



ST. MARY'S UNIVERSITY

SCHOOL OF GRADUATE STUDIES

SCHOOL OF BUSINESS

**ASSESSMENT OF COFFEE EXPORT PERFORMANCE, CHALLENGE
AND PROSPECTS: THE CASE OF ETHIOPIAN TRADING BUSINESSES
CORPORATION**

BY

DEMEKE SEWUNET MENKIR

JANUARY, 2018

ADDIS ABABA, ETHIOPIA

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CORPORATION**

BY

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**THESIS SUBMITTED IN PARTIAL FULFILLMENT OF THE
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I, the undersigned hereby declare that this MBA thesis entitled “Assessment of coffee export performance, challenge and prospects: the case study of Ethiopian trading business corporation” is my own original work and it has not been presented for the award of any other Degree or otherwise in any other university or institution. Sources and material used in this paper have been correctly acknowledge and properly documented.

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I certify that this MBA thesis entitled “Assessment of coffee export performance, challenge and prospects: a case study of Ethiopian trading business corporation” of Mr. Demeke Sewunet Menkir, who carried out the research under my supervision. I further certify that, to the best of my knowledge, the work reported here in doesn’t form part of any other project report or thesis on the bases of which a degree or award was conferred on an earlier occasion on this or any other candidate. Thus, I approve it to be presented.

Tesfaye Wolde (PhD)

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Date:

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ACRONYMS

ETBC: Ethiopian Trading Businesses Corporation

CSA: Central Statistics Authority

ECEA: Ethiopian Coffee Exporters Association

ECRA: Ethiopian Customs and Revenue Authority

ECX: Ethiopian Commodity Exchange

ETCA: Ethiopian Tea and Coffee Authority

ICO: International Coffee Organization

MOA: Ministry of Agriculture

MOT: Ministry of Trade

NBE: National Bank of Ethiopia

WTO: World Trade Organization

MT: Metric Ton

USD: united States Dollar

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ABSTRACT

Coffee has pivotal role in the Ethiopian economy. It is the main source of foreign exchange. This research project paper entitled Assessment of Coffee Export Performance, Challenge and Prospects: a case study of Ethiopian Trading Business Corporation”. The main objective of this study is to examine the performance and major determinants of Ethiopian Trading Businesses Corporation’s coffee export. The corporation’s coffee export marketing trends and the type of promotion tools it employed have been assessed.

Descriptive statistics were employed for data analysis. To carry out this study both primary and secondary data have been used. The existing literatures were investigated. To collect the primary data from the corporation, questionnaire has been employed. In addition to this, an interview was conducted face-to-face with the corporation’s planning directorate director, planning team leader and export marketing team leader. The data were analyzed by applying SPSS software program. The major determinants of coffee export performances of the corporation are internal and external. Accordingly, these results show that impracticable export marketing research, lack of appropriate pricing strategies and using ineffective promotional methods are internal determinants of coffee export performance of the corporation. The presences of a higher competition from domestic and abroad competitors, higher freight cost, legal and government policy like; long and sophisticated export procedures are external determinants of export performance of the corporation. The corporation’s sales volume was fluctuating and decreasing for the last seven years due to different determinants mentioned in the research findings. Based on the findings of this study, the researcher has put vital recommendations on what the corporation should implement to improve its existing performance.

Key Words: *export performance, price, product quality, corporation, ETBC, Ethiopia*

CHAPTER ONE

1. INTRODUCTION

1.1 Background of the Study

Ethiopia relies greatly on the trade of primary agricultural goods where coffee is the most important and strategic crop. Coffee plays a pivotal role in the socio-economy of the country and it has been contributing greatly to the national GDP. Acknowledging the potential of the market, the Government of Ethiopia has given emphasis on coffee by setting clear targets in terms of production, and export volume and earnings on its Growth and Transformation Plan (UNDP, 2012).

Coffee is a strategic crop for many developing and least developed countries, especially due to its capacity to generate income and employment in rural areas. In the long-term, the world coffee economy must strive to attain sustainability, in its economic, social and environmental dimensions. International cooperation, under the aegis of the ICO, is a key instrument to achieve this ambitious goal (ICO, 2009).

Coffee is a crucial driver of Ethiopian economic growth, because Ethiopian coffee export is an important source of foreign exchange (Samia, 2000). The Coffee export sector in particular is characterized by huge fluctuations and extreme dependence on many external and internal conditions, which has a great influence on the country's development sustainability (Tadese, 2015).

The Ministry of Trade (MoT) has reported coffee exports of the country to be 939,325tn from the total planned 1.4 million tons in the five years of the first GTP. This generated a four billion dollar income for the country while the plan was 5.2 billion dollars. In the first year of the GTP, 2009/10, the plan was to export 302,264tn of coffee which decreased to 288,857tn in the following year. Planned exports continued to fall up to 2014/15. Among the 55 export destinations of the country's coffee, Germany took the lead with 254,977tn in GTP I, generating revenue of one billion dollars. Second was Saudi Arabia with 146,308tn and 595,131 dollars in volume and value respectively. Coffee is the major source of foreign currency in Ethiopia and it contributes more than 35 % of the total export earning of the country MoARD(2009) Tadese (2015).

According to Mordor Intelligence, Arabica coffee has its origin in Ethiopia. Ethiopia is the largest coffee producer in Africa and the fifth largest producer in the world and accounts for 4.2% of the

global coffee production. In Ethiopia, Arabica coffee is mostly grown in the forest areas of the southwestern highlands of the Kaffa and Buno districts. Around 400,000 hectares area of Ethiopia is under coffee cultivation. The country produces almost 200,000 metric tons of coffee every year. 95% of the coffee is produced in the forest area and is claimed to be organic (Mordor Intelligence, 2017).

Trade is an engine of economic growth and development for a country. The benefit a country can get from international trade is largely dependent on exports. Export trade is one of the most important activities in enterprises profit optimization and in economic growth and development of a country. Its contribution is also highly significant as a major source of foreign exchange to finance import of commodities that are not domestically produced but which are of vital importance for domestic production. Among the few exports coffee plays a major role in our country as a source of foreign exchange earnings, government revenue and employment opportunities. Thus coffee constitutes the single most export item in Ethiopian exports (Tadese, 2015).

Ethiopian Trading Businesses Corporation is the public Enterprise established to stabilizing the domestic market and to earn foreign currency through export trading of agricultural products such as coffee, oil seeds and grains. However, coffee export of the company is instable for instance between the year of 2011 and 2012 export of coffee from the company declines by 57% but in contrast from the year of 2012 to 2013 the export supply grows by 34% according to company's annual report. As the result I want to examine and analyze the effect of those possible major determinants that hinder the growth and the overall performance of coffee export sector and tries to addresses issues that enhance the export growth and to make that growth sustainable, competitive in the international markets and eventually maximize the benefit that could be earned from the coffee sector.

The overall success of any strategy to increase coffee export supply will depend on the knowledge of what determinants constrain coffee export growth and the responsiveness of exporters to changes in both price and non-price conditions. Accordingly, a better understanding of the determinants of past performance, the direction and magnitude of the relevant elasticity is desirable. So far some studies have been undertaken in Ethiopia related to the export performance of coffee. Tadese (2015) study determinants of coffee export, the major finding of his study indicates that world price and producer price of coffee affects coffee export negatively. The impact of rainfall is significant in both short run

and long run. Tadese (2015) indicated that real export price of coffee, domestic production of coffee, physical infrastructure and world supply of coffee affects coffee export supply significantly.

Although, some studies analyzed Ethiopian coffee export performance in general most of the studies were not conducted in the sector level. Those, in this study I will conduct by focus on sector level coffee export performance, challenge and prospects. To achieve success in coffee export markets due largely to the multiple indicators such as environmental conditions especially in foreign environments, managerial characteristics and marketing strategies of firms. Improving the understanding of these determinants impacting export performance is an important strategic concern in view of the rapidly changing global scope of business. The general objective of this study was to assess the coffee export performance, challenge and prospects of Ethiopian Trading Businesses Corporation and to identify key determinants for the success of exporting coffee through Corporations. Systematic identification of determining export growth and diversification was quite important in the design and effective implementation of export enhancing policies. With this regard, there are a number of theories about the constraining factors of exports in developing countries (Tadese, 2015).

1.2 Statements of the Problem

Ethiopian Trading Businesses Corporation coffee export performance decreased which greatly affects corporation's profitability (ETBC annual report). The Corporation established as business organization and making a profit mainly by engaged in exporting coffee, oil seeds and pulses, and its other great mission is local grain market stabilization, purchase and sales various types of fruits, vegetables, vegetable seeds, and processed agricultural product to stabilize domestic market and export fruits and vegetables for international market, wholesaling which purchase basic commodities from local and international market. Despite this fact, the corporation could not achieve coffee export performance as its planed objectives in a sustainable way and sometimes its annual sales performance was less than actual planed (ETBC annual report).

As Mechal (2013) explained in his study, over the 1991-2011 period (EPRDF governance), the value of coffee export earning of Ethiopia showed a positive growth by 7.5 percent annually. Some 60 percent of this growth was explained by the increase in the volume of coffee exported that grew by 4.5 percent; and 40 percent by increase in coffee prices that rose by 3 percent annually. Although, Mechal (2013) studied on coffee exports: development performance, challenges and prospects analyzed in general Ethiopian level, in his study was ignored to identified sector level coffee export

performance. So in considering those gaps, this paper try to identify the external as well as internal determinants that influenced on coffee export performance for Ethiopian Trading Business Corporation and information on the challenges and future prospects were some of the research gaps that could be addressed in this study.

Corporation, which engaged in different activity, such as export abroad and sell domestically different agricultural products. One thing that can be mentioned here is that according to coffee export sales data of the corporation (2002-2008), there was a great reduction of coffee export performance over the past seven years.

Few research activities have been undertaken on coffee exporting performance focusing on a national level. Nevertheless, up to the knowledge of the researcher, in the previous no empirical research was undertaken specifically on the sector level with full coverage of current conditions

And as we could see the corporation previous data coffee export performance of the corporation fluctuated for the last seven years 2009/10, 12,462.3 mt, 2010/11, 11,863.2 mt, 2011/12, 5,074.8 mt , 2012/13, 6,818.4 mt, 2013/14, 5,988.5 mt, 2014/15 ,5325.0 mt and 2015/16, 5384.8 MT. This volume of coffee export 2010/11 compared to the 2015/16 export sales volume performance shows decreased (ETBC).**This great coffee export performance decreasing is a crucial issue that to give attention and require further investigation .**

1.3 Research Questions

The study has been attempted to address the following research questions:

1. What does the existing coffee export practices of the corporation?
2. What are the major challenges of coffee export in the corporation?
3. What are the prospects of coffee export in the corporation?

1.4 Objective of the Study

General Objective

The general objective of study is to assess how the export of coffee is performing and pin point the challenge and prospects of coffee export in Ethiopian Trading Businesses Corporation.

Specific Objectives

1. To describe the existing practice of coffee export in Ethiopian Trading Businesses Corporation.
2. To describe the major challenges of coffee export in the corporation.
3. To describe future coffee export prospects in the corporation.

1.5 Significance of The Study

The use of conducting this study is to analyze the existing performance of coffee export of the corporation; and also to provide useful information about the coffee export performance. This would help to show the possible measures that must be taken by the corporate management to avoid problems relating to the performance of coffee export and to indicate appropriate alternatives for the corporation's coffee export profitability and sustainability. The research outcome could be an important input to the corporation to implement the necessary adjustments and improvements based on the recommendations of the study.

1.6 Scope and Limitations of the Study

1.6.1 Scope of the Study

The scope of this study was delimited. The geographical scope of this study focuses in Ethiopia. The study covers the assessment of coffee export performance of Ethiopian Trading Businesses Corporation. Among the corporation's trading activities and export, the study focused on coffee export only which it brings a high amount of foreign exchange to the country's economy. The study is focused and selected on export purposively by the individual researcher. The only questionnaire and interview methods of data collection were used. For this research finding have been chosen 85 respondents to respond to 44 questionnaires, which in total due to some constraints yielded 62 % response rate.

The study was designed from the angle of the assessment of coffee export performance and identifying major challenges of coffee export and also to pin pointed suitable alternatives.

1.6.2 Limitations of the Study

Some of the limitations (problems) that the researcher had face in carrying out this project are listed as follows: Some respondents were not willing to fill in the questionnaire because they get bored with filling questionnaire each time. Some questionnaires were not collected respondents could not fill in and return it on time. The study mainly emphasizes on the Ethiopian trading business corporation, it could be difficult to conclude about other exporters private as well as government organization. And also the finding of this study cannot be generalized the whole Ethiopian level.

1.7 Organization of the Study

This study has been categorized into five chapters. The first chapter concentrated on introductory parts of the paper that mainly pinpointed background of the study, the statement of the problems, and objective of the study, significance of the study; scope, limitation and organization of the study. The second chapter provide related literature review with specific emphasis to theoretical, methodological and empirical aspects concerning about coffee export. The third chapter deals with research methodology, research design, data type and sources, sampling design and procedures, methods of data collection and instruments, data processing and methods of data analysis are incorporated. The fourth chapter presents the analysis of the descriptive and interpretation of the results. The last chapter is about the conclusion and recommendations.

CHAPTER TWO

2. LITERATURE REVIEW

2.1 Conceptual Literature Review

2.1.1 Definitions of Export Performance

A conceptual definition of export performance addresses two parts: export and performance. Export is the international marketing related decisions and activities of internationally active firms (Mechal, 2013). The over-tone of the word performance, in the literature sense, does not pose any problem for it is the act of carrying out or accomplishing something such as a task or action (Mechal, 2013).

Export performance is defined as: The success or failure of the efforts of a nation to sell domestically produced goods and services in other nations markets (Zou and stan, 1998); Export performance is a relative success or failure of the efforts of a firm or nation to sell domestically produced goods and services in other nations. Export performance can be described in objective terms such as sales, profits, or marketing measures or by subjective measures such as distributor or customer satisfaction.

The main reason that explains why countries trade with each other is related with economics. Basically, it is the difference in resource endowments of nations that make necessary international trade (Kuris, 2006).

2.1.2 Determinants of Export Performance

Determinant of export performance can be split into external and internal components. External components include market access/entry conditions and a country's location, which include international markets. Internal components are related to supply-side conditions. Foreign demand is influenced by various elements. Firstly, it is strongly linked to geography (the structural component). Typically, countries at the center of a fast growing region are more likely to benefit than countries situated outside that region. Second, it is likely to be related to competition and trade policy (the market access/entry component), which could have, in principle, a similar impact on trade than geography.

Finally, both the quantity and quality of physical infrastructures (the development component) are expected to play important roles (Lages et al, 2004) (Mechal, 2013).

The performance of the country's exports highly dependent on its exchange rate regime and more specifically the real exchange rate .various studies have shown that the demand for the county's

exports increase when its export prices fall in relations to the world prices. The depreciations of its currency compared to other currencies particularly, the dollars makes its exports cheaper on the international market. For example (Sharma, 2001) discovered that the demand for Indian exports increased when its export prices fell.

The World Bank (1987), (Nega, 2013), in a report entitled —Ethiopia: an export action program, have considered exchange rate overvaluation, the low level of investment in the economy, the coffee surtax, the inadequate marketing infrastructure, the high tariffs on imports of raw materials, the unfavorable terms of trade and insufficient adjustment of producer prices as limiting factors to the country's export growth.

Given that Ethiopia has tariff-free access to the world's largest economies, the European Union and the United States, and generally faces lower tariffs in other of its major markets than it applies itself, the major factors that account for the low trade share of GDP and the yawning trade deficit must be considered to lie in its domestic economic framework (Nega, 2013).

Following Ciuriak (2010), (Nega, 2013) the factors that hinder Ethiopia's exports may be enumerated as follows:

- (a) **The macroeconomic policy mix:** the use of the exchange rate as an external anchor for domestic price stability resulted in a steep rise in the real effective exchange rate through the 2000s, undermining the competitiveness of exports and of import-competing production.
- (b) **High trade costs:** Ethiopia is one of the most difficult places in the world from which to engage in the global economy, ranking 123rd out of 155 countries in the World Bank's 2010 trade logistics survey¹ and 159th out of 183 countries in terms of trading across borders in the World Bank's 2010 Doing Business survey. Contributing factors include:
 - The complexity of the process for exporting,
 - The long time it takes to export
 - Slow and expensive transportation
 - Cumbersome customs procedures
 - Several indirect effects of the large trade imbalance and high direct trade costs work to further raise trade costs which in turn reduce the competitiveness of exports.
- (c) **Private sector under-development:** Ethiopia's industrial structure is dominated by a relatively small number of government-owned firms and conglomerates, features a high degree of market concentration, and is characterized by relatively high administrative barriers to entry (Ethiopia ranks

93rd in the world in ease of starting a business under the World Bank's Doing Business methodology).

(d) Producer services: Some of the most sought after services needed to accelerate the efficiency of production in the goods sector, such as finance, telecommunications and transport, are relatively inefficient themselves.

(e) Thick borders: Ethiopia's trade with its immediate neighbors is comparatively low in good measure because of the poor connections to the regional borders and inadequate border infrastructure; ignoring the special cases of Djibouti (for which trade statistics are distorted by inclusion of goods in transit) and Somalia as well as oil imports from Sudan (Nega, 2013).

2.1.3 Export Barriers

Much research has been conducted on the barriers to export, which are defined by Leonidou (1995), Craig and Zafar (2005) "as the attitudinal, structural, operational, and other constraints that hinder the firm's ability to initiate, develop, or sustain international operations" (Leonidou, 1995: 31).

Barriers to export have been suggested as factors that impact the behavior of exporters at different stages of internationalization, and exporters should consider their effect prior to, and after entry into new markets (Shoham and Albaum (1995), (Craig and Zafar, 2005).

Many barriers to export have been identified in the export marketing literature, however, the general consensus in the literature appears to be that the primary barriers to export include: export market attractiveness, foreign practices being incompatible with domestic business, export venture management characteristics, access to suitable distribution channels, adapting to foreign market needs and government policy (Da Silva and Da Rocha, 2000; Katsikeas and Morgan, 1994; Leonidou, 1995; Moini, 1997), (Craig and Zafar, 2005).

World Bank (1987), (Mechal, 2013) report indicated that, exchange rate overvaluation, low level of investment, the coffee surtax, inadequate marketing infrastructure, high raw material import tariffs, unfavorable terms of trade and insufficient adjustment of producer prices were the major obstacles of Ethiopian export performance.

2.1.4 Ethiopian Coffee: Challenges and Opportunities

i. Challenges to the Coffee Sector in Ethiopia

Jose`D. Sette (2012) described that Ethiopian coffee faced many challenges such as **Structural challenges**(lack of competitiveness, lack of infrastructure, poor access to market and long supply chain, inadequate access to services, low value addition, inadequate technology transfer and research); **Policy environment challenges** (Low levels of public investment in agriculture, disengagement of the state in production &marketing activities; liberalization/agricultural reforms historically poorly executed, weak institutional framework in many countries) and **sustainability challenges** (adaptation and mitigation to climate change and other adverse weather; conservation of biodiversity, Social sustainability, competition for land) Sette (2012,).

ii. Opportunities for Coffee Sector in Ethiopia

According to Sette (2012) description that the Ethiopian coffee sector has **bright prospects** which are illustrated as follows (the country has suitable altitude, ample rainfall, optimum temperatures, appropriate planting materials, low labor costs and fertile soil; the country can sustainably produce and supply **fine specialty coffee**, with potential of producing all coffee types of the various world coffee growing origins; Ethiopian coffee has **grounds for optimism** which means that(Strong potential to increase supply capacity/yields, transfer of technology, Promote value addition, Differentiation through brand awareness e.g.Yirgacheffe, Sidamo etc, importance of traceability) and the Ethiopian coffee sector can Create an enabling policy environment that are (Support agricultural research and development, Improve access to price risk management tools, Sustainable development, Promote a strong institutional framework to better coordinate policy, macroeconomic policy) (Sette, 2012).

2.2 Methodological Literature Review

The methodological review of studies intends to investigate with the ex-post approach which uses historical data to conduct analysis of the effects of a past trade policy. This method applies econometric approaches. Panel data analysis is a method of studying a particular subject within multiple sites, periodically observed over a defined time period Hussien Mohammed Oumer and Rao (2015).

Kothari (1990) stated that descriptive research includes surveys and fact-finding enquiries of different kinds. The major purpose of descriptive research is description of the state of affairs as it exists at present. Robson (2002:59) Mark Saunders, Philip Lewis and Adrian (2009); stated that the object of descriptive research is ‘to portray an accurate profile of persons, events or situations’. This may be an extension of, or a forerunner to, a piece of exploratory research or, more often, a piece of explanatory research. It is necessary to have a clear picture of the phenomena on which you wish to collect data prior to the collection of the data. Description in management and business research has a very clear place. However, it should be thought of as a means to an end rather than an end in itself. This means that if your research project utilizes description it is likely to be a precursor to explanation. Such studies are known as descripto -explanatory studies (Saunders, et al. 2009). The potential advantages of a panel frame work were two fold (Matyas, 1997), Hussien Mohammed Oumer and Rao (2015). First, it can increase degrees of freedom, and to enable identification of businesses cycle and local (or exporting) country effects. Secondly, it correctly account for target (or imputing) country effects. The gravity model is particularly chosen to the extent that the gravity model is policy neutral.

The researcher employed both quantitative and qualitative approaches from mixed paradigm. In this case, multiple linear regression analysis was used to identify factors affecting the export marketing practices. Quantitative approach was also used to produce statistical data(the amount of coffee exported, the price of coffee, transaction costs, revenue generated through export activity and other related quantitative aspects (Deresa, 2016).

The imperfect substitutes supply equation model developed by Goldstein and Khan (1985), Tadese (2015). The fundamental assumption on the imperfect substitute’s model is that neither imports, nor exports can be considered perfect substitutes for the domestic products.

According to imperfect substitutes model export supply traditionally depends on the real export prices, Real exchange rate and productive capacity. The general form of the export supply function is expressed as: $EX = f(REP, RER, PC)$;

Where EX represents the volume of exports, REP is real export price, RER, is real exchange rate and PC, is the capacity of production.

Yishak (2009), Nega (2013) analyze determinants of export performance of Ethiopia. A gravity model is employed with panel data using 30 Ethiopia's trading partners for the period 1995–2007. The model is estimated with the Generalized Two Stages Least Squares (G2SLS) method. Endogeneity of FDI and GDP to exports, heteroskedasticity and serial correlation for AR (1) are controlled. The results show that good institutional quality and internal transport infrastructure appear to be major determinants, whereas the real exchange rate and FDI have no statistically significant effect on Ethiopia's export performance. Likewise, the growth of domestic national income affects Ethiopian exports positively.

Derosa (1992), Berhanu (2003) on the other hand, used ordinary correlation analysis and multivariate principal component analysis in examining, among others, the association between commodity dependence, export earnings instability and export concentration for a sample of 42 developing countries. His correlation as well as principal component analysis results indicate the existence of a strong positive association between commodity dependence, export earnings instability and export concentration. There are various types of reliability coefficients. Stated as Nicola (2010); Cronbach's (1951) alpha is one of the most commonly used reliability coefficients (Hogan, Benjamin & Brezinski, 2000). One property of alpha (Cronbach, 1951) it is one type of internal consistency coefficient. Cronbach's (1951) alpha was developed based on the necessity to evaluate items scored in multiple answer categories. The Likert scale's invention is attributed to Rensis Likert (1931), who described this technique for the assessment of attitudes (Joseph A. Gliem, 2003).

2.3 Empirical Literature Review

From many factors only four factors – “competition”, “commitment”, “export market characteristics” and “product characteristics” as having a significant influence on the export marketing performance of OCFCU (Tamiru, 2015).

According to David and Christian (2013) findings, growth in the country’s export performance has been hindered by challenges in management of price risk, problems with quality control, high transaction cost due to the extensive supply-chain and the numerous actors and processes therein, smuggling and unhealthy competition in both primary and auction markets, and by low productivity of growers’ fields. So that David and Christian (2013) ,recommended that to enhance its competitiveness in the coffee market amidst the anticipated increase in supply-side competition in the near future, measures should be put in place to address current inefficiencies in the supply chain most importantly with management of price risk, quality control, smuggling, and transaction costs (David and Christian , 2013).

2.3.1 Internal Determinants of Export Performance

2.3.1.1 Firm Characteristics

The internal strengths or weaknesses of a firm are very important to determine its capabilities and competitiveness in the international markets.

In the Strategic Management literature, authors have identified several factors influencing organizational performance.

Internal firm characteristics, such as risk aversion and tolerance for ambiguity (Gupta & Govindarajan,1982),organizational culture, access to scarce resources, managerial competence ,and luck (Jacobson,1990),degree of business unit autonomy and marketing orientation(Slater&Narver,1993) are also important. In International Business studies, several literature reviews indicated the most frequently cited variables used to explain export performance; Aaby and Slater (1989) cited in Jorge and Angela (2011) grouped them into four sets: **firm characteristics** (size, managerial commitment, managerial perceptions),**firm competences** (technology, market knowledge, market planning, export policy, control systems, quality control, communication skills), **export strategy** (market selection, use of intermediates, product mix, product development, promotion, pricing) and **external environments** (Jorge and Angela , 2011).

i. Financial Resources

A strong financial capability is one of the means to secure price advantage in the segmented market of firms from developing countries. Several firms in developing nations run into dilemmas for lack of timely and ample working capital, which add costs and can put in danger the whole production operation. According to Al-Hyari et al. (2012), involvement in export operations require huge expenditures in researching overseas markets, in visiting foreign customers, in adapting the export marketing strategy etc. This in fact creates financial burdens for the firm in developing nations, especially if they already strained financially because of domestic business problems. Hussien Mohammed Oumer, and Rao (2015) tried to estimate the determinants of sidama coffee exports. According to their results show that Ethiopia's sidama coffee exports are positively determined by the size of exporter's economies.

The world income found to be positive and insignificantly affect the trade flows. Both Ethiopia's and importer's population have insignificant positive and negative effect on bilateral trade flows respectively. The **empirical result** witnesses that Ethiopia tends to have geographically concentrated destination of exports, a large share of its exports is destined to Europe and Asia (Hussien Mohammed Oumer and Rao, 2015).

ii. Export Trends

Marketing knowledge and experiences are one of the most significant sources that can enable exporting firms to be successful. Albaum, Strandkov and Duerr (1998) mentioned that market opportunities abroad might use strong pressure upon a firm's willingness to begin and expand exports sales. However, many firms confront troubles in effectively identifying these opportunities, which is linked closely with the problems in conducting research into foreign markets.

According to Richard Kneller and Mauro pisu (2007/12), findings the probability the firm will face these export barriers decreases as export experience increases. Other relevant barriers seem to be establishing an initial dialogue with prospective clients and partners (akin to identifying the first contact) and building relationships with key influencers and decision makers. For other barriers, such as language barriers, obtaining basic information about foreign markets, and dealing with legal, financial and tax regulation overseas the probability of facing them is lower and decline further with the number of years of export market experience.

These formal econometric results suggest the existence of a process of learning to export, whereby firms are able to learn from their past experience how to overcome new export barriers and therefore to incur in lower trade costs.

Debas (ND) findings stated that **Quality problems**, inefficient management of exporters, **inefficient promotion** of the export sector, and low performance of export processing are the main problems for export performance.

iii. Human Resources

A firm that takes into account the requirements for foreign activities in its human resource management practices, especially for its managerial and professional employees, is more likely will do better in its export endeavors. However, the impact of lack of financial resources to develop human resources and a negative managerial mind-set toward exporting holds back firms activities in the foreign market.

Birhanu Lakew (2005) , identified that limited market knowledge, and shortage of skilled work force as the main constraints challenging Ethiopia's export sector.

2.3.1.2 Export Marketing Strategy

Variables related to firm strategy have also been shown to influence performance, such as competitive strategy (Hill & Deeds, 1996; Porter, 1985), strategic posture (Slater& Narver, 1993), or strategic planning process (Pearce, 1987), Jorge and Angela (2011).

Samia Zakaria (2000) finding stated that Ethiopia's total export quota may not increase substantially since it is a member of the ICO. If the Ethiopian coffee industry tends to raise its exportable coffee production considerably, the potential export markets should be explored in the countries in the non-quota market. According to Bart Minten, Seneshaw Tamru, Tadesse Kuma, and Yaw Nyarko (2014) greater efforts to gain increased benefit from increasing the profile of the Ethiopian coffee brand, increased participation in certification schemes, and emphasizing trade in traceable coffee products. This is especially important given the growing emphasis of international markets on certification of sustainable coffee production practices.

Mechal (2013) finding states that coffee has still remained the dominant export commodity of Ethiopia. However, Ethiopia irrespective of its being the origin of coffee Arabica and a traditional exporter, the volume of coffee exported rose by less than 8 percent for the last two decades.

This is due to low coffee yield, quality inconsistency, and low return for farmers etc. On the contrary, Ethiopia's competitors have increased their volume of coffee exports aggressively by improving their production and productivity. Ethiopia's coffee export earnings have showed a positive growth during the whole period of analysis (1991-2011).

In the last two decades, the most noticeable change in the direction of Ethiopia's coffee exports are the declining of the importance of the USA and the rising importance of Japan, Germany and Saudi Arabia (Mechal , 2013). The emphasis on stimulating washing of coffee by creating the right investment incentives is important, as it leads to significantly higher export prices and, thus, higher foreign exchange earnings for the country. As only part of the exported coffee is sold as washed coffee, there is still room for growth in this area (Bart Minten, Seneshaw Tamru, Tadesse Kuma, and Yaw, 2014).

a. Coffee Export Price

Pricing products is an integral part of selling. Salesmen have little to do with actually setting prices, but they should understand their firm's pricing policies so that they can show the customer he is getting good value for his money. Pricing policies vary considerably from seller to seller and are influenced by a number of factors: the type of selling organization, the type of product handled the firm's customers, the firm's competitors and the general economic environment (Wingate, 1969).

Price is one of the key factors of the marketing mix as it represents what a company earns in return for its efforts. Its setting is to be regarded with care as both undercharging (lost margin) and overcharging (lost sales) can have dramatic effects on the profitability.

. Market leaders who are attacked by lower priced competitors can choose to maintain price, raise the perceived quality of their product, reduce price, increase price and improve quality, or a low-price fighter line (Kotler, 1999).

Tadese (2015) tried to determine the factors affecting coffee export performance. The empirical result obtained from his study indicates that among the price factor export price and world price of coffee are found with their respective expected sign that is the supply of coffee export responds positively to the change in real export price of coffee and negatively to world supply of coffee. According to his study the other price factor which is included in the model is real exchange rate and its impact to the coffee export of the country is found statistically insignificant.

But regarding the non-price factors domestic production of coffee and road network which is proxy for infrastructure, positively and significantly affects the coffee export supply of the country (Tadese, 2015).

Michaely (1967), Berhanu (2003) based his analysis of the association between commodity concentration and price fluctuations on rank correlation coefficients. By employing data for thirty-six countries, he found a rank correlation coefficient of 0.404 indicating the existence of weaker causal relationship between the index of export price fluctuations and the coefficient of commodity concentration of exports.

b. Quality Factors

Quality factor often intends as one of the most crucial situations for entering and sustaining in the international markets. Christensen and Da Rocha (1994) stated that, Meeting importers quality standards establishing image for export markets. Majority of the quality problems are the result of insufficient knowledge about market requirements. In line with this view, Figueiredo and Almeida (1988) and Cardoso (1980) mentioned that poor product quality and high sensitivity of products were major problems to exporters.

2.3.1.3 Promotion Characteristics

According to Debas (ND) the first argument is that export promotion strategy leads to increasing market size for the developing country and render all the benefits associated with large-scale operations. Promotion is dealing with the customer awareness and relation to the product and the brand. Decisions are made with respect to the promotional mix, which involves advertising, personal selling, sales promotion, direct marketing, and Internet and online promotion. The export marketing literature suggests that distributor commitment in a foreign country is of extreme importance, as "suppliers with committed distributors gain greater access to market information, gain more distributor assistance, and reduce distributors' interest in promoting competitive brands "(Kim and Oh, 2002:73). Thus, a reliable and committed distributor is vital for the success of the export venture (Julian, 2003; Vorhies *et al.*, 1999) Cited in Craig and Zafar (2005). Regarding promotional strategy, it is also desirable for this to be modified according to the requirements of the target market (Cavusgil, 1993; O'Cass and Julian, 2003). Cited in Craig and Zafar (2005).

a. Advertising

Advertising is aims to make the target audience to be aware of the existence of a product. Which is practicable by using outlets for publicities and introductions for product advertising on billboards, in magazines, on TV and sales brochures?

Kotler (2004) stated that advertising is any paid form of non-personal presentational and promotion of ideas, goods or services by an identified sponsor .The sales effect of advertising are often harder to measure than the communication effects. Sales are affected by many factors besides advertising- such as product features; price and availability. One way to measure the sales effect of advertising is to compare past sales with past advertising expenditures (Kotler , 2004).

b. Sales Promotion

Sales promotion attract consumer attention, of strong incentives to purchase, Sales promotion invite and reward quick response whereas advertising says, “Buy our product”, sales promotion says, “Buy it now”. Sales promotion effects are often short -lived, however, and often are not as effective as advertising or personal selling in building long run product brands preference (Kotler, 2004). Sales promotion seems most effective when used together with advertising. In some study, a price promotion alone produces only a 15 percent increase in sales and sales volume when combined with feature advertising, sales and sales volume increased 19 percent; when combined with feature advertising and a point of purchase display, sales and sales volume increasing 24 percent (Kotler, 1999).

c. Personal Selling

A sales man with thorough product knowledge is able to sell more and thus earn more (Sahu and et.al.2003). Personal selling is a powerful two-way communication. It allows an interactive relationship to be developed between buyer and seller in which the later can modify the information presented in response to the needs of the customer. The function of personal selling is to provide the specific inputs which advertising, or non-personal, cannot offer at the individual level. It should be remembered that advertising and personal selling are complementary activities, and that their relative importance will vary depending up on the nature of the product and the buying behavior associated with it (Baker, 1996).

2.3.1.4 Management Commitment and Capability

With regards to its effect on performance, some studies report the skills of top management, training of managers in international business and their knowledge in foreign languages as being positively related to export marketing performance (Lages, 2000), Craig and Zafar (2005). It has been acknowledged that managements' attitudes towards exporting influences export marketing performance. Managerial attitudes are associated with a number of barriers towards exporting. Companies that perceive fewer risks and barriers to exporting, usually have a positive attitude towards exporting, which results in better export marketing performance (Lages, 2000), Craig and Zafar (2005).

2.3.2 External Determinants of Export Performance

There are variables related to the external environment, such as industry structure (Porter, 1980) and type of industry (Hawawini, Subramanian, &Verdin, 2003; McGahan&Porter, 1997).) cited in Jorge and Angela (2011). External factors to a company are opportunities and threats of the marketing environment on which the company has little to no control. These Micro- and Macro-environmental forces involve **competition, natural, political- legal, economical, technological and socio-cultural** forces. In these factors can play an important role and have an impact on sales and sales volume. A company should examine the environment well and try to take advantage of emerging opportunities and minimize potential threats (Op.cit, 2005).

Andualem Debas stated that the external factors include international trade laws and regulations, regional trade organizations' laws and regulations, and the import regulations of individual countries (Debas, ND).

2.3.2.1 Competition Factor

Information on export opportunities is expensive and not simply accessible. Moreover, the kind of information perceived by a firm influences its performance of exporting. Burgess and Oldenboom (1997) stated that, the incapability to match international rivalry prices was an obstacle for most exporters. As indicated in the reviewed literatures, competition in both international and domestic markets was constantly seen as a big bottleneck to export market sales. Strong competition has the potential to drive less competitive firms out of markets. In addition, in a market where competition is perceived to be particularly strong, firms that fear for competition are less likely to enter (Leonidou, 2004). This creates a problem for firms to gain competitive advantage in the foreign market. And Competition factor negatively affect export sales.

ICC (2014) described that between 1990 and 2012, world production increased by more than 50%, mostly due to the emergence of Vietnam as a major producer. In many countries, however, cultivatable land is shrinking and production costs are rising, suggesting that many producers may be reaching their saturation point. Barring the emergence of a new major producer, which seems unlikely, production, will struggle to maintain such a high growth rate in the near future (ICC, 2014).

2.3.2.2 Macro Economic Policy Mix

i. Economy Factor

Economic factors include the nature and direction of the national economy in which a company does business. For international entities, it includes the global economy. We know that consumption is affected by the wealth of the population, and business people must plan accordingly. Some major considerations include the availability of credit and the amount of disposable income in a given market.

Both inflation and interest rates and a given country's GDP are other economic factors that can hinder or help your sales marketing efforts. International Coffee Organization (2009, p. 3) reports show that food sales are behaving better than those of non-food products. In markets in North America, Europe and Japan, which are responsible for approximately 58% of world consumption, coffee is a staple good that accounts for only a small fraction of consumer spending. The available information suggests that coffee consumption is holding up well in these markets. Instead of reducing overall intake, the response of consumers is more likely to consist of a shift from out-of-home to in-home consumption and from higher cost products to cheaper brands. This trend to less expensive products is corroborated by the strong results reported by discount food retailers in late 2008 (ICO, 2009).

ii. Legal and Political Factor

Political factors include the legal and regulatory issues that control industries and individual businesses. There are several issues to consider here including fair-trade decisions, antitrust laws, taxes, wages, and other government activities designed to protect different classes within society. Mechal Tadele (2013, p. 55) stated that it is essential to keep government support in terms of increasing its international advocacy in order to improve coffee market prices paid by the multinational corporation. Exchange rates play a central role in international trade because they allow the computation of the relative prices of goods and services produced in different countries, thereby allowing the comparison of those prices across countries. The government should also focus to motivate coffee exporters in terms of allowing them to use some the hard currency brought through their efforts for increased motivation or encouragement (Tadele, 2013). According to Nyarko (2014) argument is that growth of washing coffee in Ethiopia may have been constrained because of regulations and the difficulty of access to foreign exchange to import wet milling machines.

Nega Muhabaw (2013, p.38) stated that the real exchange rate is a significant determinant of the country's export in the long run implies that enhanced competitiveness through strict quality control. The positive and significant coefficients of the production capacity, denoted by real GDP in the long run, suggests that macroeconomic policy reforms aimed at improving the growth of real GDP enhances the total export performance of Ethiopia. The policy induced changes, the possibility of using E-commerce and the opportunities created by the World Trade Organization, the COMESA FTA and the AGOA provisions, could tell the existence of a promising prospect for export diversification. This calls for a concerted popularization effort on the part of the government, Berhanu Lakew (2003, p. 45).

2.4 Research/ Conceptual Framework of the Study/

This part of the research paper, the research framework or conceptual framework, tried to depict the worldview of the researcher about the topic under study and presents the input–process-output relationship of coffee export performance, showing the integration among the different components that make up coffee export performance and link the literature review with the methodology. The conceptual framework also tried to show the stakeholders present in each stage of the coffee export system and their role to the final output of the system. In addition, the framework helped to identified who was involved, in what aspect of the process and their interaction in the system. Furthermore, it was helpful to indicate how data could be obtained for analysis of the topic. As indicated in the following figure, the research framework have been organized to have such components as the export coffee in the input side, market access and coffee export processing as processes of the system, and the coffee export performance as an output (see the following figure).

Figure 2.1 Input – process - output of the research framework



The Key Variables of the study would be firm characteristics, export marketing strategy, export promotion characteristics, management commitment and capability, competition factor, economic policy legal and political factors e t c.

i. Competitiveness of Corporation on Coffee Export

The competitiveness of the Corporation has been influenced by the Corporations' market knowledge, the firm characteristics, export marketing strategy, promotion characteristics, management skill, transaction costs, and investment capacity. Such information has been collected from the Corporation through questionnaires and direct interviews, as well as from secondary documents.

ii. Market Access and Export processing

Export market access can be influenced by such determinants as government export trade policies and strategies, infrastructural facilities (as roads, telecommunications, railway systems, air lines, shipping lines, etc.), globalization and liberalization policies (Debas, ND).

The performance of Coffee export sector was affected by the performance of the parties involved in facilitating this trade. This group includes the Ethiopian Customs Authority, the Commercial banks, National Bank of Ethiopia, the transit agents, logistics offices and government incentives in terms of tax exemption (Debas, ND). Primary data about these parties contribution was collected using questionnaires and interviews.

iii. Coffee Export Performance

Finally, the output of the process is the Coffee export performance, which can be measured in terms of Exported Coffee in volume, Value of exported Coffee, Percentage (%) of Coffee export achievement according to Coffee export planned.

Analysis of the Coffee export performance was carried out by documentary review using secondary data sources, such as annual reports of Ethiopian Trading Businesses Corporation.

CHAPTER THREE

3. RESEARCH METHODOLOGY AND DESIGN

3.1 Description of the Research Area

Ethiopian trading Businesses Corporation as well as Grain and Coffee Trading Business Unit's head office are located in Addis Ababa and to expand its market coverage the Units has 10 branch offices and 91 trade centers throughout the country.

This study was conducted on Ethiopian trading business corporation in Addis Ababa. The study was descriptive type has been enabled the researcher to assess and describe the coffee export performance, to identify main challenges of coffee exporting activities and to delineate the vital prospects for coffee exporting of the corporation. The researcher considered the seven year sales data of the corporation starting from 2002 to 2008 for the purpose of this study. These seven consecutive years helped to have a clear picture about the corporation sales trend from year to year. For more elaboration of corporation's coffee export performance sold and planned, seven years data of the firm used. This type of research was employed because it has been used to identify and obtain information on the characteristics of a particular issue.

3.2 Research Design

The research design that has been conducted used descriptive type. The research approach, the sampling selection techniques, the data and its collection procedures, data analysis and the reliability measurements have it been allocated. The target population has been briefly illustrated.

3.2.1 Data Sources

For conducting this study both primary and secondary data sources has been used. As to the primary sources, data has been collected from the corporation Grain and Coffee Trading Business Unit ;marketing department, planning department employees and concerned management body with a focus on general information and subjective specific situations of Grain and Coffee Trading Business Unit activities and other vital information related to the research objectives. Furthermore, primary data were collected because of secondary data were not adequate to answer the research problem. Attempts have been made to use reference books with relevant literature and the relevant survey done by different organizations and individual researchers.

The primary data source has been collected from the employees by interview and questioner. In support of the primary sources, **secondary** statistical data were collected from Grain and Coffee Trading Business units' annual reports and from concerned different government offices such as Central Statistics Authority (CSA), Ethiopian Tea and Coffee Authority, Ministry of Trade, Ethiopian Customs and Revenue Authority (ECRA) and National Bank of Ethiopia (NBE).

Qualitative methods were useful for improving the depth of our understanding of the local circumstance with in the firm that Grain and Coffee Trading Business Unit operations, while quantitative tool helped to determine the breadth to which observed behavioral practice, resources, or problems were distributed within operation unit. As a result, qualitative and quantitative types of data have been employed to identify the cross sectional problems of the barriers on coffee export performance of Ethiopian Trading Businesses Corporation specifically on Grain and Coffee Trading Business unit in the study.

3.3. Sample Size and Sampling Procedure

3.3.1. Primary Data Collection

In order to capture appropriate sample, Head Offices' of Grain and Coffee Trading Business Unit was selected with a purposive sampling technique due to high number of branches and trade centers in the Ethiopian Trading Businesses Corporation throughout the country. According to 2008 E.C. Human resource reports of Grain and Coffee Trading Business Unit was 604 permanent employees were found in the head office. The study adopted both qualitative and quantitative data pertaining to the problem. In collecting primary data both structured personal interview and questionnaire has been employed. The open-ended question helped the researcher to obtain information about the feelings and intentions of respondents. Furthermore, structured Personal interview has been conducted from knowledgeable key informants such as planning directorate director, coffee export planning team leader, senior purchasing experts, senior buyer experts, coffee quality control professionals to supplement the survey data. Sekaran and Bougie (2010) recognize that face to face interaction helps to clarify the questions on the spot, to give some details about the topic and enable respondents to give honest response; it is less costly and consumes comparably short time. Furthermore, respondents were deliberately approached during the face-to-face interaction.

A total of 604 permanent employees found in Ethiopian trading business corporation were selected as a population frame for the study. The researcher was employed simple random sampling method to select the sample. To determine the sample size of the target population, the researcher has used statistical instrument formula. The statistical formula developed by Yamane (1967). This study has used to adopt Yamane's, (1967) formula for sample size determination given as:

$$n = \frac{N}{1 + N(e)^2}$$
$$\frac{604}{1+604(0.1)^2} = 85$$

Where: n = Desired sample size

1. N = Total population size
2. e = Accepted error limit (0.1) on the basis of 90 percent degrees of confidences.

The study was assumed that the margin of error 10% and confidence level or error free of 90%. According to above formula and target population 85 employees and management bodies have been participated for primary data collection purpose. So that **Desired sample size = 85**

It was an important for research output if maximum respondents were willing to participate but some unwilling respondents were encountered. Majority of the respondents were supportive and answered the questionnaire as a result adequate response rate has been received. Though the total sample size for this research was decided to be 85, the completely filled questionnaire and returned for analysis was 53 which yielded a response rate of 62%.

$$\text{Response Rate} = \frac{\text{Completed questionnaire}}{\text{Completed} + \left(\frac{\text{Completed}}{\text{Completed} + \text{incomplete}} \right) \times \text{refusal} + \text{not reached}}$$

$$\text{Response Rate} = \frac{53}{53 + \left(\frac{53}{53+0} \right) \times 28+4} = 62\%$$

Where, completed means properly answered, incomplete means respondents who didn't fill the questionnaire properly, refusals means unwillingness of respondent to cooperate in filling out the questionnaire, and not reached means respondents who were not easily accessible for the researcher.

. Finally the data will be organized and analyze by application of internal consistency strategy and using descriptive statistics including tables and percentage.

3.3.2. Secondary Data Collection

To strength the reliability of research data and supplement the information missing in the primary data, secondary data has been collected from the corporation unpublished and published documents such as annual reports made by the corporation, Baseline survey and from concerned government reports.

3.4. Data Presentation and Analysis

For assessment of coffee export performance and to identify determinants of export marketing practices in Ethiopian trading business corporation the primary and secondary data collected have been presented and analyzed in descriptive and narrative form by using different methods of simple statistical tools like tabulation and percentages, table of percentage and descriptive statistics.

The amount of coffee exported of Grain and Coffee Trading Business Unit (from 2002-2008 E.C), the price of coffee, transaction costs, revenue generated through export activity and other related quantitative aspects has been analyzed.

SPSS version 21 has been used in the analysis of the quantitative data. And the answers to the questions were collected on **five Likert- scales** which used to tabulate the data and present it in tables. Internal consistency reliability method was applicable to conduct this research. Therefore, quantitative research method has been used to analysis the data collected through the questionnaires was carried out in the corporation. The questionnaire adapted from different research was prepared in English. In addition, since the questionnaire was administered and collected on the basis of face to face interaction, the researcher had the opportunity to explain to the respondents for clear understanding.

3.5 Validity and Reliability of Measurements

3.5.1 Measures of Validity

Attitudes and opinions are measured in many types of scales of which Likert scale is one of the methods used to measure such attitudes. According to Zikmund (2003) definition, The variables listed in the empirical studies regarding barriers to exportation contains a set of statements in which respondents were asked to rate the most important problems among the 44 items presented, using a 5 - point Likert scale that varying from 1(strongly agree) to 5 (strongly disagree). The validity and reliability of the concept covered in this study were measured in terms of Cronbach's Alpha. The validity measurement guarantees how well the items used covered each other. This means that it explains how well the items assess or measures the concept. To develop the Cronbach's Alpha, correlations between the items has been calculated. A good correlation between items leads to a higher value of Cronbach's Alpha. Hence, the higher Cronbach's Alpha value indicates a higher validity. As rule of thumb, the number of observations must be more than 50 but 100 and above is recommended. In this study the number of observation nearest to fifteen it is most likely valid for further analysis to the study.

3.5.2 Analysis of Reliability

Reliability Analysis (Cronbach's alpha) was conducted to test the reliability of collected data. The scale reliability coefficient or Cronbach's alpha is 0.833, which is considered acceptable as an indication of item scale reliability. If the value of Cronbach's alpha is more than 0.50 there is some sort of correlation but it is treated as reliable when it is above 0.60. According to Anderson, Cronbach's alpha reliability coefficient normally ranges between 0 and 1. However, there is actually no lower limit to the coefficient. The closer Cronbach's alpha coefficient is to 1.0 the greater the internal consistency of the items in the scale. It should also be noted that while a high value for Cronbach's alpha indicates good internal consistency of the items in the scale, it does not mean that the scale is one-dimensional.

Table 3.1 The Reliability Statistics Determinants of Coffee Export Performance

| Reliability Statistics | | |
|-------------------------------|--|------------|
| Cronbach's Alpha | Cronbach's Alpha Based on Standardized Items | N of Items |
| .833 | .834 | 44 |

Source: Own survey result (2017), SPSS output

The acceptable range is between 0.70 and 0.90 or higher depending on the type of research (Statsc, 2015), A low value (e.g. <0.5) could be as a result of factors such as a low number of questions or poor interrelatedness between items, while a high value of alpha (e.g. >0.90), may be as a result of some redundant items in the instrument (Tavakol and Dennick, 2011, p.54). Hence, under this circumstance, the reliability of the items in this study appeared marvelous as the Cronbach's alpha is 0.733 .The obtained alpha score is 0.833, which indicates that the scale has good internal consistency (reliability). Cronbach alpha is a reliability coefficient that indicates how well the items are positively correlated to one another. So on this study Cronbach alpha indicates the items used in the study are internally consistence and reliable to continue the analysis.

CHAPTER FOUR

DATA ANALYSIS AND INTERPRETATION OF THE RESULT

4.1 Data Analysis

4.1.1 Demographic Characteristics of Respondents

This section gives an overview of the demographic profiles of the respondents and the Ethiopian Trading Business Corporation undertaken. From the survey information gathered about sex, age, educational level, marital status and work experience of the respondents were analyzed. Have been gathered and presented below in Table 4.2.

As presented in Table 4.2, a sample size of 85 respondents was selected for this study out of which 4 respondents were ineligible, 18 respondents have refused to respond to the questionnaire and 10 were not accessible. The remaining 53 respondents yielded a response rate of 62 %. It means they have properly answered and returned the questionnaire to the researcher. The sample consisted of 32 male and 21 female participants in the study. This indicates that the majority of the respondents were males as they were involved. The frequency of education levels among respondents was 9 (17%) holds master, 31(58.5%) holds university degree ,12 (22.6%) holds diploma whereas 1(1.9%) 12th complete. This indicates that approximately more than seventy five percent of the respondents of the corporation are bachelor degree holders. The frequency of experience of the corporation indicate that majority of them have less than 2 years, 2-5 and 6-10 and more than 11 years of experience which is 2(3.8%), 20 (37.7%) , 20 (37.7%) ,and 11(20.8%) respectively.

Table 4.2: Demographic Characteristics of Respondents

| Items | Description | Frequency | Percentage |
|-------------------|--------------------|-----------|------------|
| Sex | Male | 32 | 60.4 |
| | Female | 21 | 39.6 |
| | Total | 53 | 100 |
| Age Intervals | Below 25 | 2 | 3.8 |
| | 26-35 | 24 | 45.3 |
| | 36-45 | 15 | 28.3 |
| | 46-55 | 11 | 20.8 |
| | Above 55 | 1 | 1.9 |
| | Total | 53 | 100 |
| Educational Level | 12 th | 1 | 1.9 |
| | Diploma | 12 | 22.6 |
| | Degree | 31 | 58.5 |
| | Master | 9 | 17 |
| | Total | 53 | 100 |
| Marital Status | Single | 18 | 34 |
| | Married | 32 | 60.4 |
| | Divorce | 3 | 5.7 |
| | Total | 53 | 100 |
| Experiences | Less than 2 years | 2 | 3.8 |
| | 2-5 years | 20 | 37.7 |
| | 6-10 years | 20 | 37.7 |
| | More than 11 years | 11 | 20.8 |
| | Total | 53 | 100 |

Source: Own survey result (2017), SPSS output

4.1.2 Internal Determinants of Coffee Export Performance

The internal export problems are intrinsic for the company and are typically related with inadequate organizational resources for export marketing activities and include firm characteristics of company's problems are lack of appropriate pricing strategies to foreign market, lack of export marketing research and development, using ineffective promotion method.

Table 4.3 Characteristics of Company's Problems

| <u>Respondents opinion</u> | | | | | | | Standard | |
|--|------|----------|----------|---------|----------|----------|----------|-----------|
| 1.Firm characteristics | | SA | A | N | D | SD | Mean | deviation |
| 1.Problems of firm size to export performance | F(p) | 8(15.1) | 7(13.2) | 5(9.4) | 24(45.3) | 9(17) | 3.36 | 1.331 |
| 2.Lack of financial resource of the firm to export | F(p) | 7(13.2) | 7(13.2) | 3(5.7) | 24(45.3) | 12(22.6) | 3.51 | 1.339 |
| 3.Problems of firm's working culture on export performance | F(p) | 5(9.4) | 25(47.2) | 5(9.4) | 13(24.5) | 5(9.4) | 2.77 | 1.203 |
| 4.Lack of knowledge to foreign marketing | F(p) | 8(15.1) | 10(18.9) | 9(17) | 24(45.3) | 2(3.8) | 3.04 | 1.192 |
| 5.Problem of location suitability of the corporation | F(p) | 7(13.2) | 14(26.4) | 6(11.3) | 17(32.1) | 9(17.9) | 3.13 | 1.345 |
| 6.Lack of export marketing research and development | F(p) | 24(45.3) | 20(37.7) | 4(7.5) | 3(5.7) | 2(3.8) | 1.85 | 1.045 |
| 7.Lack of coffee export experience (trends) | F(p) | 6(11.3) | 24(45.3) | 5(9.4) | 13(24.5) | 5(9.4) | 2.75 | 1.223 |
| 8.Lack of infrastructure to export coffee | F(p) | 9(17) | 17(32.1) | 7(13.2) | 14(26.4) | 6(11.3) | 2.83 | 1.312 |
| 9.Lack of appropriate technology innovation to export | F(p) | 21(39.6) | 24(45.3) | 5(9.4) | 3(5.7) | | 1.81 | .833 |

Source: own survey result (2017), SPSS output

SA = strongly agreed, A = agree, N= neutral, D=disagreed, SD=strongly disagreed, F=frequency, P= percentage

4.1.2.1 Firm Characteristics

i. Financial Resources

As we can see from table 4.3 above there are nine statements which are help to measure company's problems/ Firm characteristics in question one the respondents were asked that problems of firm size/ according to response (15.1 percent strongly agree and 13.2. percent agree) and (45.43percent disagree and 17.0 percent strongly disagree); So the response implies the corporation's firm size hasn't negative effect on export performance. Question two the respondents were asked that lack of financial resource of the firm to export (13.2 percent strongly agree and 13.2 percent agree) and (45.3 percent disagree and 22.6 strongly disagree); so the response implies the corporation do not have financial problems to export coffee.

ii. Export Trends

Question three the respondents were asked that problems of firm's working culture on export performance (9.4 percent strongly agree and 47.2 percent agree) and (24.5 percent disagree and 9.4 percent strongly disagree); the response implies the corporation do not have preferable working culture.

iii. Human Resources

Question four the respondents were asked that lack of knowledge to foreign marketing (15.1 percent strongly agree and 18.9 percent agree) and (45.3 percent disagree and 3.8 strongly disagree); so the response implies the corporation's work force do not have skill gap to foreign marketing. Question five the respondents were asked that Problems of location suitability of the corporation (13.2 percent strongly agree and 26.4 percent agree) and (32.1 percent disagree and 17 strongly disagree); the response implies the corporation's location is ideal to make export marketing activities.

Question six the respondents were asked that lack of export marketing research and development (45.3 percent strongly agree and 37.7 percent agree) and (5.7 percent disagree and 3.8 strongly disagree); the response implies the corporation have lack of marketing research and development problems to improve the existing level of export performance. **Question seven** the respondents were asked that lack of coffee export experience (trends) (11.3 percent strongly agree and 45.3 per cent agree) and (24.5 percent disagree and 9.4 percent strongly disagree); with regard to response the corporation has a lack of experience to export coffee. **Question eight** the respondents were asked that lack of infrastructure to export coffee (17 percent strongly agree and 32.1 percent agree) and (26.4 percent disagree and 11.3 percent strongly dis agree); according to the response corporation suffer with lack of infrastructure to export coffee. **Question nine** the respondents were asked that lack of appropriate technology innovation to export (39.6 percent strongly agree and 45.3 percent agree) and (5.7 percent disagree); the response implies the corporation do not adopted appropriate technology innovation to export.

Table 4.4 Export Marketing Strategy

| <u>Respondents opinion</u> | | | | | | | | Standard deviation |
|---|------|----------|-----------------|----------|----------|----------|------|--------------------|
| 2.Export marketing strategy | | SA | A | N | D | SD | mean | |
| 10. Problems of pricing policies to obtain competitive advantages | F(p) | 14(26.4) | 26(49.1) | 4(7.5) | 8(15.1) | 1(1.9) | 2.17 | 1.051 |
| 11. Lack of appropriate pricing strategies to foreign markets | F(p) | 12(22.6) | 32(60.4) | 2(3.8) | 4(7.5) | 3(5.7) | 2.13 | 1.038 |
| 12. Presence of lower price in world coffee market affect coffee export performance of the corporation | F(p) | 20(37.7) | 25(47.2) | 3(5.7) | 4(7.5) | 1(1.9) | 1.89 | .954 |
| 13. Presences of higher price of product in domestic market affect coffee export performance of the corporation | F(p) | 21(39.6) | 27(50.9) | 1(1.9) | 3(5.7) | 1(1.9) | 1.79 | .885 |
| 14. Problems of meeting importers quality standards for export markets | F(p) | 8(15.1) | 24(45.3) | 5(9.4) | 13(24.5) | 3(5.7) | 2.60 | 1.182 |
| 15. Product quality problems affect export performance | F(p) | 11(20.8) | 29(54.7) | 3(5.7) | 7(13.2) | 3(5.7) | 2.28 | 1.116 |
| 16. There was appropriate advertising trends | F(p) | 3(5.7) | 8(15.1) | 5(9.4) | 26(49.1) | 11(20.8) | 3.64 | 1.145 |
| 17. There was sales promotion practices integrated with advertising | F(p) | 6(11.3) | 4(7.5) | 2(3.8) | 31(58.5) | 10(18.9) | 3.66 | 1.208 |
| 18. There was personal selling adaptation capacity in the corporation | F(p) | 1(1.9) | 18(34.0) | 10(18.9) | 19(35.8) | 5(9.4) | 3.17 | 1.069 |
| 19. Problems of placing the product in the right time | F(p) | 6(11.3) | 26(49.1) | 6(11.3) | 13(24.5) | 2(3.8) | 2.60 | 1.098 |
| 20 Right time delivery problems affects customers Satisfaction | F(p) | 12(22.6) | 31(58.5) | 2(3.8) | 6(11.3) | 2(3.8) | 2.15 | 1.026 |

Source: own survey result (2017), SPSS output

4.1.2.2 Export Marketing Strategy

a. Coffee Export Price

As we can see from table 4.4 above there are eleven statements which are help to measure determinants affecting on export marketing strategy in **Question ten** the respondents were asked that Problems of pricing policies to obtain competitive advantages (26.4 percent strongly agree and 49.1 percent agree) and (15.1 percent disagree and 1.9 percent strongly disagree); the response implies the corporation has pricing policies Problems to obtain competitive advantages. **Question eleven** the respondents were asked that lack of appropriate pricing strategies to foreign markets (22.6 percent strongly agree and 60.4 percent agree) and (7.5 percent disagree and 5.7 percent strongly disagree); the response implies the corporation has inappropriate pricing strategies which have negative impacts on coffee export performance. **Question twelve** the respondents were asked that Presence of lower price in world coffee market affect coffee export performance of the corporation (37.7 percent strongly agree and 47.2 percent agree) and (7.5 percent disagree and 1.9 percent strongly disagree); the response implies the corporation has been suffered through Presence of lower price in world coffee market it affect coffee export performance of the corporation. **Question thirteen** the respondents were asked that Presence of higher price of product in domestic market affect coffee export performance of the corporation (39.6 percent strongly agree and 50.9 percent agree) and (5.7 percent disagree and 1.9 percent strongly disagree); the response implies the Presences of higher price of product in domestic market affected coffee export performance of the corporation.

b. Quality Factors

Question fourteen the respondents were asked that Problems of meeting importers quality standards for export markets (15.1 percent strongly agree and 45.3 percent agree) and (24.5 percent disagree and 5.7percent strongly disagree); the response implies corporation has a problems to provide a preferable quality product with regard to customer's quality specification. **Question fifteen** the respondents were asked that Product quality problems affect export performance markets (20.8 percent strongly agree and 54.7percent agree) and (13.2 percent disagree and 5.7percent strongly disagree); the response implies there is a partial problems to provide quality product.

4.1.2.3 Promotion Characteristics

a. Advertising

Question sixteen the respondents were asked that there was appropriate advertising trends (5.7 percent strongly agree and 15.1 percent agree) and (49.1 percent disagree and 20.8 percent strongly disagree); the response indicated that corporation do not adopted effective advertising trends, which has its own influence on coffee export performance of the corporation.

b. Sales Promotion

Question seventeen the respondents were asked that there was sales promotion practices integrated with advertising (11.3 percent strongly agree and 7.5 percent agree) and (58.5 percent disagree and 18.9 percent strongly disagree); according to the response corporation did not adopted sales promotion practices integrated with advertising.

c. Personal Selling

Question eighteen the respondents were asked that there was personal selling adaptation capacity in the corporation (1.9 percent strongly agree and 34.0 percent agree) and (35.8 percent disagree and 9.4 percent strongly disagree); the response implies the corporation hasn't well-organized personal selling adaptation trends. **Question nineteen** the respondents were asked that Problems of placing the product in the right time (11.3 percent strongly agree and 49.1 percent agree) and (24.5 percent disagree and 3.8 percent strongly disagree); according to the response corporation has a problems to provide the required amount of product at the right time and place. **Question twenty** the respondents were asked that right time delivery problems affects customers' satisfaction (22.6 percent strongly agree and 58.5 percent agree) and (11.3 percent disagree and 3.8 percent strongly disagree); the response implies the corporation's right time delivery problems and which affects customer's satisfaction.

Table 4.5 Management Commitment and Capability

| <u>Respondents opinion</u> | | SA | A | N | D | SD | Mean | Standard Deviation |
|--|------|----------|----------|---------|----------|---------|------|-----------------------|
| 3.Management commitment and capability | | | | | | | | |
| 21.Managements have appropriate foreign Marketing experience | F(p) | 7(13.2) | 33(62.3) | 3(5.7) | 8(15.1) | 2(3.8) | 2.34 | 1.018 |
| 22. Managements have a great commitment to exporting | F(p) | 6(11.3) | 25(47.2) | 4(7.5) | 15(28.3) | 3(5.7) | 2.70 | 1.170 |
| 23. Managements have a full authority to decide on exports | F(p) | 8(15.1) | 15(28.3) | 7(13.2) | 19(35.8) | 4(7.5) | 2.92 | 1.253 |
| 24. Managements could be well perceived export advantages to the corporation | F(p) | 10(18.9) | 30(56.6) | 5(9.4) | 6(11.3) | 2(3.8) | 2.25 | 1.017 |
| 25. Managements could be identified and tackled export barriers | F(p) | 4(7.5) | 6(11.3) | 6(11.3) | 31(58.5) | 6(11.3) | 3.55 | 1.084 |
| 26. Managements give a great emphasis on developing export marketing | F(p) | 8(15.1) | 21(39.6) | 8(15.1) | 10(18.9) | 6(11.3) | 2.72 | 1.262 |

Source: own survey result (2017), SPSS output

4.1.2.4 Management Commitment and Capability

As we can see from table4.5 above there are six statements which are help to measure determinants affecting of export marketing strategy on export performance, in Question twenty one the respondents were asked that Managements have appropriate foreign marketing experience (13.2 percent strongly agree and 62.3 percent agree) and (15.1 percent disagree and 3.8 percent strongly disagree); the response implies the corporation's Management have appropriate foreign marketing experience. Question twenty two the respondents were asked that Managements have a great commitment to exporting (11.3 percent strongly agree and 47.2 percent

agree) and (28.3 percent disagree and 5.7 percent strongly disagree); according to the response managements do not have commitment problem to exporting.

Question twenty three the respondents were asked that Managements have a full authority to decide on exports (15.1 percent strongly agree and 28.3 percent agree) and (35.8 percent disagree and 7.5 percent strongly disagree); the response implies that corporation’s Managements do not have a full authority to decide on exports. Question twenty four the respondents were asked that managements could be well perceived export advantages to the corporation exports (18.9 percent strongly agree and 56.6 percent agree) and (11.3 percent disagree and 3.8 percent strongly disagree); according to the response managements could be well perceived export advantages to the corporation. **Question twenty five** the respondents were asked that Managements could be identified and tackled export barriers (7.5 percent strongly agree and 11.3 percent agree) and (58.5 percent disagree and 11.3 percent strongly disagree); the response implies that Managements couldn’t be identified and tackled export barriers of the corporation. **Question twenty six** the respondents were asked that Managements give a great emphasis on developing export marketing (15.1 percent strongly agree and 39.6 percent agree) and (18.9 percent disagree and 11.3 percent strongly disagree); according to the response Managements give less emphasis on developing export marketing.

4.1.3 External Determinants of Coffee Export Performance

Table 4.6 Competition factor of export performance

| 1. Competition factor | | <u>Respondents opinion</u> | | | | | mean | Standard deviation |
|--|------|----------------------------|----------|----------|----------|--------|------|--------------------|
| | | SA | A | N | D | SD | | |
| 27. Strong competition from domestic competitor in the foreign market. | F(p) | 11(20.8) | 29(54.7) | 1(1.9) | 9(17) | 3(5.7) | 2.32 | 1.156 |
| 28. Strong competition from abroad competitor in the foreign market. | F(p) | 12(22.6) | 31(58.5) | 4(7.5) | 4(7.5) | 2(3.8) | 2.11 | .974 |
| 29. Corporations have competitive capability and have competitive strategies | F(p) | 5(9.4) | 17(32.1) | 10(18.9) | 17(32.1) | 4(7.5) | 2.96 | 1.160 |
| 30. Corporations have competitive advantages over other Competitors | F(p) | 10(18.9) | 17(31.2) | 10(18.9) | 13(24.5) | 3(5.7) | 2.66 | 1.208 |

Source: own survey result (2017), SPSS output

4.1.3.1 Competition Factor

As we can see from table 4.6 above there are four statements which are help to measure competition factor effects on export performance, in **Question twenty seven** the respondents were asked that Strong competition from domestic competitor in the foreign market (20.8 percent strongly agree and 54.7 percent agree) and (17.0 percent disagree and 5.7 percent strongly disagree); the response implies the corporation exposed to Strong competition from domestic competitors in the foreign market. **Question twenty eight** the respondents were asked that Strong competition from abroad competitor in the foreign market (22.6 percent strongly agree and 58.5 percent agree) and (7.5 percent disagree and 3.8 percent strongly disagree); according to the response corporation faced with Strong competition from abroad competitors in the foreign market. Question twenty nine the respondents were asked that Corporation has competitive capability and have competitive strategies (9.4 percent strongly agree and 32.1 percent agree) and (32.1 percent disagree and 7.5 percent strongly disagree); the response indicated that corporation has less competitive capability and competitive strategies. Question thirty the respondents were asked that Corporation has competitive advantages over other competitors (18.9 percent strongly agree and 32.1 percent agree) and (24.5 percent disagree and 5.7 percent strongly disagree); according to the response Corporation has some competitive advantages over other competitors.

Table 4.7 Economic, Government Policy and Political Factors

| <u>Respondents opinion</u> | | | | | | | Standard | |
|---|------|----------|----------|----------|----------|--------|----------|-----------|
| 2. Economic policy, government policy and political factors | | SA | A | N | D | SD | Mean | Deviation |
| 31. Presences of high interest rates affect coffee export performance of the corporation | F(p) | 6(11.3) | 27(50.9) | 6(11.3) | 11(20.3) | 3(5.7) | 2.57 | 1.117 |
| 32. Presences of high inflation affect coffee export performance of the corporation | F(p) | 11(20.8) | 22(41.5) | 2(3.8) | 16(30.2) | 2(3.8) | 2.55 | 1.234 |
| 33. High values of foreign exchange rate encourage coffee export performance of the corporation | F(p) | 20(37.7) | 24(45.3) | 1(1.9) | 7(13.2) | 1(1.9) | 1.96 | 1.055 |
| 34.Lack of appropriate infrastructure availability affect coffee export performance of the corporation | F(p) | 7(13.2) | 18(34.0) | 11(20.8) | 14(26.4) | 3(5.7) | 2.77 | 1.154 |
| 35.Long and sophisticated procedural requirements of export processing affect coffee export performance | F(p) | 12(22.6) | 31(58.5) | 3(5.7) | 5(9.4) | 2(3.8) | 2.13 | 1.001 |
| 36.Lack of government assistance to overcome export Barriers | F(p) | 7(13.2) | 30(56.6) | 8(15.1) | 6(11.3) | 2(3.8) | 2.36 | .982 |
| 37. Red tape bottleneck in public institution to operate export procedural process | F(p) | 8(15.1) | 34(64.2) | 5(9.4) | 5(9.4) | 1(1.9) | 2.19 | .878 |
| 38.Lack of government motivations to the export sector | F(p) | 7(13.2) | 16(30.2) | 8(15.1) | 18(34.0) | 4(7.5) | 2.92 | 1.222 |
| 39. Nation's political instability affect coffee export | F(p) | 11(20.8) | 12(22.6) | 7(13.2) | 20(37.7) | 3(5.7) | 2.85 | 1.292 |
| 40.High freight costs to foreign market affect coffee export | F(p) | 13(24.5) | 27(50.9) | 3(5.7) | 9(17.0) | 1(1.9) | 2.21 | 1.063 |
| 41.Government policy and commitment to support export sector encourages coffee export | F(p) | 16(30.2) | 20(37.7) | 4(7.5) | 11(20.8) | 2(3.8) | 2.30 | 1.218 |

Source: own survey result (2017), SPSS output

4.1.3.2 Economic, Government Policy and Political Factors

i. Economy Factor

As we can see from table 4.7 above there are eleven statements which are help to measure effects of economic policy, government policy and political factors on export performance, in Question **thirty one** the respondents were asked that Presences of high interest rates affect coffee export performance of the corporation (11.3 percent strongly agree and 50.9 percent agree) and (20.8 percent disagree and 5.7 percent strongly disagree); the response implies the Presences of high interest rates slightly affect coffee export performance of the corporation. Question thirty two the respondents were asked that Presences of high inflation affect coffee export performance of the corporation (20.8 percent strongly agree and 41.5 percent agree) and (30.2 percent disagree and 3.8 percent strongly disagree); according to the response Presences of high inflation partially affect coffee export performance of the corporation. **Question thirty three** the respondents were asked that high values of foreign exchange rate encourage coffee export performance of the corporation (37.7 percent strongly agree and 45.3 percent agree) and (13.2 percent disagree and 1.9 percent strongly disagree); the response implies that high values of foreign exchange rate greatly encourage coffee export performance of the corporation. Question thirty four the respondents were asked that lack of appropriate infrastructure availability affect coffee export performance of the corporation (13.2 percent strongly agree and 34.0 percent agree) and (26.4 percent disagree and 5.7 percent strongly disagree); the response indicated that lack of appropriate infrastructure availability slightly affect coffee export performance of the corporation.

ii. Legal and Political Factor

Question thirty five the respondents were asked that long and sophisticated procedural requirements of export processing affect coffee export performance (22.6 percent strongly agree and 58.5 percent agree) and (9.4 percent disagree and 3.8 percent strongly disagree); the response indicated that long and sophisticated procedural requirements of export processing highly affect coffee export performance of the corporation. **Question thirty six** the respondents were asked that lack of government assistance to overcome export barriers (13.2 percent strongly agree and 56.6 percent agree) and (11.3 percent disagree and 3.8 percent strongly disagree); according to the response government assistance is not enough to tackle export obstacles.

Question thirty seven the respondents were asked that red tape bottleneck in public institution to operate export procedural process (15.1 percent strongly agree and 64.2 percent agree) and (9.4 percent disagree and 1.9 percent strongly disagree); the response implies that there is red tape in public institution which is difficult to operate export procedural process properly. **Question thirty eight** the respondents were asked that lack of government motivations to the export sector (13.2 percent strongly agree and 30.2 percent agree) and (34.0 percent disagree and 7.5 percent strongly disagree); with regard to the response even if the government motivates the export sector but this is not enough. **Question thirty nine** the respondents were asked that nation’s political instability affect coffee export (20.8 percent strongly agree and 22.6 percent agree) and (37.7 percent disagree and 5.7 percent strongly disagree); the response implies that nation’s political instability do not affect coffee export performance of the corporation. **Question forty** the respondents were asked that high freight costs to foreign market affect coffee export (24.5 percent strongly agree and 50.9 percent agree) and (17.0 percent disagree and 1.9 percent strongly disagree); according to the response there are high freight costs which affect coffee export performance of the corporation in foreign market. **Question forty one** the respondents were asked that government policy and commitment to support export sector encourages coffee export (30.2 percent strongly agree and 37.7 percent agree) and (20.8 percent disagree and 3.8 percent strongly disagree); the response implies that to encourage coffee export sector appropriate government policy and commitment required to enhance the sector performance.

Table 4.8 Export Performance Situation

| 3. Export performance situation | F(p) | <u>Respondents opinion</u> | | | | | <u>Standard</u> | |
|---|------|----------------------------|----------|----------|----------|--------|-----------------|-----------|
| | | SA | A | N | D | SD | Mean | Deviation |
| 42. Volume of exported coffee increasing during the last seven years | F(p) | 5(9.4) | 9(17.0) | 6(11.3) | 30(56.6) | 3(5.7) | 3.32 | 1.123 |
| 43. Value of exported coffee increasing during the last seven years | F(p) | 3(5.7) | 19(35.8) | 3(5.7) | 25(47.2) | 3(5.7) | 3.11 | 1.138 |
| 44. Financial performance was positively related with coffee export performance | F(p) | 9(17) | 26(49.1) | 11(20.8) | 6(11.3) | 1(1.9) | 2.32 | .956 |

Source: own survey result (2017), SPSS output

4.1.4 Export Performance Situation

As we can see from table 4.8 above there are three statements which are help to measure export performance situation, in **Question forty two** the respondents were asked that Volume of exported coffee increasing during the last seven years (9.4 percent strongly agree and 17.0 percent agree) and (56.6 percent disagree and 5.7 percent strongly disagree); the response implies that Volume of exported coffee do not increasing during the last seven years, **instead it was decreased**. Question forty three the respondents were asked that Value of exported coffee increasing during the last seven years (5.7 percent strongly agree and 35.8 percent agree) and (47.2 percent disagree and 5.7 percent strongly disagree); according to the response value of exported coffee not significantly increasing during the last seven years. Question forty four the respondents were asked that financial performance was positively related with coffee export performance (17.0 percent strongly agree and 49.1 percent agree) and (11.3 percent disagree and 1.9 percent strongly disagree); the response implies the financial performance was slightly related with exported performance.

4.2 Discussion

The main objective of this study was to examine the major determinants affecting coffee export performance of Ethiopian Trading Business Corporation to achieve this objective both primary and secondary data have been obtained and the collected data is analyzed and discussed. Challenges and prospects for the corporation could be identified. Based on the findings of the research, the discussion, conclusions and recommendations made are presented as follows. This study analyses the determinants affecting coffee export performance on the Ethiopian Trading Business Corporation.

The major determinants affect coffee export performance of the corporation are both internal (firm characteristics, price characteristics like working culture, management capability, export marketing strategy like place/distribution and promotion) and external (competition factor, procedural problems, economic and government policy) forces.

Firms working culture factors are partially affect but firm size, financial resource and location suitability, country's political instability factors not affect are exempted from the detail discussion part below. As far as government policy factors are concerned; there are considerable government supports to the coffee export activities of the corporation. There are many changes brought in the country in terms of development, which in turn help the company to export. However, there are still several problems, which affect the export markets of the company in the foreign markets. Lack of skilled human resource and sophisticated custom procedures are still on the ground.

Besides, infrastructure such as trail transported, internet, and electricity interruption and high transportation cost are also hindering the export performance of the corporation. Lack of skilled and capable work force in a quality considered as a problem.

Price is the main marketing strategy variable that directly generates income. In the center of every business organization appears the issue of product prices. According to the findings of this research, the price of the products produced by the company is problems in a capacity of price adaptation as compared to other competitors and problems of rate the price of the products to foreign market/sales which is rated as high problem levels the variables are greatly affecting the export market and competitiveness of the corporation.

In support of this view that capacity of price adaptation as compared to other competitors and rate the price of the products to foreign market/sales is play significant roles in affecting the export performance and competitiveness of the corporation.

Tesfom et al. (2006) stated that the product quality meeting importers quality standards for export markets in Ethiopia are very significant in determining the performance of the company and they indicate that the problem was partially attributed to the properly require quality to corporation. The reason for the quality problems are rooted from poor coffee cultivation, improper harvesting, and poor post- harvest handling, processing and unsafe product transportation problems.

Providing the product to the right place at the right time is the one observed problem in the corporation which is happened due to many reasons such as domestic product price fluctuation, long and sophisticated export procedural requirement and using uncivilized transportation method. The company does not deliver the product with the respect of customer requirement, which is hinder the corporation's export performance and competitiveness.

Using preferable and popular promotional mix has significant role in international marketing to enhance company's market share .Due to this aspect ETBC not adopted well as such promotional mix. Now a day due to higher competition of the global market preferring selective mix of advertising, personal selling, sales promotion, public relations, and direct marketing that uses integrated with the regard to the situation are indispensable manner to increase company's competitiveness.

According to Kotler (2005) whereas business promotion includes many of the same tools used for Consumer or trade promotions but mainly conventions and trade shows and sales contests are used for business promotions. The corporation uses the techniques of sales promotion which include exhibition and trade fairs from the various alternatives of sales promotion techniques. Due to high price competition in the export market clearly observed great hindrance of coffee export performance of the corporation. According to the research finding the variables are strong competition from domestic competitor in the foreign market as well as from foreign competitors in potential abroad markets are very significance in export market of the corporation. When the country's interest rate increase has negative effect on export marketing activities but this is less problematic concern of the corporation. If high inflation rate is presence in domestically and this higher inflation rate it brings the higher price for the product which lead to inadequate supplies of product to the customer and this discourages coffee export performance.

When the country's exchange rate increases encourages export performance of the company, due to this aspect the nation's money devaluation policy practice used as a best opportunities to enhance coffee export performance of the corporation.

Ethiopian government have been made good efforts to support and motivate export sector but not enough With respect to huge duties and responsibilities in order to create conducive environment for export business of the country. In this research could be identified less problem due to government policy factor influences in the corporation's coffee export performance. Ethiopian Trading Businesses Corporation did not give enough emphasize for export marketing research and development in order to adopt appropriate technology innovation in export businesses. Even if the corporation's management could be perceived export advantages to the corporation and give emphasis to developing export marketing but they couldn't be identified and tackled export barriers as a required.

4.3 Trend of Corporation Coffee Export Marketing

To assess the past and the exist sales trend of the corporation with regard according to the planning directorate director and respondent views about the company export sales trends are replied that the company export trends for the last seven consecutive years shows slightly decreasing. Apart from the planning directorate director and respondent point of views the company coffee export market is with some extent decline from year to year due to different internal and external affecting reasons.

4.3.1 Types of Promotion Used

The promotion mix is the specific mix of sales promotion, advertising, personal selling, public relations, and direct marketing activities that a company uses to improve its marketing performance. **Advertising** is sometimes used for promoting products. The complexity of most products coupled with buyers' perceptions and unique information needs requires personal contact. Advertising is an effective means of reaching inaccessible or unknown buying influencers it also creates awareness, enhance the performance of sales call and increases the overall efficiency of selling operation. TV advertising is not practicable by the corporation. This implies that it is not sufficient for the corporation's product to be heard above the noise in the mass market. The company rarely used likes magazines (gotera) and short pamphlet, to promote its products. However, the circulation of this magazine and pamphlet is less and cannot reach to all potential customers. In this case, the role of personal selling as a promotion tool has been ignored or it has been given little attention. Whenever customers want to buy an export product they need detail information on it due its complexity and technical nature and as the product will be used for a relatively longer period of time.

Personal selling composes the use of personal presentations in order to convey the benefits of the company's products. As a general rule, products that are new, technically complex, and/or expensive require more personal selling effort. It is obvious that the corporation's products are expensive. Consequently, using personal selling as promotional mix will have more benefits for the company. Despite this fact, personal selling as a promotion tool is rarely used and some extent practiced by the corporation.

Sales Promotion according to Kotler (2005) whereas business promotion includes many of the same tools used for consumer or trade promotions but mainly conventions and trade shows and sales contests are used for business promotions. The company uses the techniques of sales promotion which include exhibition and trade fairs from the various alternatives of sales promotion techniques. Sales promotion as a promotion tool is not widely used by the company. Generally, the corporation participated in exhibitions/fairs arranged internationally and locally. The company used exhibition to enhance its market share.

Public Relation Kotler (2004) stated that public relation is building good relation with the company's various publics by obtaining favorable publicity, building up a good corporate image, and handing or heading off unfavorable rumors, stories and events. The company does not applicable to promote its image by sponsoring different cinereous, making audio-visual presentations, newsletters that help to improve its image. According to the planning directorate director and planning team leader and respondent views the company used sales promotion of exhibition /trade fair and with a tangible evidence of the corporation the only few management member participate on abroad exhibition and trade fair activities and in addition to this the corporation is a public organization it does not used properly more preferable promotional mixes. This misused of promotional mix to the corporation have negative effects of its competitiveness on export market.

To assess the past and the present sales trend of the corporation seven year coffee export sales figure is obtained. The total planned and actual sales volume of coffee export achieved for the last seven years is summarized in the table given below as follows.

Table 4.9 Planned Vs. Actual Sales figures of exported coffee (in Birr)

| Year | Amount | | Performance | Revenue(eth birr) | | Performance |
|------|---------------|-------------|-------------|-------------------|-------------|-------------|
| | Planned Sales | Actual | | Planned | Actual | |
| | in MT | Sales in MT | In % | | | In % |
| 2010 | 7,500 | 12,462.3 | 166 | 288,384,075 | 471,366,970 | 163 |
| 2011 | 15,000 | 11,863.2 | 79 | 590,145,135 | 777,746,172 | 132 |
| 2012 | 16,000 | 5074.8 | 32 | 835,686,554 | 479,892,162 | 57 |
| 2013 | 12,000 | 6,818.4 | 57 | 830,663,492 | 428,027,894 | 52 |
| 2014 | 15,000 | 5,988.5 | 40 | 1,040,600,000 | 401,073,105 | 79 |
| 2015 | 9,100 | 5,325.0 | 59 | 573,565,300 | 440,380,103 | 77 |
| 2016 | 8,000 | 5,384.8 | 67 | 522,464,700 | 229,345,581 | 57 |

Source: Annual report of the ETBC

Table 4.9 shows the planned and actual sales volume of the corporation for the last seven years. In 2010, the actual sales volume was higher than the planned sales volume and the sales performance for that year was 166 percent, that is, the corporation coffee export sales plan was achieved by 166 percent. By 2011, however, the corporation coffee export sales volume performance was relatively less as compared to the sales volume performance of 2010.

The sales volume performance for the years 2011, 2012, 2013, 2014, 2015, and 2016 was 79, 32, 57, 40, 59, and 67 percent respectively, and it had shown fluctuating (decreasing) in the corporation sales volume performance and the planned sales volume figure was not achievable. However, in 2010, the actual sales volume was more than the planned sales volume, but in all the years except 2010, the planned sales volume was unattainable and there was a big difference between planned and actual sales.

Table 4.10: Exported type of coffee from 2011-2016

| No | Type of Coffee | Coffee exported for the last six years in terms of MT | | | | | |
|--------------------|-----------------|---|----------------|----------------|----------------|----------------|----------------|
| | | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 |
| 1. washed | 1.1 Yirgachf | 1,172.4 | 202.2 | 306.0 | 229.8 | 259.2 | 19.0 |
| | 1.2 Sidamo-2 | 3,348.6 | 2007.6 | 644.4 | 1490.3 | 259.2 | - |
| | 1.3 Sidamo-4 | 297.6 | - | - | - | - | - |
| | 1.4 Limmu-2 | 370.8 | 1,771.2 | 73.2 | 1330.8 | 342.4 | 441.6 |
| | 1.5 Nakamite-2 | 153.6 | 134.4 | 378.0 | - | - | - |
| | 1.6 Bebeke-2 | 210.0 | 56.4 | - | - | - | - |
| | 1.7 Tepi-2 | 76.8 | - | - | - | - | - |
| | Total | 5,590.2 | 4,171.8 | 1401.6 | 3,336.1 | 1,744.2 | 518.2 |
| % Share in Volume | 47.1 | 82.2 | 20.6 | 56.7 | 32.8 | 9.6 | |
| 2.un washed | 2.1 Sidamo-4 | 568.8 | 303.0 | 633.6 | 1,571.2 | 930.6 | 162.18 |
| | 2.2 Nakamite -5 | 1,172.4 | 254.4 | 2,77.2 | 552.0 | 1,413.6 | 4,29.2 |
| | 2.3 Jimma-4 | 4,335.6 | 345.6 | 2070.0 | 586.8 | 1,209.6 | 96.0 |
| | 2.4 Harar-4 | 115.2 | - | 36.0 | - | - | 252.0 |
| | 2.5 Jimma-5 | 81.0 | - | - | - | - | 76.8 |
| | Total | 6,273.2 | 903.0 | 5,416.8 | 2,652.4 | 3,580.8 | 4,866.6 |
| % Share in Volume | 52.9 | 17.8 | 79.4 | 43.3 | 67.2 | 90.4 | |
| G/total | 11,863.2 | 5,074.8 | 6,818.4 | 5,886.5 | 5,325.0 | 5,384.8 | |

Source: Annual report of the ETBC

The corporation exports different types of coffee for abroad market. The major coffee type was classified as washed and unwashed type (dry coffee).

This classification was based on whether that coffee has been undertaking processed by the corporation. Another classification of coffee was based on the rank that coffee has based on their quality. These are yirgacheffe-2, sidama2, 4, 5, limmu2, bebeke-2 tepi -2 jimma 4, 5, Harer 4, and Nekemte2, 5. Accordingly, these types of coffee were exported for the last six years. These coffees again grouped under washed and unwashed (dry coffee) type during export time. Table 4.10 reveals, in the year 2011 washed coffee sold holds the share of 47.1% while un- washed coffee holds 52.9 %. In year 2012 washed coffee sold holds the share of 82.2% and unwashed coffee 17.8 %, in the year 2013 washed coffee holds 20.6% and unwashed coffee take 79.4%, in the year 2014 washed coffee holds 56.7% and unwashed Coffee take 43.3%, in the year 2015 washed coffee share 32.8% and un-

washed share 67.2% and finally in the year 2016 washed coffee holds 9.6% and unwashed coffee take 90.4%.

From this perspective, it can be illustrated that, un-washed coffee exported for the years 2012 dropped and again increased in 2013 and dropped in 2014 and from 2014-2016 un-washed coffee exported was became highly increased than that of washed coffee in the case of washed coffee, for the years 2012 increased, in 2013 dropped down and in 2014 increase again and from 2014-2016 washed coffee exported was became highly decreased than that of un- washed coffee.

Table 4.11: Average coffee exported in volume by destination

| No | Country | Average Volume | Average % share |
|-------|--------------|----------------|-----------------|
| | | in MT | in volume |
| 1 | GERMANY | 28,251.8 | 53.5 |
| 2 | BELGIUM | 2898.0 | 5.5 |
| 3 | FRANCE | 3645.4 | 6.9 |
| 4 | USA | 3199.2 | 6.1 |
| 5 | ITALY | 1505.4 | 2.8 |
| 6 | FINLAND | 1510.0 | 2.9 |
| 7 | SUDI ARABIA | 4806.0 | 9.1 |
| 8 | UK | 827.4 | 1.6 |
| 9 | SPAIN | 343.2 | 0.6 |
| 10 | SWITHERLAND | 285.5 | 0.5 |
| 11 | CHINA | 136.2 | 0.3 |
| 12 | SWEEDEN | 432.9 | 0.8 |
| 13 | SOUTH KORIA | 984.9 | 1.9 |
| 14 | SOUTH AFRICA | 94.8 | 0.2 |
| 15 | AUSTRALIA | 222.6 | 0.4 |
| 16 | CANADA | 404.4 | 0.7 |
| 17 | ISRAEL | 296.8 | 0.5 |
| 18 | JAPAN | 1396.2 | 2.6 |
| 19 | OTHERS | 1595.1 | 3.4 |
| TOTAL | | 52,835.80 | 100 |

Source: Document of the ETBC

The Ethiopian trading business corporation coffee is exported to Europe, USA, Japan, Far East country, Canada and Australia by corporation. The following data discussion shows us the general export marketing practices of the corporation for the last seven years presented here under from secondary data. In this section, we look more closely at the export destination markets. Ethiopian trading business corporation coffee was exported on different countries annually over the period 2010 to 2016. Table 4.11 shows the share of different destination of coffee markets for coffee exported from ETBC. The largest share of coffee exports went to Germany. It accounts for 53.5 % of coffee exports. The second most important importing country of Ethiopian coffee is Saudi Arabia, accounting for 9.1 percent of coffee exports.

4.4 Challenges and Opportunities of Coffee Export

The Challenges and opportunities of coffee export of the countries are mostly share for the Corporation's that affects export performance.

4.4.1. Challenges of Coffee Export

Mechael (2013) stated that coffee yield is still low in Ethiopia by the world standard (hardly exceeds an average of 500 kg per hectare). This low productivity is due to disease problem, such as Coffee Berry Disease (CBD). CBD in particular has been causing severe crop losses (30%), coupled by poor and traditional management practices and shortage of improved and adaptable coffee seed varieties. Low returns for farmers due to low prices paid to them mean lower agricultural households income, lower agricultural wages and loss of employment.

Farmers are often the ones most suffered by the coffee price fluctuations. Farmer's earning reduction hinder coffee production. This leads to reduce productivity and affect their capability. Farmers are often incapable to use improved seed varieties or to adopt scientific and technical advances (improved technologies). Due to this poor crop management the result is low yields. Mostly smallholder farmers adopted traditional coffee production methods, which leads to not only yield reduction but also reduced qualities. Ethiopian coffee market transactions are **long and sophisticated** that encore unnecessary cost on coffee prices. Quality inconsistency is often occurred due to some natural climates, such as drought, irregular rainfall, and improper **processing** system. This problem is common in areas where unwashed/sun- dried coffee processing method is practicable. Coffee producer farmers do not get sufficient loan access to cultivation and for other operational activities. Due to lack of financial access and less technical awareness most farmers do not use farm machineries to cultivate as well as to coffee harvesting and processing operations. In the corporation perspective do not have price risk management strategies and problems of **pricing policies** are the main challenges persist in the corporation.

4.4.2 Opportunities of Coffee Exports

The Ethiopian government has a great commitment with creating favorable policy environment for exporting sector. Ethiopian suitable weather conditions and diverse agro-ecology as well as fertile soil offer the country to grow diverse Arabica coffees. In coffee business, above all, the supply of best quality coffee seeds in favor of consumers preferences and demand is the most important aspect. In this regard, Ethiopia is gifted, in that, it is endowed with diversity of quality coffee types, such as: Harrarghe, Yirgacheffe, Gmbi, Limu and others which fetch premium price in the world market.

Ethiopia is believed to be the center of origin and diversity for Arabica coffee. This offers the country well established brand - positive image in the world coffee trade. Ethiopia has a distinct advantage when it comes to producing premium coffee for the specialty market. Hence, Ethiopia has competitive advantage on quality in international coffee trade. In fact, very few places in the world can match the ideal growing conditions that exist in Ethiopia: a combination of the right temperatures and rainfall patterns, as well as the very specific altitudes necessary for Arabica coffee to thrive between 1,200 and 2,000 meters above sea level. Ethiopia has high potential and prospects for sustained expansion for producing quality coffee types of world standard due to the availability of adequate and suitable agricultural land and labor with favorable temperature and water supply. Ethiopian Trading Businesses Corporation has a good financial potential to operate coffee export activities. Corporation's top management perceived the importance of coffee export in order to earn foreign currency.

CHAPTER FIVE

CONCLUSION AND RECOMMENDATIONS

5.1. Conclusion

Coffee is a strategic crop for many developing and least developed countries due to its capacity to generate income and employment. Coffee is the major source of foreign currency in Ethiopia and it contributes more than 35 % of the total export earnings of the country (Tadese, 2015).

Coffee export performance of the corporation is fluctuating for instance between the year of 2010 and 2016 export of coffee from the corporation declines from 166% to 67%. The main question of this paper was which variable makes export of coffee to be decrease and fluctuate. To address this question the researcher is used a data the period of 2010-2016. The empirical result obtained from this study indicates that determinants of export performances are rearranged into the internal and externals. The internal determinants are the lack of appropriate pricing strategies, less product quality and ineffective promotion practices. The external determinants are strong competition from domestic and abroad competitors in the foreign market, government policy; like red tape and improper export procedures and all are important with regarding the internal and external determinants significantly affect the coffee export performances of the corporation.

5.2. Recommendations

The determinants of coffee export performance are identified and the implications are drawn from the findings of the study that concerned bodies, data collected from different methods. In the export business, several problems are identifying from the companies itself due to different reasons. Hence, according to the findings of this research, the following are the important recommendations that corporation have to implement as much as possible.

- All the identified problems are direct or indirectly linked with lack of marketing research and development in order to adopt appropriate technology innovation to export marketing activities. With regard to this point of view, corporation has to be giving unique attention and conduct marketing research and development to know the existing trend of competitor's

strategies and to assess current customers' requirements to provide and serve customers according to their perspectives. Due to this regard, further research should be implementing in the Corporation to improve existing Coffee export performance.

- ❖ Corporation should be analyzing world's coffee prices and setting a suitable product pricing strategies by considering customer's perception with regard to competitor's pricing strategies.
- ❖ Corporation's managements should be developing effective strategies to identifying and tackling Coffee export barriers.
- ❖ Corporation should be adopted proper product delivery method in order to convey required product at the right time and place.
- ❖ Corporation should be providing product that could be meeting the customer's quality requirement standards. Customer's quality preferences require a special attention in order to obtain competitive advantages over the competitors.
- ❖ Promotion mix, to Increase Corporation's export market share it should be applicable effective promotion methods. Appropriate ways of advertising integrated with personal selling should be implementing in order to enhance the existing coffee export performance in the future.
- ❖ Corporation should be participating in the export marketing experience sharing programs in order to adopt developed country's exporting trends.
- ❖ Corporation's top management should be provide appropriate comments for government policy maker bodies about long and sophisticated exporting procedural requirements to amendments.
- ❖ Finally, to solve the external or sector level hindrance, it is highly recommended that corporation have to work with a great effort, management and technical experts should be analyzing modern global market condition to follow effective strategies.

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Annexes

| Item Statistics | | | |
|---|------|----------------|----|
| | Mean | Std. Deviation | N |
| problems of firm size to export performance | 3.36 | 1.331 | 53 |
| lack of financial resource of the firm to export | 3.51 | 1.339 | 53 |
| problems of firm's working culture on export performance | 2.77 | 1.203 | 53 |
| lack of knowledge to foreign marketing | 3.04 | 1.192 | 53 |
| problem of location suitability of the corporation | 3.13 | 1.345 | 53 |
| lack of export marketing research and development | 1.85 | 1.045 | 53 |
| lack of coffee export experience(trends) | 2.75 | 1.223 | 53 |
| lack of infrastructure to export coffee | 2.83 | 1.312 | 53 |
| lack of appropriate technology innovation to export | 1.81 | .833 | 53 |
| problems of pricing policies to obtain competitive advantages | 2.17 | 1.051 | 53 |
| lack of appropriate pricing strategies to foreign markets | 2.13 | 1.038 | 53 |
| presence of lower price in world coffee market affect coffee export performance of the corporation | 1.89 | .954 | 53 |
| presences of higher price of product in domestic market affect coffee export performance of the corporation | 1.79 | .885 | 53 |
| problems of meeting importers quality standards for export markets | 2.60 | 1.182 | 53 |
| product quality problems affect export performance | 2.28 | 1.116 | 53 |
| there was appropriate advertising trends | 3.64 | 1.145 | 53 |
| there was sales promotion practices integrated with advertising | 3.66 | 1.208 | 53 |
| there was personal selling adaptation capacity in the corporation | 3.17 | 1.069 | 53 |
| problems of placing the product in the right time | 2.60 | 1.098 | 53 |
| right time delivery problems affects customers satisfaction | 2.15 | 1.026 | 53 |
| managements have appropriate foreign marketing experience | 2.34 | 1.018 | 53 |
| managements have a great commitment to exporting | 2.70 | 1.170 | 53 |
| managements have a full authority to decide on exports | 2.92 | 1.253 | 53 |
| managements could be well perceived export advantages to the corporation | 2.25 | 1.017 | 53 |

| | | | |
|--|------|-------|----|
| managements could be identified and tackled export barriers | 3.55 | 1.084 | 53 |
| managements give a great emphasis on developing export marketing | 2.72 | 1.262 | 53 |
| strong competition from domestic competitor in the foreign market | 2.32 | 1.156 | 53 |
| strong competition from abroad competitor in the foreign market | 2.11 | .974 | 53 |
| corporations have competitive capability and have competitive strategies | 2.96 | 1.160 | 53 |
| corporations have competitive advantages over other competitors | 2.66 | 1.208 | 53 |
| peresences of high interest rates affect coffee export performance of the corporation | 2.58 | 1.117 | 53 |
| presences of high inflation affect coffee export performance of the corporation | 2.55 | 1.234 | 53 |
| high values of foreign exchange rate encourage coffee export performance of the corporation | 1.96 | 1.055 | 53 |
| lack of appropriate infrastructure availability affect coffee export performance of the corporation | 2.77 | 1.154 | 53 |
| long and sophisticated procedural requirements of export processing affect coffee export performance | 2.13 | 1.001 | 53 |
| lack of government assistance to overcome export barriers | 2.36 | .982 | 53 |
| red tape bottleneck in public institution to operate export procedural process | 2.19 | .878 | 53 |
| lack of government motivations to the export sector | 2.92 | 1.222 | 53 |
| nation's political instability affect coffee export | 2.85 | 1.292 | 53 |
| high freight costs to foreign market affect coffee export | 2.21 | 1.063 | 53 |
| government policy and commitment to support export sector encourages coffee export | 2.30 | 1.218 | 53 |
| volume of exported coffee increasing during the last seven years | 3.32 | 1.123 | 53 |
| value of exported coffee increasing during the last seven years | 3.11 | 1.138 | 53 |
| financial performance was positively related with coffee export performance | 2.32 | .956 | 53 |



ST. MARY'S UNIVERSITY
SCHOOL OF GRADUATE STUDIES
MBA PROGRAM

Questionnaire

Dear respondent

This questionnaire is designed for a study on assessment of coffee export performance, challenge and prospects: in Ethiopian trading Businesses Corporation for the last seven years. This study's basic aim is to fulfill the partial requirement of **Master of Business Administration**.

Each questionnaire is prepared to collect relevant data to the study which is supposed to come up with valuable recommendation for identified problems. All information you provide will be used only for academic purpose. So that, I respectfully request your kind and genuine cooperation to answering questions clearly by considering your prompt response is essential input for completion of the paper.

Instructions

- ❖ Writing your name is not necessary
- ❖ From the available answer options put (√) for your choice in the provided box.
- ❖ For opinion required questions, please describe clearly as far as possible according to the question's dimension on the provided space.
- ❖ Returning the questionnaire timely is a vital.

Thank you in advance for your timely response!!!

Demeke Sewunet

Email: demekesewunet@gmail.com

Mob: 0913640342

Part I: Personal profile information

1. Sex: Male Female
2. Age : below25 years 26-35 years 36-45 years 46-55 years above 55
3. What is your educational level?
 10th or 12th Complete Certificate or diploma Degree master and above
4. Marital status: Single Married Divorced
5. What is your current position in the organization? -----
6. How long have you been served in the corporation (Coffee and Grain Trading Business Unit)?

 Less than 2 years , 2-5 years 6-10 years More than 11 years

Part II Basic questionnaire contents

The following statements indicate that about Ethiopian Trading Business Corporation Coffee export performance for the last seven years. So that, please indicate your level of agreement/disagreement: each statement have a scale of 1 to 5 i.e. strongly Agree = (1): Agree= (2): Neutral= (3): Disagree= (4): Strongly Disagree= (5)

A. Internal Factor Affects Export Performance.

i. Firm characteristics

The following questions require your degree of agreement/disagreement towards firm characteristics. Please indicate your level of agreement / disagreement with the following statements by tick (√) in the appropriate box.

| No | Statements | Code | | | | |
|----|--|------|---|---|---|---|
| | | 1 | 2 | 3 | 4 | 5 |
| 1 | Problems of firm size to export performance | | | | | |
| 2 | Lack of financial resource of the firm to export | | | | | |
| 3 | Problems of firm's working culture on export performance | | | | | |
| 4 | Lack of knowledge to foreign marketing | | | | | |
| 5 | Problem of location suitability of the corporation | | | | | |
| 6 | Lack of export marketing research and development. | | | | | |
| 7 | Lack of coffee export experience (trends) | | | | | |
| 8 | Lack of infrastructure to export coffee | | | | | |
| 9 | Lack of appropriate technology innovation to export | | | | | |

ii. Export Marketing Strategy

The following questions seek your degree of agreement/disagreement towards the corporation export marketing strategy. Please indicate your level of agreement / disagreement with the following statements by tick (√) in the appropriate box.

| No | Statement | Code | | | | |
|----|---|------|---|---|---|---|
| | | 1 | 2 | 3 | 4 | 5 |
| 10 | Problems of pricing policies to obtain competitive advantages | | | | | |
| 11 | Lack of appropriate pricing strategies to foreign markets | | | | | |
| 12 | Presence of lower price in world coffee market affect coffee export performance of the corporation | | | | | |
| 13 | Presences of higher price of product in domestic market affect coffee export performance of the corporation | | | | | |
| 14 | Problems of meeting importers quality standards for export markets. | | | | | |
| 15 | Product quality problems affect export performance. | | | | | |
| 16 | There was appropriate advertising trends | | | | | |
| 17 | There was sales promotion practices integrated with advertising. | | | | | |
| 18 | There was personal selling adaptation capacity in the corporation. | | | | | |
| 19 | Problems of placing the product in the right time. | | | | | |
| 20 | Right time delivery problems affects customers satisfaction | | | | | |

iii. Management Commitment and capability

The following questions require your degree of agreement/disagreement towards the corporation's management commitment and capability. Please indicate your level of agreement / disagreement with the following statements by tick (√) in the appropriate box.

| No | Statements | Code | | | | |
|----|--|------|---|---|---|---|
| | | 1 | 2 | 3 | 4 | 5 |
| 21 | Managements have appropriate foreign marketing experience. | | | | | |
| 22 | Managements have a great commitment to exporting. | | | | | |
| 23 | Managements have a full authority to decide on exports | | | | | |
| 24 | Managements could be well perceived export advantages to the corporation | | | | | |
| 25 | Managements could be identified and tackled export barriers | | | | | |
| 26 | Managements give a great emphasis on developing export marketing. | | | | | |

B. External Factor Affects Export Performance

i. Competition Factor

The following questions seek your degree of agreement/disagreement towards the corporation's competition factor. Please indicate your level of agreement / disagreement with the following statements by tick (√) in the appropriate box.

| No | Statements | Code | | | | |
|----|--|------|---|---|---|---|
| | | 1 | 2 | 3 | 4 | 5 |
| 27 | Strong competition from domestic competitor in the foreign market. | | | | | |
| 28 | Strong competition from abroad competitor in the foreign market. | | | | | |
| 29 | Corporations have competitive capability and have competitive strategies | | | | | |
| 30 | Corporations have competitive advantages over other competitors. | | | | | |

ii. Economic policy , government policy and political factors

The following questions require your degree of agreement/disagreement towards the corporation's economic policy factors. Please indicate your level of agreement / disagreement with the following statements by tick (√) in the appropriate box.

| No | Statements | Code | | | | |
|----|--|------|---|---|---|---|
| | | 1 | 2 | 3 | 4 | 5 |
| 31 | Presences of high interest rates affect coffee export performance of the corporation. | | | | | |
| 32 | Presences of high inflation affect coffee export performance of the corporation. | | | | | |
| 33 | High values of foreign exchange rate encourage coffee export performance of the corporation. | | | | | |
| 34 | Lack of appropriate infrastructure availability affect coffee export performance of the corporation | | | | | |
| 35 | Long and sophisticated procedural requirements of export processing affect coffee export performance | | | | | |
| 36 | Lack of government assistance to overcome export barriers | | | | | |
| 37 | Red tape bottleneck in public institution to operate export procedural process. | | | | | |
| 38 | Lack of government motivations to the export sector | | | | | |
| 39 | Nation's political instability affect coffee export | | | | | |
| 40 | High freight costs to foreign market affect coffee export | | | | | |
| 41 | Government policy and commitment to support export sector encourages coffee export | | | | | |

C. Export performance situation

This section requires assessment of overall coffee export performance of the corporation during the last seven years. Please indicate your level of agreement / disagreement with the following statements by tick (√) in the appropriate box.

| No | Statements | Code | | | | |
|----|---|------|---|---|---|---|
| | | 1 | 2 | 3 | 4 | 5 |
| 42 | Volume of exported coffee increasing during the last seven years | | | | | |
| 43 | Value of exported coffee increasing during the last seven years | | | | | |
| 44 | Financial performance was positively related with coffee export performance | | | | | |

D. Personal opinion questions

1. In your opinion, what are the major challenges or problems that affects on coffee export in the corporation? Please explain briefly

.....

.....what is your recommendation to overcome these problems ?

.....

2. What are the major prospects on coffee exporting in the corporation? Discuss briefly

.....

3. Dose the corporation utilize its full capacity for coffee exports?

.....

4. What do you recommend to enhance /improve/ existing level of coffee export performance in terms of volume and foreign currency earnings? You can use the back space.

.....

Thank you for your cooperation!!!

Table14 Coffee export in volume by destination from.

| No | Country | 2010 | | 2011 | | 2012 | | 2013 | | 2014 | |
|----|--------------|--------------|------------------|--------------|------------------|--------------|------------------|--------------|------------------|--------------|------------------|
| | | Volume in MT | %share in volume | Volume in MT | %share in volume | Volume in MT | %share in volume | Volume in MT | %share in volume | Volume in MT | %share in volume |
| 1 | GERMANY | 7895.0 | 63.5 | 7219.2 | 60.8 | 3096.6 | 61.9 | 3951.6 | 57.9 | 2902.2 | 48.5 |
| 2 | BELGIUM | 786.0 | 6.3 | 859.2 | 7.2 | 381.6 | 7.6 | 283.2 | 4.2 | 453.6 | 7.6 |
| 3 | FRANCE | 601.0 | 4.8 | 685.2 | 5.7 | 241.2 | 4.8 | 864.0 | 12.7 | 182.4 | 3.0 |
| 4 | USA | 1206.0 | 9.7 | 619.2 | 5.2 | - | - | 460.8 | 6.8 | 568.8 | 9.5 |
| 5 | ITALY | - | - | 264.0 | 2.2 | 280.8 | 5.6 | 133.2 | 1.9 | 424.2 | 7.1 |
| 6 | FINLAND | 400.0 | 3.2 | 522.0 | 4.4 | 57.6 | 1.1 | 112.8 | 1.7 | 96.0 | 1.6 |
| 7 | SUDI ARABIA | 216.0 | 1.7 | 36.0 | 3.0 | 216.0 | 4.3 | 36.0 | 0.5 | 72.0 | 1.2 |
| 8 | UK | 180.0 | 1.4 | 580.8 | 4.8 | - | - | - | - | 9 | 0.01 |
| 9 | SPAIN | 216.0 | 1.4 | 54.0 | 0.5 | - | - | 54.0 | 0.8 | 19.2 | 0.3 |
| 10 | SWITHERLAND | - | - | 54.0 | 0.5 | 153.6 | 3.0 | - | - | 19.2 | 0.3 |
| 11 | CHINA | 18.0 | 0.1 | 18.0 | 0.2 | - | - | - | - | 37.8 | 0.6 |
| 12 | SWEEDEN | 36.0 | 0.2 | 36.0 | 0.4 | 18.0 | 0.4 | 205.2 | 3.0 | 57.6 | 0.9 |
| 13 | SOUTH KORIA | 122.4 | 0.9 | 228.0 | 1.9 | 81.0 | 1.6 | 76.8 | 1.1 | 260.1 | 4.3 |
| 14 | SOUTH AFRICA | 37.2 | 0.3 | - | - | - | - | 19.2 | 0.3 | - | - |
| 15 | AUSTRALIA | - | - | 108.0 | 0.9 | 36.0 | 0.7 | 19.2 | 0.3 | 57.6 | 0.9 |
| 16 | CANADA | - | - | 289.2 | 2.4 | - | - | 57.6 | 0.8 | 19.2 | 0.3 |
| 17 | ISRAEL | 108.0 | 0.8 | 76.8 | 0.6 | - | - | 57.6 | 0.8 | - | - |
| 18 | JAPAN | - | - | - | - | 54.0 | 1.1 | 452.4 | 6.6 | 582.0 | 9.7 |
| 19 | OTHERS | 604.7 | 5.7 | 213.6 | 1.8 | 383.6 | 7.9 | 34.8 | 0.6 | 227.6 | 4.2 |
| | TOTAL | 12,426.3 | 100 | 11,863.2 | 100 | 5,000.0 | 100 | 6,818.4 | 100 | 5,988.5 | 100 |

Source: Document of the ETBC