesame export performance in Ethiopia. Consequently, specific objective of this thesis was intended to investigate determining variables related to export market activities and policy issues and nature of relationship to the sesame export performance in Ethiopia. This research is both descriptive and inferential research type which approached qualitatively to collect qualitative data from respondent using structured questionnaires and some open ended interview questions. The researcher of this thesis selected ten variables and used Likert scale type data measurement techniques and multiple regression models. All necessary tests such as reliability, multiple regression assumptions test, and null hypothesis test and over all significance of the model test were taken place to identify the significance of predictors and over all significance of the mode. As a result, out of ten explanatory variables seven variables such as promotion, technology, policy incentives, and cost of export, marketing strategies, price and quality of the exported product were the most determining factors to affect the sesame export performance. There are also few variables such as marketing information, infrastructure and bureaucracy for the process of export, identified as less determining factors to the dependent variable. In addition, the standardized coefficient of the estimated $\beta$s was best estimator of the true $\beta$s of the population parameters and the model was specified properly. Finally, the study was concluded that promotion, technology, cost, marketing strategies, policy incentives to the sector, price and quality were the main factors determining the sesame exporting performance. Based on the study result, researcher put his recommendation that exporters must be strategic to use promotion, minimize cost, and use technology for quality improvement and to search better market and price for the product. Also the government on its side has to be committed to support the sector investing to upgrade the policy incentives like credits and other incentives to the sector. Moreover, the government must strengthen trade relationship with potential importers. In addition, the researchers are suggested that further researches must focus on the problems associated to market channels and intermediating institutions to improve the benefits from the market.

Key words: Sesame export performance, Marketing strategies, Policy incentives, Promotion, Non-processed Product and technology.
CHAPTER ONE

INTRODUCTION

1.1. Background of the Study

Ethiopia’s export is manly dominated by non processed primary agricultural products. Belayneh and Wondaferahu (2012) noticed that Ethiopia’s export has been limited to few primary products, which are mainly agricultural commodities. Similarly, World Bank (2014) illustrated that Ethiopian economy is strongly depending on the agricultural products accounting above 46.3% of GDP, 83% total export and 80% of the country employment. This indicates that agriculture is the foundation of Ethiopian economy.

Furthermore, Negash (2015) identified among the most important agricultural commodities in Ethiopia oilseeds are the second largest export commodity next to coffee. Out of this oil crops sesame seed was ranked first in total production during 2013. Due to its importance for export commodity the area coverage and production has increased in the last consecutive years in Ethiopia. There is an enormous potential to expand sesame seed production in Ethiopia through cultivation of additional new land. Another writer strengthened that sesame is one of the most valuable crop, following coffee and chat, in Ethiopia (Nikolas & Bradley, 2014).

Negash (2015) has further searched the origin and cultivation history of sesame as follows: “Sesame seeds have been grown in tropical regions throughout the world since prehistoric times, traditional myths hold that their origins go back even further. These seeds were thought as it was originated in India and were mentioned in early Hindu legends. From India, sesame seeds were introduced throughout the Middle East, Africa and Asia. Sesame seeds were one of the first crops processed for oil as well as one of the earliest condiments”. Accordingly, the origin of sesame is in India and later spread out to the world and Ethiopia is one of the historical producers of that product.

Another researcher on the topic area, Sorsa (2009) expressed that Ethiopia is among the top-five producers of oilseeds in the world. One of the oilseeds for which Ethiopia is known in the international market is sesame. It was revealed that in last few years, sesame production and marketing has shown
very significant growth in Ethiopia. Sesame production has been expanding in to different part of the
country Such as Humera in Tigray, Metema and Wollo areas in Amhara region, Chanka area in Wellega of the
Oromiya region and Pawi area in Benshangul Gumuz region (FAO, 2015).

However, though the sesame production shows visible growth, Ethiopia’s sesame export is not
developing and the benefits gained from that product is low. So that this thesis was devoted to identify
the problems encountered to sesame export market that obstruct the growth of export and gain from
that sector in Ethiopia.

1.2 Statement of the Problem

International trade is the blood cells of global and national economy. Especially, export is vital to keep
balance of payment of one country to finance its import without deficit. As Belayneh & Wondaferahu
(2012) noticed export is considered as one of the very important accelerators of growth. The
economics literatures support the contention that development requires economic growth to alleviate
poverty, and greater access to world markets is perceived as a necessary condition for more rapid
growth.

As Bacchetta (2007) cited in Belayneh & Wondaferahu (2012) many developing countries have
working to increase their share in international trade from just less than one quarter to about one third.
Asia, particularly China, accounts for most of the change, which has been facilitated by diversification
of exports.

In developing countries the most exportable commodities are non processed agricultural products.
Negash (2015) indicated that oilseeds are one of the most important cash crops in Ethiopian. It
services both for small household income raising and for export to international market. Out of that
oilseed the largest one is sesame products which are one of important cash crop in Ethiopia. It exports
mainly the raw oil seed to China. Whitish Humera type has good aroma, sweet taste, and high oil
content, good demand in the world market & known for its top quality. It is also used as a reference
for grading in the international market.

Although sesame is vital product both for export and farmers’ income rising in some part of Ethiopia,
there is low export performance for sesame products. Many researches indicate that there is number of
reasons for the low performance of sesame export. For example, FAO (2015) noticed the problems of export are lack of facilities of financial and market institutions. Tewodros (2012) on the other hand, defined some of the problems that products are exported to other than the final destination because of its purification/quality problems and merely raw seeds. Related to this market linkage problem most of raw products, especially sesame, export to China first and China re-export to Japan. Similarly, Negash (2015) investigated that Japan is importing Ethiopian sesame seed through China, seeking the well cleaned and sort. I.e Ethiopia export sesame to China and China re-export to Japan after same processing. Then, China import Ethiopian non processed sesame seed as it is and after processing China re-exports to Japan to gain profit from the export. That means Ethiopia is not befitting from the sesame export as it must obtain from the sector because of many reasons.

The researchers defined the influencing factors of sesame export performance in differently. Some of them argued that the fundamental problems are undeveloped infrastructure, lack of market cooperatives, poor harvesting system /traditional cultivation system, lack of financial and market institutions, lack of store centers and quality problem. While the others stressed on lack of market linkage, non processed raw material, and unstable exchange rate.

Although a number of problems related to sesame marketing are studied in different researches, there are research gaps that must be fulfilled to provide exporters and other related bodies with better information. The identified gaps in the former researches are:-

First, the researches mentioned above have lack of similarity and were focusing in domestic market and exporters were not involved as a target population in the research to investigate the exporting problems directly from actors. For instance, Tewodros (2012) stated that the problem of quality of sesame is because of being non processed raw seeds, while Negash (2015) based on the domestic farmers and collectors information, revealed Whitish Humera Type has good aroma, sweet taste, high oil content, good demand in the world market & known for its top quality. It is also used as a reference for grading in the international market. So that the two researches that Tewodros (2012) noticed the main problem of sesame export in Ethiopia as poor quality of exported sesame, while Negash (2015) explained contrary to this as the exported sesame in Ethiopia is high quality especially the Humera type.
Second, most of the studies are focused on the domestic market arrangements and offers less intention to the international market strategies and facing problems. For instance, Sorsa (2009) identified the various types of sales outlets for sesame in the survey areas selling to local collectors in the nearby local markets, followed by selling to collectors who visit producers at home but not included export sectors and international market related factors.

Finally: there are also other factors directly or indirectly affecting the international market such as export market related factor, strategies, export related incentives and bureaucracy in sesame export market are some of the factors that must be further researched.

As it is already stated in the above paragraphs there are many research gaps to be identified to solve the problems abstract sesame export performance in Ethiopia. Unless the main problems of that sector are dully identified, it is difficult to give solution to the existing sesame export performance and Ethiopia does not get expected benefits from that sector. Therefore, further research is vital to solve the problems associated to sesame export. Sine sesame is one of the most marketed products in the international market, examining the hindering problems enables to improving sesame export in Ethiopia.

Hence, the researcher was initiated to study the determinant variables which were not properly assessed in the former researches such as factors related to the export activities, policy incentives and the nature of relationship among independent and dependent variables. This study enables to improve the sesame export and gains from that sectors.

1.3 Research Questions

- What are sesame export related variables that affect the sesame export performance in Ethiopia?
- Does government’s policies and processes influence for sesame export performance?
- Does lack of technology improvement affects the sesame export performance?
- What is the nature of relationship between independent variables and dependent variable?
1.4 Objectives of the Study

1.4.1 General Objectives
The researcher intended to investigate the influencing factors that affect sesame export performance of in Ethiopia.

1.4.2 Specific Objectives
To demonstrate the main objective, the researcher intended to investigate the following specific objectives:

- To examine the sesame export market related variables that affects the sesame export performance in Ethiopia.
- To identify whether Ethiopian government’s policy incentives and processes influence for sesame export performance or not.
- To examine whether lack of technology improvement affects sesame export or not.
- To examine the nature of relationship between those variables and sesame export in Ethiopia.

1.5 Significance of the Study
First, this research can serve as a reference for the subsequent research works in the export sector in general and sesame export in particular. Second, Ethiopian Sesame exporters may use this research to understand their marketing gap and solve their marketing problems. Third this research will serve to the government as input for policy amendment in general and Sesame exporting policy in particular.

1.6 Hypotheses:
- Ho:1. Promotion not influence the export performance in Ethiopia;
- Ho:2. Marketing information is not related to the export performance of sesame product in Ethiopia.
- Ho:3. It is supposed that Ethiopian sesame product is not influenced by the price of international market. There is no relationship between international price and sesame export performance in Ethiopia.
- Ho:4. Bureaucracy related to licensing and processing for the sesame export has not significantly related to the export performance.
- Ho:5. Cost of export is not influencing factor to the export performance.
- Ho:6. Technology is also not as such determinant factor to export performance of sesame in Ethiopia.
- Ho:7. Policy incentives provided by the Ethiopian government for sesame export don’t have any role to its performance.
- Ho:8. Marketing strategy such as pricing, production, competition and cost don’t have any determining influence of the export performance in Ethiopia.
- Ho:9. Similarly not significantly affect to the export performance in Ethiopia.
- Ho:10. Quality of the sesame product is not the influencing factor to sesame export performance in Ethiopia.

### 1.7 Scope of the Study

This study mainly focused on determining factors influencing sesame export in Ethiopia using mainly primary data. Hence, it is limited to the current periods since it is difficult for the exporters to recall factors that affecting performance of sesame export in Ethiopia long years ago. Therefore, exporters were expected to response based on present situation.

### 1.8 Limitation of the Study

This study encountered with non-availability of time series data, the respondents haven’t data records regarding market trend of sesame products. Those explanatory variables were analyzed only using qualitative data.

### 1.9 Organization of the Study

This study organized in to five chapters. The first chapter, which is the introduction part deals with back ground of the study, statement of the problem, objective, significance, scope and limitation of the study. The second chapter addresses a review of theoretical and empirical literatures about the determinants of sesame export. Chapter three addresses research methodology of the study. The fourth chapter includes presentation of primary data, analysis, regression, interpretation. The descriptive and inferential analysis of primary data and presentation is completed in this chapter. Finally, in chapter five, the study is ended up by making conclusion and recommendations for sesame exporters, government and further studies.
CHAPTER TWO
LITERATURE REVIEW

2.1. Theoretical Review

The purpose of this chapter was to review the existing literatures that demonstrate the research topic and research designing especially primary data analysis related to sesame export market. Then, the first part was related with theoretical back ground of important concepts of trade theories and export, market definition and marketing concepts, policy of export followed by Ethiopian government. The second part will focus on reviewing factors influencing export performance, empirical and conceptual studies of market trends of sesame product.

2.1.1 International Trade Theories

The idea, that international trade brings economic growth and increases the welfare of a nation, started during the 18th century by a collection of economic thoughts who advocated an economic philosophy known as mercantilism. The Central point to Mercantilist thinking was the view that national wealth was reflected in a country’s holdings of precious metals. In addition, one of the most important pillars of Mercantilist thought was the static view of world resources. Economic activity in this setting can be viewed as a zero-sum game in which one country’s economic gain was at the expense of another. According to mercantilists for a nation to become rich and powerful, it has to export more than it imports where the resulting export surplus is used to purchase precious metals like gold and silver. Hence, the government in its power has to control imports and stimulate the nation’s exports (Aplleyard and Field, 2014) cited in (Tewodros, 2016).

Adam smith on his side attacked the main mercantilists’ views and proposed the classical theory of International trade based on the concept of absolute advantage model. According to him stock of human, man-made and natural resources rather than stock of precious metals were the true measure of the wealth of a nation and argued that the wealth of a nation can be expanded if the government would abandon mercantilist controls. In addition, he showed that trade can make a nation better off with making another worse off, Mannur (1996) cited in Tewodros (2016) Adam Smith, who developed the theory of absolute advantage, showed the way first to the enlighten how free trade puts a country in better economic status. (Edward, 1995) cited in (Abiy, 2014).
Tewodros (2016) added that other theory that come into sight after the Adam Smithe’s “absolute advantage” was Cardian theory of ‘Comparative Advantage’. It states that “Countries producing as per their comparative advantage would benefit more from trade. A country has comparative advantage in a good if it has a lower opportunity cost of producing the good than another country. This benefit comes from the differences in the productivity of labor in different countries making some countries efficient in the production of one good and other countries in other goods”. Similarly, Charles (1998) cited in Abiy (2014) the comparative advantage theory developed by the English political economist David Ricado (1772-1823) advocates the country to specialize in the production and export items with a comparative/relative cost advantage and import products with comparative disadvantage. Though comparative advantage came up with some improvements to weigh against absolute advantage, it still seems blemish regarding its assumption which considers that countries are driven by the maximization of production and consumption, ignoring the necessary concern about workers or consumers. Again being only driven by maximization of production and consumption comparative advantage had not upgraded the two countries, two commodity assumption of absolute advantage premises. It also ignored the fact that labor’s transportation barriers, as well as the likely impact of learning curve.

Charles (1998) cited in Abiy (2014) compared to Cardian theories with that of Heckscher - Ohlin theory that says countries export commodities which demand the production factors those are locally abundant. This theory states that “countries should produce and export those products whose factors of production are abundantly available. The specific factors model the owners of abundant resources benefit and owners of the less abundant resource lose”. Because this model assumes the shifting of resources to produce the different goods this would result in the convergence of factor process also known as factor price equalization in the model.

As Hechcher - Ohline theory argues that countries must produce and export the products whose factors of production are abundantly available and accessible.

Since the time classical economist Adam smith and David Ricardo get realized, taking export as the main determinants of economic growth it has been further maintained
by different literatures. Nowadays the export–led economic theory is supposed to improve the economic growth and performance.

2.1.2 Role of Export

According to Palley (2011) cited in Abiy (2014) justified that Smith and Ricardo argued that international trade has a significant role for the economic growth of the country and there are economic gains from specialization. Export–led growth theory also proposes the export targeted policy can improve economic growth and performance.

2.1.3 Export Performance

A conceptual definition of export performance addresses two parts: export and performance. Cavugil and Nevi (1981) cited in Hailegiorgis (2011) export is the international marketing related decisions and activities of internationally active firms. The connotation of the word performance, in the literature sense, does not cause any problem for it is the act of carrying out or accomplishing something such as a task or action. Zou and Sta(1998), Shoham (1991) cited in Hailegiorgis (2011) defined export performance as: success or failure of the effects of nation to sell domestically produced products in the other nations market; or export effectiveness and efficiency as well as continues engagement in the international market.

2.1.4. Marketing Definition and Theories:

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

Kotler and Armstrong (2012) defined marketing as follows;
“Marketing is managing profitable customer relationships. The aim of marketing is to create value for customers and capture value from customers in return. We discussed the five steps in the marketing process:

– understanding customer needs,
– to designing customer driven marketing strategies and integrated marketing programs,
to building customer relationships and Capturing value for the firm. Finally, We discuss the major trends and forces affecting marketing in this age of customer relationships”.

Kotler and Armstrong (2012) also argued that the marketing concept holds that achieving organizational goals depends on knowing the needs and wants of target markets and delivering the desired satisfactions better than competitors do. Under the marketing concept, customer focus and value are the paths to sales and profits. Instead of a product-centered “make and sell” philosophy, the marketing concept is a customer-centered ‘sense and respond’ philosophy. The job is not to find the right customers for your product but to find the right products for your customers.

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

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

Kotler (2012) describes the procedures of marketing saying that manufacturers go to resource markets (raw material markets, labor markets, money markets), buy resources and turn them into goods and services, and sell finished products to intermediaries, who sell them to consumers. Consumers sell their labor and receive money with which they pay for goods and services. The government collects tax revenues to buy goods from resource, manufacturer, and intermediary markets and uses these goods and services to provide public services. Each nation’s economy, and the global economy, consists of interacting sets of markets linked through exchange processes.

Kotler (2012) argue the importance of international marketing that “all though the opportunities for companies to enter and compete in foreign market are significant, the risk can also be high. Most companies would prefer to remain domestic if their domestic market were large enough. However companies selling in global market, really have no choice but to internationalize their products since the foreign market presents higher profit opportunity”.

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On the other side, other authors suggested marketing communication are the fundamental tools to facilitate marketing process.

‘The goal of IMC is to influence or directly affect the behavior of the selected communications audience. IMC considers all sources of brand or company contacts that a customer or prospect has with the product or service as potential delivery channels for future messages’ (Larry, 2008).

‘Today, consumers are exposed to a vast amount of information on a daily basis – everything from news reports on television, radio and in the press, weather forecasts, traffic information, store signs, product packaging, in-store point of sale material, and so on. Advertising is just one of the elements with which the consumer must deal every day. Recent years have seen an explosion in all forms of media’ (Yeshin, 1998).

Marketing communications is an essential factor in the process of creating a trust among the customers and organization. It can be seen as the exchange of processes to create an overtime contextual effect on the relationship between the organization and its customers. Advertising, mass media advertising to be more precise, has played a major role in business to consumer marketing, and enabled companies to meet communication and other marketing objectives (HouPoh & Adam, 2007).

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

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

Trade facilitation examines how procedures and controls governing the movement of goods across and within national borders can be improved and simplified to reduce delays and costs (WTO, 2013).

2.1.5 Ethiopian Export Policy

Ethiopia exercised different export policy in different government system. The formers were focus on the inward strategy while the present government gives more intention to the export supporting activities.
According to Berhanu et al. (2003) cited in Tewodros (2016) the policy adopted in the pre-1991/92 period both in the Imperial and military government of Ethiopia was characterized by strongly inward-oriented development strategy, which used a prolonged over valuation of the Birr, high tariff rates, extensive foreign exchange control and other non tariff barriers as well as heavy taxation on exports. These policies are likely to have a detrimental impact on export by influencing directly or indirectly the profitability and competitiveness of exports.

Tewodros (2016) added that even though both previous government of Ethiopia were commonly pursuing import substitution strategy and export sector was secondary for them in their economic development plans, it doesn’t mean that they didn’t make any effort to promote and diversify the country’s exports. Ethiopia makes the export of domestic products, with the exception of some items such as leather products, free of any tax and duties. Ethiopian Custom’s Proclamation describe that export of domestic products are free of any tax and customs duty, duty free importation of investment commodity and raw material. More over Ethiopian investment agency gives priority to invest on exporting products such as tax holiday, lose forwarding, priority in obtaining foreign currency, loans and etc.

The other Survey took place by Ministry of Agriculture collaboration with Canadian International Development Agency (2005) assessed the Ethiopian Rural Development Policies, Strategies and Instruments document clearly emphasizes that the development of Ethiopian Agriculture should be based on market-oriented production system. Although both the local and international markets are recognized, in the short term emphasis is put on developing the local market and in the longer term penetrating the international market. To be successful in competing in the international market, continuous improvement in production efficiency at farm level and quality of products is envisaging. As an integral part of this overall strategy, improving the efficiency of markets is underlined. In this regard, as stated in the study, four areas are especially emphasized:

- establishing a system of labeling and standards,
- improving the provision of market information,
- expanding and strengthening cooperatives, and
- Improving and strengthening the participation of private investors in agricultural marketing.
2.2 Empirical Review

2.2.1 Trends in Sesame Export

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

According to Ethiopian Revenues and Customers Authority’s data cited in Tewodros (2009) Ethiopian exports are mainly composed of primary commodities mainly agricultural. Coffee remains the major export commodity with close to 26 percent share in the total exports in 2009/10. Oilseeds follow with 17 percent share. Although coffee has remained the biggest exports there have been some shift in shares of commodities. In 1980 coffee accounted for 62 percent of the total exports and next in line were leather and leather products with 11 percent share in total exports. In 2008/09 the share of coffee came down to 26 percent of total exports. The share of leather and leather products has declined to 5 percent while the share of oilseeds reached as high as 25 percent up from 3 percent in 1980.

Accordingly, the above empirical ratios analysis indicates that 2nd largest exporting item in Ethiopia is oilseeds which are mainly supplied by family farmers and is showing better growth rate than other exporting commodities.

According to ERCA (2012) cited in FAO (2015) sesame marketing has demonstrated highly significant growth. “Over the past decade (2002-2012) earnings from sesame exports increased from 66 to 427 million US$. Its contribution to national export earnings has increased from 6.7 to 13.8 percent in the same period”.

Hailegiorgis (2011) noted that Sesame seed is the main oilseed export product. In 2005 and 2006 Ethiopian exports further increased, whereby China came up as a new market. Export of sesame seed has grown in double digits each year from 1998 to 2006: 50,000 tons in 1998 and more than 100,000 tons in 2006. In the second half of 2006 the main export markets for Ethiopian sesame seed were China, Israel and other countries in the Middle East and Turkey. The EU had a market share of 8% (CSA, 2006). The major importers of Ethiopian sesame seed in the EU are Greece, Germany, the
Netherlands and the UK. Japan is the biggest world importer of sesame seed. Sesame oil, particularly from roasted seed, is an important component of Japanese cooking. Traditionally this is the principal use of the seed.

Moreover, Tewodros (2009) assessed the significant shift in the destination of exports with respect to continents. Accordingly, he described the shift in market share as follows; “Europe remains the biggest recipient of our exports with close to 41 percent share in total exports. Asia follows with close to 35 percent share.

In addition, he magnifies the destination shift of export comparing the exports during the years between 2000 –2008 with 1989-1999 there is a distinct shift of direction of exports from Europe and America to Asia and Africa. The share of Europe declined from almost 50 percent share in the decade from 1989-1999 to 41 percent during the decade 2000-2008. The share of the Americas also declined from almost 10 percent to less than 5 percent. On the other hand, the share of Africa increased from 11 to 19 percent while that of Asia increased from 30 to 34 percent”.

**2.2.2 Factors Influencing Sesame Export Performance**

Although there are many factors that affect performance of sesame export market in Ethiopia, for this thesis the following determinant factors are more essential factors that reviewed in different literatures and here intended to be further investigated.

**2.2.2.1 Market Information Gaps**

Most of the producers are family farmer that have lack of market information to produce marketable products and supply to the market. As result they are vulnerable to the low price and tricks of local collectors. For example, Tewodros (2009) noted that family farms are not homogenous. Some are modernizing -the largest, those with better soil and especially those close to city markets or involved in a more profitable subsector. This farmer can gain access to credit, thereby facilitating access to equipment, land development, improved inputs and advisory services. Many of them are attempting to collectively control the process of bringing their products to market.

The other research magnifies that the main challenges of export of sesame and other products are lack of international market linkage, poor quality, exporting non processed, lack of promotion and branding (Sorsa, 2009).
Tewodros (2012) also intensified that there is lack of marketing communication problems for export. In line with this idea, some of the products are exported to other than the final destination because of lack of communication, lack purification problems and merely raw seeds. Related to this market linkage problem most of raw products, especially sesame product, export to China first and China re-export to Japan after processing.

2.2.2.2 Pricing Problems

Sorsa (2009) added Sesame collectors who reported that there is no collusion or agreement to exchange information between them in setting sesame prices saying that prices are mainly determined by central (Addis Ababa) price information (93%), local major buyers (59%), and farmers (4%). i.e. Farmers has less chance to make price of their products since they have lack of information. In addition, Abiy (2014) noticed that about 86% of the respondents declared the problem of price volatility in the international market.

2.2.2.3 Quality of the Export

Negash (2015) underlined the demand for export is mostly determined by the color, taste, purity and dryness of the seeds, while the opportunity to export refined sesame oil to Europe, USA and other countries are not well established.

Japanese are very critical of quality. Because of quality problems in the past, Ethiopia is not an important exporter for Japan. However, it seems that via China the volume of Ethiopian oilseeds exported to Japan is increasing (Hailegiorgis, 2011).

Furthermore, Negash (2015) intensified the quality problems investigating that Japan is importing Ethiopian sesame seed through China, seeking the well cleaned and sorted according to the color of sesame seed, i.e Ethiopia export sesame to China and China re-export to Japan after. Then China import Ethiopian non processed sesame seed as it is and after processing it re-export to Japan.

Sorsa (2009) in his study took place in Humera and East Wellega to investigate the quality of sesame product revealed that buyers play a determining role in fixing the price of the sesame. Furthermore, farmers were asked whether buyers consider the quality of sesame when buying from them. Accordingly, about 66% of all the interviewed farmers reported that buyers do take the quality of
sesame into account when buying. In Humera, over 85% of the farmers reported that buyers consider the quality of sesame when offering them a price, while in East Wellega, only about 33% of respondents felt that buyers take quality into account when buying sesame. In their explanation, farmers in East Wellega indicated that their buyers do not use quality as a criterion for price differentiation; instead, they only assess whether it qualifies as a product.

**Table 2.1: Price Determination of Sesame Product**

<table>
<thead>
<tr>
<th>Region</th>
<th>Humera</th>
<th>East Wellega</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Cases</td>
<td>Percent</td>
<td>Cases</td>
</tr>
<tr>
<td>Price is based on quality</td>
<td>534</td>
<td>60.9</td>
<td>210</td>
</tr>
<tr>
<td>Price is based on</td>
<td>330</td>
<td>37.6</td>
<td>235</td>
</tr>
<tr>
<td>buyers' goodwill</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Price is based on</td>
<td>10</td>
<td>1.1</td>
<td>97</td>
</tr>
<tr>
<td>quantity</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other</td>
<td>5</td>
<td>0.6</td>
<td>27</td>
</tr>
</tbody>
</table>

(Source: Sorsa, 2009)

Furthermore, the study indicates that sesame quality indicator like the level of admixture is the first and most important quality indicator used by sesame collectors, followed by the color and size of the sesame seed. Oil content is another important quality indicator. For sesame farmers in Humera, the second most important quality indicator is oil content, followed by the size of the seed. They perceive the color of sesame to less valued, relatively speaking. However, for sesame farmers in East Wellega, the second most important quality indicator is color, which is less valued in Humera, relatively speaking. For details see the table below.
Table 2.2: Quality Indicators for Sesame Product

<table>
<thead>
<tr>
<th>Quality indicators</th>
<th>Region</th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Humera</td>
<td>East Wellega</td>
<td>total</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Cases</td>
<td>Percent</td>
<td>Cases</td>
<td>Percent</td>
<td>Cases</td>
<td>Percent</td>
</tr>
<tr>
<td>Level of admixture</td>
<td>742</td>
<td>99.9</td>
<td>143</td>
<td>94.1</td>
<td>885</td>
<td>82.2</td>
</tr>
<tr>
<td>Color (homogeneity)</td>
<td>692</td>
<td>92.6</td>
<td>121</td>
<td>96.3</td>
<td>813</td>
<td>90.7</td>
</tr>
<tr>
<td>Size of seed</td>
<td>709</td>
<td>94.5</td>
<td>97</td>
<td>92.9</td>
<td>801</td>
<td>89.6</td>
</tr>
<tr>
<td>Oil content</td>
<td>711</td>
<td>95.1</td>
<td>92</td>
<td>5.8</td>
<td>732</td>
<td>83.1</td>
</tr>
<tr>
<td>Others</td>
<td>333</td>
<td>21</td>
<td>1</td>
<td>160</td>
<td>27.8</td>
<td></td>
</tr>
</tbody>
</table>

(Source: Sorsa, 2009)

This indicates that color is the important quality indicator of sesame product followed by Size of seed and oil content while level of admixture relatively less important.

2.2.2.4 Lack of Policy Incentive

Some of the researches determine poor policy incentives such as especial credit facilities and facilitating institutions. For instance, FAO (2015) has recognized the modification of the legal frame work. Over the 2005-2010 periods, the government adopted various measures to boost exports, especially coffee and sesame:

- Devaluation of local currency allows the rate to be determined by the banks themselves;
- Improving licensing procedure;
- Continuous improvement of investment incentives;
- Removal of sales and excise tax;
- Abolishment of NBE price control on exportable goods;
- Introduction of the export credit guarantee scheme;
- Introduction of foreign exchange retention up to 10 percent of their earnings for an unlimited period;
Establishing different institutions that are linked with the export trade as the Ethiopian Commodity Exchange and the Ethiopian export promotion agency;
Facilitating the participation of exporters in trade affairs, exhibitions and trade missions

However, FAO (2015) criticized that regardless of the efforts made by the government, the country’s export performance remains very weak and the export structure is rigid. Furthermore, there are limited trade finance facilities available to exporters, as a result of a ban by the National Bank of Ethiopia (NBE) on private sector banks obtaining foreign currency credit lines from overseas banks.

### 2.2.2.5 Technology
Cited in World Trade Report (2013) Easterly and Levine et al. (2002) justified that technological differences between countries are an important determinant of income levels and trade. The accumulation of physical and human capital can only partially explain different income levels across countries and different trade patterns. The residual is commonly attributed to technological differences between countries, whereby technology is defined as the information or knowledge required for production. As the products supports by technology it increases its productivity and quality.

### 2.2.2.6 Adaptation and Type of Sesame Products
As Negash (2015) examined, sesame is grown in hot and humid climate with temperature around 27 °c and annual precipitation of 625-1100 mm. MARD (2008) cited in Negash (2015) the crop is intolerant to water logging or poor drainage and excessive rain fall.

Ethiopia has altitudes from below sea level up to 4500 meter above sea level with different climate zones which enables to grow a wide variety of oilseeds crops. Sesame is grown from sea level to altitudes of 1500 meters with uniformly distributed rainfall of about 500-800 mm and temperature of 25-30 Celsius. All the sesame growing areas fulfill the above condition and in particular the north and north western parts of Ethiopia.

In Ethiopia Humera type and Welega type are the most known sesame seed varieties suitable for wide range of applications and for export.

I. **Whitish Humera Type** has good aroma, sweet taste, high oil content, good demand in the world market & known for its top quality. It is also used as a reference for grading in the international market.
II. Wollega Type which is mixed / brownish and has high oil content and is used for crushing (Negash, 2015).

2.2.2.7 Market Strategies

According to Sorsa (2009) he revealed that there are various types of sales outlets for sesame in the survey areas. Among these, the single most important is selling to local collectors in the nearby local markets, followed by selling to collectors who visit producers at home. This means that transaction is characterized by “cash and carry exchange” without institutional arrangements to minimize transaction risks and costs. Some of the producers from Humera aim to supply the central market by get out of local market buyers since they believe that local buyers employ a variety of tactics to cheat them. Similarly, most of the East Wellega producers distrust their local buyers and to remedy this they prefer to sell through a cooperative. This situation suggests that the Ethiopian sesame value chain suffers from inadequately coordinated trade arrangements, and as long as this does not improve, its future prospects will remain bleak. Regarding the lack of adequate trade arrangements, the level of trust among chain actors is very low, and the transaction risks and costs are very high. Farmers from both Humera and East Wellega reported that they visit about two buyers on average to decide sales. As the actors do not trust each other, negotiating price and quality and the inspection of sesame is quite a lengthy process.

The Ethiopian government made sesame trade through ECX compulsory in 2009. Though the ECX was officially opened in 2008, sesame trade through this system did not start until early 2009. “The delayed start was mainly due to the need of setting the standards that are linked with origin and other common quality indicators, and the need to establish the required infrastructure in the main production areas that are far from the central market in Addis Ababa” (FAO, 2015).

2.3. Conceptual Frame Work

As stated in the above literatures there are many factors which are influencing performance of export in general and sesame export in particular. Promotion, quality of the product, government policy incentives, marketing strategies, cost of export, and access of technology, timely marketing information, bureaucracy of the related institutions to export timely and efficiently, price fluctuation in the international market and bureaucracy are the main determinant factors to influence the sesame
export performance in Ethiopia-(dependent variables). Promotion for example, is very important method of marketing techniques to develop share of export market in abroad. The cost, technology, marketing information, price of the exported product, quality and day to day marketing information also are expected determinant variables. They were supposed as they are the most determinant factor and the relationship between independent and dependent variables were expected linearly related either positively or negatively.

**Figure 2.1 Conceptual Frame Work**

<table>
<thead>
<tr>
<th>Independent Variables</th>
<th>Dependent Variable</th>
</tr>
</thead>
<tbody>
<tr>
<td>Promotion</td>
<td>Performance of sesame export</td>
</tr>
<tr>
<td>Marketing information</td>
<td></td>
</tr>
<tr>
<td>Marketing strategies</td>
<td></td>
</tr>
<tr>
<td>Product quality</td>
<td></td>
</tr>
<tr>
<td>Export incentives</td>
<td></td>
</tr>
<tr>
<td>Infrastructure</td>
<td></td>
</tr>
<tr>
<td>Price</td>
<td></td>
</tr>
<tr>
<td>Bureaucracy</td>
<td></td>
</tr>
<tr>
<td>Technology</td>
<td></td>
</tr>
<tr>
<td>Cost of export</td>
<td></td>
</tr>
</tbody>
</table>

Conceptual frame work of independent and dependent variables.

(Source: Own survey, 2017)
CHAPTER THREE
RESEARCH DESIGN AND METHODS

This chapter provides specific contents of research type, the technique to determining sample size, sampling techniques, types and sources of data, data collection techniques, model specification, method of data analysis and presentation. In addition, this chapter encompasses reliability and validity test of data collecting instrument and ethical considerations.

3.1 Research Approaches
This thesis approached qualitatively for the collection of attitude and experiences of the target population. The study targeted to collect information around factors influencing sesame export in Ethiopia from sesame exporters. Qualitative information was collected from the respondents. Some of the information collected through questionnaires were promotion, market information, cost of the export, price, policy incentives to the export sector, availability of infrastructure, access of technology, impact of bureaucracy in the export process, quality and market strategies. So that, the data collected from exporters are qualitative data.

3.2 Research Type
It is both descriptive and inferential/correlation research type to describe and predict the determinant factors that influencing sesame export in Ethiopia. The descriptive research was used to assess the frequencies and percentage of demographic information, to describe the phenomenon as it is while the inferential analysis shows relationship among the dependent and independent variables and predict the significance of the variables to determine dependent variable. As result this thesis includes both descriptive and co-relational research type.

3.3 Target Population for Sampling
The target population for this study was sesame exporters in Ethiopia in the present time. According to the Ethiopian Revenues and customs Authority’s sesame exporter’s data between 2015 and 2016, there were about 170 sesame exporters including those who export only once. However, according to the EPOSPEA’s-the sesame exporters association, list of membership, there are about 150 permanent sesame exporters in Ethiopia. So the researcher used EPOSPEA’s list of sesame exporters (the
permanent exporters) and proposed to select the representative sample size based on the proportional formula to obtain representative sample from the target population.

### 3.4 Determining Sample Size

To determine the sample size, in addition to the population size & purpose of the study, there is three criteria’s requiring to be fulfilled to determine appropriate sample size. First: level of precision (sampling error) which is the range in which the true value of the population is estimated to be (=±5 percent) it often expressed in percentage point. Second: the level of confidence (the risk level) which based on ideas encompassed under, “The Central Limit Theorem”, it means that “when the population is repeatedly sampled, the average value of the attributes obtained by those sample is equal to the true population value in the normal distribution. The 95% confidence level is selected that means 95 out of 100 people will have a true population value within the range of precision specification. Third, is degree of variability/ Degree of freedom that means the most heterogeneous population the large sample size required to obtain the given level of precision which is mostly (= 0.5) (Miaoulis and Michener 1967) cited in (University of Florida-IFAS, 2003).

Accordingly, the researcher used the formula to determine sample size considering the criteria’s; precision or sampling error level, confidence level (=95%), and degree of variability (=0.5) which indicates maximum level of variability. Although there are different formulas to determine the sample size this thesis used the following formula, which been used by most scholars for proportional data:

\[
n = n_o/[ 1 + (n_o-1)/N] \]

**Where:**

\[
n_o = Z^2pq/e^2 \]

\[Z = \text{is the abscissa of the normal curve which its value found from statistical table; (Z=1.69)}\]

\[P = \text{degree of variability ; (0.5)}\]

\[q = 1-p ; (0.5)\]

\[n = \text{sample size; }\]

\[N = \text{population size}\]

\[e = \text{level of precision ; (.05) or 5 percent} \]

Therefore, sample size for this thesis comes: \[n = n_o/[ 1 + (n_o-1)/N] \]

\[n_o = [1.69^{(2)}*(.5*.5)]/(.05^2) = 268.96 \]
And then \( n = n_o / \left[ 1 + (n_o - 1)/N \right] \); substitute \( n_o = 286.96 \)

\[
n = 2863.96 / \left[ 1 + (286.96 - 1)/150 \right] = 98.57 \text{ which is approximately 99.}
\]

This thesis used 110 sample sizes adding more than ten numbers in the sample to make the sample more representative to the true population values and then the sample size comes 110 out of 150 populations.

### 3.5 Sampling Techniques

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

### 3.6 Data Sources & Data Collection Techniques

The source of data for this thesis is primary data collected from the target population which are sesame exporters in Ethiopia. The technique employed for study was the questionnaires and interview questions which were prepared in English, believing that the respondents are department managers and experts of foreign market who can understand English very well. In order to increase its validity and reliability the questionnaires for this study were developed integrating the research questions, objectives and conceptual frame work. It was structured to make the responses consistent. The items also were developed in the form of five level Likert item type data except for the few open ended questions.

### 3.7 Procedure of Data Collection

First, for pilot study test the researcher developed the research question and distributed to the work nets that have a good experience in research in order to check the reliability and validly of the instrument (questionnaires). After correcting their few comments it was send to the advisor. And the advisor provided constructive comments and then approved it.

The researcher distributed the questionnaires to the sesame exporters which are located in Addis Ababa city (the capital city of Ethiopia) and committed to consistent follow up in order to upgrade the responses rate and validity. The researcher used SPSS of 20 version computer soft ware to process the collected data and to produce the out puts.
3.8 Methods of Data Analysis and Presentation

Descriptive and inferential analysis has been used to analyze Likert scale type data. Although the Likert scale data looks like ordinal data in nature many of the articles around it justifies that Likert scale type data (but the item) is interval data and can be analyzed using parametric measurement rather than nonparametric statistical measurements. Parametric statistical measurement is more power full to detect the significance of the variables than nonparametric statistics (Perla, et al, 2008)

Since the collected data is Likert scale type data which summated to Likert scale data or interval variables, an appropriate model to analyze such interval data is classical linear regression model. Therefore, since the independent variables included in the study were more than two, classical linear multiple regression model has been used to analyze the number of explanatory variables simultaneously and, beta, the statistical coefficients were $R^2$, ANOVA-F-test, T-test, mean and standard deviation are the statistical parameters used to analyze relationship and significance of the explanatory variables to determine the predicted variables.

3.9 Model Specification

This thesis used the Classical linear multiple regression model to analyze the relationship between dependent and independent variables. The model used one dependent variable and ten independent variables -(promotion, marketing information, priced, cost, bureaucracy in exporting process, policy incentives in export, infrastructure, technology, marketing strategies, and quality)

The linear multi regression model formula of the above relationship is presented as follows:

$$F(Y) = \beta_0 + \beta_1X_1 + \beta_2X_2 + \beta_3X_3 + \beta_4X_4 + \beta_5X_5 + \beta_6X_6 + \beta_7X_7 + \beta_8X_8 + \beta_9X_9 + \beta_{10}X_{10} + \delta$$

Whereas: $Y =$ performance of sesame export in Ethiopia.

$X_1 =$ promotion

$X_2 =$ marketing information

$X_3 =$ Marketing strategies

$X_4 =$ product quality

$X_5 =$ policy incentives

$X_6 =$ technology

$X_7 =$ price of the product in the market
X8 = Cost of export
X9 = infrastructure
X10 = bureaucracy
β 0 = intercept /constant
β_{i=1} = statistical coefficient
\( \theta \) = error term

### 3.10 Reliability and Validity

Reliability is the statistical measure of equivalence, consistence, and stability of the survey instrument (the questionnaires). The reliability estimate is an indicator of the instruments’ stability for all responses and items. Estimates of reliability using SPSS both an under standardized Cronbach’s alpha and standardized alpha have been used. Under standardized alpha reflects actual item variances. And standardized alpha assumes similar variances or equal to 1. That means if variances are similar across the items the two alphas will be approximately the same. When the Cranach’s alpha is equal to 0.70 or greater is desirable for judging the scale to be reliable. Devilish Reliability Guide line, as cited in Cy Lee (2006). Also some of the scholars accept even though the Cronbach’s alpha not more than .70 but if it is close to 0.7 and above.

Similarly, Kuthori (2004) specifies that if the Cronbach’s alpha is = 0.70 or greater the instrument is reliable and internally consistent. It is common to Cronbach’s alpha value as follows

- \( \alpha \geq 0.9 \) excellent
- \( 0.7 \leq \alpha < 0.9 \) good
- \( 0.6 \leq \alpha < 0.7 \) acceptable
- \( 0.5 \leq \alpha < 0.6 \) poor
- \( \alpha < 0.5 \) unacceptable (Vijeya et al., 2015)

As indicated in the table 3.2 below the Cronbach’s alpha value for this study is in the acceptable ranges of Cronbach’s alpha with value of 0.693 ≈ 0.70 and this range indicated reliability of the instrument.
<table>
<thead>
<tr>
<th>Table 3.1: Case Processing Summary</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cases</td>
</tr>
<tr>
<td>Valid</td>
</tr>
<tr>
<td>Excluded</td>
</tr>
<tr>
<td>Total</td>
</tr>
</tbody>
</table>

*List wise deletion based on all variables in the procedure*

(Source: Own survey, 2017)

There is not excluded item in the data analysis and it is inclusive. All data were collected in the using questionnaire and was valid 110 out of 110 questionnaire.

<table>
<thead>
<tr>
<th>Table 3.2: Reliability Statistics Cronbach’s Alpha</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cronbach’s Alpha</td>
</tr>
<tr>
<td>.693</td>
</tr>
</tbody>
</table>

(Source: Own survey, 2017)

The Cronbach’s alpha value is 0.693 which is approximately 0.70 % which is indicating that the data collected is reliable. That means the questionnaire was stable and internally consistent instrument to collect reliable data from the respondents. The questionnaire was prepared in English considering that all the company managers or marketing managers are educated and who can communicate in English. This was conducted by the pilot test to check the face validity of the instrument and it was understandable by all the respondents equally. On the other hand, the content of the questionnaire also was checked at the pilot test process and it was similarly valid. Then after it was provided to the advisor and commented by advisor and was distributed to all respondents and was collected after a long time to give them enough time for their genuine responses. These enable to increase the validity and rate of responses for the study.

3.11 Ethical Considerations

On the cover pages of the questionnaires, respondents were informed well that the data obtained from the questionnaires would be used only for the academic purpose to write a thesis for partial fulfillment of the requirement for the degree of masters. Moreover, participants of the study have been informed the guarantees to keep confidentiality of the data they gave and their names have never been disclosed in the final report of the thesis.
CHAPTER FOUR
DATA PRESENTATION, ANALYSIS AND INTERPRETATION

4.1 Introduction
This chapter encompasses the descriptive and inferential statistical analysis of the data to achieve the specific objectives of the study and to address the research questions. Classical assumptions and statistical parameter tested in order to examine the significances of model and variables to predict the dependent variables. The classical linear multiple regression models was used to determine the significant explanatory variables that affect the performance of sesame export- the dependent variable.

Fortunately, all of the distributed (110) questionnaires were collected and filled properly because of the researcher’s closely follow up and responsibilities & honesties’ of the respondents. As a result, the response rate is obviously large enough. As discussed in the methodology part of this study the data is Likert scale type data which is commonly used to collect attitudinal responses and perceptions (qualitative data) from the target population.

However, historically, there has been long lasting debate between those who maintain the ordinalists (rank order) and intervalists views in the use of model for Likert scales type data. Pell (2001) as cited in James Corifio (2008) pointed out basic reasons why Likert scales (collections of Likert items) are not ordinal in their character, rather are interval in nature. Thus since it is interval data it is better to be analyzed parametrically with all the associated benefits and power of these higher levels of analysis. As argued in the variety of the studies on the nature of the Likert scale data (as posed to Likert items) have shown that the Likert responses format provide empirically interval data and, in fact, can approximately ratio data in theory and actually (Pell, 2001) as cited in (James Corifio, 2008).

On the other hand, those who hold the ordinalists view of Likert scales and of how the data from this scales should be analyzed; rarely mention or address the empirical findings and fact outlined in the commentary (James Corifio, 2008). Furthermore, Monte-Carlo (2008) studies of the F-test have shown the F-test to be extremely robust to violation of its assumptions, which must be extreme before the F-test is biased. He utilizing F-test to analyze the ordinal data produces unbiased result which is an empirical fact.
Therefore, as the intervalists contend, it is perfectly appropriate to summarize the rating generated from Likert scales data using means, standard deviation and parametric techniques like analysis of variance. It is also perfectly appropriate to calculate Pearson’s correlation coefficients using the summative from Likert scales and use these correlations as the bases for various multivariate analytical regression and factor analysis (Monte-Carlo, 2008).

The researcher refers number of study around Likert scale data whether the Likert scale data is ordinal or interval in nature and whether it is possible to analyze using the parametric statistical technique or not. Accordingly, the study found out, as stated above many of the studies strongly argued that Likert scale type data is interval data and it is perfectly appropriate to analyze using mean, standard deviation and other parametric techniques like variation and Pearson’s correlations coefficient to run analytical regression and factor analysis.

Therefore; since the data collected for this research are Likert scale type data (summated Likert item) which is interval data in nature, it is appropriate to use the statistical parametric techniques to test the significance of the variables and the model. Also to determine the relationship among the explanatory variables and the dependent variables, multiple regressions have been used for this thesis.

4.2 Demographic Analysis

4.2.1 Age Distribution of Respondents

As it is depicted on the table 4.1, most of the respondents is aged between 26-35, and counts above 83% of the respondents. The next largest group is aged between 36-45 & the remaining few respondents are less than 25 and more than 45 counts 0.9% & 0.9% respectively. So that, most of the respondents fall under the age groups between 26 up to 35 years old.
Table 4.1: Age Groups of Respondents

<table>
<thead>
<tr>
<th></th>
<th>Frequency</th>
<th>Percent</th>
<th>Valid Percent</th>
<th>Cumulative Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>less than 25</td>
<td>1</td>
<td>.9</td>
<td>.9</td>
<td>.9</td>
</tr>
<tr>
<td>26-35</td>
<td>92</td>
<td>83.6</td>
<td>83.6</td>
<td>84.5</td>
</tr>
<tr>
<td>36-45</td>
<td>16</td>
<td>14.5</td>
<td>14.5</td>
<td>99.1</td>
</tr>
<tr>
<td>above 45</td>
<td>1</td>
<td>.9</td>
<td>.9</td>
<td>100.0</td>
</tr>
<tr>
<td>Total</td>
<td>110</td>
<td>100.0</td>
<td>100.0</td>
<td></td>
</tr>
</tbody>
</table>

(Source: Own survey, 2017)

4.2.2 Sex of the Respondents

Output of study indicated that most of the respondents were males and there were few numbers of female respondents.

Table 4.2: Sex Category of Respondents

<table>
<thead>
<tr>
<th></th>
<th>Frequency</th>
<th>Percent</th>
<th>Valid Percent</th>
<th>Cumulative Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Male</td>
<td>95</td>
<td>86.4</td>
<td>86.4</td>
<td>86.4</td>
</tr>
<tr>
<td>Female</td>
<td>15</td>
<td>13.6</td>
<td>13.6</td>
<td>100.0</td>
</tr>
<tr>
<td>Total</td>
<td>110</td>
<td>100.0</td>
<td>100.0</td>
<td></td>
</tr>
</tbody>
</table>

Source: own survey/2017

As it is shown in the table 4.2, about 86.4% of the respondents were male and the remaining 13.6% was female respondents. This indicts females have hardly participated in the export business as managers of any department in the companies.

4.2.3 Level of Education of the Respondents

Education is important to run international business based on the knowledge to follow up day to day information, create marketing relationship and to plan market strategies and so on.
Table 4.3: Level of Education of Respondents

<table>
<thead>
<tr>
<th>Education Level</th>
<th>Frequency</th>
<th>Percent</th>
<th>Valid Percent</th>
<th>Cumulative Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>First degree</td>
<td>81</td>
<td>73.6</td>
<td>73.6</td>
<td>73.6</td>
</tr>
<tr>
<td>Master</td>
<td>29</td>
<td>26.4</td>
<td>26.4</td>
<td>100.0</td>
</tr>
<tr>
<td>Total</td>
<td>110</td>
<td>100.0</td>
<td>100.0</td>
<td></td>
</tr>
</tbody>
</table>

(Source: own survey, 2017)

As shown on the table 4.3 above out of 110 respondents about 73.6% of them were first degree holders and the remaining 26.4 % were also second degree holder. There were respondents neither diploma nor PHD holders. As a result, the study found that export companies have been managing by educated peoples who hold at least first degree and above and this help them rum the business properly.

4.2.4. Years of Experience of the Respondents in the Current Position.

It is important to know experience of the respondents to analyze participation of experienced experts in the study. Almost all of the respondents have worked less than 10 years in the current position.

Table 4.4: Years of Experience of the Respondents

<table>
<thead>
<tr>
<th>Experience of the Respondents</th>
<th>Frequency</th>
<th>Percent</th>
<th>Valid Percent</th>
<th>Cumulative Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Less than 5 years</td>
<td>67</td>
<td>60.9</td>
<td>60.9</td>
<td>60.9</td>
</tr>
<tr>
<td>5-10 years</td>
<td>42</td>
<td>38.2</td>
<td>38.2</td>
<td>99.1</td>
</tr>
<tr>
<td>Above 15 years</td>
<td>1</td>
<td>.9</td>
<td>.9</td>
<td>100.0</td>
</tr>
<tr>
<td>Total</td>
<td>110</td>
<td>100.0</td>
<td>100.0</td>
<td></td>
</tr>
</tbody>
</table>

(Source: Own survey, 2017)

As depicted in the table 4.4 above most of the respondents have experience of less 5 year and 5 up to 10 years in the current position. That is, 60.9% of them have less than 5 years and around 38.2 % between 5 up to 10 years that counts together 99.1% of the respondents have not more than 10 years in the current position. And only 0.9% of the respondents claimed above15 years of experience in the current position. Then it can be conclude that most of respondents are less experienced.
4.2.5 **Type of Current Position of the Respondents**

The respondents approached by the researcher have different position such as marketing manager, export manager, import export manager, division manager, commercial managers, head of import and export manager, division head deputy manager and general managers which were important for the study to get diversified information based on their different work environment.

<table>
<thead>
<tr>
<th>Position</th>
<th>Frequency</th>
<th>Percent</th>
<th>Valid Percent</th>
<th>Cumulative Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>commercial managers</td>
<td>11</td>
<td>10.0</td>
<td>10.0</td>
<td>10.0</td>
</tr>
<tr>
<td>Deputy manager</td>
<td>10</td>
<td>9.1</td>
<td>9.1</td>
<td>19.1</td>
</tr>
<tr>
<td>Division Head</td>
<td>2</td>
<td>1.8</td>
<td>1.8</td>
<td>20.9</td>
</tr>
<tr>
<td>Export division manager</td>
<td>1</td>
<td>.9</td>
<td>.9</td>
<td>21.8</td>
</tr>
<tr>
<td>Export manager</td>
<td>28</td>
<td>25.5</td>
<td>25.5</td>
<td>47.3</td>
</tr>
<tr>
<td>General Manager</td>
<td>8</td>
<td>7.3</td>
<td>7.3</td>
<td>54.5</td>
</tr>
<tr>
<td>Head of import and Export</td>
<td>15</td>
<td>13.6</td>
<td>13.6</td>
<td>68.2</td>
</tr>
<tr>
<td>Marketing manager</td>
<td>35</td>
<td>31.8</td>
<td>31.8</td>
<td>100.0</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>110</strong></td>
<td><strong>100.0</strong></td>
<td><strong>100.0</strong></td>
<td></td>
</tr>
</tbody>
</table>

(Source: Own survey, 2017)

As shown in the table 4.5 above, most of the positions adapted by the companies for export were marketing manager, export manager, head of import and export, commercial manager which count 31.8%, 25.5%, 13.6%, 10.0% respectively. This assured that all the positions are closely related to export activities such as marketing manager, export manager, import & export manager and division manager etc.

4.2.6 **Years of Experience in Export Business**

As the companies practice the business long years it is expected that they develop more experience which enables them to perform better in export sector. As indicated in the table below out of 110 respondents more than half of them have not more than 10 years of experience in the sesame export business. This shows that sesame export has short history in Ethiopia.
Table 4.6: Number of Years in Exporting Sesame

<table>
<thead>
<tr>
<th>Valid</th>
<th>Frequency</th>
<th>Percent</th>
<th>Valid Percent</th>
<th>Cumulative Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>less than 5 years</td>
<td>46</td>
<td>41.8</td>
<td>41.8</td>
<td>41.8</td>
</tr>
<tr>
<td>6-10 years</td>
<td>59</td>
<td>53.6</td>
<td>53.6</td>
<td>95.5</td>
</tr>
<tr>
<td>11-15 years</td>
<td>1</td>
<td>.9</td>
<td>.9</td>
<td>96.4</td>
</tr>
<tr>
<td>above 15 years</td>
<td>4</td>
<td>3.6</td>
<td>3.6</td>
<td>100.0</td>
</tr>
<tr>
<td>Total</td>
<td>110</td>
<td>100.0</td>
<td>100.0</td>
<td></td>
</tr>
</tbody>
</table>

(Source: Own survey, 2017)

As stated above in the table 4.6 more than 95.5% (cumulative percent) of the companies verified that they have practices export not more than 10 year while less than 5% of the approached respondents admitted as they have experience of sesame export more than ten years.

4.2.7 Companies' Category of Business

The companies approached by the researcher have been participated in different business sectors such as export only, import- export, general business and production and export.

Table 4.7: Companies' Type of Business

<table>
<thead>
<tr>
<th>Valid</th>
<th>Frequency</th>
<th>Percent</th>
<th>Valid Percent</th>
<th>Cumulative Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Export only</td>
<td>22</td>
<td>20.0</td>
<td>20.0</td>
<td>20.0</td>
</tr>
<tr>
<td>Import and export</td>
<td>84</td>
<td>76.4</td>
<td>76.4</td>
<td>96.4</td>
</tr>
<tr>
<td>General business</td>
<td>3</td>
<td>2.7</td>
<td>2.7</td>
<td>99.1</td>
</tr>
<tr>
<td>Producer and exporter</td>
<td>1</td>
<td>.9</td>
<td>.9</td>
<td>100.0</td>
</tr>
<tr>
<td>Total</td>
<td>110</td>
<td>100.0</td>
<td>100.0</td>
<td></td>
</tr>
</tbody>
</table>

(Source: Own survey, 2017)

As shown in the table 4.7 from the 110 sesame exporting companies contacted by the researcher 76.4 % of them fall under the import-export and 20% of the respondents claim themselves as they practice export only. Cumulatively speaking, above 96% of the sesame exporters were fall under the group of import - export and export only. The remaining few exporter are groups is general business, producer & export business type count only 2.7% and 0.9% respectively.
4.2.8 Type of Sesame Exported

The companies assured that most frequently they export Whitish Humera, Welega and Gondor type of sesame product.

<table>
<thead>
<tr>
<th>Valid</th>
<th>Frequency</th>
<th>Percent</th>
<th>Valid Percent</th>
<th>Cumulative Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Whitish Humera, Welega and Gonder type</td>
<td>1</td>
<td>.9</td>
<td>.9</td>
<td>.9</td>
</tr>
<tr>
<td>Whitish Humera and Gonder type</td>
<td>27</td>
<td>24.5</td>
<td>24.5</td>
<td>25.5</td>
</tr>
<tr>
<td>Whitish Humera and Welega type</td>
<td>37</td>
<td>33.6</td>
<td>33.6</td>
<td>59.1</td>
</tr>
<tr>
<td>Whitish Humera type only</td>
<td>45</td>
<td>40.9</td>
<td>40.9</td>
<td>100.0</td>
</tr>
<tr>
<td>Total</td>
<td>110</td>
<td>100.0</td>
<td>100.0</td>
<td></td>
</tr>
</tbody>
</table>

(Source: Own survey, 2017)

As indicated in table 4.8 around 40.9% export Whitish Humera type only, while close to 33.6% of them export both Humera and Welega type. Also around 24.5% of the approached respondents export both Humera and Gonder type and only 0.9% companies export Whitish Humera, Welega and Gonder types all in one. Therefore, cumulatively speaking, all of the companies or 100% of the sesame exporters involve in the export of Whitish Humera type and less than 25% them export Gonder type. The result of the study shows that Whitish Humera type is hopefully the most acceptable and comparatively speaking, it is the most exported sesame type.

4.3 Multiple Regression Analysis

The classical linear regression model is a way of examining a nature and form of relationship among two or more variables, Dimitirios Asterious et al. (2007) it helps the researcher to analyze the relationship among the variable and enables them to predict the future effects of the variables on the dependent variable. Multiple regression analysis is more amenable to ceteris paribus analysis because it allows us to explicitly control for many other factors that simultaneously affect the dependent variable. This is important both for testing economic theories and for evaluating policy effects when we must rely on non experimental data. Because multiple regression models can accommodate many
explanatory variables that may be correlated, we can hope to infer causality in cases where simple regression analysis would be misleading.

Naturally, if we add more factors to our model that are useful for explaining Y, then more of the variation in Y can be explained. Thus, multiple regression analysis can be used to build better models for predicting the dependent variable (Dimitrios Asterious et al. 2007).

An additional advantage of multiple regression analysis is that it can incorporate fairly general functional form relationships (Jeffey M.Wooldge, 2013).

The multiple regression models are still the most widely used vehicle for empirical analysis in economics and other social sciences. Likewise, the method of ordinary least squares is popularly used for estimating the parameters of the multiple regression models (Jeffey M.Wooldge, 2013).

4.3.1 Classical Linear Regression Model Assumptions Test

It is common to test CLRM assumptions before go to the regression result estimation and interpretation. Here the researcher tested some of the important classical linear multiple regression model assumptions which are more related with the cross sectional data. Given the Gauss-Markov Theorem it is known that the Least Squares Estimator $\beta_0$ and $\beta_1$ are unbiased and have minimum variance among all unbiased linear estimators, where the expected value of our error terms is zero, $E(\epsilon)=0$ and variance of the error terms is constant and finite. Accordingly, in this thesis five of the multiple regression assumptions have been tested as discussed below.

I. Normality Test
To test the normality assumption it is important to view whether the residuals are skewed or not. If the residuals are not skewed, that means the assumption of normality has been satisfied.
According to G.David Garson (2012) the normal distribution takes the form of asymmetric bell-shaped curve. The standard normal distribution is one with a mean of 0 (zero) and Standard Deviation of 1(one). G.David Garson added that normality can be visually assessed by looking at a histogram of frequency or probability plot output that normal distribution forms the asymmetry of bell-shaped curve. As a rule of thumb when the cases are distributed normally, the area under normal curve represents probability of 68.26% of a case will lies within the 1 Standard Deviation of the mean while 95.44% lies within 2 SD and 99.14% cases lies within 3sd Standard Deviation.

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

On other hand, according to Shapiro Wilke’s W test cited in G. David Garson (2012) states the rule of thumb, the standard test for normality using SPSS computer soft ware, as the value of W = 1 there is perfectly normal distribution of the sample of standard error in the model while the value of W significantly smaller than 1 or cloth to zero the assumption of normality is not satisfied.

Therefore, in line with the above rules of thump, the result of this thesis of value for W is 0.803 which is significantly cloth to 1 and it indicates that there is normality distribution of the data.

<table>
<thead>
<tr>
<th>Performance</th>
<th>Kolmogorov-Smirnov³</th>
<th>Shapiro-Wilk</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Statistic</td>
<td>Df</td>
</tr>
<tr>
<td></td>
<td>.271</td>
<td>110</td>
</tr>
</tbody>
</table>

(Source: Own survey’s regression result, 2017)

As shown in the table 4.9, the Shapiro- Wilk (W) statistics values .803 and the p value of 0.00 is less than the critical value of 0.05 at the 95% confidence interval that indicates the normal distribution is significant.

Therefore, both the G.David Garson (2012) asymmetric bell-shaped curve and Shapiro- Wilk (W) statistics values .803 indicate the classical linear multiple regression assumption of normal distribution of the sample variable among population has been met. That is the independent variable are normally distributed

**II. Homoscedasticity Test**

If the classical linear assumption of homoscedasticity is violated or when the error term does not have constant variance it is said to be hetsoscedasticity (Richard William, 2015). Hetsoscedasticity can be occurred because of different reason such as measurement error, model misspecification, ect.
When heteroscedasticity is presented in the model, OLS estimators are no longer BLUE and it doesn’t provide unbiased estimator with smallest variance. So it is important to test the homoscedasticity of the variances of the disturbances in the model.

In general there are two ways of detecting the presence of heteroscedasticity: the informal and formal ways of heteroscedasticity detection. The graphical way of inspection is simple to detect the existence of heteroskedasticity (Dimitrios Asterious, Stephen G.Hall, 2007).

![Normal P-P Plot of Regression Standardized Residual](image)

**Dependent Variable: performance**

Expected Cum Prob

Observed Cum Prob

(Source: Own survey’s regression result, 2017)

**Figure 4.2:** Visual Heteroskedasticity Test

The figure 4.2 above indicates that there is no heteroscedasticity in the model which indicates that proper distribution of error term /constant variance of error term. All the plot of the error terms are clustering around the $45^0$ line of the model. The error terms have constant variance since there is not outliers. i.e. the variance of the error term is constant meaning that error term is dependent on the change of explanatory variables. Since there is homoscedasticity /constant variances/ of the error term the model can met the OLS estimate to be best estimator to the population parameters.
III. Linearity Test

Linearity assumption, the linear parameters and the correct model specification states that the dependent variable $Y$ is a linear combination of the explanatory variables $Xs$ and the error term.

$$Y = \alpha + \beta_1 x_1 + \beta_2 x_2 + \beta_3 x_3 \ldots \ldots \ldots \beta_k x_k + u$$

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

Linearity Test

(Source: Own survey’s regression result, 2017)

Figure 4.3: Linearity Test Figure:

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

Assumption of classical linear regression model requires that there is no actual linear relationship among the sample value of explanatory variables. When this assumption of CLRM violated the multicollinearity problems occurs. If the model contains multicollinearity problems this leads to OLS methods estimates no longer provide unique estimators with the smallest variance for the population parameters (Dimitrios Asterious and Stephen G.Hall, 2007).

Although there are many diagnostic methods or models to detect the multicollinearity problems the researcher found that it is simplest and understandable to use VIF and $R^2$ to test the multicollinearity problems.

According to Dimitrios Asterious and Stephen G.Hall (2007) if value of VIF (Variance Inflator factor) exceeds 10, it generally indicates that there is multicollinearity in the model. As VIF value increases the value of SE (standard error) becomes large and the coefficient leads to uncertain. As a result, the OLS estimator not provide unique estimator to the population parameters. Also if the values of $R^2$ and VIF value rise in the same direction it is also indication of existence of multicolinearity. Moreover, tolerance and VIF value move indirectly and indicates that as the tolerance values are near to zero and VIF value become more than 10 then there may be multicolinearity in the model.

Fortunately, based on the guideline discussed above, the study’s finding indicates that there is no multicollinearity problem in the model. Because, as clearly indicated in the table 4.10 below, all VIF values is below 10 while the $R^2$ is large. And the tolerance values also more than zero which moves opposite direction with variance inflator factor (VIF).

As it is clearly shown in the table 4.10 below, the values of VIF vary from 1.3 to 5.679 while the tolerance is more than 0.176 which verifies that there was no multicolinearity impact in the model.
Table 4.10: VIF Table for Multicolinearity Test

<table>
<thead>
<tr>
<th>Model</th>
<th>Co linearity Statistics</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Tolerance</td>
</tr>
<tr>
<td>1</td>
<td></td>
</tr>
<tr>
<td>(Constant)</td>
<td>.249</td>
</tr>
<tr>
<td>Promotion</td>
<td>.516</td>
</tr>
<tr>
<td>Market info</td>
<td>.180</td>
</tr>
<tr>
<td>Price</td>
<td>.387</td>
</tr>
<tr>
<td>Bureaucracy</td>
<td>.210</td>
</tr>
<tr>
<td>Cost</td>
<td>.362</td>
</tr>
<tr>
<td>Technology</td>
<td>.176</td>
</tr>
<tr>
<td>Infrastructure</td>
<td>.289</td>
</tr>
<tr>
<td>Policy. Incentive</td>
<td>.423</td>
</tr>
<tr>
<td>Strategy</td>
<td>.768</td>
</tr>
</tbody>
</table>

(Source: Own survey’s regression result, 2017)

Then the researcher concluded that the explanatory variables are not correlated and the model is not affected by the co-linearity of the explanatory variable.

V. Independence of Residuals/Covariance Test
The last assumption for this thesis is independence of residuals in the model. It can be tested by the Durbin-Watson statistics which ranges from 0 to 4 and states as a rule of thumb that the residuals are independent if the Durbin – Watson statistics is approximately 2 or close to 2. Similarly, Muluadaml (2015) as cited in Fissa hailu (2015) states that the acceptable range of Durbin – Watson test of residual independence is between 1.50 to 2.5.

Table 4.11: Residual Independence Test, Model Summary

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Std. Error of the Estimate</th>
<th>Durbin-Watson</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>.917(^a)</td>
<td>.841</td>
<td>.825</td>
<td>.97726</td>
<td>1.638</td>
</tr>
</tbody>
</table>

(Source: Own survey’s regression result, 2017)
As it is depicted in the table 4.11 above Durbin-Watson test result is in the acceptable range which is 1.638 indicating that all the error terms of residuals in the model are independently distributed. There is no correlation among residual in the model.

4.3.2 Goodness –Of- Fit of the Model Test
Before running the hypothesis testing process over all significance of the model must be tested. There are number of ways to validate the goodness –of –fit of the model, R², Akike Information Criterion (AIC-1974), and others. However, the researcher used the R² together with adjusted R² to test over all goodness-of-fit of the model. As a result, the study found that adjusted R² became 82.5% which indicates the model is adequately described by the selected explanatory variables. Most of scholarliness agrees that, as the values of R² and adjusted R² close to 1 that tells us the model is significantly determined by the included explanatory variables and the model is more significant.

Therefore, the model is correctly specified and the explanatory variables explained the dependent variable, y very strongly. It shows that there are no omitting significant causal variable or including correlated but causally extraneous ones. Similarly, the researcher found that values of R² 84.1 % of the dependent variable determined by the explanatory variables included in the model. Therefore, it can be concluded the model is specified properly and the OLS model estimated better to the true estimator of population parameters.

<table>
<thead>
<tr>
<th>Table 4.12: Summary for Model Significance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Model</td>
</tr>
<tr>
<td>-------</td>
</tr>
<tr>
<td>1</td>
</tr>
</tbody>
</table>

(Source: Own survey’s regression result, 2017)

a. Predictors: (Constant), quality, Cost, Policy, incentive, Promotion, Market info, Strategy, Bureaucracy, Technology, Price, Infrastructure
b. Dependent Variable: performance

In addition to R², there is ANOVA model of F-test to overall significance of the explanatory variables in group. The values of F-test 52.453 with the P-values of 0.00 which is less than the critical value P (0.05) indicates that R² is significant measure of overall significance of the model.
Table 4.13: ANOVA Test for Over All Significance

<table>
<thead>
<tr>
<th>Model</th>
<th>Sum of Squares</th>
<th>Df</th>
<th>Mean Square</th>
<th>F</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regression</td>
<td>500.943</td>
<td>10</td>
<td>50.094</td>
<td>52.453</td>
<td>.000</td>
</tr>
<tr>
<td>1 Residual</td>
<td>94.548</td>
<td>99</td>
<td>.955</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>595.491</td>
<td>109</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

(Source: Own survey’s regression result, 2017)

a. Dependent Variable: performance
b. Predictors: (Constant), quality, Cost, Policy incentive, Promotion, Market info, Strategy, Bureaucracy, Technology, Price, Infrastructure

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

4.3.3 Hypothesis Test

It is common to test hypothesis after the CLRM assumptions have been tested and if the model is statistically significant. Obviously, hypothesis test is important to test the significant variables and interpret the result of the regression and to arrive at the conclusion about the research questions.

To make the analysis simple and more understandable, the researcher set the null hypothesis suppose all selected predictors are not determine performance of the dependent variables. \( H_0 \) is null hypothesis while \( H_1 \) is alternative hypothesis stated all the variables involved in the model influence the dependent variable as it is discussed in detail one by one as follows.

**Hypothesis** Ho.1:

Promotion is not influencing factor to the sesame export performance in Ethiopia;

Theoretically, promotion is the most important means to develop the marketing activities in this competitive world? In line with this theory, as shown in the table 4.14 below promotion is one of the significant factors in the p-value of 5% significance levels. Estimated p-value (0.00) which is less than critical value of p (0.05) rejected the null hypothesis at the 5% or 1% significance level and accept alternative hypothesis \( H_1 \) that means promotion significantly determines to the dependent variable.
Hypothesis Ho.2:
Marketing information is not significant variable to the export performance of sesame product in Ethiopia;
As shown in the table 4.14 below marketing information is not a significant factor for sesame export performance with the critical values of p-5% significance levels. The Calculated p-value (0.608) is greater than critical value of p (0.05). Then accept null hypothesis at the 5% & 10% significance level and reject alternative hypothesis H₁.

Hypothesis Ho.3:
It is supposed that Ethiopian sesame product is not influenced by the price of international market. There is no relationship between international price and sesame export performance in Ethiopia. However, the study indicated that International price is significant factor to determine the dependent variable. As shown in the table 4.14 below marketing price is a significant factor for dependent variable in the critical p-value of 5% confidence level. The calculated p-value (0.021) is less than critical value of p (0.05) indicating to reject null hypothesis at the 5% significance level and accept alternative hypothesis H₁ that stated international market price determines dependent variable significantly (the sesame export in Ethiopia).

Hypothesis Ho.4:
Bureaucracy for the export process not significantly related to the export performance.
As shown in the table 4.14 below the statistical t test result indicates that bureaucracy is not significant factor in the p-value of 5% confidence levels. The calculated p-value (0.768) which is greater than critical value of p (0.05) which mean accept null hypothesis at the 5% significance level and reject alternative hypothesis H₁.

Hypothesis Ho.5:
Cost of export is not influencing factor to the export performance.
As it can be seen in the table 4.14 below, cost is really a significant factor for dependent variable in the critical p-value of 5% significance levels. The calculated p-value (0.00) which is less than critical value of p (0.05) indicates to reject null hypothesis at the 5% significance level and accept alternative
hypothesis - that all cost of export such as cost of product, transportation cost, cleaning and packaging cost and production cost determine the dependent variable.

**Hypothesis Ho.6:**
The 6\(^{th}\) null hypothesis stated technology is not as such determinant factor to sesame export performance in Ethiopia.

The regression result depicted in table 4.14 below, technology is one of the most significant factor for dependent variable with the calculated p-value (0.00) which is less than critical value of p (0.05) indicates to reject null hypothesis that supposed technology is not significant factor at the 5\% significance level and accept alternative hypothesis (H\(_1\)) - technology for processing and marketing the product determine positively to the dependent variable.

**Hypothesis Ho.7:**
The 7\(^{th}\) null hypothesis (Ho.7) of this thesis stated policy incentives provided by the Ethiopian government for sesame exports don’t have any role to export performance. The null hypothesis Ho.7 is rejected; because calculated p value (0.00) is less than the critical values of p (0.05). As indicated in the table 4.14 below, policy incentives are one of the most significant factors for dependent variable with the calculated statistical t value of 5.26 which is greater than critical value of t table. Then alternative hypothesis (H\(_1\)) that states policy incentives for export determine the sesame export performance is accepted.

**Hypothesis Ho.8:**
The 8\(^{th}\) Null hypothesis - Marketing strategies don’t have any determining influence of the export performance in Ethiopia.

The null hypothesis was rejected because of calculated p value (0.00) is less than the critical values of p(0.05). As indicated in the table 4.14 below, marketing strategy is one of the most significant factors for dependent variable. Alternative hypothesis (H\(_1\)) was accepted that, marketing strategy determine positively to the dependent variable. Marketing strategies like pricing, production, cost, competition strategies and market channel strategies are vital to compute in the international market. According to the regression result marketing strategy affect positively to the dependent variable.
**Hypothesis Ho.9:**
The 9th null hypothesis - Infrastructure does not significantly affect to the export performance in Ethiopia.
As indicated in the table 4.14 below, null hypothesis Ho.9, was not rejected. Because, the statistical p value is greater than the critical p value \((p(0.9) > P(0.05))\) indicating that infrastructure was not significant factor for dependent variable. Moreover, the calculated statistical t value of 1.59 which is less than critical value of t table for the 95% confidence intervals indicated to reject alternative hypothesis.

**Hypothesis Ho.10:**
The 10th null hypothesis of this thesis stated that quality of the sesame product is not the influencing factor to sesame export performance in Ethiopia.
Most of the reviewed researches argued that quality of the product was very important to compute in the market. The regression result of this thesis shows quality of the product is positively related to the export performance of sesame in Ethiopia. The regression result indicates that quality was significant factor at the 10% significance level but at 5% significance level.
As result, null hypothesis Ho.10 was rejected because of calculated p value \((0.053)\) is less than the critical values of p(0.1). As indicated in the table 4.14 below, quality is significant factor for dependent variable in the 10% significance level.
Table 4.14: t- Statistics Test of Hypothesis

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>T</th>
<th>Sig.</th>
<th>Co linearity Statistics</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B</td>
<td>Std. Error</td>
<td>Beta</td>
<td></td>
<td>Tolerance</td>
</tr>
<tr>
<td>(Constant)</td>
<td>-10.733</td>
<td>1.886</td>
<td></td>
<td>-5.691</td>
<td>0.000</td>
</tr>
<tr>
<td>Promotion</td>
<td>.273</td>
<td>.025</td>
<td>.889</td>
<td>11.077</td>
<td>.000</td>
</tr>
<tr>
<td>Market info</td>
<td>.076</td>
<td>.070</td>
<td>.060</td>
<td>1.085</td>
<td>.281</td>
</tr>
<tr>
<td>Price</td>
<td>.268</td>
<td>.115</td>
<td>.221</td>
<td>2.340</td>
<td>.021</td>
</tr>
<tr>
<td>Bureaucracy</td>
<td>.028</td>
<td>.096</td>
<td>.019</td>
<td>.296</td>
<td>.768</td>
</tr>
<tr>
<td>Cost</td>
<td>-.550</td>
<td>.089</td>
<td>-.539</td>
<td>-.616</td>
<td>.000</td>
</tr>
<tr>
<td>Technology</td>
<td>.909</td>
<td>.088</td>
<td>.686</td>
<td>10.311</td>
<td>.000</td>
</tr>
<tr>
<td>Infrastructures</td>
<td>.015</td>
<td>.126</td>
<td>.012</td>
<td>.123</td>
<td>.903</td>
</tr>
<tr>
<td>Policy. Incentive</td>
<td>.311</td>
<td>.059</td>
<td>.392</td>
<td>5.263</td>
<td>.000</td>
</tr>
<tr>
<td>Strategy</td>
<td>.232</td>
<td>.031</td>
<td>.467</td>
<td>7.581</td>
<td>.000</td>
</tr>
<tr>
<td>Quality</td>
<td>.060</td>
<td>.030</td>
<td>.089</td>
<td>1.958</td>
<td>.053</td>
</tr>
</tbody>
</table>

(Source: Own survey’s regression result, 2017)

To sum up the discussion, all of null hypothesis (except: marketing information, bureaucracy and infrastructure) were significant variables to determine dependent variable Y. However, three variables infrastructure, marketing information and bureaucracy although positively related to the sesame export they are not significant determinant factors to influence the export performance.

4.3.4 Multiple Regression Results and Interpretation

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

Looking at the multiple regression result in table 4.16 below the p-value of the statistical t test for each predictor indicates the contribution level of each variable to the model. Using the multiple linear regression models, significance of ten explanatory variables such as promotion, marketing information, international market price, bureaucracy, costs, technology, policy incentives, marketing strategy, infrastructure and quality of the product were analyzed to examine the contribution of each variable to determine dependent variables.
The coefficient $\beta$ (the standardized coefficient) provides us with the information to predict the dependent variable (sesame export performance) from the stated independent variables. Also it shows us that whether the independent variable contributes significantly or not.

Table 4.15: Beta Coefficients

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>T</th>
<th>Sig.</th>
<th>Tolerance</th>
<th>VIF</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B</td>
<td>Std. Error</td>
<td>Beta</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(Constant)</td>
<td>-10.733</td>
<td>1.886</td>
<td>-5.691</td>
<td>.000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Promotion</td>
<td>.273</td>
<td>.025</td>
<td>.889</td>
<td>11.077</td>
<td>.000</td>
<td>.249</td>
</tr>
<tr>
<td>Market info</td>
<td>.076</td>
<td>.070</td>
<td>.060</td>
<td>1.085</td>
<td>.281</td>
<td>.516</td>
</tr>
<tr>
<td>Price</td>
<td>.268</td>
<td>.115</td>
<td>.221</td>
<td>2.340</td>
<td>.021</td>
<td>.180</td>
</tr>
<tr>
<td>Bureaucracy</td>
<td>.028</td>
<td>.096</td>
<td>.019</td>
<td>.296</td>
<td>.768</td>
<td>.387</td>
</tr>
<tr>
<td>Cost</td>
<td>-.550</td>
<td>.089</td>
<td>-.539</td>
<td>-6.160</td>
<td>.000</td>
<td>.210</td>
</tr>
<tr>
<td>Technology</td>
<td>.909</td>
<td>.088</td>
<td>.686</td>
<td>10.311</td>
<td>.000</td>
<td>.362</td>
</tr>
<tr>
<td>Infrastructures</td>
<td>.015</td>
<td>.126</td>
<td>.012</td>
<td>.123</td>
<td>.903</td>
<td>.176</td>
</tr>
<tr>
<td>Policy. Incentive</td>
<td>.311</td>
<td>.059</td>
<td>.392</td>
<td>5.263</td>
<td>.000</td>
<td>.289</td>
</tr>
<tr>
<td>Strategy</td>
<td>.232</td>
<td>.031</td>
<td>.467</td>
<td>7.581</td>
<td>.000</td>
<td>.423</td>
</tr>
<tr>
<td>Quality</td>
<td>.060</td>
<td>.030</td>
<td>.089</td>
<td>1.958</td>
<td>.053</td>
<td>.768</td>
</tr>
</tbody>
</table>

(Source: Own survey’s regression result, 2017)

As depicted in the table 4.16 above, out of ten independent variables 7 variables such as promotion, technology, cost, marketing strategy, policy incentives for export, price and quality were predict significantly and made the highest contribution to explain the dependent variable, while the remaining three variables like market information, infrastructure and bureaucracy contributed less to explain the dependent variable and were not significant.

The study found that except cost of export all other explanatory variables were positively related with predicted variable - the sesame export performance in Ethiopia. That means as the explanatory variables increase by 1 unit, the dependent variable positively increases by $\beta$ (Beta coefficient)
however as cost of export increases by one unit, performance of export decreased by the multiple of \( \beta \) (Beta coefficient of the cost).

Accordingly, the standardized Beta coefficient shows partial contribution of the explanatory variables to explain the dependent variable all other thing remains constant (ceteris paribus) as it is discussed below.

**Promotion:** The standardized Beta coefficient (\( \beta \)) for promotion 0.889 indicates that as the promotion increases by 1% the dependent variable would increase positively by 88.9%. Other variables effect remains constant.

**Technology:** Similar to promotion, standardized Beta coefficient for technology 0.686 confirmed that as technology increases by 1 unit dependent variable also increases by 0.686 or as technology increases by 1% dependent variable also increases 68.6%; other variables remains constant. Therefore, it indicates that technology is important factor to develop the export performance.

**Cost of export:** The standardized Beta coefficient (\( \beta \)) reveals cost and export performance have negative relationship. Theoretically it is true that as the cost of product; transportation, cleaning, packaging, loading unloading increases export performance decreases. And the negative sign for the cost of export verifies that as cost increases by 1% export performance decreases by 53.9% all other variables remain constant.

**Marketing strategy:** The standardized Beta coefficient (\( \beta \)) of marketing strategy reveals that marketing strategy has positive relationship with export performance. As result, as marketing strategy increases by 1% sesame export increases by 46.7%, ceteris paribus.

Policy incentives: Moreover, the standardized Beta coefficient of policy incentives, related to the dependent variable positively. That means, for every 1% increases of policy incentives makes the dependent variable to increases 39.2%, ceteris paribus.

**Price:** The regression result revealed that the standardized Beta coefficient of international price related positively to the export performance. That is as the international price increases by 1% sesame export performance increases by 22.1% holding other variables constant.
Quality: the standardized Beta coefficient shows that quality is related to sesame export positively, and as the 1% increase in quality of the exported sesame increase the export performance by 8.9%, other factors remains constant.

Marketing information: The standardized coefficients Beta of marketing information revealed that although marketing information is less significance to the dependent variable, it is related positively to the dependent variable, with beta coefficient of 0.06, which indicates as marketing information increased by 1% dependent variable increases positively by 6%, other things remain constant. Infrastructure: Similarly the standardized Beta coefficient of infrastructure, 012 shows that as infrastructure increases by 1% dependent variable increases 12%, all others remain constant. But infrastructure is less significant to determine the dependent variable.

Bureaucracy: the regression result reveals that although bureaucracy related to the dependent variable positively, it is less significant to determine sesame export performance. Consequently, the standardized Beta coefficient of bureaucracy shows that as infrastructure increases by 1% dependent variable increases 19%, all others remain constant. But infrastructure is less significant to determine the dependent variable.

Therefore, based on the multiple linear regression results discussed above the study found that the correct form of the model:-

\[ F(Y) = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \beta_5 X_5 + \beta_6 X_6 + \beta_7 X_7 + \beta_8 X_8 + \beta_9 X_9 + \beta_{10} X_{10} \]

\[ f(Y) = -10.73 + 0.889 X_1 + 0.06 X_2 + 0.467 X_3 + 0.89 X_4 + 0.392 X_5 + 0.68 X_6 + 0.221 X_7 - 0.539 X_8 + 0.012 X_9 + 0.09 X_{10} \]

Whereas: 
- \( Y \) = performance of sesame export in Ethiopia.
- \( X_1 \) = promotion
- \( X_2 \) = marketing information
- \( X_3 \) = Marketing strategies
- \( X_4 \) = product quality
- \( X_5 \) = policy incentives
- \( X_6 \) = technology
- \( X_7 \) = price of the product in the market
X8 = Cost of export
X9 = infrastructure
X10 = bureaucracy
β 0 = intercept / constant
β_{i=1} = statistical coefficient

4.4 Interview with the Selective Groups
The researcher contacted 20 exporters (Business managers, marketing managers and EPOSPEA manager) for interview to get additional information and to understand the problems in depth. Accordingly, they shared valuable information and recommendations as indicated in the annex -1.

The interviewees describe price fluctuation, declining price of sesame in international market because of ample of new entrants in the international market which takes large market share with the lower price. For example, the interviewees mentioned some of African countries come to the market that were not producers of sesame product before but now days they adapt to offer the product with least price in China market. That affects the Ethiopian exporters by penetrating the market with lower price than Ethiopian sesame exporters. This enforced them to be price taker rather than price makers in the market. So that international price fluctuation because of the competition affects their export performance. The researcher understood that Ethiopian sesame exporters have less experience to design the marketing strategies to win the market.

The other problems they confirmed here, lack of modernized technology, to produce the processed and more cleaned sesame product, is other challenges to the exporters. Because of this the exporters can’t penetrate the new market and they mostly used China market only with low price.

Moreover, the interviewees added that Ethiopian exporter have lack of activities of promotion and trade relationship with the sesame importing countries. This made the exported product to be less competitive in the international market.

The interviewees also criticized ECX’s price control of local market (being the only mediator) ECX set the minimum price limit for the exported products and this made the exported products more expensive compared to the competitors’ price in international market.
As indicated in the annex 1 the interviewees admitted that there are very few sesame export destination countries, mostly China and that make them to have less market alternative for their products. This is because of weak trade relationship and promotion with the most sesame importing countries like Japan and Europe.

They also suffer from the cost of transports, cleaning, packaging and the LC process. These cost decreases the profit gained from sesame export and discouraged the exporters of the sector.

Accordingly, they recommended that Ethiopian government has to be committed to develop trade relationship, workshops and promotion to develop market for the sector and sesame product.

Moreover, government should produce man power training center, introduce new technology to keep quality of the product, and has to collect all government office in one center to give all the needed services in single window to avoid unnecessary delays and extra cost.

4.5 Discussions
As the number of reviewed literatures stated the main factor to determine the export performance in general are similar with findings of this study. For examples most literatures revealed that promotion, quality of the exported product, price, and technology of the production and preparation of exported products, marketing strategies and cost were noticed as they are highly influencing factors to the export performance. However, this paper found that some variables are less significant variable to explain the dependent variable.

As Cited in World Trade Report (2013), Easterly and Levine et al. (2002) justified that technological differences between countries are an important determinant of income levels and trade. Technology is defined as the information or knowledge required for production. As the production supported by technology it increases its productivity and quality. The researcher found that technology is one of the important factors to influence sesame export with the standardized co-efficient Beta of 0.686 or as technology increases by 1% sesame export increases by 68.6 %. Technology helps exporters to improve information access and product quality.

The Ethiopian sesame export is also determined by the international sesame price; as the international sesame price increases 1% sesame export changes by 22.1%. Likewise, Abiy (2014) noticed similarly
in his study that about 86% of the respondents declared the problem of price volatility in the international market.

The study of this thesis found out that policy incentives are the most significant factor to affect (to develop export) sesame export performance in Ethiopia i.e as 1% increase in government policy incentives causes 39.2% increase in sesame export performance. Most of the studies had discussed similarly that the policy incentives are decisive to develop export sectors. As Tewodros (2015) & FAO (2015) studies revealed the Ethiopian government has given many incentives to the export sector such as duty free, tax holiday, loans access and so on and the incentives help to upgrade its export. That means policy incentives are vital to encourage the export sectors.

Another researches also verified that quality of the Ethiopian product (non processed primary products) is not competent to enter in the Japan and Europe market since these markets need processed and purified products for the direct consumption. Similar to these ideas, Soresa (2009) revealed in his study that, Ethiopian exporters export non processed sesame products to China and China re-export Ethiopian sesame to Japan, adding value though processing.

This thesis also advocates the above arguments of quality problems that already this study identified quality is one of the significant factors that determine sesame export performance in Ethiopia. As quality increases 1% sesame export performance also increases directly by 8.9%.
CHAPTER FIVE
SUMMARY, CONCLUSION AND RECOMMENDATION

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

5.2 Summary of the Major Findings
The researcher collected primary data using structured questionnaires and open ended interview questions to collect qualitative data. The questionnaire was designed based on Likert scale type data measurement techniques ranged from strongly disagree to strongly agree in order to measure the perceptions of respondents. And the data was analyzed using classical linear multiple regression model. Then after all necessary assumptions and hypothesis had been tested the findings were analyzed and interpreted to estimate the best estimated Beta coefficient of population parameters to arrive at conclusion.

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

- As promotion increase by 1% sesame export performance increases by 88.6% and it is significant factor which positively related to the dependent variable (Ceteris paribus).
- Technology is one of the determinant factor that as technology increases by 1% dependent variable increases positively by 66.6% (Ceteris paribus).
- Cost of export is also one of the significant variables to determine dependent variable, as cost of export increases by 1% dependent variable decreases by 53.9 %, the cost of export has negative relationship with dependent variable (Ceteris paribus).
- Marketing strategy is again one of the significantly determining factors, as the marketing strategy increases by 1% dependent variable increases by 46.7% positively (Ceteris paribus).
Policy incentives for export is significant factor that shows as policy incentives increases by 1% sesame export performance increases by 39.2% positively. (Other thing remains constant).

Price of the sesame product in international market is also one of the significant factors that as price increases by 1% dependent variable increases by 22.1% (Other thing remains constant).

Quality of the sesame export is similarly significant to the sesame export performance in Ethiopia such as quality increases by 1% sesame export increases by 12.0% positively (Other thing remains constant).

The study found that remaining three variables such as marketing information, infrastructure and bureaucracy are not as such significant factors to determine the dependent variables. Although their contributions is less they related positively to the dependent variable – sesame export performance in Ethiopia.

As it is discussed in chapter four, the test for goodness-of fit of the model ($R^2$) shows us that about 84.1% of the variances in the dependent variable are determined by the variables encompassed in the regression model. That indicates also the model was specified well to predict the dependent variable and there were less important variable out of the regressed model.

The researcher contacted 20 exporters’ business managers, marketing managers, import export managers and EPOSPEA (see acronyms) manager for interview to get additional information and to understand the problems in depth. Accordingly, the interviewees described that price fluctuation, because of ample of new entrants in the international market with comparatively low priced of sesame, is one of the problems to develop export market. Moreover, the interviewees added that Ethiopian exporter have lack of experience for marketing strategies, promotion and trade relationship with the sesame importing countries. This made the exported product to be less competitive in the international market. They confirmed that the price in domestic market is expensive leading to high cost of exported product and it becomes expensive in the international market. They also suffer from the cost of transports, cleaning, packaging and the LC process. These cost decreases the profit from sesame export and discouraged the exporters of the sector.
5.3 Conclusion
Based on the findings of this thesis the researcher concluded that, among the explanatory variables included in the model promotion, technology, cost of export, policy incentives, price in the international market, marketing strategies and quality, were the most significant determinant factor to affect the performance of sesame export. They also positively related to the regressed variable except cost of export which negatively related to the predicted variable. That means as cost of export increases sesame export declines and affected negatively. There are few predictors like marketing information, infrastructure, and bureaucracy make less contribution to predict the dependent variable, and are less significant to determine the dependent variable.

The findings implied that promotion, technology, cost, price, policy incentives, marketing strategies and quality with respective standardized coefficient beta values of .889, 0.686, 0.539, 0.221, 0.39, 0.47 and .089 are made highest contribution to determine and predict the dependent variables.

Based on the interview findings, which discussed under chapter four, the problems of sesame export is more or less similar that cost of the product, cost of transportation, lack of promotion and lack of trade relationship, unstable price, non processed primary product (quality of sesame) and threat of competent with lower price in the market are the most problems related to sesame export.

Therefore, it is concluded that both the multiple regression result and interviewees findings revealed that the most determinant factors of sesame export performance in Ethiopia are; lack promotion, marketing strategies, high cost of exported product (includes transportation cost, cleaning cost, packaging, and cost of the product), lack of technology to improve quality of the product, policy incentives such as access to loan, price of the product, quality of the product especially the export product is not processed and poor trade relationship with the main importers of that product.

5.4 Limitations of this Thesis
Based on the qualitative information collected from the respondents the researcher enabled to identify the influencing factors to the dependent variable. However, this thesis did not include the secondary data analysis because of the lack of organized data from the concerned organizations by the time. Moreover, this thesis limited only to examine factors related to export but can’t further assess the problems associated with domestic market and market chains of distribution for the sesame product in
the international market too. The market relationship and channels of distribution is very important to
develop the market. Although the scope of this thesis is limited to factors influencing sesame export in
Ethiopia, problems of distribution channels and intermediates also have to be focused by the further
research.

5.5 Recommendations

Based on the study findings the researcher needs to give some recommendations to be considered by
exporters, government officers and further researchers. The research revealed the most significant
factors for the weak performance of sesame export in Ethiopia and based on the findings the
concerned bodies have to alert to solve problems associated to sesame export to increases the benefits
gained from the sector.

❖ All the exporters have to emphasize on the promotion activities to promote the product to
sesame importing countries and companies who steadily importing sesame products from
different countries. Because although the Ethiopian sesame is quality product, it is difficult to
find the importers without promotion.

❖ They have to design marketing strategies such as competition strategies, promotion strategies,
pricing strategy, market penetration or development strategies, cost minimization and
production strategies to make the product comparatively fairly priced product in the market and
win the market. These strategies help exporters to balance the price difference/gap with the
other competitors’ and to share the market.

❖ Ethiopian exporters export only non processed sesame product rather than purified / processed
products; which is either less demanded in the market or less priced than the competitors’. Therefore, the researcher suggested that exporters have to introduce new sophisticated
technologies to process and improve the contents of exported sesames, cleaning and packaging
technologies so as to be competitive in the international market. And they have to improve
quality of the exported items in order to win the market price.

❖ The researcher suggested also, exporters have to participate in different international trade
shows, workshops and other forms of promotional activities so as to upgrade their promotion
and advertising activities, to share experiences and to look for the market linkage for their
export.
Government must strengthen trade relationship with the prospected potential sesame importers in order to create and expand the market for sesame export.

The government also should introduce new technologies that can help to produce and improve the quality of the exported products.

Government has to co-operate the investors to develop production supporting factories like cleaning, packaging and processing centers.

Also the Ethiopian government should boost up credit and other incentives to initiate sesame exporters in Ethiopia; this may help them to avoid financing problems.

The exporters of sesame have been facing number of challenges that discouraging the sesame export sector. So the researcher needs to give his recommendation, if it is incredible, for further researchers to focus on:

“Which marketing strategies are the most productive to be followed by the exporters based on the Ethiopian present situations?” should be one of the further research areas. Because in the thesis it is revealed that although marketing strategy is one of the most determinant factors to the sesame exports performance, most of the exporters didn’t have any marketing strategies. That is why they suffered from the competitors’ attach in the international market. Therefore, the researcher strongly believes that further research is valuable to identify what strategies must be followed by the sesame exporters to win the potential market.

“Which markets are the most convenient and potential markets for the Ethiopian sesame exporters to expand market and profitable”? is also other prospected research question that must be fatherly studied to identify the best market for that product.

This study found that exporters believed the minimum price disclosed by ECX restricts the free market principle and increases cost of exported products which leads to the expensive price compared to other competitors’ product in the international market. Consequently exporters are looking for the better intermediating institutions both in domestic and international markets to facilitate their business without any interference in the market price. So that it is better to study further “What must be the form of network/ market chain between domestic supplies and the exporter as well as the exporters and potential international marketers to solve market price uncertainty in the domestic and foreign markets which enables them to predict future market trends?” , could be other questions to be answered.
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www.stats.stackexchange.com/questions/

www.burkewi2@stanford.edu

ANNEXES
## ANNNEXES

### ANNEXES -1  INTERVIEW RESULTS

### Table 4.16  responses of interviewees

<table>
<thead>
<tr>
<th>S.no</th>
<th>Factors</th>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>It takes time to get LC because of communication dalliances among concerned banks; LC process by nature is very sensitive to any of item descriptions or Encoterms errors.</td>
<td>3</td>
<td>15%</td>
</tr>
<tr>
<td>2</td>
<td>Local price at ECX is very high.</td>
<td>6</td>
<td>30%</td>
</tr>
<tr>
<td>3</td>
<td>Price for sesame is declining from time to time in the international market.</td>
<td>6</td>
<td>30%</td>
</tr>
<tr>
<td>4</td>
<td>There are new entrants and number of competitors in the market with lower price.</td>
<td>6</td>
<td>30%</td>
</tr>
<tr>
<td>5</td>
<td>Price fluctuation in the international market.</td>
<td>10</td>
<td>50%</td>
</tr>
<tr>
<td></td>
<td>They are price taker rather than price setter</td>
<td>3</td>
<td>15%</td>
</tr>
<tr>
<td>6</td>
<td>Different governmental office participate in the export process which takes long period of time.</td>
<td>1</td>
<td>5%</td>
</tr>
<tr>
<td>6</td>
<td>Lack of advertising of our products using international media outlets.</td>
<td>1</td>
<td>5%</td>
</tr>
<tr>
<td>7</td>
<td>Less promotional activities both by government and exporters</td>
<td>1</td>
<td>5%</td>
</tr>
<tr>
<td>8</td>
<td>Poor/ lack marketing strategies</td>
<td>1</td>
<td>5%</td>
</tr>
<tr>
<td>9</td>
<td>Environmental problems especially Geographically the port is far from the production site,</td>
<td>3</td>
<td>15%</td>
</tr>
<tr>
<td>10</td>
<td>Lack of access for specialized technology to produce quality product.</td>
<td>6</td>
<td>30%</td>
</tr>
<tr>
<td>11</td>
<td>Lack of trade relationship with different countries</td>
<td>6</td>
<td>30%</td>
</tr>
<tr>
<td>12</td>
<td>Price control by ECX over the supply market</td>
<td>4</td>
<td>20%</td>
</tr>
<tr>
<td>13</td>
<td>Lack of cleanness for the exported sesame</td>
<td>5</td>
<td>25%</td>
</tr>
<tr>
<td>15</td>
<td>Very Few destination/China more than half which make us choice less and only price taker.</td>
<td>6</td>
<td>30%</td>
</tr>
<tr>
<td>17</td>
<td>The process of export is too long/ number of stake holders and costly because of lack of one stop/ single window services</td>
<td>6</td>
<td>30%</td>
</tr>
</tbody>
</table>

Source: own survey/2017
ANNEXES-2  Regression result

[DataSet1] C:\Users\user\Desktop\research\Data entry.sav

Descriptive Statistics

<table>
<thead>
<tr>
<th>Variable</th>
<th>Mean</th>
<th>Std. Deviation</th>
<th>N</th>
</tr>
</thead>
<tbody>
<tr>
<td>Performance</td>
<td>9.4909</td>
<td>2.33735</td>
<td>110</td>
</tr>
<tr>
<td>Promotion</td>
<td>20.8545</td>
<td>7.62039</td>
<td>110</td>
</tr>
<tr>
<td>Marketinfo</td>
<td>7.7727</td>
<td>1.85561</td>
<td>110</td>
</tr>
<tr>
<td>Price</td>
<td>11.5091</td>
<td>1.92399</td>
<td>110</td>
</tr>
<tr>
<td>Bureaucracy</td>
<td>8.6545</td>
<td>1.56473</td>
<td>110</td>
</tr>
<tr>
<td>Cost</td>
<td>13.1545</td>
<td>2.29153</td>
<td>110</td>
</tr>
<tr>
<td>Technology</td>
<td>8.4273</td>
<td>1.76333</td>
<td>110</td>
</tr>
<tr>
<td>Infrastructure</td>
<td>12.6818</td>
<td>1.77615</td>
<td>110</td>
</tr>
<tr>
<td>Policy.incentive</td>
<td>17.7091</td>
<td>2.94707</td>
<td>110</td>
</tr>
<tr>
<td>Strategy</td>
<td>15.1273</td>
<td>4.69845</td>
<td>110</td>
</tr>
<tr>
<td>Qulity</td>
<td>16.1636</td>
<td>3.51021</td>
<td>110</td>
</tr>
</tbody>
</table>

Variables Entered/Removed

<table>
<thead>
<tr>
<th>Model</th>
<th>Variables Entered</th>
<th>Variables Removed</th>
<th>Method</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Quality, Cost, Policy.incentive, Promotion, Marketinfo, Strategy, Bureaucracy, Technology, Price, Infrastructure</td>
<td></td>
<td>Enter</td>
</tr>
</tbody>
</table>

a. Dependent Variable: performance
b. All requested variables entered.
Model Summary

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Std. Error of the Estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>.917(^a)</td>
<td>.841</td>
<td>.825</td>
<td>.97726</td>
</tr>
</tbody>
</table>

a. Predictors: (Constant), quality, Cost, Policy.incentive, Promotion, Marketinfo, Strategy, Bureaucracy, Technology, Price, Infrastructure

b. Dependent Variable: performance

ANOVA

<table>
<thead>
<tr>
<th>Model</th>
<th>Sum of Squares</th>
<th>df</th>
<th>Mean Square</th>
<th>F</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regression</td>
<td>500.943</td>
<td>10</td>
<td>50.094</td>
<td>52.453</td>
<td>.000(^b)</td>
</tr>
<tr>
<td>1</td>
<td>Residual</td>
<td>94.548</td>
<td>99</td>
<td>.955</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>595.491</td>
<td>109</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

a. Dependent Variable: performance

b. Predictors: (Constant), quality, Cost, Policy.incentive, Promotion, Marketinfo, Strategy, Bureaucracy, Technology, Price, Infrastructure

Coefficients

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>t</th>
<th>Sig.</th>
<th>Collinearity Statistics</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B</td>
<td>Std. Error</td>
<td>Beta</td>
<td></td>
<td>Tolerance</td>
</tr>
<tr>
<td>(Constant)</td>
<td>-10.733</td>
<td>1.886</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Promotion</td>
<td>.273</td>
<td>.025</td>
<td>.889</td>
<td>11.077</td>
<td>.000</td>
</tr>
<tr>
<td>Marketinfo</td>
<td>.076</td>
<td>.070</td>
<td>.060</td>
<td>1.085</td>
<td>.281</td>
</tr>
<tr>
<td>Price</td>
<td>.268</td>
<td>.115</td>
<td>.221</td>
<td>2.340</td>
<td>.021</td>
</tr>
<tr>
<td>Bureaucracy</td>
<td>.028</td>
<td>.096</td>
<td>.019</td>
<td>.296</td>
<td>.768</td>
</tr>
<tr>
<td>1</td>
<td>Cost</td>
<td>-.550</td>
<td>.089</td>
<td>-.539</td>
<td>-6.160</td>
</tr>
<tr>
<td>Technology</td>
<td>.909</td>
<td>.088</td>
<td>.686</td>
<td>10.311</td>
<td>.000</td>
</tr>
<tr>
<td>Infrastructure</td>
<td>.015</td>
<td>.126</td>
<td>.012</td>
<td>.123</td>
<td>.903</td>
</tr>
<tr>
<td>Policy.incentive</td>
<td>.311</td>
<td>.059</td>
<td>.392</td>
<td>5.263</td>
<td>.000</td>
</tr>
<tr>
<td>Strategy</td>
<td>.232</td>
<td>.031</td>
<td>.467</td>
<td>7.581</td>
<td>.000</td>
</tr>
<tr>
<td>Quality</td>
<td>.060</td>
<td>.030</td>
<td>.089</td>
<td>1.958</td>
<td>.053</td>
</tr>
</tbody>
</table>

a. Dependent Variable: performance
### Residuals Statistics

<table>
<thead>
<tr>
<th></th>
<th>Minimum</th>
<th>Maximum</th>
<th>Mean</th>
<th>Std. Deviation</th>
<th>N</th>
</tr>
</thead>
<tbody>
<tr>
<td>Predicted Value</td>
<td>4.2619</td>
<td>12.8488</td>
<td>9.4909</td>
<td>2.14378</td>
<td>110</td>
</tr>
<tr>
<td>Residual</td>
<td>-3.09944</td>
<td>2.75853</td>
<td>0.0000</td>
<td>0.93135</td>
<td>110</td>
</tr>
<tr>
<td>Std. Predicted Value</td>
<td>-2.439</td>
<td>1.566</td>
<td>0.0000</td>
<td>1.000</td>
<td>110</td>
</tr>
<tr>
<td>Std. Residual</td>
<td>-3.172</td>
<td>2.823</td>
<td>0.0000</td>
<td>0.953</td>
<td>110</td>
</tr>
</tbody>
</table>

a. Dependent Variable: performance

### Charts

#### Histogram

**Dependent Variable: performance**

- Mean = 1.75E-15
- Std. Dev = 0.953
- N = 110
Normal P-P Plot of Regression Standardized Residual

Dependent Variable: performance
ANNEXES 3  Questionnaire

ST. MARY’S UNIVERSITY SCHOOL OF GRADUATES STUDIES

FACTORS INFLUENCING SESAME EXPORT PERFORMANCE IN ETHIOPIA.

MASTERS DEGREE IN MARKETING MANAGEMENT.

This questionnaire is designed to investigate factors influencing sesame export performance in Ethiopia. The main aim of this study is to fulfill partial requirements of Masters Degree in Marketing Management. The collected information will be used purely for academic purpose only. I would like to assure you that any of your response to any question will be treated with highest confidentiality and never been misused by any means. Your genuine answer is important for the successful completion of this paper. Therefore, please, try to answer genuinely and on time as soon as possible.

General instruction:

- There is no need of writing your name,
- When there are answer options either tick (√) in the prepared box or circle the appropriate number as per the choice given.
- For the questions demand your opinion, please try to describe honestly.

I thank you in advance for your cooperation and timely response.
**Personal Information**

1. Age: (< 25) year ☐, (26-35) year ☐, 36-45)year ☐, (> 45) yeas ☐

2. Sex: Male ☐, Female ☐

3. Level of Education: College Diploma ☐, First Degree ☐
   Masters Degree ☐, PHD ☐ Please, Specify the profession __________

4. Years of experience in the current position (< 5) years ☐, (5-10) years ☐
   , (10-15) year ☐, (> 15) years ☐

   Please specify your current position in the firm? ____________________________

   _______________________________________________________________

5. How many years have your company exported sesame? (<5) ☐, (6-10) ☐
   (11-15) ☐, (>15) ☐


7. What types of sesame does your company mostly export? .

   _______________________________________________________________
**Main Questions**

Circle your appropriate number as per the choice in the table below.


<table>
<thead>
<tr>
<th>S. No</th>
<th>Main factors</th>
<th>Particulars</th>
<th>Response</th>
</tr>
</thead>
<tbody>
<tr>
<td>8</td>
<td>Promotion</td>
<td>The firm practice different export promotion activities.</td>
<td>1 2 3 4 5</td>
</tr>
<tr>
<td></td>
<td></td>
<td>The firm Participate in the international trade shows and exhibitions to promote its export.</td>
<td>1 2 3 4 5</td>
</tr>
<tr>
<td></td>
<td></td>
<td>The firm has sales person/ marketing agent in the export destination country.</td>
<td>1 2 3 4 5</td>
</tr>
<tr>
<td></td>
<td></td>
<td>The company has a marketing relationship/ marketing linkage for sesame export in abroad.</td>
<td>1 2 3 4 5</td>
</tr>
<tr>
<td>9</td>
<td>Market information</td>
<td>There is access for day to day output market information</td>
<td>1 2 3 4 5</td>
</tr>
<tr>
<td></td>
<td></td>
<td>There is access of supply market information</td>
<td>1 2 3 4 5</td>
</tr>
<tr>
<td></td>
<td></td>
<td>There is access of online price catalogue of sesame importers.</td>
<td>1 2 3 4 5</td>
</tr>
</tbody>
</table>
Circle your appropriate number as per the choice in the table below.


<table>
<thead>
<tr>
<th>S. No</th>
<th>Major factors</th>
<th>Statements</th>
<th>Response</th>
</tr>
</thead>
<tbody>
<tr>
<td>10</td>
<td>Price of exported</td>
<td>There is low price for your exported sesame than competitors’ in international market.</td>
<td>1 2 3 4 5</td>
</tr>
<tr>
<td></td>
<td>sesame</td>
<td>Your supply market price is higher than competitors’ supply market.</td>
<td>1 2 3 4 5</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Exchange rate is volatile.</td>
<td>1 2 3 4 5</td>
</tr>
<tr>
<td>11</td>
<td>Quality of the product</td>
<td>The exported sesame is not fulfills the required quality</td>
<td>1 2 3 4 5</td>
</tr>
<tr>
<td></td>
<td></td>
<td>The product has lower taste than competitors’ one.</td>
<td>1 2 3 4 5</td>
</tr>
<tr>
<td></td>
<td></td>
<td>The product has poor color than competitors’ one.</td>
<td>1 2 3 4 5</td>
</tr>
<tr>
<td></td>
<td></td>
<td>The product has less nutrient content than competitors’</td>
<td>1 2 3 4 5</td>
</tr>
<tr>
<td></td>
<td></td>
<td>The product is non processed/ primary products</td>
<td>1 2 3 4 5</td>
</tr>
<tr>
<td>12</td>
<td>Bureaucracy related</td>
<td>The process of export is complex and time taking.</td>
<td>1 2 3 4 5</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Unsuitable L/c process which delays export.</td>
<td>1 2 3 4 5</td>
</tr>
<tr>
<td></td>
<td></td>
<td>It is not easy to get license for export.</td>
<td>1 2 3 4 5</td>
</tr>
<tr>
<td>13</td>
<td>Cost of export</td>
<td>There is high transportation cost.</td>
<td>1 2 3 4 5</td>
</tr>
<tr>
<td></td>
<td></td>
<td>There is high cost of cleaning.</td>
<td>1 2 3 4 5</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Exporting process is costly.</td>
<td>1 2 3 4 5</td>
</tr>
<tr>
<td>14</td>
<td>Technology</td>
<td>There is low access to technology for processing.</td>
<td>1 2 3 4 5</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Lack of awareness to use technology for marketing</td>
<td>1 2 3 4 5</td>
</tr>
<tr>
<td>15</td>
<td>Infrastructure</td>
<td>There is enough access of transport for export.</td>
<td>1 2 3 4 5</td>
</tr>
<tr>
<td></td>
<td></td>
<td>The port is so far from the production site.</td>
<td>1 2 3 4 5</td>
</tr>
</tbody>
</table>
The cleaning centers are far from the production site.

There is poor policy incentives for export
There is less credit facilities for export.
Export is not free of taxation.
There is Strict price control over the exported items.
There is unstable exchange rate.
There is weak trade relationship with the sesame importing countries.

Which marketing strategies does your company follow for the export of sesame product?

Circle your appropriate number as per the choice in the table below and more than one answer is possible.


<table>
<thead>
<tr>
<th>s.no</th>
<th>Main factors</th>
<th>Particular</th>
<th>Responses</th>
</tr>
</thead>
<tbody>
<tr>
<td>17</td>
<td>Marketing strategy</td>
<td>The company uses Pricing strategies</td>
<td>1 2 3 4 5</td>
</tr>
<tr>
<td></td>
<td></td>
<td>The company uses Competition strategies</td>
<td>1 2 3 4 5</td>
</tr>
<tr>
<td></td>
<td></td>
<td>The company uses Production strategies</td>
<td>1 2 3 4 5</td>
</tr>
<tr>
<td></td>
<td></td>
<td>The company uses Cost minimization strategies</td>
<td>1 2 3 4 5</td>
</tr>
<tr>
<td></td>
<td></td>
<td>The company uses market penetration strategies.</td>
<td>1 2 3 4 5</td>
</tr>
</tbody>
</table>
18. What is the trends for sesame export looks like, to assess whether it is increasing or decreasing in its volume, market share, quality and quantity. (Performance question)

Tick (√) in the prepared box in the table below and more than one answer is possible

<table>
<thead>
<tr>
<th>Statements</th>
<th>Response</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Strongly disagree</td>
</tr>
<tr>
<td>Trends in sesame export</td>
<td></td>
</tr>
<tr>
<td>Your Company’s sesame export volume is increasing.</td>
<td></td>
</tr>
<tr>
<td>The company’s market share in the international market is increasing</td>
<td></td>
</tr>
<tr>
<td>Profit gained from sesame expert is increasing</td>
<td></td>
</tr>
<tr>
<td>The supply of sesame in Quantity increasing</td>
<td></td>
</tr>
<tr>
<td>The supply of sesame in Quality improving</td>
<td></td>
</tr>
<tr>
<td>The company’s profit from exported sesame is increasing.</td>
<td></td>
</tr>
</tbody>
</table>

Thank you for your genuine cooperation

Feb/2017
ANNEXES -4 Interview questions:

These interview questions are intended to collect deep information about the challenges that sesame exporters face, their perceptions and recommendation to improve or solve those problems.

1. Based on your day to day observations what do you think the main challenges related to Bank L/C and export processes?
   ________________________________________________________________________
   ________________________________________________________________________
   ________________________________________________________________________
   ________________________________________________________________________

2. In your opinion, what is/are export policy related problems that discourage sesame export? Consider the loan or credit, process of export, trade relations, and other incentive which you consider as vital problems.
   ________________________________________________________________________
   ________________________________________________________________________
   ________________________________________________________________________
   ________________________________________________________________________

3. Based on your experience, what do you think the main challenges that influence your sesame export performance? Consider problems like quality, price, marketing strategies, environmental problems, economic issues, social issues and political/policy.
   ________________________________________________________________________
   ________________________________________________________________________
   ________________________________________________________________________
4. What are the supply market problems? Consider the mediators/ ECX, producers as well as the cleaning institutions?

5. What is your recommendation to upgrade the export sector,

Thank you for your genuine cooperation

Feb/2017